

FOCUS DYNAMICS GROUP BERHAD

Registration No.: 200201015261 (582924-P)

ANNUAL REPORT 2019





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CORPORATE INFORMATION



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

Chang Yun Lung

Independent Non-Executive Director

COMPANY SECRETARY

Wong Yuet Chyn (MA/CSA 7047163)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel No. : 03 - 6201 1120
Fax No. : 03 - 6201 3121

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel No. : 03 - 2783 9299
Fax No. : 03 - 2783 9222

AUDITORS

Crowe Malaysia PLT (LLP0018817-LCA & AF1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Tel No. : 03 - 2788 9999
Fax No. : 03 - 2788 9998

SOLICITORS

Lim Chong Phang & Amy
Advocates & Solicitors

PRINCIPAL PLACE OF BUSINESS

Lot 12.1, 12th Floor Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03 - 7803 7333
Fax No. : 03 - 7803 7338
Email : info@focusdynamics.com.my
Website : www.focusdynamics.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (ACE Market)
Sector : Consumer Products & Services
Stock Number : 0116
Stock Short Name : Focus

AUDIT COMMITTEE

Chang Vun Lung – Chairman
Independent Non-Executive Director

Tan Aik Heang – Member
Independent Non-Executive Director

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad** – Member
Independent Non-Executive Director

NOMINATION COMMITTEE

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad** – Chairman
Independent Non-Executive Director

Tan Aik Heang – Member
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Aik Heang – Chairman
Independent Non-Executive Director

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad** – Member
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad** – Chairman
Independent Non-Executive Director

Chang Vun Lung – Member
Independent Non-Executive Director

Tay Ben Seng, Benson – Member
Executive Director

ESOS COMMITTEE

Tan Aik Heang – Member
Independent Non-Executive Director

**Abdul Menon Bin Arsad @
Abdul Manan Bin Arshad** – Member
Independent Non-Executive Director



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting (“17th AGM”) of FOCUS DYNAMICS GROUP BERHAD 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, Tuesday, 4 August 2020 at 11.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 and together with the Reports of the Directors and Auditors thereon. (See Explanatory Note 1)
2. To approve the payment of Directors’ Fee of RM192,000 for the financial year ending 31 December 2020 payable in arrears after each month of completed service of the Directors. (Ordinary Resolution 1)
3. To re-elect the following Directors who are retiring under Clause 135 of the Company’s Constitution:-
 - i) Mr. Tay Ben Seng, Benson (Ordinary Resolution 2)
 - ii) Mr. Tan Aik Heang (Ordinary Resolution 3)
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 4)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

5. **Ordinary Resolution
Proposed Directors’ Benefits** (Ordinary Resolution 5)
(See Explanatory Note 2)

“**THAT** the payment of Directors’ Benefits amounting to RM23,600 for the period commencing after the date of this AGM to the date of the next AGM be and is hereby approved.”
6. **Ordinary Resolution
Proposed Retention of Independent Director**

To approve the following Directors, each of whom will have served as an Independent Non-Executive Director for a cumulative term of more than 9 years be retained and remain as Independent Non-Executive Director of the Company:-

 - i) Mr. Tan Aik Heang (Ordinary Resolution 6)
 - ii) Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad (Ordinary Resolution 7)
(See Explanatory Note 3)

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **Ordinary Resolution** (Ordinary Resolution 8)
Authority to Issue Shares Pursuant to Sections 75 and 76 of the (See Explanatory Note 4)
Companies Act 2016 ("CA 2016")

"**THAT** subject always to the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorized, pursuant to Sections 75 and 76 of the CA 2016, to allot and issue new ordinary shares in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed 20% of the total issued share capital of the Company for the time being and that the Directors are also empowered to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

8. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act 2016.

By Order of the Board

FOCUS DYNAMICS GROUP BERHAD

WONG YUET CHYN (MAICSA 7047163)
(SSM PC No. 202008002451)

Company Secretary
Kuala Lumpur

Date: 30 June 2020

Explanatory Note on Ordinary Business:-

1. Audited Financial Statements for FY2019

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Notes on Special Business:-

2. Proposed Directors' Benefits

The Proposed Ordinary Resolution 5, if passed, will authorise and approve of the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the CA 2016 for the period commencing after the date of this AGM to the date of the next AGM.

The Directors' benefits comprise meeting allowance payable to each Non-Executive Director, where applicable, for their attendance of Board and Committee Meetings.

3. Proposed Retention of Independent Directors

The Proposed Ordinary Resolutions 6 and 7 in Agenda 6, if passed, will allow Mr. Tan Aik Heang and Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad to be retained and continue acting as Independent Directors to fulfill the requirements of Rule 15.02 of Bursa Malaysia's ACE Market Listing Requirements and in line with the recommendation No. 4.2 of the Malaysian Code of Corporate Governance. The full details of the Board's justification and recommendations for the retention of Mr. Tan and Encik Abdul Menon as Independent Directors are set out on pages 18 to 19 of the Board's Corporate Governance Overview Statement in the 2019 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

4. Authority to Issue Shares Pursuant to Sections 75 and 76 of the CA 2016

Ordinary Resolution 8 is proposed for the purpose of granting a renewed General Mandate ("General Mandate"), which if passed, will empower the Directors of the Company, pursuant to Sections 75 and 76 of the CA 2016 to issue and allot new ordinary shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 20% of the issued and paid-up capital of the Company for the time being as the Directors may consider such action to be in the interest of the Company. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or during the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 29 May 2019 and which will lapse at the conclusion of this 17th AGM.

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

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 Monday, 3 August 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 27 July 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.

CORPORATE PROFILE

Focus Dynamics Group Berhad (“FOCUS” or the “Company”) was incorporated in Malaysia under the Companies Act, 1965 on 14 June, 2002. On 17 November 2015, the Company changed and assumed its name Focus Dynamics Group Berhad.

FOCUS's shares were offered to the public on 10 February 2006 in conjunction with its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. FOCUS is currently listed on the ACE Market of Bursa Malaysia Securities Berhad.

FOCUS is principally an investment holding company whilst the principal activities of its subsidiaries are as follow:-

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Focus Dynamics Centre Sdn. Bhd. [Company No. 199901003144 (478044-A)]	2 March 1999	100	Marketing, distribution and sale of industrial instruments for the control of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services in relation to the company's business and products.
Focus Dynamics Drives Sdn. Bhd. [Company No. 200101019492 (555249-D)]	3 August 2001	100	Engage in businesses of manufacturing, research and development of variable speed drives, supply and trading of instruments for the control of industrial machines and process.
DPC Industrial Systems Sdn. Bhd. [Company No. 199401038705 (324390-H)]	23 November 1994	100	Engage in businesses of trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services.
Marquee International Holding Sdn. Bhd. [Company No. 201201030500 (1014987-A)]	28 August 2012	100	Investment holding.
Marquee International Sdn. Bhd. [Company No. 200201021481 (589144-A)]	12 August 2002	100	Engage in businesses of operate and managing food and beverage outlets.
Modern Cuisine Sdn. Bhd. [Company No. 201501019900 (1145236-V)]	21 May 2015	100	Engage in business of restaurant, food and beverage as well as investment holding and general trading.
Focus Dynamic Limited (Company No. 172718)	23 September 2015 Republic of Seychelles	100	Investment holding.
Focus Dynamic Group Limited (Company No. 2299174)	23 October 2015 Hong Kong	100	Engage in food and beverage business and investment holding.

CORPORATE PROFILE (CONT'D)

Company	Date and Country of Incorporation	Equity Interest (%)	Principal Activities
Marquee Resources Sdn. Bhd. [Company No. 201601014210 (1185141-D)]	25 April 2016	100	Engage in businesses of human resources, event management and general trading.
Finch Entertainment Sdn. Bhd. [Company No. 201601033474 (1204415-V)]	7 October 2016	100	Engage in business of restaurant, food and beverage.
Wine Commerce Sdn. Bhd. [Company No. 201701028080 (1242246-P)]	9 August 2017	100	Engage in businesses of online wine retailing and distribution.
Bounce Entertainment Sdn. Bhd. [Company No. 201801003936 (1265950-M)]	26 January 2018	100	Other food service activities, investment advisory services, creative, arts and entertainment activities.
Famous Ambience Sdn. Bhd. [Company No. 201301001386 (1031223-D)]	11 January 2013	51	Engage in letting of property business.
W Club Sdn. Bhd. [Company No. 201601036026 (1206967-W)]	27 October 2016	45	Operate and manage food and beverage outlets.
Bubbles Entertainment Sdn. Bhd. [Company No. 201901024623 (1333952-D)]	12 July 2019	100	Engage in businesses of operating restaurants, foods, and beverages as well as investment holdings and general trading.
Centurion International Sdn. Bhd. [Company No. 201901025934 (1335263-V)]	23 July 2019	100	Engage in the business of operating and managing food and beverage outlets.
Goldhill Eagle Sdn. Bhd. [Company No. 201701043579 (1257752-M)]	27 October 2016	55	Export and import of a variety of goods without any particular specialization.

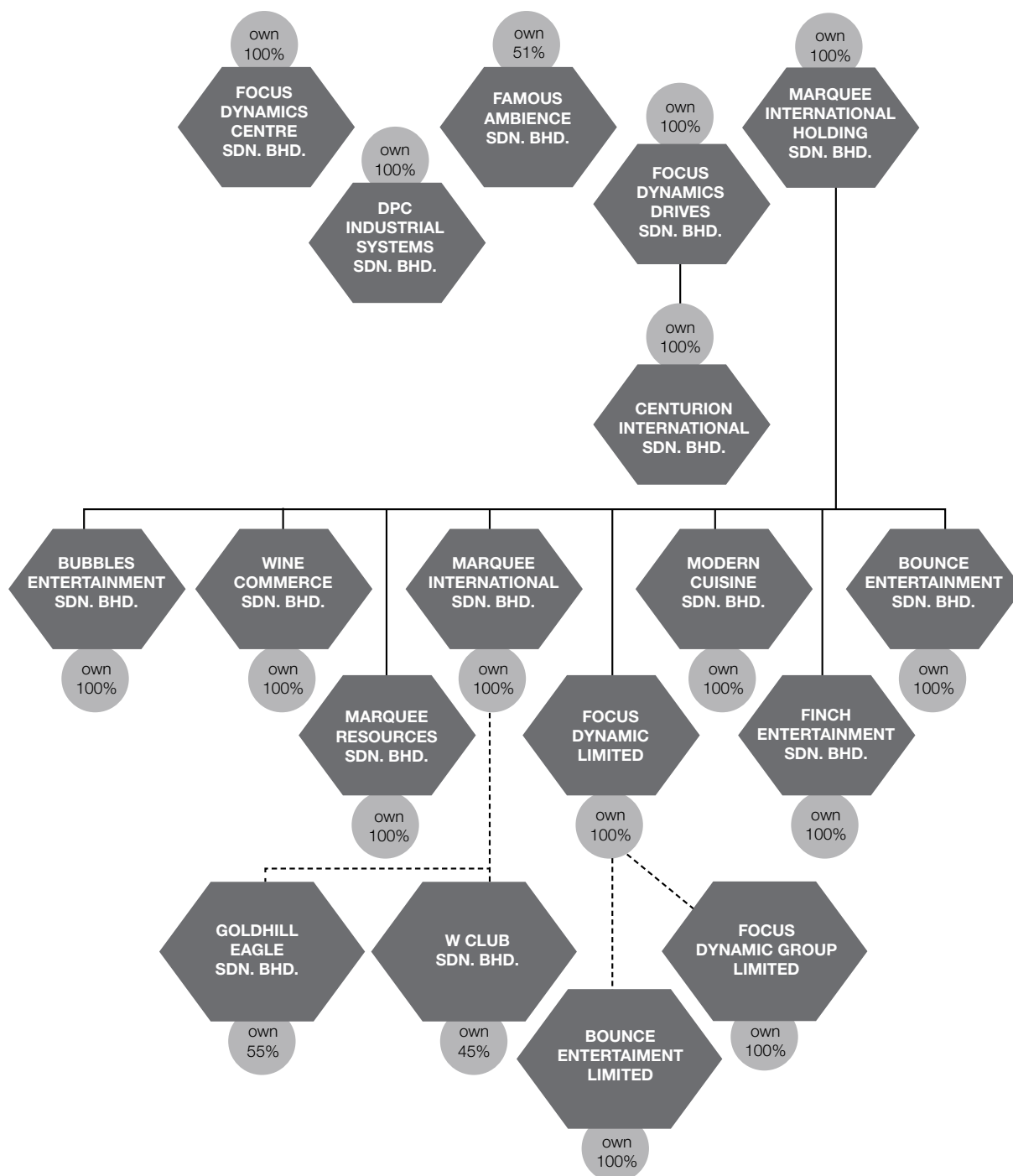
VISION & MISSION

To be the leading avant-garde in the Food & Beverage, Lifestyle and Entertainment scene by revolutionizing and pioneering new innovative concepts with cutting edge technologies and electrifying experiences.

CORPORATE STRUCTURE

FOCUS DYNAMICS GROUP BERHAD

Registration No. 200201015261 (582924-P)



PROFILE OF DIRECTORS

TAY BEN SENG, BENSON

36 years / Male / Malaysian
Executive Director

Qualification:

Mr Tay holds a bachelor of Commerce Degree with a double major in Marketing and Management.

Working Experience:

He was appointed Executive Director of the Company on 8 February 2017. He is fueled with passionate inclination towards conceiving and innovating lifestyle concepts in the Food and Beverage ("F&B") arena. He has extensive experiences of more than a decade ranging from events management to F&B operations and conceptualizing new start-ups.

He currently sits as the Director of Marquee International Sdn Bhd ("MISB") which is the F&B division of the group and also holds directorship positions in several other private companies. Prior to joining MISB, he was involved mainly with various F&B start-ups as well as the automotive industry and events management.

Other Directorships of Public Companies:

None

Details of Any Other Board Committee:

He currently sits on the following Board Committee of the Company:-

- a) Member of Risk Management Committee.

No. of Board Meetings attended in the financial year:

6/6

CHANG VUN LUNG

43 years / Male / Malaysian
Independent Non-Executive Director

Qualification:

Mr Chang received his early education at Tunku Abdul Rahman College. He has been a member of the Association of Chartered Certified Accountants (ACCA, UK) since 2004 and is also a member of the Malaysian Institute of Accountants (MIA) since 2005. He was admitted as a fellowship member of ACCA in year 2009.

Working Experience:

He was appointed an Independent Non-Executive Director on 8 January 2013. He started his career as a chartered accountant with BDO Binder for approximately 4 years. He then spent another 4 years with Isyoda Corporation Bhd., a construction company listed on the Main Market of Bursa Securities. During his tenure with the company, he was appointed Group Accountant where he took charge of the accounting and finance functions. Presently, he runs his own professional firm specialising in consultancy and corporate services.

Other Directorships of Public Companies:

He is an Independent Non-Executive Director of AT Systematization Berhad.

Details of Any Other Board Committee:

He also sits on the following Board Committees of the Company:-

- a) Chairman of Audit Committee;
- b) Member of Nomination Committee;
- c) Member of Remuneration Committee;
- d) Member of Risk Management Committee; and
- e) Member of ESOS Committee.

No. of Board Meetings attended in the financial year:

6/6

PROFILE OF DIRECTORS (CONT'D)

ABDUL MENON BIN ARSAD @ ABDUL MANAN BIN ARSHAD

73 years / Male / Malaysian
Independent Non-Executive Director

Qualification:

Encik Abdul Menan holds the following qualifications:-

- a) Bachelor Degree in Social Science (Hon.) from Universiti Sains Malaysia; and
- b) Diploma in Management from Malaysian Institute of Management.

Working Experience:

He was appointed an Independent Non-Executive Director of the Company on 27 December 2011. He has twenty (20) years of experience serving in the Malaysian Armed Forces and more than nine (9) years working experience in numerous fields, including facility administration and ancillaries, operation management, property and facility management. He retired in 2009 and ventured into his own business.

Other Directorships of Public Companies:

He is also a Senior Independent Non-Executive Director of Vsolar Group Berhad.

Details of Any Other Board Committee:

He currently sits on the following Board Committees of the Company:-

- a) Chairman of Nomination Committee;
- b) Member of Audit Committee;
- c) Member of Remuneration Committee;
- d) Member of ESOS Committee; and
- e) Chairman of Risk Management Committee.

No. of Board Meetings attended in the financial year:

4/6

TAN AIK HEANG

52 years / Male / Malaysian
Independent Non-Executive Director

Qualification:

Mr Tan is an Associate Member of the Chartered Institute of Management Accountant, United Kingdom.

Working Experience:

He was appointed an Independent Non-Executive Director of the Company on 29 September 2010. He started his career as an auditor with Hun & Co. in 1991. In May 1993 he joined Trans-Global Agencies Sdn. Bhd., a trading company, as an Account Executive. He left in May 1995 and joined SJ Asset Management Sdn. Bhd., a fund management company as an Account Executive. On June 1997, he was promoted to Assistant Finance and Administration Manager and in June 1999 as Finance and Administration Manager. Subsequently in June 2006, he was promoted as Senior Finance and Administration Manager. After 15 years with the fund management industry, he left SJ Asset Management Sdn. Bhd. in June 2010. He is currently involved in the business of manpower supply and management.

Other Directorships of Public Companies:

None

Details of Any Other Board Committee:

He currently sits on the following Board Committees of the Company:-

- a) Chairman of Remuneration Committee;
- b) Member of Audit Committee;
- c) Member of Nomination Committee; and
- d) Member of ESOS Committee.

No. of Board Meetings attended in the financial year:

6/6

Other Information

1. Family Relationship

The above Directors have no family relationship with any Director and/or major shareholder of the Company.

2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

3. Convictions of Offences

None of the Directors has been convicted for any offences within the past 5 years other than traffic offences, if any.

OTHER INFORMATION REQUIRED BY THE BURSA MALAYSIA BERHAD'S ACE MARKET LISTING REQUIREMENTS

In compliance with the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements the following additional information are provided:

Audit/Non-Audit Fee

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 31 December 2019 was as follows:-

	Company RM	Group RM
Statutory Audit fees	103,000	291,275
Non-audit fees	NIL	NIL

Material Contracts

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders nor Directors in office as at 31 December 2019.

Status of Utilisation of Proceeds as at 31 December 2019

Private Placement 2

The status of the utilisation of the proceeds raised from the private placement of 32,068,300 Shares at an issue price of RM0.10 per share amounting to RM3,206,830 as at 31 December 2019 is as follows:-

	Proposed utilization RM'000	Actual utilization RM'000	Balance of proceeds RM'000	Time frame for the utilisation of proceeds
Working capital	3,107	3,107	–	31.12.2019
Defraying expenses	100	100*	–	31.12.2019
	3,207	2,985	–	

* The excess proceeds of RM12,000 provided for defraying expenses was used for working capital purposes. The proceeds of utilisation was fully utilised in January 2019.

Employees Share Options Scheme

The Company had granted 465,756,600 options pursuant to the Share Issuance Scheme ("SIS") and 63,958,900 options had been exercised.

There were no options granted, surrendered or exercised during the financial year ended 31 December 2019.

Total number of outstanding SIS Options as at 31 December 2019 is 147,523,247.

The SIS expired on 12 January 2020.

FINANCIAL HIGHLIGHTS

FIVE YEARS GROUP FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER	GROUP				
	01/01/2019 To 31/12/2019	01/01/2018 To 31/12/2018	01/01/2017 To 31/12/2017	01/01/2016 To 31/12/2016	01/01/2015 To 31/12/2015
KEY COMPREHENSIVE INCOME STATEMENT DATA (RM'000)					
Revenue	39,077	24,210	24,024	15,533	8,045
Operating profit / (loss)	3,824	372	5,322	(16,963)	(13,267)
EBITDA	8,330	1,646	7,002	(14,155)	(11,797)
Profit /(loss) before taxation	741	(2,193)	5,258	(17,028)	(13,408)
Net profit attributable to equity holders	(1,809)	(3,122)	3,180	(16,722)	(13,608)
KEY FINANCIAL POSITION STATEMENT DATA (RM'000)					
Total assets	69,697	58,455	43,091	36,150	44,418
Total borrowings	5,931	1,287	1,366	1,360	1,476
Shareholders equity	40,804	42,265	30,741	25,883	38,977
SHARE INFORMATION					
Per share (sen)					
Basic earnings	(0.09)	(0.16)	0.22	(2.23)	(1.9)
Gross dividend	–	–	–	–	–
Net assets per share (RM)	0.02	0.02	0.04	0.03	0.06
Share price as at 31 December (RM)	0.51	0.15	0.43	0.09	0.09
FINANCIAL RATIOS (%)					
Gross profit margin	52.19	50.63	49.34	44.01	39.16
Net profit margin	(4.84)	(12.47)	19.24	(110.10)	(169.15)
Return on equity	(4.63)	(7.14)	15.04	(66.07)	(34.91)
Gearing ratio	14.53	3.04	4.44	5.25	3.79

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS OVERVIEW

The Food & Beverage division of the Group saw encouraging growth during the financial year ended 31 December 2019. Group revenue for the year registered RM39.077 million as compared to RM24.210 million in the previous financial year, registering approximately a 61.40% growth. The main draw appears to be the promising growth rate of Bounce which was launched towards the end of 2018. Whilst Lavo and Liberte maintained a loyal following, Bounce which is a games centric “beer pong” outlet provided the main revenue driver for the group. Whilst the group’s principal segment of Food & Beverage (“F&B”) continued to be the main contributor revenue source, visible signs of spending weakness was noticed sporadically throughout the year. The group turned in a Profit Before Tax of RM741 million as compared to a Group Loss Before Tax of RM2.193 million in the previous financial year.

The Groups’ three main F&B brands during 2019 contributing substantially to revenue continued to be LAVO, LIBERTE and BOUNCE with BOUNCE taking over the mantle from LAVO as the mainstay for the group. CHAZE, the group’s first outlet which was opened in early 2016, was purposefully redesigned towards the end of the previous financial year and now caters to private room bookings for private events and is supplemented by a full bar layout in its common area for walk-ins providing a pub feel atmosphere. MAZE however was totally revamped at the beginning of the financial year to create Bounce CARNIVAL with additional fun games and arcade machines to cater for the spill overs from BOUNCE. This proved to be a boon for the customer turn out at BOUNCE which now saw a larger space thus allowing for better revenues.

The Group’s principal business segment continues to be Food & Beverage (“F&B”), accounting for 99% of the group’s total revenue. Property Investment & Management and Engineering Services only had marginal contributions.

During the financial year 2019, the group also established a joint venture and completed the set up of Wicked located at the W Hotel in Kuala Lumpur. This outlet created a presence for the group in the Kuala Lumpur area which catered to the clubbing scene which catered to two segments of the Kuala Lumpur market which is the younger clientele and foreign visitors. Wicked is designed as a lifestyle club, offering international DJ events and premium beverage offerings.

The group’s proposed entertainment and F&B complex located in Jalan Tun Razak underwent some redesign works with some preliminary earthworks having been completed. However, further development have been extended pending completion of road work on Jalan Tun Razak. Further development of this project will be at a cautious pace.

FINANCIAL REVIEW

Financial highlights:

	2018 RM'000	2019 RM'000	Variance RM'000
Revenue	24,210	39,077	14,867
Operating expenses	18,220	20,080	1,860
Profit/(Loss) before tax	(2,193)	741	2,934
Assets:			
Inventories	14,987	15,945	958
Trade receivables	4,452	1,422	(3,030)
Cash and bank balances	3,634	5,193	1,559
Liabilities:			
Trade payables	5,911	5,598	(313)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

The Groups' revenue consists of revenue generated from (2) business segments namely Food & Beverage ("F&B") and Engineering Services. The 2 business segments contributed 99% and 1% of revenue respectively to the Groups' revenue for the financial year ended 31 December 2019. The Groups' revenue increased to RM39.077 million from RM24.210 million in the previous financial year, representing an increase of RM14.867 million or 61.40%.

The Groups' operating expenses increased from RM18.220 million in the previous financial year to RM20.080 million for the current financial year, representing an increase of RM1.860 million or 10.20%. The increase is mainly due to an additional outlet BOUNCE.

The increase in Groups' inventories from RM14.987 million from previous financial year end to RM15.945 million as at end of current financial year ended 31 December 2019 was mainly due to increase in stock holdings in alcohol and wine to cater for the increased number of outlets which increased to 6 towards the end of 2019.

The Groups' cash and bank balances had increased by 42.90% from RM3.634 million to RM5.193 million due to an increase in revenue from BOUNCE.

The Groups' trade payables decrease from RM5.911 million to RM5.598 million in the current financial year, representing a decrease of RM313 million or 5.30%.

OPERATIONS REVIEW

The Groups' revenue increase to approximately RM39.077 million in current financial year as compared to approximately RM24.210 million in last financial year. This increase was due to the additional revenue generated from BOUNCE.

CHAZE underwent a concept redesign towards the latter part of the year and has now been reconceptualized as a private event venue with individual event rooms for private parties. As BOUNCE became the mainstay for the group, revenue for this outlet accounted for 61% the F&B segment. LAVO maintained its close following and continue to contribute to overall group revenue. LIBERTE, WICKED. LIBERTE provided an added extension to the F&B variety offered by the group which provided regular customers a fresh experience from LAVO. All five brands have been positioned as a trendy and hip venue with excellent food for casual dining, business lunches and dinners as well as corporate and family celebrations whilst BOUNCE have now established itself as a full fledged electronics games and club venue.

The Arch project extended its preliminary earthworks during the year and will presently be progressing cautiously. The concept remains the same and will still house a premium entertainment centre covering a total estimated gross floor area of 722,500 square feet and a total estimated net lettable area of approximately 510,670 square feet. Which will encompass premium retail lots for F&B outlets, product showrooms, event hall, karaoke centre, co-working space and a multi-story car park. The Group plans have not changed and will continue to expand and create additional F&B brands at The Arch to further improve its revenue streams.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISK AND MITIGATING FACTOR

2019 spending patterns remain unpredictable with F&B businesses being somewhat the pulse of consumer spending. The group is however cautiously optimistic of the growth potential of its F&B operations but is confident that with the continued refreshing of concepts and further development of capabilities, management skillsets with relevant experience, revenues should be sustainable. Nevertheless, we are cognizant that any loss of key personnel may materially affect the Groups' F&B business. The group intends to continue providing rotational opportunities to its key personnel which we believe will also attract additional competent and experienced personnel to join the organization.

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 have not been 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 significantly 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.

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")

As we attempt to mitigate this global pandemic, the group's F&B operations has been significantly damaged with full closures during the MCO. This was experienced across the entire industry.

As uncertainties prevail and spending now being extremely cautious, the group has fresh plans to face this new uncertainty in a positive manner.

The new paradigm will continue post MCO, with social distancing the norm, as many businesses and most individuals will prefer to enjoy takeaway and delivery service as opposed to heading out for a meal. Hence, the Group will be tapping into the burgeoning Cloud Kitchen industry to provide a structured platform for food operators to cook, package, deliver and market their products on a completely digitised and automated platform. This new project is set to revolutionise the current food delivery landscape, providing entrepreneurs, hobbyists and restaurant owners with an automated Cloud Kitchen facilities.

In view of the above, the Group will continue to be diligent, and implement prudent cost cutting measures, Focus will be on the development of the cloud kitchen which we hope will create a new stream of revenues for the group.

Innovation will be the key in creating unique F&B brands and concepts that coincide with market trends and preferences of the customers, and management will continue to strive to become the trendsetter in this business and emerge from this crisis in a positive manner.

No dividend was recommended for the financial year ended 31 December 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Group under the leadership of the Board during the financial year ended 31 December 2019 ("FY2019"). This overview takes guidance from the key CG principles set out in the Malaysian Code on Corporate Governance 2017 ("Code").

This Statement is prepared in compliance with the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR") and is to be read in conjunction with the CG Report ("CG Report") which is available on the Group's website at www.focusdynamics.com.my.

The CG Report provides the explanations on how the Group applied each Practice set out in the Code during FY2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board acknowledges and fully supports the importance of corporate governance in directing and managing the businesses and affairs of the Group, and to safeguard and enhance shareholders' value and performance of the Group on a sustainable and long term basis.

The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long term goals, providing advice, stewardship and directions on the management and business development of the Group. The Board also set the Group's values and standards and ensure that its obligations to the shareholders and other stakeholders are understood and fulfilled.

The above roles and responsibilities of the Board is formalised in the Board Charter. The Board Charter also clearly sets all relevant governance matters and applicable limits of authority, including matters reserved for the Board and those which are expressly delegated to Board committees, the Chairman of the Board ("Chairman"), the Executive Director ("ED") or a nominated member of Executive Management. The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group's website.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

Audit Committee ("AC")
Nomination Committee ("NC")
Remuneration Committee ("RC")
Risk Management Committee ("RMC")
Employees' Share Options Scheme Committee

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and ED are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the ED takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

However, the position of Chairman of the Board has been vacated since 31 August 2017 which is departed from the Practice 1.2 of the Code. Nonetheless, we are currently looking for a suitable candidates to fill the vacancy.

The Group adopted a Code of Business Conduct and Ethics to govern the standards of ethics and conduct expected of Directors and employees. This code manages:

Honest, Good Faith and Ethical Conduct
Corporate Opportunities
Avoidance of Conflicts of Interest
Confidentiality

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

To maintain the highest standards of ethical conduct, the Group also has a formal Whistle-Blowing Policy. As prescribed in this policy, the Board gave their assurance that employees' and third parties' identities will be kept confidential and whistle-blowers would not be at risk to any form of victimisation or retaliation from their superiors or any member of Executive Management provided that the reporting is in good faith. All concerns raised will be investigated and whistle-blowers can report directly to the Senior Independent Director.

The Code of Business Ethics and Whistle-Blowing Policy can be viewed on the Group's website.

The Board members have full and unrestricted access to the Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. In addition to her corporate secretarial administrative responsibilities, she also advises the Board on its roles and responsibilities, corporate disclosures and compliance, corporate governance developments and practices.

The Board is aware that continuous training for the Directors is vital for them in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to supplement their knowledge in the latest developments and issues relevant to the Group, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY2019 were as follows:

	Training Programmes/Seminars/Conferences
Leung Kok Keong (<i>Resigned on 17 June 2020</i>)	Financial Reporting & Disclosure – What Directors and Management need to know
Tay Ben Seng, Benson	Financial Reporting & Disclosure – What Directors and Management need to know
Chang Yun Lung	Financial Reporting & Disclosure – What Directors and Management need to know
Tan Aik Heang	Financial Reporting & Disclosure – What Directors and Management need to know
Abdul Menon bin Arsad @ Abdul Manan bin Arshad	Financial Reporting & Disclosure – What Directors and Management need to know

The Board (via the NC and with assistance of the Company Secretary) shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

Tenure of Independent Director

As at the reporting date, Mr Tan Aik Heang and Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad have served more than nine (9) years as Independent Director. The Board through its NC had conducted an assessment of the independence of all its Independent Directors and is satisfied that the Independent Directors have fulfilled the criteria under the definition of Independent Directors as stated in the AMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board is recommending to put forward a resolution at the forthcoming Annual General Meeting ("AGM") to retain Mr Tan and Encik Abdul Menon as Independent Directors notwithstanding that his tenure as Independent Director has exceeded the nine (9) years limit as recommended under the Code.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Tenure of Independent Director (Cont'd)

The Board's and NC's justification to retain Mr Tan and Encik Abdul Menon are premised on the following:-

- Mr Tan and Encik Abdul Menon continue to fulfil the criteria and definition of an Independent Director as set out under Rule 1.01 of Bursa Malaysia Listing Requirement;
- During their tenure in office, Mr Tan and Encik Abdul Menon have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the Executive Director(s), major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties.
- During their tenure in office, Mr Tan and Encik Abdul Menon have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director(s), major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Listing Requirements;
- During their tenure in office, Mr Tan and Encik Abdul Menon have not been offered or granted any options by the Company. Other than directors' fees paid which had been the norm and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to them by the Company;
- During their tenure in office, Mr Tan and Encik Abdul Menon have demonstrated consistently his integrity, commitment and contributed effectively to the Board's decision-making process; and
- During their tenure in office, Mr Tan and Encik Abdul Menon have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

Board Composition

The Group is led by an experienced and diversified Board which comprises professionals from various fields to bring together a balance of skills, mix of experience and expertise in area relevant to enhance the growth of Group's business. The Directors collectively bring with them wide and varied technical, financial and legal experience to enable the Board to lead and control the Group effectively.

The Board (via the NC) assess the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director annually. This assessment is done on a peer and self- evaluation basis. Based on the evaluation carried out for FY2019, the NC has informed the Board that it was satisfied with the contribution and performance of each individual Director.

Although there is no gender diversity policy in place currently, the Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold as proposed in Practice 4.5. Nevertheless, the Board is on the outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.

Despite the above, the Board affirms its commitment to provide fair and equal opportunities and nurturing diversity at all levels within the Group. To this end, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally during recruitment, promotion, remuneration and training. The Board is also committed to workplace diversity ensuring that we value and respect our differences and that our workplace is fair, accessible, flexible and inclusive and free from discrimination.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, as a whole, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.

The RC's recommended remuneration for Directors and Senior Management is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for Directors, it will be presented at the Annual General Meeting ("AGM") for shareholders' approval. The details of the Group's remuneration policies and practices are included in the Board Charter which is available on the Group's website.

The aggregate remuneration paid or payable to the Directors by the Group and the Company during FY2019 is as follows:-

Group	Remuneration (RM)	Fee (RM)	Allowances (RM)	Total (RM)
Leung Kok Keong	11,491	20,000	33,500	64,991
Tay Ben Seng, Benson	25,193	208,000	3,500	236,693
Tan Aik Heang	–	24,000	10,500	34,500
Abdul Menon bin Arsad @ Abdul Manan bin Arshad	–	24,000	9,300	33,300
Chang Yun Lung	–	24,000	10,500	34,500
Koo Kien Yoon	–	60,000	–	60,000

Company	Remuneration (RM)	Fee (RM)	Allowances (RM)	Total (RM)
Leung Kok Keong	11,491	20,000	33,500	64,991
Tay Ben Seng, Benson	9,193	16,000	3,500	28,693
Tan Aik Heang	–	24,000	10,500	34,500
Abdul Menon bin Arsad @ Abdul Manan bin Arshad	–	24,000	9,300	33,300
Chang Yun Lung	–	24,000	10,500	34,500

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AC

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr Chang Yun Lung. None of the current members of the AC is a former key audit partner who was involved in auditing the Group, the Group had incorporated the policy as stipulated in Practice 8.2 into the TOR of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 22 to 25 of this Annual Report.

Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through the RMC via a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives.

As for the adequacy and effectiveness of the system of internal control, it is reviewed by the AC with assistance from the internal auditors. The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group. The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management. Internal audit reports which are issued have to be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements. In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.

Based on the above, the Board is of the view that the risk management process and system of internal control were in place during FY2019 for identifying, evaluating, and managing significant risks faced or potentially to be encountered by the Group.

Further details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control on pages 26 to 27 of this Annual Report.

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC”) of Focus Dynamics Group Berhad (“Focus” and “the Company”) is comprised wholly of Non-Executive Directors as follows:

Chang Yun Lung

Chairman, *Independent Non-Executive Director*

Tan Aik Heang

Member, *Independent Non-Executive Director*

Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad

Member, *Independent Non-Executive Director*

Mr Chang Yun Lung is a member of the Malaysian Institute of Accountants.

Mr Chang Yun Lung meets the requirement of Rule 15.09 (1)(c)(i) of ACE Market Listing Requirements (“AMLR”) in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

SECRETARY

The secretary to the AC are the Company Secretary of the Company.

TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference (“TOR”).

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company’s website at www.focusdynamics.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 December 2019 (“FYE 2019”) are as follows:

AC Member	Designation	Number of Committee Meetings held during directors’ tenure of office	Number of Committee Meetings attended
Chang Yun Lung	Independent Non-Executive Director	6	6
Tan Aik Heang	Independent Non-Executive Director	6	6
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	Independent Non-Executive Director	6	4

The quorum of the meeting is two (2).

MEETINGS AND MINUTES (CONT'D)

Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("Board") meetings. The Agenda carries matters that need to be deliberated, reviewed, or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors, and external auditors during such meetings.

During its scheduled quarterly meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions ("RPT")/Recurrent Related Party Transactions ("RRPT"), and all other areas within the scope of responsibilities of the AC under its TOR.

Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

SUMMARY OF ACTIVITIES

In respect of the FYE 2019, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The Company engaged Messrs. Credenz Advisory Sdn Bhd ("Credenz Advisory") as outsourced Internal Auditors to carry out the internal audit function of the Group for the FYE 2019.

The internal auditor reports directly to the AC on a yearly basis by presenting its Internal Audit Report during the AC meeting, whereby relevant issues identified in the Internal Audit Report will be discussed with the AC in the meeting. Remedial work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

On 25 November 2019, Credenz Advisory tabled a report for AC's review covering the segment of Purchasing of Marquee International Sdn Bhd and Bounce Entertainment Sdn Bhd for the period from January 2019 to July 2019.

The report focused on understanding of the key processes performed/ managed by persons in charge of Purchasing, processes and control, risk and impact. The report outlined the audit objective, scope of work, conduct of internal audit, list of findings together with the Internal Auditors' recommendations and the Management's response.

For year 2019, the cost incurred for internal audit function was RM19,000.00.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES (CONT'D)

b) Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

- i. Reviewed the financial positions, quarterly interim financial reports, and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The 1st, 2nd, 3rd and 4th Quarter Interim Financial Reports were tabled at the AC meetings held on 29 May 2019, 23 August 2019, 20 November 2019 and 27 February 2020;
- ii. Ensured the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Rule 9.22 including Appendix 9B of the Listing Requirements;

Reviewed the various Board's Policies and Procedures, Board Charter, procedures for RRPT;

- iii. Reviewed the External Auditors' Audit Planning Memorandum ("APM") for the FYE 2019 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;
- iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FYE 2019 on 27 February 2020;
- v. Reviewed RPT/RRPT entered into by the Company and its subsidiaries during its AC meetings on 29 May 2019, 23 August 2019, 20 November 2019 and 27 February 2020;
- vi. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;
- vii. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that:-
 - Appropriate accounting policies had been adopted and applied consistently;
 - The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
 - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
 - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Listing Requirements; and
 - The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- viii. Reviewed the AC Report, CG Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2019 Annual Report; and
- ix. Reviewed the Statement of Risk Management and Internal Control together with the Internal Auditors and External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

SUMMARY OF ACTIVITIES (CONT'D)

c) External Audit

Messrs Crowe Malaysia PLT ("Crowe Malaysia") is the External Auditors for the Group and all its subsidiaries in Malaysia. Crowe Malaysia led by their engagement partner presented their External APM for the Reviewed the External Auditors' APM for the FYE 2019 on 25 November 2019 and had declared and confirmed that they were independent and would be independent through their audit engagement.

Subsequent to the FYE 2019, the AC met with the External Auditors in the absence of Management on two occasions during 25 November 2019 and [June 2020]. The AC had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

There were no areas of major concern raised by Crowe Malaysia that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The AC carried out an assessment of the performance and suitability of Crowe Malaysia based on the quality of services and relationship with Management, AC, Internal Auditors and Board. The AC has been generally satisfied with the independence, performance and suitability of Crowe Malaysia based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Crowe Malaysia as External Auditors for the financial year ending 31 December 2020.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

The AC discussed and reviewed the CG Overview Statement and CG Report for the FYE 2019.

This statement was approved by the Board on [June 2020].

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Para 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the “Statement on Risk Management and Internal Control — Guidelines for Directors of Listed Issuers” (Para. 32) and with the “Malaysian Code of Corporate Governance 2017” (Practice 9.1 and 9.2), the Board of Directors of the Company (“The Board”) is pleased to present this Statement on Risk Management and Internal Control for the year ended 31 December 2019 of the Group.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility in maintaining a sound system of internal controls that covers financial, operational and risk management within the Group to meet its business objectives. The Board reviews the adequacy and effectiveness of the Group’s risk management and internal control system to safeguard shareholders’ investment and the Group’s assets.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

The Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Board is informed of major issues on internal controls, regulatory compliance and risk taking.

Such systems by their nature, can only provide a reasonable, but not absolute assurance against material misstatement of management and financial losses or fraud as it is established to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

The Board has received assurance from the Executive Directors and the Senior Management that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of view that the Risk management and Internal Control system is in place for the year under review and is sound and adequate to safeguard shareholders’ investment and the Group’s assets.

The Group’s risk management and internal control systems do not apply to its’ joint venture company. The Group’s interest in joint venture company is served through Board representation and periodic review of the joint venture’s company management accounts by the Board and Management.

RISK MANAGEMENT FRAMEWORK

The Board continues to rely on risk management to form the basis of internal plan and for continued profitability and to safeguard shareholders’ investment. The key processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control systems include the following:-

- The Board has established a number of board committees such as the Nomination, the Remuneration and the Risk Management to support the Board and to assist the Board to assess the performance and controls in all areas of operations to ensure that the risk management and control framework is embedded into the structures of the Group.
- The Board has established a Risk Management Committee to formulate a framework to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT FRAMEWORK (CONT'D)

- The Group out-sourced the internal audit function to an independent professional consultancy firm during the financial year to review the internal controls of the Group and report directly to the Audit Committee. The total fee paid to the firm is amounted to RM19,000.0. The main objective of these audits is to provide a reasonable assurance that they are operated satisfactorily and effectively. Upon completion of the audit assignment, the internal auditors presented their report and discussed their findings and recommendations for improvement to the Audit Committee. The Internal Auditors of the Group check for compliance with policies and procedures and highlight the significant findings in respect of any non-compliance.
- The Audit Committee of the Group reviews the internal control issues identified by the Internal Auditors, the external auditors and the Management, and evaluates the effectiveness and adequacy of the risk management and internal control systems. It also reviews the internal audit function with particular emphasis on the scope of frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the Board of Directors of the Company on the quarterly basis.

KEY PROCESSES OF INTERNAL CONTROL

Salient features of the key processes of the system of internal control of the Group are as follows:-

- The Group has an organisational structure with defined lines of responsibility, delegation of authority, segregation of duties and flow of information are effectively communicated to all levels to ensure that the Group's operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and the business directions.
- There is active involvement by the Executive Directors in the day-to-day business operations of the Group including periodical visit to the outlets and monthly dialogue with senior management. Scheduled operational and management meetings are held monthly to identify, discuss and resolve business and operational issues as well as significant risks faced. Significant matters identified during these meetings are highlighted to the Board on a timely basis.
- There are policy and authority limits imposed on Executive Directors and Management within the Group in respect of the day-to-day operations and financing, investments, acquisitions and disposal of assets.
- The Board is committed to identify business and other risks that are inherent in the environment in which the Group operates and to ensure the implementation of appropriate control mechanism to manage these risks. In assisting it to discharge its duties and responsibilities, the Board through the Audit Committee, senior management will carry out quarterly review of the adequacy and the integrity of the Group's internal control system and management information system, including system for compliance with applicable laws, regulations, rules, directives and guidelines.
- During the current financial year, internal audit was carried out on the Purchasing process. Based on the findings of the internal audit carried out and after the Audit Committee had reviewed the recommendations made by the Internal Auditor on the weaknesses that were identified, Management has put in place additional controls based on Internal Auditor's recommendation.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of ACE Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants and has reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and effectiveness of the risk management and internal controls within the Group.

This Statement of Risk Management and Internal Control has been approved by the Board of Directors in its meeting on 29 June 2020.

SUSTAINABILITY STATEMENT

OUR APPROACH

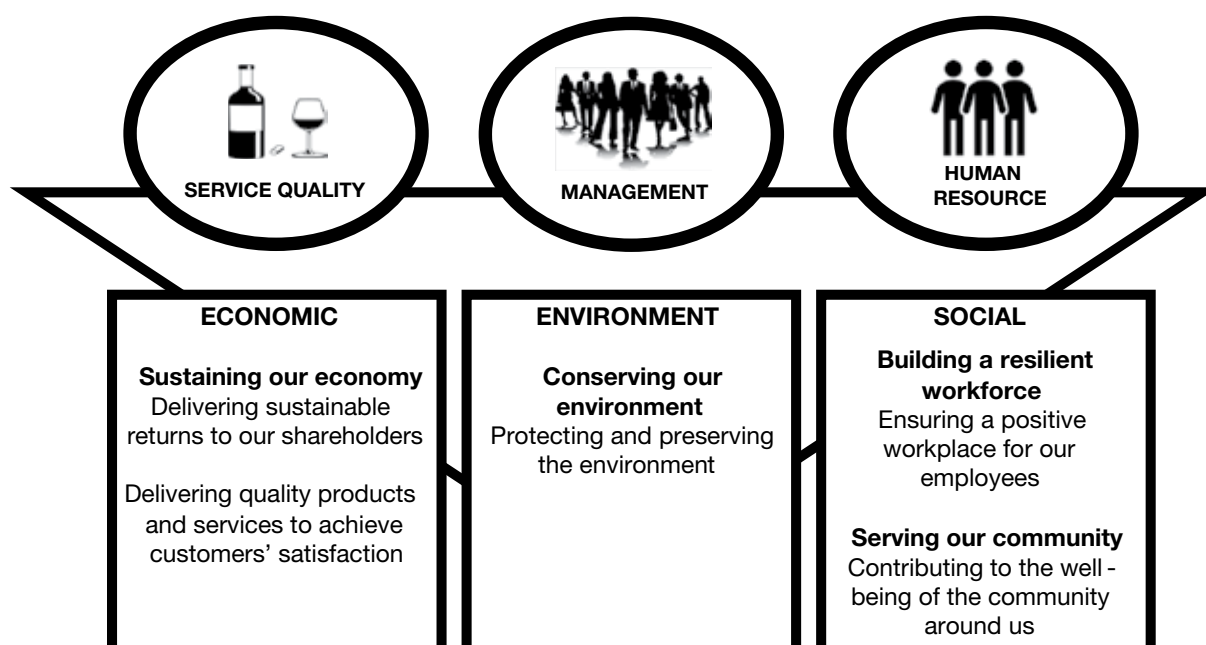
Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, as a responsible corporate citizen, our mission is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.

OUR APPROACH ON SUSTAINABILITY
Embrace Sustainability in Organisation Culture
Strengthen the Core
Build Regional Global Connectivity
Foster a High Performance Organisation

Focus Dynamics Group Berhad ("Focus Dynamics")'s continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.



OUR SCOPE

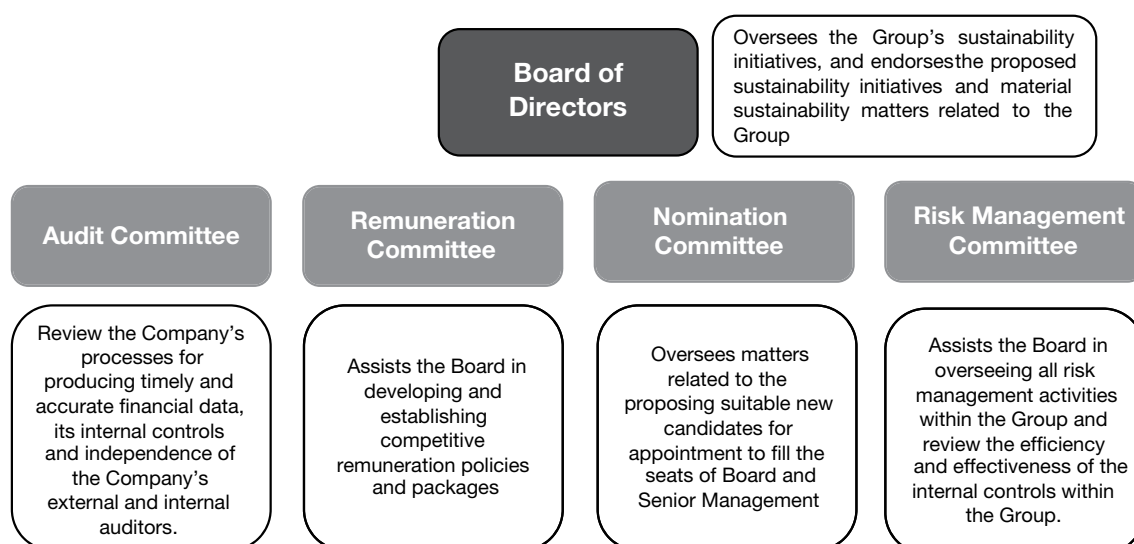
The statement covers Focus Dynamics and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to Food & Beverage ("F&B"). This report cover data which had been compiled internally from 1 January 2019 to 31 December 2019.

SUSTAINABILITY GOVERNANCE

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensure that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. Besides, the Group's performance is also tracked with the assistance of Audit Committee, Nomination Committee, and Remuneration Committee.



The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement;
- Materiality assessment and identification of sustainability risks and opportunities relevant to us; and
- Management of material sustainability risks and opportunities.

Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Code of Business Conduct and Ethics is established to achieve a standard of ethical behaviour based on trustworthiness and values that can be accepted and uphold a spirit of responsibility. Our Whistle-Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Business Conduct and Ethics and/or other non-compliance offences.

In line with Section 17(A) of Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has also developed the Anti-Corruption measures that will also enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.focusdynamics.com.my also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Services

The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability. The Group placed great importance in providing quality assurance on foods and beverages quality. In this respect, all the operation staff had attended the relevant food handling courses conducted by Kementerian Kesihatan Malaysia's approved trainers and also received Typhoid Vi Polysaccharide Vaccine.

Our emphasis on customers' satisfaction has accorded us with our industry reputation as a trusted and reliable F&B retailer with our commitment of:

- Creating a cosy environment for our valued customers;
- Foods and beverages produced are handled and processed in a hygienic and safe environment; and
- Foods and beverages produced are safe to be consumed & which is not poisonous, intoxicating or hazardous to health.

The Group will continue to be innovative in creating unique F&B brands that coincide with market trends and preferences of the customers, and management will strive to become the trendsetter in this business and become a major contender in the F&B industry. To achieve sustainability in the run, the Group opined that diversification shall be ventured into to enhance its financial performance and in turn its' shareholders' value.

Suppliers

To our suppliers, we are committed to enhance our processes and engaging with our suppliers to identify and manage risks, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In respect of this, foods and beverages, liquor and wine involved in the procurement process are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with specific criteria met are engaged.

Environment

Although we generally do not generate any major environmental concerns, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations.

Energy & Water Saving Initiatives

Action has been taken to reduce the overall energy consumed by lighting. Where lighting in and around our office facilities and corridors need to be replaced, we have converted them to LED. The process is on-going and on stages. Furthermore, Management will be initiating the provision of reminders to switch off lighting, air-conditioner and computer when not in use.

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment (Cont'd)

Waste Management

We recognize the importance of environmental protection for the long-term sustainability of our businesses. Hence, various initiatives have been taken to promote recycling habits and responsible waste management among our staff. In this context, we have placed recycling bins in our office premise for domestic waste generated (paper, plastic, aluminium cans, metal, etc.).

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. Additionally, the Group distribute memos via emails, instead of papers. Other materials such as furnishing and fixture are recycled or reused where possible.

All the measures taken have successfully inculcated the environmental awareness in our employees and able to reduce our environmental footprint.



Social

Employees

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages and training programmes are designed specifically for management staff.

The Group recognised that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Maintaining a healthy and work-life balance is important for employee well-being and it can contribute towards greater productivity and performance. In this context, motivation and recreational is also an essential part of the Group's responsibility to our employees. The Group has on September 2019 organised a Staff Party at the Bounce outlet. The party provided a motivated harmonious culture in the workplace, as well as mingle around amongst our employees.

In Focus Dynamics, employees are our greatest assets. We will continue to focus on human capital development to nurture our employees to their full potential. Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (Cont'd)

Community

Our Group strongly believes in giving back to society. Pursuant to this, we have made donation in kind to The Lost Food Project, a not-for-profit organisation rescuing lost food and giving it to those in need. We have from time to time made donations to various charitable organisation, helping the less fortunate members of our community is our way of giving back to society.



As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.



STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 December 2019, the directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.



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FINANCIAL STATEMENTS



DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

FINANCIAL RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(1,890,718)	(8,179,554)
Attributable to:-		
Owners of the Company	(1,809,248)	(8,179,554)
Non-controlling interests	(81,470)	–
	(1,890,718)	(8,179,554)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM86,815,822 to RM86,965,549 by way of an issuance of 2,473,749 new ordinary shares from the exercise of Warrants 2014/2019 ("Warrants C") at the exercise price of 5 sen per warrant as disclosed in Note 20 to the financial statements which amounted to RM123,686 and transfer from warrant reserve of RM26,041.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to Warrants 2014/2019 ("Warrants C").

DIRECTORS' REPORT (CONT'D)

WARRANTS C

On 14 November 2014, the Company listed and quoted 235,167,596 Warrants C pursuant to the renounceable rights issue.

The Warrants C are constituted by the Deed Poll dated 30 September 2014 ("Deed Poll C").

Salient features of the Warrants C are as follows:-

- (a) Each Warrants C entitles the Warrant holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll C;
- (b) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants C in accordance with the procedures set out in the Deed Poll C and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

On 10 February 2016, the Company announced that the exercise price of the outstanding Warrants C will be adjusted from RM0.10 to RM0.05 per share on even date.

On 26 March 2018, the Company completed a share split exercise which resulted in the creation of 1,552,269 additional Warrants C.

During the financial year, 2,473,749 Warrants C exercised into 2,473,749 new ordinary shares of the Company. The balance of 544,551 unexercised Warrants were lapsed on the maturity date of 6 November 2019.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tay Ben Seng, Benson
Chang Yun Lung
Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad
Tan Aik Heang
Leung Kok Keong (Resigned on 17 June 2020)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chin Yuok Sheong
Dato' Haji Ahmad Bhari Bin Abd. Rahman
Koo Kien Yoon
Ong Kah Hoe
Muhammad Bin Md Rashid

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<----- Number of Ordinary Shares ----->			
	At 1.1.2019	Bought	Sold	At 31.12.2019
The Company				
<i>Direct interests</i>				
Tay Ben Seng, Benson	41,933,380	—	—	41,933,380

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which a director has substantial financial interests as disclosed in Note 37 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 36 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM5,000,000 and RM33,312 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 42 to the financial statements.

AUDITORS

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

Signed in accordance with a resolution of the directors dated 30 June 2020.

Tay Ben Seng, Benson

Chang Vun Lung

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tay Ben Seng, Benson and Chang Vun Lung, being two of the directors of Focus Dynamics Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 45 to 118 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 30 June 2020.

Tay Ben Seng, Benson

Chang Vun Lung

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Tay Ben Seng, Benson, being the director primarily responsible for the financial management of Focus Dynamics Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tay Ben Seng, Benson, NRIC Number: 840120-14-5127,
at Kuala Lumpur
in the Federal Territory
on this 30 June 2020.

Tay Ben Seng, Benson

Before me

Tan Seok Kett
W530
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FOCUS DYNAMICS GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Focus Dynamics Group Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of property, plant and equipment Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
The carrying amount of property, plant and equipment as at 31 December 2019 was amounted to RM14,977,821. This represented 43% and 21% of non-current assets and total assets of the Group, respectively. We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, profit margins, discount rates and terminal value.	Our procedures included, amongst others: - Evaluating and assessing the Group's key assumptions used in the cash flows forecast including sales volume by considering the past financial results of the Group. We also considered current and future industry situation; and - Assessing the adequacy of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Carrying amount of inventories Refer to Note 13 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
The carrying amount of inventories held by the Group as at 31 December 2019 amounted to RM15,945,097. This represented 46% and 23% of current assets and total assets of the Group, respectively. We focused on this area due to the high mix and voluminous nature of the inventories of the Group.	Our procedures included, amongst others: • Attending the physical count of inventories and observing the physical conditions of the inventories; • Obtaining third party confirmations for inventories stored in third party warehouses; and • Comparing the carrying amount of selected samples of inventories to their net realisable value after year end.

Recoverability of trade receivables, other receivables and amount owing by joint venture Refer to Notes 14, 15 and 17 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
The trade receivables, other receivables and amount owing by joint venture of the Group amounted to RM1,421,688, RM2,194,887 and RM82,086 respectively, as at 31 December 2019. We focused on this area due to the long outstanding trade receivable balances which are past due or more than the credit terms granted by the Group, as disclosed in Note 41.1(b)(iii) to the financial statements, is considered to be a major credit risk. We also focused on other receivables and amount owing by joint venture due to their relative size and long overdue balances. The assessment of recoverability of these long outstanding trade receivables, other receivables and amount owing by joint venture involved judgement and estimation of uncertainty by management.	Our procedures included, amongst other: • Reviewing the ageing analysis of trade receivables and testing its reliability; • Obtaining confirmations or reviewing the relevant supporting documents on outstanding balances; • Reviewing subsequent collections for major trade receivables, other receivables and amount owing by joint venture; and • Evaluating the reasonableness and adequacy of the allowance for impairment loss and expected credit loss recognised for identified exposures.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the other sections of the 2019 Annual Report, which are expected to be made available to us subsequently.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

30 June 2020

Ngiam Mia Teck
03000/07/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	51,000	51,000
Investment in joint venture	6	497,935	437,747	–	–
Prepaid lease payment	7	–	6,638,049	–	–
Prepaid expenses	8	14,815,159	–	–	–
Property, plant and equipment	9	14,977,821	14,567,644	1,740,668	–
Right-of-use assets	10	4,645,722	–	–	–
Goodwill	11	88,129	88,129	–	–
		35,024,766	21,731,569	1,791,668	51,000
CURRENT ASSETS					
Inventories	13	15,945,097	14,987,111	–	–
Trade receivables	14	1,421,688	4,451,714	–	–
Other receivables, deposits and prepayments	15	9,847,270	8,595,325	199,347	198,324
Amount owing by subsidiaries	16	–	–	42,756,576	51,889,073
Amount owing by joint venture	17	82,086	2,658,900	–	–
Short-term investment		17,994	17,410	–	–
Current tax assets		229,384	474,280	66,026	301,951
Fixed deposits with licensed banks	19	1,935,200	1,904,270	1,395,239	1,356,030
Cash and bank balances		5,193,256	3,634,256	160,632	78,565
		34,671,975	36,723,266	44,577,820	53,823,943
TOTAL ASSETS					
		69,696,741	58,454,835	46,369,488	53,874,943

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	86,965,549	86,815,822	86,965,549	86,815,822
Reserves	21	(47,535,147)	(45,699,386)	(42,017,226)	(33,811,631)
Equity attributable to owners of the Company		39,430,402	41,116,436	44,948,323	53,004,191
Non-controlling interests	5	1,373,385	1,148,261	–	–
TOTAL EQUITY		40,803,787	42,264,697	44,948,323	53,004,191
NON-CURRENT LIABILITIES					
Finance lease liabilities	22	–	37,427	–	–
Lease liabilities	23	3,698,968	–	–	–
Deferred tax liabilities	24	–	44,824	–	–
		3,698,968	82,251	–	–
CURRENT LIABILITIES					
Trade payables	25	5,597,659	5,911,046	–	–
Other payables and accruals	26	7,143,167	4,088,640	1,121,165	870,752
Provision for restoration costs	27	412,620	412,620	–	–
Amount owing to subsidiaries	16	–	–	300,000	–
Amount owing to related parties	18	9,358,600	4,446,171	–	–
Bank overdrafts	28	1,204,321	1,205,044	–	–
Finance lease liabilities	22	–	44,366	–	–
Lease liabilities	23	1,027,374	–	–	–
Current tax liabilities		450,245	–	–	–
		25,193,986	16,107,887	1,421,165	870,752
TOTAL LIABILITIES		28,892,954	16,190,138	1,421,165	870,752
TOTAL EQUITY AND LIABILITIES		69,696,741	58,454,835	46,369,488	53,874,943

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	29	39,077,115	24,209,790	–	–
COST OF SALES		(18,682,691)	(11,953,564)	–	–
GROSS PROFIT		20,394,424	12,256,226	–	–
OTHER OPERATING INCOME		3,509,100	6,336,212	39,208	164,626
OTHER OPERATING EXPENSES		(20,079,862)	(18,220,363)	(809,991)	(832,428)
FINANCE COSTS		(905,355)	(64,501)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	30	(2,237,202)	(2,938,084)	(7,408,771)	(27,967,810)
SHARE OF PROFIT ON INVESTMENT IN JOINT VENTURE		60,188	437,702	–	–
PROFIT/(LOSS) BEFORE TAXATION	31	741,293	(2,192,808)	(8,179,554)	(28,635,612)
INCOME TAX EXPENSE	32	(2,632,011)	(826,037)	–	–
LOSS AFTER TAXATION		(1,890,718)	(3,018,845)	(8,179,554)	(28,635,612)
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(472)	–	–	–
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(1,891,190)	(3,018,845)	(8,179,554)	(28,635,612)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(CONT'D)

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
LOSS AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the company		(1,809,248)	(3,122,192)	(8,179,554)	(28,635,612)
Non-controlling interests		(81,470)	103,347	–	–
		(1,890,718)	(3,018,845)	(8,179,554)	(28,635,612)
TOTAL COMPREHENSIVE					
EXPENSES ATTRIBUTABLE TO:-					
Owners of the company		(1,809,720)	(3,122,192)	(8,179,554)	(28,635,612)
Non-controlling interests		(81,470)	103,347	–	–
		(1,891,190)	(3,018,845)	(8,179,554)	(28,635,612)
LOSS PER SHARE (SEN)					
BASIC	33	(0.09)	(0.16)		
DILUTED	33	(0.09)	(0.16)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	< ----- Non-Distributable ----- >					Attributable To Owners Of the Company RM	Non- Controlling Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Warrant Reserve RM	ESOS Reserve RM	Foreign Exchange Translation Reserve RM			
The Group								
Balance at 1.1.2018	39,202,272	25,691,038	4,603,985	2,715,695	(13,312)	29,696,485	1,044,914	30,741,399
Effect of adoption of MFRS 9	-	-	-	-	-	(92,462)	-	(92,462)
Balance at 1.1.2018 (Restated)	39,202,272	25,691,038	4,603,985	2,715,695	(13,312)	29,604,023	1,044,914	30,648,937
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	-	(3,122,192)	103,347	(3,018,845)
Contributions by and distributions to owners of the Company:								
- Warrants exercised	16,008,872	-	(4,572,212)	-	-	11,436,660	-	11,436,660
- Employees' share options exercised	5,913,640	-	-	(2,715,695)	-	3,197,945	-	3,197,945
- Transfer to share capital pursuant to Companies Act 2016	25,691,038	(25,691,038)	-	-	-	-	-	-
Total transactions with owners	47,613,550	(25,691,038)	(4,572,212)	(2,715,695)	-	14,634,605	-	14,634,605
Balance at 31.12.2018	86,815,822	-	31,773	-	(13,312)	41,116,436	1,148,261	42,264,697

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Group	Note	< ----- Non-Distributable ----- >						Total Equity RM
		Share Capital RM	Warrant Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Attributable To Owners Of the Company RM	Non- Controlling Interests RM	
Balance at 31.12.2018/1.1.2019		86,815,822	31,773	(13,312)	(45,717,847)	41,116,436	1,148,261	42,264,697
Loss after taxation for the financial year		-	-	-	(1,809,248)	(1,809,248)	(81,470)	(1,890,718)
Other comprehensive expenses for the financial year		-	-	(472)	-	(472)	-	(472)
Total comprehensive expenses for the financial year		-	-	(472)	(1,809,248)	(1,809,720)	(81,470)	(1,891,190)
Contributions by and distributions to owners of the Company:								
- Warrants expired		-	(5,732)	-	5,732	-	-	-
- Warrants exercised		149,727	(26,041)	-	-	123,686	-	123,686
- Acquisition of a subsidiary	34	-	-	-	-	-	306,594	306,594
Total transactions with owners		149,727	(31,773)	-	5,732	123,686	306,594	430,280
Balance at 31.12.2019		86,965,549	-	(13,784)	(47,521,363)	39,430,402	1,373,385	40,803,787

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	< ----- Non-Distributable ----- >					
	Share Capital RM	Share Premium RM	Warrant Reserve RM	ESOS Reserve RM	Accumulated Losses RM	Total Equity RM
The Company						
Balance at 1.1.2018	39,202,272	25,691,038	4,603,985	2,715,695	(5,207,792)	67,005,198
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(28,635,612)	(28,635,612)
Contributions by and distributions to owners of the Company:						
- Warrants exercised	16,008,872	-	(4,572,212)	-	-	11,436,660
- Employees' share options exercised	5,913,640	-	-	(2,715,695)	-	3,197,945
- Transfer to share capital pursuant to Companies Act 2016	25,691,038	(25,691,038)	-	-	-	-
Total transactions with owners	47,613,550	(25,691,038)	(4,572,212)	(2,715,695)	-	14,634,605
Balance at 31.12.2018	86,815,822	-	31,773	-	(33,843,404)	53,004,191

	<- Non-Distributable ->				
	Share Capital RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM	
The Company					
Balance at 31.12.2018/1.1.2019	86,815,822	31,773	(33,843,404)	53,004,191	
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(8,179,554)	(8,179,554)	
Contributions by and distributions to owners of the Company:					
- Warrants expired	-	(5,732)	5,732	-	
- Warrants exercised	149,727	(26,041)	-	123,686	
	149,727	(31,773)	5,732	123,686	
Balance at 31.12.2019	86,965,549	-	(42,017,226)	44,948,323	

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Note	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR)				
OPERATING ACTIVITIES				
Profit/(Loss) before taxation	741,293	(2,192,808)	(8,179,554)	(28,635,612)
Adjustments for:-				
Bad debts written off	9,810	3,131	—	—
Bad debts recovered	(10,800)	—	—	—
Bargain purchase	(374,177)	—	—	—
Deposits written off	3,800	—	—	—
Depreciation of property, plant and equipment	5,297,802	3,877,711	193,408	—
Depreciation of right-of-use assets	1,304,394	—	—	—
Impairment losses on:				
- trade receivables	971,870	1,354,688	—	—
- other receivables	5,204	539,996	—	—
- amount owing by joint venture	2,156,515	—	—	—
- amount owing by related parties	—	1,048,400	—	—
- amount owing by subsidiaries	—	—	7,408,771	27,967,810
Interest expense on lease liabilities	845,778	—	—	—
Interest expense	59,577	64,501	—	—
Interest income	(56,639)	(223,355)	(39,209)	(164,626)
Loss on disposal of property, plant and equipment	1,104	—	—	—
Property, plant and equipment written off	157,550	—	—	—
Reversal of impairment losses on:				
- trade receivables	(786,387)	(5,000)	—	—
- amount owing by related parties	(110,000)	—	—	—
- property, plant and equipment	—	(1,079,480)	—	—
Share of profit on investment in joint venture	(60,188)	(437,702)	—	—
Operating profit/(loss) before working capital changes	10,156,506	2,950,082	(616,584)	(832,428)
Increase in inventories	(957,986)	(11,861,291)	—	—
Decrease/(Increase) in trade and other receivables	2,205,702	539,882	(1,023)	(76,657)
Increase/(Decrease) in trade and other payables	2,740,285	4,268,659	250,413	(9,993)
Decrease/(Increase) in amount owing by subsidiaries	—	—	1,723,726	(17,942,386)
Decrease/(Increase) in amount owing by joint venture	420,299	(2,658,900)	—	—
Decrease/(Increase) in amount owing by related parties	110,000	(1,048,400)	—	—
Increase in amount owing to subsidiaries	—	—	300,000	—
Increase in amount owing to related parties	4,912,429	—	—	—
CASH FROM/(FOR) OPERATIONS	19,587,235	(7,809,968)	1,656,532	(18,861,464)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

		The Group		The Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
CASH FROM/(FOR) OPERATIONS (CONT'D)		19,587,235	(7,809,968)	1,656,532	(18,861,464)
Interest paid		(59,577)	(59,697)	–	–
Interest received		15,015	183,726	–	124,997
Income tax paid		(1,981,694)	(1,676,209)	235,925	(108,383)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		17,560,979	(9,362,148)	1,892,457	(18,844,850)
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	34	4,227	–	–	–
Addition to right-of-use assets	35(a)	(21,251)	–	–	–
Interest received		41,624	39,629	39,209	39,629
Purchase of property, plant and equipment		(6,864,105)	(4,837,128)	(1,934,076)	–
Proceeds from disposal of property, plant and equipment		716,020	–	–	–
Increase in pledged fixed deposits with licensed banks		(39,209)	(39,629)	(39,209)	(39,629)
Withdrawal of pledged fixed deposits with licensed banks		12,000	–	–	–
Addition to prepaid expenses		(8,177,110)	–	–	–
Addition to prepaid lease payment		–	(5,255,272)	–	–
NET CASH FOR INVESTING ACTIVITIES		(14,327,804)	(10,092,400)	(1,934,076)	–
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment to directors		–	(17,813)	–	–
Repayment of lease liabilities	35(b)	(947,055)	–	–	–
Interest paid	35(b)	(845,778)	(4,804)	–	–
Proceeds from issuance of share capital		123,686	14,634,605	123,686	14,634,605
Repayment of finance lease liabilities	35(b)	–	(39,793)	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(1,669,147)	14,572,195	123,686	14,634,605
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,564,028	(4,882,353)	82,067	(4,210,245)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,982,862	7,865,215	78,565	4,288,810
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35(c)	4,546,890	2,982,862	160,632	78,565

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.
Principal place of business	:	Lot 12.1, 12th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 June 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 43 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 9 to the financial statements.

(b) Impairment of Investment in Joint Venture, Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its investment in joint venture, property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in joint venture, property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6, 9 and 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables, amount owing by subsidiaries, amount owing by joint venture and amount owing by a related party as at the reporting date are disclosed in Notes 15, 16, 17 and 18 to the financial statements.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amounts of current tax assets/liabilities as at the reporting date is as below:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current tax assets	229,384	474,280	66,026	301,951
Current tax liabilities	450,245	—	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 34 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Coronavirus Disease 2019 (COVID-19)

The current outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as temporarily closing of businesses, travel restrictions and quarantine measures across the globe. These measures and policies affect supply chains and the production of goods and services and lower economic activity which is likely to result in reduced demand for the Group's goods and services. The Group exercises judgement, in light of all facts and circumstances, to assess what event in this series of events provides additional evidence about the condition that existed at the reporting date and therefore affects the recognition and measurement of the Group's assets and liabilities at 31 December 2019.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted joint-venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted joint-venture.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in a joint arrangement that includes a foreign operation while retaining joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 JOINT ARRANGEMENTS

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the estimated costs of dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Plant and machinery	25%
Equipment and kitchen utensils	10 - 35%
Furniture, fittings and equipment	10 - 33%
Motor vehicles	20%
Signboard	10 - 35%
Electrical fittings	10%
Renovation	10 - 25%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(c) Prepaid Lease Payments

The lump sum upfront lease payments made in respect of building under construction which in substance is an operating lease is classified as prepaid lease payments. The prepaid lease payments are stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition under certain lease contracts. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment and leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Sale of products

Revenue from sale of products is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

(b) Sale of engineering goods

Revenue from sale of engineering goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.21 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental Income

Rental income from billboard is accounted on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019	2018
	RM	RM
Unquoted shares, at cost	9,349,360	9,349,360
Accumulated impairment losses	(9,298,360)	(9,298,360)
	51,000	51,000
Allowance for impairment losses:-		
At 1 January/31 December	9,298,360	9,298,360

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019	2018	
		%	%	
<i>Subsidiaries of the Company</i>				
Focus Dynamics Centre Sdn. Bhd.	Malaysia	100	100	Marketing, distribution and sale of industrial instruments for the control of industrial machines and processes, providing a range of support services covering project management services, maintenance support, engineering conceptualisation, system audit, energy saving services and other support services in relation to the company's business and products.
Focus Dynamics Drives Sdn. Bhd. ("FDDSB")	Malaysia	100	100	Engaged in businesses of manufacturing, research and development of variable speed drives, supply and trading of instruments for the control of industrial machines and process.
DPC Industrial Systems Sdn. Bhd.	Malaysia	100	100	Engage in businesses of trading of industrial equipment, designing, installation and implementation of automation system for the energy resource based industry and providing other related products and services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Subsidiaries of the Company (Cont'd)				
Marquee International Holding Sdn. Bhd. ("MIHSB")	Malaysia	100	100	Investment holding.
Famous Ambience Sdn. Bhd. ("FASB")	Malaysia	51	51	Engage in letting of property business.
Subsidiaries of MIHSB				
Marquee International Sdn. Bhd. ("MISB")	Malaysia	100	100	Engage in businesses of operate and managing food and beverage outlets.
Modern Cuisine Sdn. Bhd.	Malaysia	100	100	Engage in the business of restaurant, food and beverage as well as investment holding and general trading.
Marquee Resources Sdn. Bhd.	Malaysia	100	100	Engage in businesses of human resources, event management and general trading.
Finch Entertainment Sdn. Bhd.	Malaysia	100	100	Engage in the business of restaurant, food and beverage.
Wine Commerce Sdn. Bhd.	Malaysia	100	100	Engage in the business of online wine retailing and distribution.
Bounce Entertainment Sdn. Bhd. ("BESB")	Malaysia	100	100	Other food service activities, investment advisory services, creative, arts and entertainment activities.
Focus Dynamics Limited * ("FDL")	Republic of Seychelles	100	100	Investment holding.
Bubbles Entertainment Sdn. Bhd. ("Bubbles")	Malaysia	100	–	Engaged in the businesses of operating restaurants, food and beverage as well as investment holdings and general trading.
Subsidiaries of FDL				
Focus Dynamic Group Limited *	Hong Kong	100	100	Engage in food and beverage business and investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
Subsidiaries of FDL (Cont'd)				
Bounce Entertainment Limited * ("BEL")	Hong Kong	100	100	Engage in food and beverage business, entertainment, general trading and investment holding.
Subsidiary of FDDSB				
Centurion International Sdn. Bhd. ("CISB")	Malaysia	100	–	Engage in the business of operating and managing food and beverage outlets.
Subsidiaries of MISB				
Goldhill Eagle Sdn. Bhd.* ("GESB")	Malaysia	55	–	Export and import of a variety of goods without any particular specialisation.

* These subsidiaries were audited by other firms of chartered accountants.

- (a) During the current financial year, the Group or the Company has completed the following acquisitions:-
- (i) The Company through its subsidiary, MIHSB, incorporated a wholly-owned subsidiary, Bubbles, with a subscription price of RM2.
 - (ii) The Company through its subsidiary, MIHSB, incorporated a wholly-owned subsidiary, CISB, with a subscription price of RM2. Subsequently, the Company disposed 100% equity interests in CISB to FDDSB for a total consideration of RM2.
 - (iii) The Company through its subsidiary, MISB, acquired 55% equity interests in GESB for a total consideration of RM550. The details of the acquisition are disclosed in Note 34 to the financial statements.
- (b) In the previous financial year, the Group or the Company had completed the following acquisitions:-
- (i) The Company through its subsidiary, MIHSB, incorporated a wholly-owned subsidiary, BESB, with a subscription price of RM2.
 - (ii) The Company's through its subsidiary, FDL, incorporated a wholly-owned subsidiary, BEL, with a subscription price of HKD1.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The non-controlling interests at the end of the reporting period comprise the following:-

		Effective Equity Interest		The Group	
		2019 %	2018 %	2019 RM	2018 RM
FASB	4	9	49	1,071,456	1,148,261
GESB		45	–	301,929	–
				1,373,385	1,148,261

(d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	FASB	
	2019 RM	2018 RM
<u>At 31 December</u>		
Non-current assets	14,832,185	6,659,840
Current assets	4,260,613	4,277,145
Current liabilities	(16,913,148)	(8,600,592)
Net assets	2,179,650	2,336,393
<u>Financial Year Ended 31 December</u>		
Revenue	–	–
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial year	(156,743)	210,912
Net cash flows from operating activities	8,157,903	5,032,922
Net cash flows for investing activities	(8,177,110)	(5,254,108)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT IN JOINT VENTURE

	The Group	
	2019 RM	2018 RM
Unquoted shares, at cost	45	45
Share of post-acquisition reserves	497,890	437,702
At 31 December	497,935	437,747

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business	Effective Equity Interest		Principal Activities
		2019 %	2018 %	
W Club Sdn. Bhd. ("WCSB")	Malaysia	45	45	Engaged in the business of entertainment centre and food and beverage.

WCSB has a different financial year end from the Group. In applying the equity method of accounting, the financial statements of the joint venture for the financial year ended 31 October 2019 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 November 2019 and 31 December 2019.

The summarised financial information of the joint venture is as follows:-

	2019 RM	2018 RM
<u>At 31 December</u>		
Non-current asset	2,247,469	2,617,517
Current assets	3,103,747	3,779,512
Non-current liability	(79,548)	–
Current liabilities	(4,165,144)	(5,424,257)
Net assets	1,106,524	972,772
<u>12-months Period Ended 31 December</u>		
Revenue	9,069,644	3,102,108
Profit after taxation/Total comprehensive income for the financial year	133,751	981,121
Group's share of profit for the financial year	60,188	437,702

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. PREPAID LEASE PAYMENT

	< ----- 1.1.2019 ----- >				
	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Addition RM	At 31.12.2019 RM
Building under construction	6,638,049	(6,638,049)	–	–	–
			As 1.1.2018 RM	Addition RM	At 31.12.2018 RM
Building under construction			1,382,777	5,255,272	6,638,049

- (a) In the previous financial year, the Group provides development services in exchange for the prepaid lease payments.

The Group has entered an agreement with Royal Selangor Golf Club ("RSGC") via a tenancy agreement with City Growth Sdn. Bhd. ("CGSB") to construct a building, namely "The Arch" to house retail, food and beverage outlets, restaurants and car parks.

The terms of the arrangements allow the Group to operate The Arch up to June 2038 and is renewable for additional three years each term, until June 2047. The prepaid lease payment will be amortised upon completion of the construction.

- (b) The prepaid lease payments have been represented as prepaid expense as shown in Note 8 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

8. PREPAID EXPENSES

	< ----- 1.1.2019 ----- >				
	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Addition RM	At 31.12.2019 RM
Building under construction	–	6,638,049	6,638,049	8,177,110	14,815,159

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group has entered an agreement with Royal Selangor Golf Club ("RSGC") via a tenancy agreement with City Growth Sdn. Bhd. ("CGSB") to construct a building, namely "The Arch" to house retail, food and beverage outlets, restaurants and car parks.

The terms of the arrangements allow the Group to operate The Arch up to June 2038 and is renewable for additional three years each term, until June 2047. The prepaid expenses will be amortised upon completion of the construction.

9. PROPERTY, PLANT AND EQUIPMENT

The Group	< ----- 1.1.2019 ----- >		As Previously Reported RM	Application of MFRS 16 RM	As Restated RM	Additions RM	Disposals RM	Write Off RM	Acquisition of A Subsidiary (Note 34) RM	Transfers RM	Depreciation Charges RM	At 31.12.2019 RM
	RM	Initial RM										
<i>Carrying Amount</i>												
Building	-	-	-	-	-	-	-	-	-	2,595,552	(38,933)	2,556,619
Plant and machinery	8,800	-	8,800	-	-	-	-	-	-	-	(8,799)	1
Equipment and kitchen utensils	791,428	-	791,428	-	791,428	617,569	(9,104)	-	-	718,665	(570,820)	1,547,738
Furniture, fittings and equipment	3,123,200	-	3,123,200	-	3,123,200	2,611,966	-	-	-	1,002,792	(1,685,774)	5,052,184
Motor vehicles	183,984	(1)	183,983	10,198	183,983	10,198	-	-	-	-	(45,492)	148,689
Signboard	26,676	-	26,676	16,300	26,676	16,300	-	-	-	-	(7,055)	35,921
Electrical fittings	17,904	-	17,904	-	17,904	-	-	-	-	-	(4,079)	13,825
Renovation	5,547,318	(337,260)	5,210,058	1,487,549	5,210,058	1,487,549	-	-	55,809	1,208,470	(2,936,850)	5,025,036
Capital work-in-progress	2,554,083	-	2,554,083	1,839,222	2,554,083	1,839,222	(708,020)	(157,550)	-	(2,929,927)	-	597,808
Building work-in-progress	2,314,251	-	2,314,251	281,301	2,314,251	281,301	-	-	-	(2,595,552)	-	-
	14,567,644	(337,261)	14,230,383	6,864,105	14,230,383	6,864,105	(717,124)	(157,550)	55,809	-	(5,297,802)	14,977,821

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2018 RM	Additions RM	Transfers RM	Reversal of Impairment loss RM	Depreciation Charges RM	At 31.12.2018 RM
<i>Carrying Amount</i>						
Plant and machinery	17,600	—	—	—	(8,800)	8,800
Equipment and kitchen utensils	666,909	374,189	87,886	—	(337,556)	791,428
Furniture, fittings and equipment	2,069,825	1,019,039	1,184,936	—	(1,150,600)	3,123,200
Motor vehicles	110,934	104,800	—	—	(31,750)	183,984
Signboard	3	27,125	—	—	(452)	26,676
Electrical fittings	20,624	—	—	—	(2,720)	17,904
Renovation	4,783,797	1,181,418	1,927,936	—	(2,345,833)	5,547,318
Capital work-in-progress	2,548,176	2,127,185	(3,200,758)	1,079,480	—	2,554,083
Building work-in-progress	2,310,879	3,372	—	—	—	2,314,251
	12,528,747	4,837,128	—	1,079,480	(3,877,711)	14,567,644

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Building	2,595,552	(38,933)	2,556,619
Plant and machinery	35,200	(35,199)	1
Equipment and kitchen utensils	2,903,992	(1,356,254)	1,547,738
Furniture, fittings and equipment	11,562,598	(6,510,414)	5,052,184
Motor vehicles	456,230	(307,541)	148,689
Signboard	48,975	(13,054)	35,921
Electrical fittings	27,196	(13,371)	13,825
Renovation	13,469,743	(8,444,707)	5,025,036
Capital work-in-progress	597,808	–	597,808
	31,697,294	(16,719,473)	14,977,821

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
2018				
Plant and machinery	35,200	(26,400)	–	8,800
Equipment and kitchen utensils	1,579,257	(787,829)	–	791,428
Furniture, fittings and equipment	7,947,840	(4,824,640)	–	3,123,200
Motor vehicles	924,282	(740,298)	–	183,984
Signboard	32,675	(5,999)	–	26,676
Electrical fittings	27,196	(9,292)	–	17,904
Renovation	11,055,175	(5,507,857)	–	5,547,318
Capital work-in-progress	2,596,483	–	(42,400)	2,554,083
Building work-in-progress	2,314,251	–	–	2,314,251
	26,512,359	(11,902,315)	(42,400)	14,567,644

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2019 RM	Addition RM	Depreciation Charges RM	At 31.12.2019 RM
2019				
<i>Carrying Amount</i>				
Office equipment	–	1,934,076	(193,408)	1,740,668
		At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019				
Office equipment		1,934,076	(193,408)	1,740,668

In the last financial year, included in the property, plant and equipment of the Group was motor vehicle with a total carrying amount of RM1, which was acquired under hire purchase term. The leased asset had been pledged as security for the finance lease liabilities of the Group as disclosed in Note 22 to the financial statements.

10. RIGHT-OF-USE ASSETS

The Group	< ----- 1.1.2019 ----- >			Additions RM	Depreciation Charges RM	At 31.12.2019 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM			
2019						
<i>Carrying Amount</i>						
Outlets	–	4,806,857	4,806,857	–	(981,608)	3,825,249
Hostels	–	24,775	24,775	251,659	(129,828)	146,606
Storerooms	–	11,057	11,057	20,546	(20,474)	11,129
Office	–	–	–	711,971	(149,888)	562,083
Motor vehicles	–	1	1	123,250	(22,596)	100,655
	–	4,842,690	4,842,690	1,107,426	(1,304,394)	4,645,722
Analysed by:-						
Cost	6,492,668					
Accumulated depreciation	(1,846,946)					
	4,645,722					

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases various outlets, hostels, storerooms, motor vehicles and an office of which the leasing activities are summarised below:-

- | | | |
|-------|----------------|---|
| (i) | Outlets | The Group has leased a number of outlets that run between 5 and 6 years, with no option to renew the lease after that date. The Group is not allowed to sublease the outlets. |
| (ii) | Hostels | The Group has leased a number of hostels that run between 1 and 3 years, with no option to renew the lease after that date. The Group is not allowed to sublease the hostels. |
| (iii) | Storerooms | The Group has leased 2 units of storeroom that run for 2 years, with no option to renew the lease after that date. The Group is not allowed to sublease the storeroom. |
| (iv) | Office | The Group has leased an office for 5 years with no option to renew the lease after that date. The Group is not allowed to sublease the office. |
| (v) | Motor vehicles | The Group has leased 2 units of motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. |

11. GOODWILL

	The Group	
	2019 RM	2018 RM
At cost	2,297,922	2,297,922
Accumulated impairment losses	(2,209,793)	(2,209,793)
	88,129	88,129

Goodwill acquired from business combination or acquisition of business is allocated to the CGUs that are expected to benefit from the acquisition respectively. The carrying amount of goodwill had been allocated as follows:-

	The Group	
	2019 RM	2018 RM
Property investment and management	88,129	88,129

12. PRODUCTS DEVELOPMENT EXPENDITURE

	The Group	
	2019 RM	2018 RM
At cost	2,780,418	2,780,418
Accumulated amortisation	(1,966,789)	(1,966,789)
Accumulated impairment losses	(813,629)	(813,629)
	—	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. INVENTORIES

	The Group	
	2019 RM	2018 RM
Work-in-progress	–	85,530
Food and beverages	12,148,218	6,480,539
Goods-in-transit	3,796,879	8,421,042
	15,945,097	14,987,111
Recognised in profit or loss:-		
Inventories recognised as cost of sales	18,643,152	11,887,066

Included in food and beverages are inventories held in trust amounting to RM243,412 (2018 - 358,757) held by a related party.

14. TRADE RECEIVABLES

	The Group	
	2019 RM	2018 RM
Trade receivables	2,961,859	11,120,431
Allowance for impairment losses	(1,540,171)	(6,668,717)
	1,421,688	4,451,714
Allowance for impairment losses:-		
At 1 January		
- As previously reported	6,668,717	5,226,567
- Effects on adoption of MFRS 9	–	92,462
- Amount reported under MFRS 9	6,668,717	5,319,029
Addition during the financial year	971,870	1,354,688
Reversal during the financial year	(786,387)	(5,000)
Written off during the financial year	(5,314,029)	–
At 31 December	1,540,171	6,668,717

The Group's normal trade credit terms range from 30 to 90 (2018 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	2,740,087	2,470,324	163,332	–
Allowance for impairment losses	(545,200)	(539,996)	–	–
	2,194,887	1,930,328	163,332	–
Deposits	5,360,505	4,519,339	1,250	1,250
Prepayments	2,291,878	2,145,658	34,765	197,074
	9,847,270	8,595,325	199,347	198,324
Allowance for impairment losses:-				
At 1 January	539,996	–	–	–
Addition during the financial year	5,204	539,996	–	–
At 31 December	545,200	539,996	–	–

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Amount Owing by Subsidiaries		
Non-trade balances	78,133,157	79,856,883
Allowances for impairment losses	(35,376,581)	(27,967,810)
	42,756,576	51,889,073
Allowance for impairment losses:-		
At 1 January	27,967,810	–
Addition during the financial year	7,408,771	27,967,810
At 31 December	35,376,581	27,967,810

These amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. These amounts owing are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. AMOUNT OWING BY JOINT VENTURE

	The Group	
	2019 RM	2018 RM
Trade balance	1,066	–
Non-trade balance	2,237,535	2,658,900
	2,238,601	2,658,900
Allowances for impairment loss	(2,156,515)	–
	82,086	2,658,900
Allowance for impairment loss:-		
At 1 January	–	–
Addition during the financial year	2,156,515	–
At 31 December	2,156,515	–

- (i) The trade balance is subject to normal credit term of 30 (2018 - Nil) days.
- (ii) The non-trade balance is unsecured, interest-free and repayable on demand.
- (iii) The amount owing is to be settled in cash.

18. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group	
	2019 RM	2018 RM
Non-trade balances	938,400	1,048,400
Allowances for impairment losses	(938,400)	(1,048,400)
	–	–
Allowance for impairment losses:-		
At 1 January	1,048,400	–
Reversal during the financial year	(110,000)	1,048,400
At 31 December	938,400	1,048,400

These amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. These amounts owing are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.70% to 3.40% (2018 - 2.95% to 3.20%) per annum. The fixed deposits have maturity periods ranging from 30 to 90 (2018 - 30 to 90) days.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,395,239 (2018 - RM1,368,030) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

20. SHARE CAPITAL

	The Group/The Company			
	2019	2018	2019	2018
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January	2,041,792,408	782,058,088	86,815,822	39,202,272
Issuance of share capital pursuant to:				
- conversion of warrants	2,473,749	228,733,199	149,727	16,008,872
- conversion of ESOS	—	63,958,900	—	5,913,640
- share split	—	967,042,221	—	—
Transfer from share premium account pursuant to Companies Act 2016	—	—	—	25,691,038
At 31 December	2,044,266,157	2,041,792,408	86,965,549	86,815,822

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM86,815,822 to RM86,965,549 by way of an issuance of 2,473,749 new ordinary shares from the exercise of Warrants 2014/2019 ("Warrants C") at the exercise price of 5 sen per warrant which amounted to RM123,686 and transfer from warrant reserve of RM26,041.
- (b) In the previous financial year, the Company increased its issued share capital from RM39,202,272 to RM86,815,822 by way of:-
- (i) an issuance of 228,733,199 new ordinary shares in the Company which amounted to RM11,436,660 and transferred from warrant reserve of RM4,572,212;
 - (ii) an issuance of 63,958,900 ESOS which amounted to RM3,197,945 and transferred from ESOS reserve of RM2,715,695;
 - (iii) an issuance of additional 967,042,221 shares due to subdivision of every 10 existing shares into 19 shares; and
 - (iv) transferring from share premium pursuant to Companies Act 2016 which amounted to RM25,691,038.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. SHARE CAPITAL (CONT'D)

Warrants C

Warrants C were listed on Bursa Securities on 14 November 2014. Each Warrants C entitles its holder the right to subscribe for one (1) new ordinary share in the Company at any time up to the expiry date of 6 November 2019 at an exercise price of RM0.05 payable in cash.

The number of Warrants C remained unexercised at the end of the financial year is as follows:-

	The Company	
	2019	2018
	RM	RM
Unexercised Warrants C	–	3,018,300

On 14 November 2014, the Company listed and quoted 235,167,596 Warrants C pursuant to the renounceable rights issue.

The Warrants C are constituted by the Deed Poll dated 30 September 2014 ("Deed Poll C").

Salient features of the Warrants C are as follows:-

- (a) Each Warrants C entitles the Warrant holders to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.10 during the 5-year period expiring on 6 November 2019 ("Exercise Period"), subject to the adjustments as set out in the Deed Poll C;
- (b) At the expiry of the Exercise Period, any Warrants C which have not been exercised shall automatically lapse and cease to be valid for any purposes; and
- (c) Warrant holders must exercise the Warrants C in accordance with the procedures set out in the Deed Poll C and shares allotted and issued upon such exercise shall rank *pari passu* in all respects with the then existing shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof.

On 10 February 2016, the Company announced that the exercise price of the outstanding Warrants C will be adjusted from RM0.10 to RM0.05 per share on even date.

On 26 March 2018, the Company completed a share split exercise which resulted in the creation of 1,552,269 additional Warrants C.

During the financial year, 2,473,749 (2018 - 228,733,199) Warrants C were exercised and converted into 2,473,749 (2018 - 228,733,199) new ordinary shares of the Company. The balance of 544,551 unexercised Warrants were lapsed on the maturity date of 6 November 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. RESERVES

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Share premium	(a)	–	–	–	–
Warrant reserve	(b)	–	31,773	–	31,773
Foreign exchange translation reserve	(c)	(13,784)	(13,312)	–	–
Accumulated losses		(47,521,363)	(45,717,847)	(42,017,226)	(33,843,404)
		(47,535,147)	(45,699,386)	(42,017,226)	(33,811,631)

(a) Share premium

	The Group/ The Company	
	2019 RM	2018 RM
At 1 January	–	25,691,038
Transfer to share capital pursuant to Companies Act 2016	–	(25,691,038)
At 31 December	–	–

Share premium represents premium arising from issuance of shares in previous years, net of its related expenses. Share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 618(3) of the Companies Act 2016 on or before 30 January 2019.

(b) Warrant Reserve

In the previous financial year, warrant reserve consisted of 3,018,300 unexercised warrants with an issue price of RM0.05 per share.

The value ascribed to the warrants was credited as a reserve in equity under warrant reserve and an appropriate amount was transferred to share capital as and when warrants are exercised.

Upon the expiry of the warrants, the balance in the warrant reserve was transferred to accumulated losses.

(c) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. FINANCE LEASE LIABILITIES

	The Group 2018 RM
Minimum finance lease payments:	
- not later than 1 year	46,043
- later than 1 year and not later than 5 years	38,841
	84,884
Less: Future finance charges	(3,091)
Present value of finance lease liabilities	81,793
Analysed by:-	
Non-current liabilities	37,427
Current liabilities	44,366
	81,793

- (a) The finance lease liabilities have been represented as 'lease liabilities' as shown in Note 23 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the last financial year, the finance lease liabilities of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 9 to the financial statements. The hire purchase arrangement is expiring in 2 years.
- (c) In the last financial year, the finance lease liabilities of the Group at the end of the reporting period bore an effective interest rate of 2.75% per annum. The interest rate was fixed at the inception of the finance lease arrangements.

23. LEASE LIABILITIES

	The Group 2018 RM
At 1 January	
- As previously reported	-
- Initial application of MFRS 16	4,587,222
- As restated	4,587,222
Additions during the year	1,086,175
Interest expense recognised in profit or loss	845,778
Repayment of principal	(947,055)
Repayment of interest expense	(845,778)
At 31 December	4,726,342
Analysed by:-	
Non-current liabilities	3,698,968
Current liabilities	1,027,374
	4,726,342

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. LEASE LIABILITIES (CONT'D)

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 10 to the financial statements, with lease terms ranging from 1 to 9 years and bear an effective interest rates ranging from 2.51% to 2.75% per annum.

24. DEFERRED TAX LIABILITIES

	The Group	
	2019 RM	2018 RM
At 1 January	44,824	44,824
Recognised in profit or loss (Note 32)	(44,824)	–
At 31 December	–	44,824

The deferred tax liabilities are in respect of taxable temporary differences arising from the property, plant and equipment.

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (2018 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	5,944,492	3,543,087	1,022,022	792,202
Accruals	1,198,675	545,553	99,143	78,550
	7,143,167	4,088,640	1,121,165	870,752

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. PROVISION FOR RESTORATION COSTS

	The Group	
	2019 RM	2018 RM
At 1 January/31 December	412,620	412,620

Under certain lease arrangements, the Group has an obligation to dismantle and remove structures on certain sites and restore those sites at the end of the lease terms to an acceptable condition consistent with the lease agreements.

The provisions are estimated using the assumption that decommissioning, removal and restoration will only take place upon expiry of the lease terms (inclusive of secondary terms) of 5 to 6 years (2018 - 6 to 7 years).

While the provisions are based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

28. BANK OVERDRAFTS

The bank overdrafts are secured as follows:-

- (a) Existing Memorandum of Deposit and Letter of Authorisation by the Company in favour of the licenced bank in respect of fixed deposits of not less than RM204,698 together with all interest accruing from time to time in respect of the fixed deposits; and
- (b) Execution Memorandum of Deposit (creating a charge) and Letter of Authorisation by the Company in favour of the licenced bank in respect of fixed deposits of not less than RM1,000,000 together with all interest accruing from time to time in respect of the fixed deposits.

The bank overdrafts of the Group at the end of the reporting period bore an effective interest rate of 4.85% (2018 - 5.19%) per annum.

29. REVENUE

	The Group	
	2019 RM	2018 RM
Food and beverages	38,850,100	23,750,320
Engineering services	227,015	459,470
	39,077,115	24,209,790

The other information on the disaggregation of revenue is disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment losses:				
- trade receivables	(971,870)	(1,354,688)	–	–
- other receivables	(5,204)	(539,996)	–	–
- amount owing by joint venture	(2,156,515)	–	–	–
- amount owing by related parties	–	(1,048,400)	–	–
- amount owing by subsidiaries	–	–	(7,408,771)	(27,967,810)
Reversal of impairment losses:				
- trade receivables	786,387	5,000	–	–
- amount owing by related parties	110,000	–	–	–
	(2,237,202)	(2,938,084)	(7,408,771)	(27,967,810)

31. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- Audit fees				
- current year	231,275	182,188	43,000	53,000
- underprovision in the previous financial year	60,000	–	60,000	–
Bad debt written off	9,810	3,131	–	–
Deposits written off	3,800	–	–	–
Depreciation:				
- property, plant and equipment	5,297,802	3,877,711	193,408	–
- right-of-use assets	1,304,394	–	–	–
Directors' remunerations	403,984	401,200	195,984	193,200
Interest expense on lease liabilities	845,778	–	–	–
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	59,577	59,697	–	–
- finance lease liabilities	–	4,804	–	–
Lease expense:				
- low-value assets	502	–	–	–
- rental of premises	–	1,768,559	–	–
Loss on disposal of property, plant and equipment	1,104	–	–	–
Realised loss/(gain) on foreign exchange	115	(4,500)	–	–
Property, plant and equipment written off	157,550	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
Staff costs:				
- short-term employee benefits	6,401,395	5,440,339	-	-
- defined contribution benefits	541,840	495,763	-	-
Reversal of impairment loss on property, plant and equipment	-	(1,079,480)	-	-
Bad debts recovered	(10,800)	-	-	-
Bargain purchase	(374,177)	-	-	-
Incentive income	(2,733,459)	(2,347,076)	-	-
Interest income on financial assets measured at amortised cost	(56,639)	(223,355)	(39,208)	(164,626)
Lease income:				
- rental income from car park	-	(438,541)	-	-
- rental income from billboard	(90,000)	(1,950,000)	-	-
Share of profit on investment in joint venture	(60,188)	(437,702)	-	-

32. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
- Current financial year	2,479,554	871,230	-	-
- Under/(Over)provision in respect of previous financial years	197,281	(45,193)	-	-
	2,676,835	826,037	-	-
Deferred tax (Note 24):				
- relating to origination and reversal of temporary differences	(44,824)	-	-	-
	2,632,011	826,037	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation	741,293	(2,192,808)	(8,179,554)	(28,635,612)
Tax at the statutory tax rate of 24%	177,910	(526,274)	(1,963,093)	(6,872,547)
Tax effects of:-				
Non-deductible expenses	1,325,381	1,216,491	1,963,093	6,872,547
Non-taxable income	(89,802)	(259,075)	-	-
Deferred tax asset not recognised during the financial year	1,035,686	545,136	-	-
Share of result in joint venture	(14,445)	(105,048)	-	-
Under/(Over)provision of current tax in previous financial years	197,281	(45,193)	-	-
	2,632,011	826,037	-	-

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of the realisation are as follows:-

	The Group	
	2019 RM	2018 RM
Accelerated capital allowances	(161,900)	(226,800)
Depreciation in excess of capital allowances	809,660	43,900
Unabsorbed capital allowances	868,400	814,600
Unused tax losses	24,852,200	23,635,000
Impairment on receivables	5,056,700	2,843,000
	31,425,060	27,109,700

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. LOSS PER SHARE

The basic loss per ordinary share is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:-

	The Group	
	2019	2018
Loss attributable to owners of the Company (RM)	(1,809,248)	(3,122,192)
Weighted average number of ordinary shares in issue:-		
Issued ordinary shares at 1 January	2,041,792,408	782,058,088
Effect of exercise Warrants C during the financial year	1,073,742	184,543,502
Effect of exercise ESOS during the financial year	–	51,167,120
Effect of share split	–	967,042,221
Weighted average number of ordinary shares at 31 December	2,042,866,150	1,984,810,931
Basic earnings per ordinary share (sen)	(0.09)	(0.16)

The Company has not issued any dilutive potential ordinary shares during the year and hence, the diluted earnings per share is equal to the basic earnings per share.

In the previous financial year, the effects of potential ordinary shares arising from the conversion of Warrant C and ESOS are anti-dilutive and accordingly, they have been ignored in the calculation of dilutive loss per share. As a result, the diluted loss per ordinary share is the same as basic loss per share.

34. ACQUISITIONS OF A SUBSIDIARY

On 5 November 2019, the Company through its subsidiary, Marquee International Sdn. Bhd., entered into a share subscription agreement whereby MISB acquired 55% equity interests in Goldhill Eagle Sdn. Bhd. ("GESB"). The acquisition of this subsidiary will enable the Group to expand further into business of operating and managing food and beverage outlets.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2019 RM
Cash and bank balances	4,777
Property, plant and equipment	55,809
Other receivables and deposits	621,590
Accruals	(855)
Fair value of net identifiable assets acquired	681,321
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(306,594)
Less: Bargain purchase	(374,177)
Total purchase consideration, to be settled by cash	550
Less: Cash and bank balances of subsidiary acquired	(4,777)
Net cash inflow from the acquisition of GESB	(4,227)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. ACQUISITIONS OF A SUBSIDIARY (CONT'D)

The subsidiary has contributed loss after taxation of RM5,702 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the current financial year, contribution to the Group's loss after taxation for the current financial year would be RM16,443.

There were no acquisitions of new subsidiaries in the last financial year.

35. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:-

	The Group RM
2019	
Cost of right-of-use assets acquired	1,107,426
Less: Additions of new lease liabilities (Note 35(b))	(1,086,175)
	21,251

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Finance Lease Liabilities RM	Lease Liabilities RM	Total RM
2019			
At 1 January, as previously reported	81,793	–	81,793
Effects on adoption of MFRS 16	(81,793)	4,587,222	4,505,429
At 1 January, as restated	–	4,587,222	4,587,222
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	–	(947,055)	(947,055)
Repayment of interests	–	(845,778)	(845,778)
	–	(1,792,833)	(1,792,833)
<u>Non-cash Changes</u>			
Acquisition of new leases (Note 35(a))	–	1,086,175	1,086,175
Interest expense recognised in profit or loss	–	845,778	845,778
	–	1,931,953	1,931,953
At 31 December	–	4,726,342	4,726,342

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Finance Lease Liabilities RM
The Group	
2018	
At 1 January	121,586
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(39,793)
Repayment of interests	(4,804)
	(44,597)
<u>Non-cash Changes</u>	
Interest expense recognised in profit or loss	4,804
At 31 December	81,793

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term investment	17,994	17,410	–	–
Fixed deposits with licensed banks	1,935,200	1,904,270	1,395,239	1,356,030
Cash and bank balances	5,193,256	3,634,256	160,632	78,565
Bank overdrafts	(1,204,321)	(1,205,044)	–	–
	5,942,129	4,350,892	1,555,871	1,434,595
Less: Fixed deposits pledged to licensed banks	(1,395,239)	(1,368,030)	(1,395,239)	(1,356,030)
	4,546,890	2,982,862	160,632	78,565

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	300,000	318,000	108,000	126,000
- salaries, bonuses and other benefits	101,644	83,200	85,644	67,200
Defined contribution benefits	2,340	–	2,340	–
	403,984	401,200	195,984	193,200
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	60,000	60,000	–	–
Total remuneration	463,984	461,200	195,984	193,200

37. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel, joint venture and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transaction and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales of food and beverage to joint venture	340,052	416,506	—	—
Management fee received from joint venture	48,000	8,000	—	—
Repayment from/(Advances to) joint venture	808,351	(2,432,473)	—	—
Rental income of billboard from a related party	90,000	1,950,000	—	—
Repayment from a related party	200,000	—	—	—
Advances from related parties	3,972,113	1,508,400	—	—
Advances from a subsidiary's director	500,000	—	—	—
Advances from a subsidiary	—	—	430,000	—
Advances to subsidiaries	—	—	2,062,216	19,909,565
Repayment from subsidiaries	—	—	3,961,842	1,967,179

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

38. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:-

(a) Property investment and management

Engage in letting of property.

(b) Engineering services

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 in relation to the Group's business and products.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

(c) Food and beverages

Operate and manage food and beverage outlets.

(d) Others

Other segments comprise investment holding, businesses of human resources, event management and general trading and export and import of a variety of goods without any particular specialisation.

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items.

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

38.1 BUSINESS SEGMENTS

2019	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Revenue					
External revenue	–	227,015	38,850,100	–	39,077,115
Inter-segment revenue	–	–	1,233,091	–	1,233,091
Total revenue	–	227,015	40,083,191	–	40,310,206
Consolidation adjustments					(1,233,091)
Consolidation revenue					39,077,115
Represented by:- <u>Revenue recognised at a point of time</u>					
Engineering services	–	227,015	–	–	227,015
Food and beverages	–	–	40,083,191	–	40,083,191
	–	227,015	40,083,191	–	40,310,206
Consolidation adjustments					(1,233,091)
Consolidation revenue					39,077,115

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

2019	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Results					
Segment profit/(loss)	75,130	(1,204,646)	3,161,886	(820,087)	1,212,283
Finance costs					(905,355)
Share of results in joint ventures					60,188
Bargain purchase					374,177
Consolidated profit before taxation					741,293
Segment profit/(loss) includes the followings:-					
Interest income	(349)	(3,000)	(14,082)	(39,208)	(56,639)
Interest expenses	-	67,517	837,838	-	905,355
Depreciation of property, plant and equipment	4,765	118,930	4,975,118	198,989	5,297,802
Depreciation of right-of-use assets	-	33,653	1,270,741	-	1,304,394
Net impairment losses on financial assets	(110,000)	53,801	2,293,401	-	2,237,202
Share of results in joint venture	-	-	(60,188)	-	(60,188)
Bargain purchase	-	-	(374,177)	-	(374,177)
Loss on disposal of property, plant and equipment	-	-	1,104	-	1,104
Assets					
Segment assets	19,088,998	407,027	39,827,835	2,410,983	61,734,843
Unallocated assets:					
- Investments in joint venture					497,935
- Goodwill					88,129
- Short-term investment					17,994
- Cash and bank balances					5,193,256
- Fixed deposits with licensed banks					1,935,200
- Current tax assets					229,384
Consolidated total assets					69,696,741
Additions to non-current assets other than financial instruments are:-					
Investments in joint venture	-	-	60,188	-	60,188
Prepaid expenses	8,177,110	-	-	-	8,177,110
Property, plant and equipment	-	7,000	4,923,029	1,989,885	6,919,914
Right-of-use assets	-	123,250	984,176	-	1,107,426

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

2019	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Liabilities					
Segment liabilities	15,797,625	393,876	5,164,083	1,156,462	22,512,046
Unallocated liabilities:					
- Bank overdrafts					1,204,321
- Lease liabilities					4,726,342
- Current tax liabilities					450,245
Consolidated total liabilities					28,892,954
2018					
Revenue					
External revenue	–	459,470	23,745,430	4,890	24,209,790
Inter-segment revenue	–	–	–	–	–
Total/Consolidation revenue	–	459,470	23,745,430	4,890	24,209,790
Represented by:- <u>Revenue recognised at a point of time</u>					
Food and beverage	–	–	23,745,430	4,890	23,750,320
Engineering services	–	459,470	–	–	459,470
Total/Consolidation revenue	–	459,470	23,745,430	4,890	24,209,790
Results					
Segment profit/(loss)	210,912	(1,571,737)	(368,247)	(836,937)	(2,566,009)
Finance costs					(64,501)
Share of results in joint venture					437,702
Consolidated loss before taxation					(2,192,808)
Segment profit/(loss) includes the following:-					
Interest income	–	586	58,123	164,646	223,355
Interest expenses	–	64,501	–	–	64,501
Depreciation of property, plant and equipment	3,177	108,510	3,766,024	–	3,877,711
Net impairment losses on financial assets	1,048,400	100,000	1,789,684	–	2,938,084
Share of results in joint venture	–	–	(437,702)	–	(437,702)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

2018	Property investment and management RM	Engineering services RM	Food and beverages RM	Others RM	Total RM
Assets					
Segment assets	10,913,978	833,393	39,891,103	260,269	51,898,743
Unallocated assets:					
- Investments in joint venture					437,747
- Short-term investment					17,410
- Goodwill					88,129
- Cash and bank balances					3,634,256
- Fixed deposits with licensed banks					1,904,270
- Current tax assets					474,280
Consolidated total assets					58,454,835
Additions to non-current assets other than financial instruments are:-					
Prepaid lease payments	5,255,272	—	—	—	5,255,272
Property, plant and equipment	—	110,375	4,726,753	—	4,837,128
Investments in joint venture	—	—	437,702	—	437,702
Liabilities					
Segment liabilities	8,600,592	734,211	4,420,402	1,103,272	14,858,477
Unallocated liabilities:					
- Bank overdrafts					1,205,044
- Finance lease liabilities					81,793
- Deferred tax liabilities					44,824
Consolidated total liabilities					16,190,138

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-current Assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	38,995,510	24,188,402	35,024,766	21,731,569
Hong Kong	81,605	21,388	–	–
	39,077,115	24,209,790	35,024,766	21,731,569

38.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

39. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Purchase of property, plant and equipment	–	1,615,254
Construction of building	82,875,000	82,875,000
	82,875,000	84,490,254

40. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

Leases as Lessee

The Group leases a number of various outlets, hostels, storerooms, motor vehicles and an office under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group 2018 RM
Not more than 1 year	1,712,782
Later than 1 year and not later than 5 years	5,514,231
Total (Note 43)	7,227,013

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

41.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is Hong Kong Dollar ("HKD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	2019 HKD RM	2018 HKD RM
The Group		
<u>Financial Assets</u>		
Trade receivables	–	2,006,687
Other receivables	–	21,215
Cash and bank balances	1,049,090	795,299
	1,049,090	2,823,201
<u>Financial Liability</u>		
Other payables and accruals	(40,996)	(23,566)
Net financial assets/Currency Exposure	1,008,094	2,799,635

Foreign Currency Risk Sensitivity Analysis

	2019 HKD RM	2018 HKD RM
The Group		
Effects on Profit After Taxation		
HKD/RM - strengthened by 10%	100,809	279,964
- weakened by 10%	(100,809)	(279,964)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 28 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019	2018
	RM	RM
Effects on Profit After Taxation		
Increase of 100 basis points	(12,043)	(12,050)
Decrease of 100 basis points	12,043	12,050

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables and amount owing by joint venture. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from advances to subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 (2018 - 1) customers which constituted approximately 54% (2018 - 21%) of its trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 1 year are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 both trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	1,016,653	–	(8,218)	1,008,435
1 to 30 days past due	91,470	–	(1,710)	89,760
31 to 60 days past due	20,131	–	(803)	19,328
61 to 90 days past due	347,751	–	(43,586)	304,165
Credit impaired	1,485,854	(1,485,854)	–	–
	2,961,859	(1,485,854)	(54,317)	1,421,688
2018				
Current (not past due)	2,552,625	–	(5,105)	2,547,520
1 to 30 days past due	140,500	–	(1,686)	138,814
31 to 60 days past due	1,162	–	(26)	1,136
61 to 90 days past due	482,988	–	(15,456)	467,532
more than 90 days past due	2,065,358	–	(768,646)	1,296,712
Credit impaired	5,877,798	(5,877,798)	–	–
	11,120,431	(5,877,798)	(790,919)	4,451,714

The movement in the loss allowances in respect of trade receivables is disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables, Related Parties and Joint Venture

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The information about the exposure to credit risk and the loss allowances calculated for the other receivables, related parties and joint venture are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	2,276,973	–	2,276,973
Credit impaired	3,640,115	(3,640,115)	–
	5,917,088	(3,640,115)	2,276,973
2018			
Low credit risk	4,589,228	–	4,589,228
Credit impaired	1,588,396	(1,588,396)	–
	6,177,624	(1,588,396)	4,589,228

The movements in the loss allowances are disclosed in Notes 15, 17 and 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	42,756,576	–	42,756,576
Credit impaired	35,376,581	(35,376,581)	–
	78,133,157	(35,376,581)	42,756,576
2018			
Low credit risk	51,889,073	–	51,889,073
Credit impaired	27,967,810	(27,967,810)	–
	79,856,883	(27,967,810)	51,889,073

The movements in the loss allowances are disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM
The Group					
2019					
Trade payables	–	5,597,659	5,597,659	5,597,659	–
Other payables and accruals	–	7,143,167	7,143,167	7,143,167	–
Amount owing to related parties	–	9,358,600	9,358,600	9,358,600	–
Bank overdrafts	4.85	1,204,321	1,204,321	1,204,321	–
Lease liabilities	2.51 - 2.75	4,726,342	4,745,478	1,032,051	3,713,427
		28,030,089	28,049,225	24,335,798	3,713,427
2018					
Trade payables	–	5,911,046	5,911,046	5,911,046	–
Other payables and accruals	–	4,088,640	4,088,640	4,088,640	–
Amount owing to related parties	–	4,446,171	4,446,171	4,446,171	–
Bank overdrafts	5.19	1,205,044	1,205,044	1,205,044	–
Finance lease liabilities	2.75	81,793	84,884	46,043	38,841
		15,732,694	15,735,785	15,696,944	38,841

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM
The Company				
2019				
Other payables and accruals	–	1,121,165	1,121,165	1,121,165
Amount owing to subsidiaries	–	300,000	300,000	300,000
		1,421,165	1,421,165	1,421,165
2018				
Other payables and accruals	–	870,752	870,752	870,752

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by equity. The Group includes within net debt, loans and borrowings from financial institutions less short-term investment, cash and bank balances, and fixed deposit with licensed banks. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2019 RM	2018 RM
Bank overdrafts	1,204,321	1,205,044
Finance lease liabilities	–	81,793
Lease Liabilities	4,726,342	–
	5,930,663	1,286,837
Less:-		
Short-term investment	(17,994)	(17,410)
Cash and bank balances	(5,193,256)	(3,634,256)
Fixed deposits with licensed banks	(1,935,200)	(1,904,270)
Net debt	(1,215,787)	(4,269,099)
Total equity excluding non-controlling interest	39,430,402	41,116,436
Debt-to-equity ratio	N/A	N/A

Note

N/A : The fixed deposit with licensed banks, cash and bank balances and short-term investment of the Group are sufficient to settle all the outstanding debts of the Group as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial Assets				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Short-term investments	17,994	17,410	–	–
<u>Amortised Costs</u>				
Trade receivables	1,421,688	4,451,714	–	–
Other receivables	2,194,887	1,930,328	163,332	–
Amount owing by subsidiaries	–	–	42,756,576	51,889,073
Amount owing by joint venture	82,086	2,658,900	–	–
Fixed deposits with licensed banks	1,935,200	1,904,270	1,395,239	1,356,030
Cash and bank balances	5,193,256	3,634,256	160,632	78,565
	10,827,117	14,579,468	44,475,779	53,323,668
Financial Liability				
<u>Amortised Cost</u>				
Trade payables	5,597,659	5,911,046	–	–
Other payables and accruals	7,143,167	4,088,640	1,121,165	850,752
Amount owing to subsidiaries	–	–	300,000	–
Amount owing to related parties	9,358,600	4,446,171	–	–
Bank overdrafts	1,204,321	1,205,044	–	–
Lease liabilities	4,726,342	–	–	–
Finance lease liabilities	–	81,793	–	–
	28,030,089	15,732,694	1,421,165	850,752

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.4 (GAINS) OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial Assets				
<u>Mandatorily at Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	(584)	(1,750)	–	–
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	2,183,957	2,621,479	7,369,563	27,803,184
Financial Liability				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	905,355	64,501	–	–

41.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2019								
<u>Financial Asset</u>								
Short-term investment	17,994	-	-	-	-	-	17,994	17,994
2018								
<u>Financial Asset</u>								
Short-term investment	17,410	-	-	-	-	-	17,410	17,410
<u>Financial Liability</u>								
Finance lease liabilities	-	-	-	-	81,793	-	81,793	81,793

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of finance lease liabilities that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has affected the business and economic environments of the Group. Different measures taken by the governments and various private corporations to prevent the spread of the virus such as travel bans, closures of non-essential services, social distancing and home quarantine requirements may impact consumers' spending pattern and the Group's operations directly or indirectly. In addition, the outbreak of COVID-19 may also affect the recoverability of Group's trade receivables, other receivables and other financial assets that are subject to the expected credit loss assessment, carrying amounts of the Group's property, plant and equipment, right-of-use assets, goodwill, inventories, investment in joint venture in the future. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, the Group is unable to quantify the potential financial impact of the COVID-19 outbreak on the Group's 2020 financial statements reliably at this juncture.

43. CHANGES IN ACCOUNTING POLICIES

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date ranging from 14.66% to 16.70%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a range of discount rates to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

43. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Lessee Accounting (Cont'd)

The following table explains the difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2019:-

	The Group RM
Operating lease commitments as at 31 December 2018 as disclosed in last financial year	7,227,013
Discounted using the incremental borrowing rate as at 1 January 2019	(2,112,131)
Add: Finance lease liabilities recognised as at 31 December 2018	81,793
Less: Termination of lease	(609,453)
Lease liabilities recognised as at 1 January 2019	4,587,222

There were no financial impacts to the Company's financial statements upon the transition to MFRS 16 at the date of initial application.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 January 2019.

(b) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

	< ----- 1 January 2019 ----- >		
The Group	As Previously Reported RM	MFRS 16 Adjustments RM	As Restated RM
<i>Statements of Financial Position</i>			
Property, plant and equipment	14,567,644	(337,261)	14,230,383
Right-of-use assets	—	4,842,690	4,842,690
Prepaid lease payments	6,638,049	(6,638,049)	—
Prepaid expenses	—	6,638,049	6,638,049
Lease liabilities	—	(4,587,222)	(4,587,222)
Finance lease payables	(81,793)	81,793	—

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
The Group		
Statements of Financial Position (Extract):-		
Other receivables, deposits and prepayments	8,607,325	8,595,325
Fixed deposits with licensed banks	1,892,270	1,904,270
Other payables and accruals	(8,947,431)	(4,088,640)
Provision for restoration costs	–	(412,620)
Amount owing to related parties	–	(4,446,171)
Statements of Comprehensive Income and Other Comprehensive Income (Extract):-		
Other operating expenses	(21,158,447)	(18,220,363)
Net impairment losses on financial assets	–	(2,938,084)
Statements of Cash Flows (Extract):-		
Net cash for operating activities	(9,703,724)	(9,362,148)
Net cash for investing activities	(9,715,999)	(10,092,400)
Net cash from financing activities	14,537,370	14,572,195
The Company		
Statements of Comprehensive Income and Other Comprehensive Income (Extract):-		
Other operating expenses	(28,800,238)	(832,428)
Net impairment losses on financial assets	–	(27,967,810)
Statements of Cash Flows (Extract):-		
Net cash for operating activities	(18,969,847)	(18,844,850)
Net cash from investing activities	164,626	–
Net cash from financing activities	14,594,979	14,634,605

ANALYSIS OF SHAREHOLDINGS

AS AT 1 JUNE 2020

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	2,044,266,157
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
188	Less than 100	13,159	*
131	100 to 1,000	54,388	*
273	1,001 to 10,000	1,507,357	0.07
329	10,001 to 100,000	12,006,727	0.59
156	100,001 to less than 5% of issued shares	956,519,399	46.79
4	5% and above of the issued shares	1,074,165,127	52.55
1,081	TOTAL	2,044,266,157	100.00

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Maybank Securities Nominees (Tempatan) Sdn Bhd - Exempt An for Maybank Kim Eng Securities Pte Ltd (A/C 649063)	418,806,132	20.49
2. M & A Nominee (Asing) Sdn Bhd - Exempt An for Sanston Financial Group Limited (ACCOUNT CLIENT)	277,290,755	13.56
3. UOBM Nominees (Asing) Sdn Bhd - Exempt An for Sanston Financial Group Limited	252,575,240	12.36
4. HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse AG (DUB CLT N-TREAT)	125,493,000	6.14
5. CGS-CIMB Nominees (Asing) Sdn Bhd - Exempt An for CGS-CIMB Securities (Hong Kong) Limited (FOREIGN CLIENT)	97,787,990	4.78
6. Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Standard Chartered Bank Singapore (EFGBHK-ASING)	97,043,200	4.75
7. Citigroup Nominees (Asing) Sdn Bhd - UBS AG for Maybank Kim Eng Securities Pte Ltd	93,231,600	4.56
8. Cartaban Nominees (Asing) Sdn Bhd - Barclays Bank PLC (Re Equities)	91,933,614	4.50
9. MIDF Amanah Investment Nominees (Asing) Sdn Bhd - for Lazarus Securities PTY LTD for Members One Ventures Fund	84,082,220	4.11
10. DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Nomura PB Nominees LTD	82,268,046	4.02

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

Name of Shareholders	No. of Shares Held	Percentage (%)
11. Kenanga Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Tay Ben Seng, Benson</i>	41,933,380	2.05
12. HSBC Nominees (Asing) Sdn Bhd - <i>Credit Suisse (Hong Kong) Limited</i>	41,200,900	2.02
13. UOB Kay Hian Nominees (Asing) Sdn Bhd - <i>Exempt An For UOB Kay Hian PTE LTD (A/C CLIENTS)</i>	40,423,200	1.98
14. Kenanga Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Koo Kien Yoon</i>	39,890,040	1.95
15. Kenanga Nominees (Asing) Sdn Bhd - <i>Exempt An for Monex Boom Securities (HK) Limited</i>	31,008,110	1.52
16. DB (Malaysia) Nominee (Asing) Sdn Bhd - <i>Deutsche Bank AG London (DB LN EQ HSE CE)</i>	25,552,200	1.25
17. UOBM Nominees (Tempatan) Sdn Bhd - <i>Exempt An for Sanston Financial Group Limited</i>	18,811,810	0.92
18. JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Kua Khai Shyuan (Margin)</i>	17,236,300	0.84
19. JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Ho Jien Shiung (Margin)</i>	17,086,490	0.84
20. Maybank Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Carol Yun On Nei</i>	14,728,800	0.72
21. M & A Nominee (Asing) Sdn Bhd - <i>Sanston Financial Group Limited for Galaxy Coast Ventures Limited</i>	11,500,000	0.56
22. CGS-CIMB Nominees (Asing) Sdn Bhd - <i>Exempt An for CGS-CIMB Securities (Singapore) PTE. LTD. (RETAIL CLIENTS)</i>	9,981,900	0.49
23. Citigroup Nominees (Asing) Sdn Bhd - <i>Exempt An for OCBC Securities Private Limited (CLIENT A/C-NR)</i>	8,392,600	0.41
24. Maybank Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Mak Siew Wei</i>	6,050,000	0.30
25. JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Ng Joo Bay (Margin)</i>	5,900,000	0.29
26. Kretella Asia Limited	5,838,060	0.29
27. Maybank Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Pang Chow Huat</i>	4,405,100	0.22
28. Affin Hwang Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Cheng Mun Leong (CHE0525C)</i>	3,300,000	0.16
29. Malacca Equity Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Wee Kok Chuan</i>	3,200,100	0.16
30. Ong Kian Huat	3,056,980	0.15
TOTAL	1,970,007,767	96.367

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS

NAME OF SHAREHOLDERS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Asiabio Capital Sdn Bhd	512,099,792	25.05	—	—
2. Fintec Global Berhad	—	—	517,199,792	25.30

DIRECTORS' SHAREHOLDINGS

NAME OF DIRECTORS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Leung Kok Keong	—	—	—	—
2. Tay Ben Seng, Benson	41,933,380	2.05	—	—
3. Chang Yun Lung	—	—	—	—
4. Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad	—	—	—	—
5. Tan Aik Heang	—	—	—	—

Deemed interest through the shares held by Asiabio Capital Sdn Bhd, the wholly-owned subsidiary of Fintec Global Berhad.

ADMINISTRATIVE GUIDE

17TH ANNUAL GENERAL MEETING (“AGM”) OF FOCUS DYNAMICS GROUP BERHAD (THE “COMPANY”)

Date	Time	Broadcast Venue
Tuesday, 4 August 2020	11.00 a.m.	18th Floor, Menara Lien Hoe No. 8, Persiaran Tropicana Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan

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

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

RPV

The AGM will be conducted through live streaming and online remote voting. You are encouraged to attend the AGM 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 (“**Board**”)) and vote at the AGM.

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

If an individual member is unable to attend the AGM, 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 AGM using the RPV Facilities. Corporate Members who wish to participate and vote remotely at the AGM must contact 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 **3 August 2020 at 11.00 a.m.**:

- Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;
- Copy of the Corporate Representative's or proxy's MyKad (front and back) / Passport; and
- 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 AGM, 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 AGM using RPV Facilities. Nominee Company Members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact 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 **3 August 2020 at 11.00 a.m.**:

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

ADMINISTRATIVE GUIDE (CONT'D)

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 AGM, 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 AGM:

Procedures		Action
Before the AGM		
1.	Register as a participant	- Using your computer, access the website at https://rebrand.ly/FocusAGM. Click on the Register Now button to register for the AGM session. - Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. - 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.
2.	Submit your online registration	- Registration for the AGM will be open from 11.00 a.m. on 30 June 2020 until 11.00 a.m. on 3 August 2020. Registration is mandatory if you wish to attend the said meeting. - Clicking on the link will redirect you to the AGM event page. Click on the Register button for the online registration form. - Complete your particulars in the registration page. Your name MUST match your CDS account name. - Fill in the CDS account number and indicate the number of shares that you hold. - Read and agree to the Terms & Conditions and confirm the Declarations. - Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in registration being rejected. - System will send an email to notify that your registration for remote participation is received and will be verified. - After verification of your registration against the Record of Depositors as at 27 July 2020, the system will send you an email to notify you if your registration is approved or rejected after 28 July 2020. - If your registration is rejected, you can contact ShareWorks Sdn. Bhd. or the Company for clarifications or to appeal.
On the day of AGM		
3.	Attending the virtual AGM	- Two reminder emails will be sent to your inbox. First email will be sent one day before the AGM, while the second will be sent 1 hour before the AGM session. - Click Join Event in the reminder email to participate the RPV. - Please ensure you have downloaded and installed Cisco WebEx Meetings application before attending the virtual AGM.

ADMINISTRATIVE GUIDE (CONT'D)

4.	Participating with live video	- You will be given a short brief about the system. - Your microphone is muted throughout the whole session. - If you have any questions for the Chairman / Board, you may use the Q&A panel to send your questions. The Chairman / Board will try to respond to questions submitted by remote participants during the AGM. If there are time constraints, the responses will be e-mailed to you at the earliest possible opportunity after the meeting. - The session will be recorded. - Please note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	- Voting session commences from 11.00 a.m. on 4 August 2020 until a time when the Chairman announces the completion of the voting session of the AGM. - 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. - Click on the Submit button when you have completed. - Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman upon the closure of the AGM, the live streaming will end.

Proxy

If a member is unable to attend the AGM, 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 AGM and subsequently decides to personally participate in the AGM 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 **3 August 2020 at 11.00 a.m.**

Poll Voting

The voting at the AGM 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 AGM 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. Lee Zhen Han
Telephone No. : +6016 - 328 7852
Company Telephone No. : 1-800-88-7299
Email : agm@focusdynamics.com.my

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

Name : Ms Wong Yuet Chyn / Ms Yong Yung Ern
Telephone No. : +603-6201 1120
Email : yuetchyn@shareworks.com.my / yungern@shareworks.com.my

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD

To administer the proceedings of the AGM in orderly manner, shareholders may before the AGM, submit questions for the Board to agm@focusdynamics.com.my **no later than 3 August 2020, Monday at 11.00 a.m.** The Board will endeavour to address the questions received at the AGM.

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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

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address		

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting ("17th AGM") of the Company to be held at 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 **Tuesday, 4 August 2020 at 11.00 a.m.** and at any adjournment thereof.

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

My/our proxy/proxies shall vote as follows:

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

No.	Agenda								
1	To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon								
		Resolution	First Proxy "A"		Second Proxy "B"		Third Proxy "C"		
			For	Against	For	Against	For	Against	
2	To approve the payment of Directors' Fee for the financial year ending 31 December 2020	1							
3	Re-election of Mr. Tay Ben Seng, Benson	2							
4	Re-election of Mr Tan Aik Heang	3							
5	Re-appointment of Auditors	4							
6	Proposed Directors' Benefits	5							
7	Proposed Retention of Mr. Tan Aik Heang	6							
8	Proposed Retention of Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad	7							
9	Authority to Issue Share Pursuant to Section 75 and 76 of the Companies Act 2016	8							

* 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 Monday, 3 August 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 27 July 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

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Fold This Flap For Sealing



FOCUS DYNAMICS GROUP BERHAD

Registration No.: 200201015261 (582924-P)

Lot 12.1, 12th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana,
Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

T: +603-7803 7333

F: +603-7803 7338

E: info@focusdynamics.com.my



SCAN ME