FOCUS POINT

FOCUS POINT HOLDINGS BERHAD

200901041088 (884238-U)

2019

ANNUAL REPORT

Central

163 Retail Park Mont Kiara	03-2771 0931
AEON Alpha Angle	03-4142 0478
AEON BIG Kepong	03-6259 3403
AEON BIG Wangsa Maju	03-4149 6437
AEON Bukit Raja	03-3341 4006
AEON Cheras Selatan	03-9075 3975
AEON Metro Prima Kepong	03-6259 0235
AEON Rawang	03-6092 0843
Alamanda Putrajaya	03-8889 3093
Ampang Point	03-4252 0758
Axis Atrium	03-9281 2449
Bukit Tinggi	03-3323 0349
Central I-City	03-5523 4589
Eko Cheras	03-9133 7797
Encorp Strand Mall	03-6143 5822
Gamuda Walk	03-5131 7223
Giant Batu Caves	03-6188 4799
Giant Kajang	03-8733 3714
Giant Klang	03 3323 5195
Giant Putra Heights	03-5191 5197
Giant Seri Kembangan	018-788 9908
Gombak	03-4021 1341
IOI City Mall Putrajaya	03-8959 9346
IOI Mall Puchong	03-8075 7556
Kajang	03 8736 0220
Kelana Jaya	03-7804 3013
Klang Parade	03-3343 5850
Leisure Mall	03-2856 0510
Mid Valley Megamall	03-2287 3790
MyTown Shopping Centre	03-2710 4980
Nu Sentral	03-2272 2073
One Utama	03-7722 1266
Paradigm Mall	03-7887 1078
PJ Old Town	03-7781 5341
Plaza Shah Alam	03-5891 0535
Rawang	03-6092 2599
Seksyen 14 PJ	03-7960 2726
Selayang Mall	03-6136 9566
Setapak Central	03-4131 8977
Setia City Mall	03-3345 6510
Seventeen Mall	03-7622 6712
Sky Avenue Genting	03-6101 2039
Sri Gombak	03-6186 7721
Sri Hartamas	03-6143 8828
SS2	03-7873 6220
Subang Parade	03-5622 1458
Sungai Buloh	03-6141 0976
Sunway Giza	03-6143 4472
Sunway Putra Mall	03-4040 0759
Sunway Pyramid	03-7494 0480
Sunway Velocity	03-2725 9263
Taman Putra	03-4296 2310
Tesco Ampang	03-9285 7767
Tesco Extra Cheras	03-9133 5130
Tesco Kepong	03-6273 4010
Tesco Kuala Selangor	03-3289 6418
Tesco Rawang	03-6091 4809
Tesco Shah Alam	03-5512 1686
The Curve	03-7727 9852
The Mines	03-8941 6158
USJ Taipan	03-5637 1536
Wangsa Walk	03-4142 7063

Northern

AEON Bukit Mertajam	04-548 5797
AEON Kinta City	05-546 3566
AEON Klebang	05-291 4257
AEON Seri Manjung	05-687 0046
AEON Station 18, Ipoh	05-321 7225
AEON Taiping	05-804 8036
Alor Setar Mall	04-771 2150
Aman Central	04-733 5520
Central Square	04-422 1813
Gurney Paragon	04-226 1850
Gurney Plaza	04-228 0816
Ipoh Parade	05-243 5717
Kompleks Bukit Jambul	04-642 5155
Queensbay Mall	04-641 1975

Northern

Sunway Carnival	04-390 5520
Taiping Mall	05-804 8129
Tesco Extra Prai	04-399 6972
Tesco Penang	04-659 5070
Tesco Station 18, Ipoh	05-322 3509
Tesco Sungai Petani Mutiara	04-425 9858
Tesco Sungai Petani Utara	04-425 8858

Southern

AEON Ayer Keroh	06-232 8634
AEON Kulai	07-660 6308
AEON Melaka	06-292 1107
AEON Permas Jaya	07-386 1790
AEON Taman Universiti	07-520 1676
Batu Pahat Jalan Soga	07-432 8964
Batu Pahat Mall	07-435 2306
Batu Pahat Taman Flora	07-438 5520
City Square	07-226 0130
Giant	07-358 3318
Giant Lukut	06-651 7866
Giant Muar	06-952 9619
Giant Nilai	06-794 0996
Giant Plentong	07-358 3318
Giant Senawang	06-679 7696
Giant Tampoi	07-236 9588
Holiday Plaza LG25	07-333 2018
Holiday Plaza LG83	07-333 0257
Kluang	07-776 0303
Kota Tinggi	07-882 4967
Masai	07-251 8778
Mydin Seremban 2	06-601 7910
Palm Mall	06-765 6120
Paradigm Mall JB	07-244 4263
Plaza Kota Tinggi	07-883 9689
Segamat	07-9313 408
Skudai Parade	07-554 9784
Terminal One	06-763 9193
Tesco Desa Tebrau	07-353 9780
Tesco Masai	07-388 6231
Tesco Putra Nilai	06-799 8081
Tesco Senawang	06-677 6672
Ulu Tiram	07-861 8363
Wetex Parade	06-951 4379

East Coast

East Coast Mall	09-517 3136
Giant Gong Badak	012-406 0567
Giant Kuala Terengganu	09-622 6967
Giant Kuantan	09-515 8279
KB Mall	09-747 7993
KB Mall 2	09-743 2636
Mesra Mall	09-864 9469
Tesco Kota Bharu	09-741 6520

East Malaysia

1 Borneo	088-447 581
AEON Kuching Central	082-237 108
Imago KK	088-274 800
Suria Sabah	088-487 787
Vivacity Megamall	082-263 818

Brunei

Aman Hill Mall	+673 233 1013
Freshco Mall	+673 222 0099
KB Sentral	+673 334 3038
Kuala Belait	+673 333 2299
One City	+673 233 9920
The Mall	+673 242 8777
Times Square	+673 234 2903

Subsidiary brands of Focus Point:

FOCUS POINT SIGNATURE

AEON Shah Alam	03-5524 5695
Empire Subang	03-5632 4171
Jesselton Mall	088-215 748
Mid Valley Megamall	03-2282 0878
Pavilion KL	03-2141 4866
Suria KLCC	03-2166 8318

FOCUS POINT CONCEPT STORE

AEON Bandar Dato' Onn	07-361 6713
AEON Tebrau City	07-364 3145
IPC Shopping Centre	03-7731 1358
Melawati Mall	03-4162 1445
The Mall, Mid Valley Southkey	07-336 5068

FOCUS POINT OUTLET

Damansara Uptown	03-7729 6268
Design Village	04-589 9014
Genting Premium Outlets	03-6436 8171

FOCUS POINT Lifestyle

AEON Nilai	06-794 7114

Opulence® eyewear boutique

AEON Seremban 2	06-601 5018
Gurney Plaza	04-229 6482
Holiday Plaza LG28	07-335 4121
One Utama	03-7724 1395
Sunway Carnival	04-398 5520

EXCELVIEW

Premier Lasik & Cataract Eye Centre

Mid Valley Megamall	03-2280 0087

Solariz

Pavilion KL	03-2141 8586

eyefont

Mid Valley Megamall	03-2280 0087
Paradigm Mall JB	07-232 7654
Suria KLCC	03-2181 2397
Suria Sabah	088-210772

i-Focus

Mid Valley Megamall	03-2202 0944

whoosh eyewear

AEON Kota Bahru	09-744 0988
AEON Shah Alam	03-5523 8941
Aman Central	04-730 0459
Central I-City	03-5523 5461
Gurney Plaza	04-218 9624
Imago KK	088-274 248
Mid Valley Megamall	03-2287 5520
Mydin Seremban 2	06-601 1138
Nu Sentral	03-2260 1306
Queensbay Mall	04-641 0631
Setia City Mall	03-3341 1625
Sunway Pyramid	03-5621 0308
Suria KLCC	03-2181 6386
Suria Sabah	088-204 187
Tesco Seremban 2	06-633 3212
The Curve	03-7710 0426
The Mall, Mid Valley Southkey	07-336 2367
Today's Mall	07-861 4415
Vivacity Megamall	082-263 828

Whoosh Brunei

Freshco Mall	+673 222 0099
One City	+673 233 9921
Times Square	+673-234 1135

Management Office
Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima,
47301 Petaling Jaya, Selangor.
Tel: 03-7880 5520 | **Fax:** 03-7880 5530

MULTIPLE REWARD SDN BHD

Komugi Malaysia

AEON Mall Tebrau City	07-361 5393
AEON Shah Alam	03-5524 1614
Main Place	03-8021 6093
Mid Valley	03-2201 2846
One Utama	03-7732 0521
Paradigm mall	03-7886 5611
Pavilion	03-2110 5022
Subang Parade	03-5039 0630
Sunway Pyramid	03-5612 4212
AEON Nilai	06-795 3202

Kumori Philippines

Landmark Makati, Makati City	+63 917-656 9433
SM Makati, Makati City	+63 917-656 9430
SM North Edsa, Quezon City	+63 977-837 3798
UP Town Center, Quezon City	+63 917-671 8963
Robinsons Place Manila	+63 977-859 8803
SM Mall of Asia	+63 905-325 4143
Ayala Malls Cloverleaf	+63 995-455 2629
Robinsons Galleria	+63 932-355 2299
North Edsa (KIOSK)	+63 977-824 1589
Festival Mall	+63 917-800 7899
Gateway Mall	+63 915-844 7071
Fairview Mall	+63 995-955 8777
SM Santa Rosa Mall	+63 919-074 9265
SM City Bacoor	+63 945-593 9785
Ayala Malls Manila Bay	+63 916-271 6173

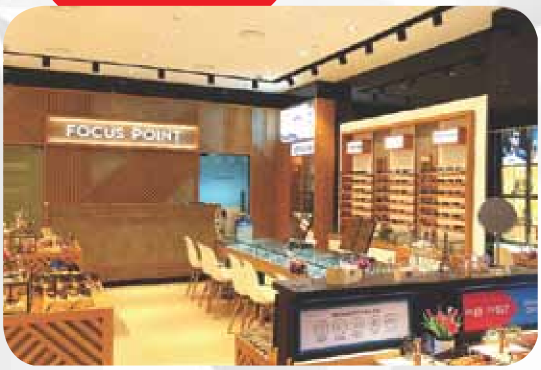
Komugi Brunei

Aman Hills Shopping Centre	+673 730 6069

OUTLET CONCEPT

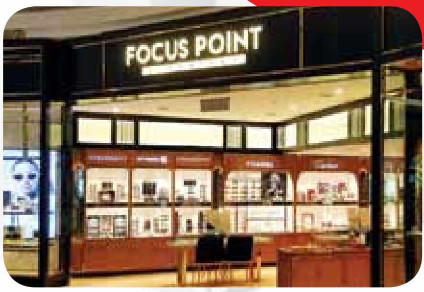
Focus Point

This store offering shoppers impressive savings of up to 70% off daily! To all the eyewear lovers, this is a store you should not be missed!



Focus Point Signature

Provides only the finest selection of products and brands. In addition to its great service and hospitality, it's Shop-In-Shop concept which allows brand fanatics to have a better shopping experience, 'teleporting' them into a realm filled with only their favourite brands. Equipped with i-Terminal 2 by Zeiss, a fast and high precision technology used to measure centration for perfectly-fitted eyewear, and i-Profiler plus by Zeiss, an easy-to-use eye profiling system infused with i.scription technology, customers are sure to walk away with perfectly-matched eyewear.



Focus Point Concept Store

Created with the aim of becoming a one-stop solution for all customers by combining all key concepts of various Focus Point outlets & brands. It allows customers to get all the eyewear needs sort out in just 1 location conveniently and quick. This store is designed to provide an open concept where customers can easily touch, feel and try on any pair of eyewear they like in a store that is much bigger than usual Focus Point outlets. We hope to provide a different shopping experience for all our customers in this unique store.

Focus Point Outlet

For all bargain hunters, this is a store you should not miss! This store is always on sale for all products at up to 70%.

Eyefont

A store that houses all major Luxottica brands under one roof.

Opulence

An exclusive optical centre for luxurious eyewear brands.

i-Focus

i-Focus offers unique comprehensive eye-check using Essilor's cutting-edge technology to correct, protect and enhance optimum vision clarity for you.

Whoosh

Fast. Fresh. Forward. These words perfectly describe what Whoosh! was created for. Bringing you the latest in eyewear designs, Whoosh! eyewear will satisfy trendsetters who value style, quality, and professional advice on the go. With a wide range of designs in 3 distinctive styles, 4 fixed affordable prices and a great team of professional opticians, a style revolution is coming your way faster than you can say "Whoosh!". Our brightly lit Whoosh! store is designed with its open displays & welcoming atmosphere to showcase our latest eyewear styles. No stress, no sales pitches as you try until you're ready to consult our professional opticians. Next thing you know, your brand spanking new eyewear is ready in a Whoosh!

Solariz

A dedicated sunglasses specialist centre carrying one of the largest range of sunglasses.

Focus Point Lifestyle

A new retail concept that house Focus Point and our Komugi Cafe under one roof to give our customers a different shopping experience.

KOMUGI
こむぎ

Komugi

Komugi is a stapler for those who appreciate quality bakery and pastry products with a Japanese soul.

Komugi offers more than 100 variety of deliciously authentic Japanese products that emphasises natural, simple, fresh daily, handmade and premium. Komugi Japanese products are led by team of experienced and passionate chef behind the scene bake everything daily to ensure our valued customers get only the freshest products. Komugi has been expanding locally in KL, Melaka, Johor Bharu, and Kuching and internationally in Philippines, Australia and Brunei. Komugi also introduced the first Japanese Bakery mobile app, namely Komugi Malaysia, in 2017. Komugi Central Kitchen has also been halal certified in Jan 2018 and all its outlets have also obtained their Halal certification in August 2018 from there on Komugi expanded beyond retail business by starting the supply of pastries business to large corporate customers.

Komugi not only aspires to make all customers smile on the first bite but also satisfy with the Japanese culture customer service.

FOCUS POINT

Content

The Company will issue the notice of Annual General Meeting to the shareholders at a date to be determined later.

CORPORATE PROFILE

It all started with the opening of the very first Focus Point outlet in Muar, Johor, back in 1989. At the time, it was simply called Focus Vision Care Centre, and the store was nothing more than a small counter in a shopping centre.

From those humble beginnings, we have grown from a small-town optical store to a company that not only leads the eyewear retail industry in the country, but one that is set to make its mark on the region.

Certainly, it has been quite a journey. Following the establishment of Focus Point Sdn Bhd in 1993, a head office was set up in Johor Bahru to provide management and operational support to the growing number of retail branches. But more opportunities beckoned, and we eventually expanded to the nation's capital and set up home in Petaling Jaya in 2000.

As business continued to thrive, our management arrived at a turning point. The decision to formulate a franchise programme was sparked by the belief that people are the most important asset, plus a desire to create opportunities for rising young entrepreneurs.

In 2012, we ventured to Food and Beverages business and started our first Japanese concept bakery outlet – "Komugi" in Kuala Lumpur. In 2019, we have expanded beyond the bakery retail business to include supply of pastry products to large corporate customers supported by our Halal certified central kitchen in Kota Damansara and expansion of our licenced Komugi outlets in oversea markets.

Listed in 2010, we are now a leading optical player and Food and Beverages operator in the market.

VISION

To become a leading brand name in Asia through:
-our focused approach in vision care; and
-delivering of high quality breads and pastries

MISSION

To provide consumers with the best vision care and eyewear services and high quality bakery and pastry products as well as to uphold the highest standards in reliability, quality and professionalism.

Board of Directors

Leow Ming Fong @ Leow Min Fong
(Independent Non-Executive Chairman)

Dato' Liaw Choon Liang
(President/Chief Executive Officer)

Datin Goh Poi Eong
(Executive Director)

Kelvin Liaw Kai Xuan
(Executive Director)

Datin Sim Swee Yoke
(Independent Non-Executive Director)

Datuk Md Zubir Ansori Bin Yahaya
(Non-Independent Non-Executive Director)

NOMINATION COMMITTEE

Leow Ming Fong @ Leow Min Fong
(Chairman)

Datin Sim Swee Yoke
(Member)

Datuk Md Zubir Ansori Bin Yahaya
(Member)

REMUNERATION COMMITTEE

Datin Sim Swee Yoke
(Chairman)

Leow Ming Fong @ Leow Min Fong
(Member)

Datuk Md Zubir Ansori Bin Yahaya
(Member)

AUDIT COMMITTEE

Datin Sim Swee Yoke
(Chairman)

Leow Ming Fong @ Leow Min Fong
(Member)

Datuk Md Zubir Ansori Bin Yahaya
(Member)

CORPORATE OFFICE

Unit 1, 3, 5 & 7, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03-7880 5520
Fax No.: 03-7880 5530

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9191
Fax No.: 03-2783 9111

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code : 0157

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
SSM PC No. 202008001472

Wong Peir Chyun (MAICSA 7018710)
SSM PC No. 202008001742

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Leow Ming Fong @ Leow Min Fong
Unit 1, 3, 5 & 7, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Email: leowjim2015@gmail.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
[197101000970 (11324-H)]
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9299
Fax No.: 03-2783 9222

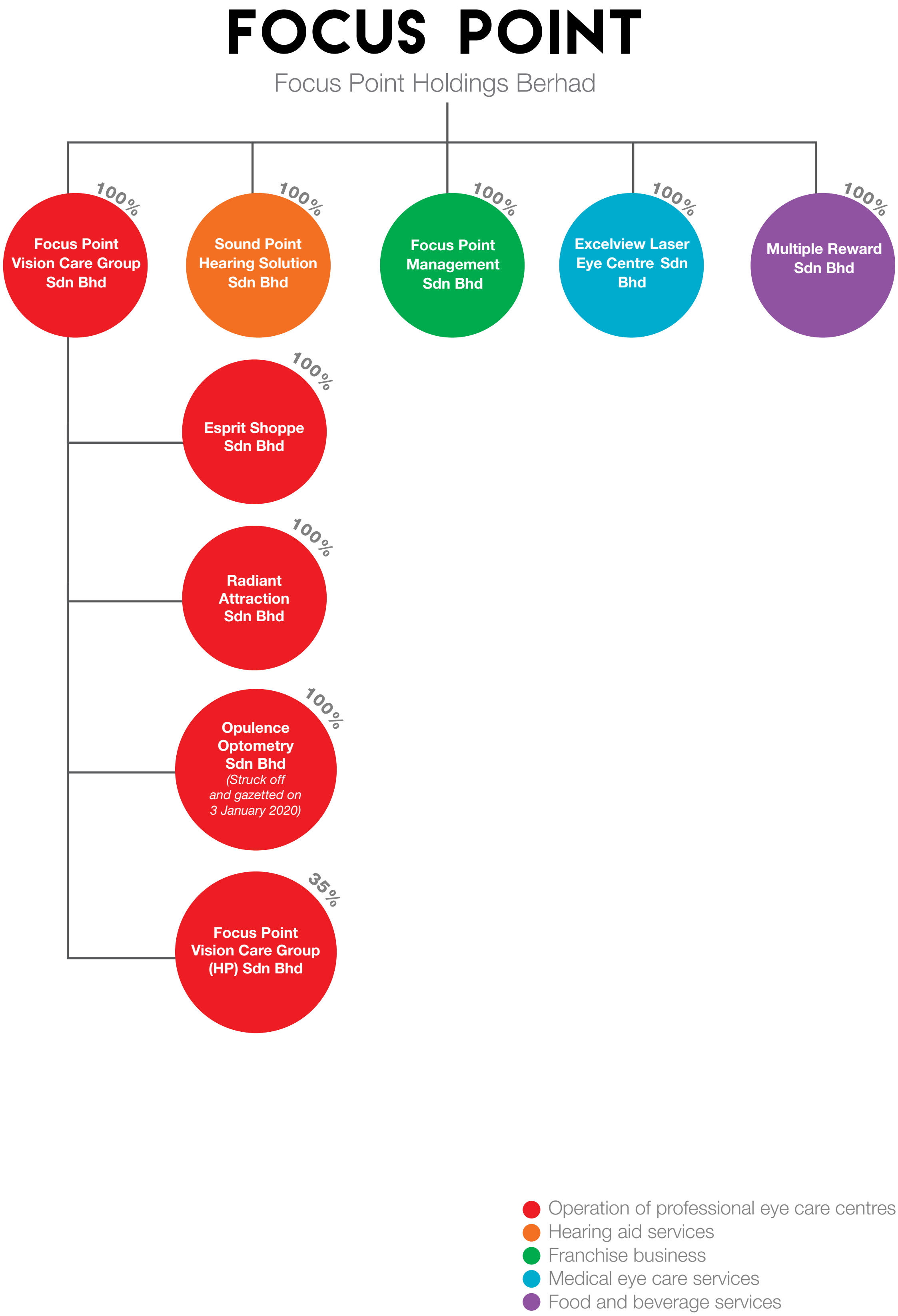
AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8, BDO@Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel No. : 03-2616 2888
Fax No.: 03-2616 2970

COMPANY WEBSITE

www.focus-point.com

CORPORATE STRUCTURE
AS AT 31 DECEMBER 2019



FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010*
Revenue (RM'000)	191,025	179,272	165,121	161,946	154,592	153,491	147,451	130,578	120,226	74,649
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	49,474	21,637	12,436	10,342	12,985	11,809	15,312	14,023	13,388	12,039
Profit before tax (RM'000)	15,205	10,887	1,911	643	4,593	4,104	8,360	9,477	9,208	9,393
Profit/(Loss) after tax (RM'000)	9,888	7,099	(457)	(1,283)	1,200	1,103	4,701	6,019	6,999	6,214
Net profit/(loss) attributable to owners of the parent (RM'000)	9,888	7,099	(458)	(1,198)	1,331	1,167	4,771	6,035	7,012	6,234
Total assets (RM'000)	211,022	128,434	129,818	133,344	123,735	109,707	107,469	98,895	92,462	89,119
Total liabilities (RM'000)	148,953	71,154	77,474	80,548	69,762	56,954	52,489	45,365	41,731	41,886
Total borrowings (RM'000)	27,663	38,982	43,331	44,667	32,536	27,145	26,667	21,317	15,213	21,281
Total equity (RM'000)	62,069	57,280	52,344	52,796	53,973	52,753	54,980	53,530	50,731	47,129
Equity attributable to owners of the parent (RM'000)	62,069	57,280	52,344	52,802	54,083	52,752	54,946	53,475	50,740	47,027
Return on assets (%)	5	6	-	(1)	1	1	4	6	8	7
Return on equity (%)	16	12	(1)	(2)	2	2	9	11	14	13
Gearing ratio (%)	45	68	83	85	60	51	49	40	30	45
Net assets per share (sen)	33.86	31.24	31.72	32.00	32.78	31.97	33.30	32.41	30.75	28.50
Earnings/(Loss) per share (sen)	5.39	3.87	(0.28)	(0.73)	0.81	0.71	2.89	3.66	4.25	3.78
Dividend per share (sen)	2.5	1.00	-	-	-	1.00	2.00	1.00	2.00	2.00

* *The audited financial statements for 2010 was for a period of 8.5 months as the acquisition of Focus Point Vision Care Group Sdn Bhd and its subsidiaries by Focus Point Holdings Berhad as well as the internal restructuring were completed on 14 April 2010. Focus Point Holdings Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad in August 2010.*

PROFILE OF DIRECTORS

Leow Ming Fong @ Leow Min Fong
Malaysian, aged 70, male

Leow Ming Fong @ Leow Min Fong is our Independent Non-Executive Director and was appointed to our Board on 1st April 2010. He was appointed as Chairman of the Company on 3 August 2015. He is also Chairman of the Nomination Committee as well as a member of the Remuneration Committee and Audit Committee. He is a retired Audit Partner of KPMG, Kuala Lumpur. He is a Fellow of Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Certified Public Accountants and member of the Malaysian Institute of Chartered Accountants. He began his career in 1969 when he started his articleship with a chartered accounting firm in London, United Kingdom. He returned to Malaysia in 1974 and joined KPMG, Kuala Lumpur as an Audit Senior and Supervisor. In 1976, he was appointed as the Audit Manager in KPMG, Sandakan, Sabah and subsequently, in 1980, he was appointed as the Partner overseeing the tax and audit department of KPMG, Sandakan and Tawau, Sabah. In 1995, he returned to KPMG, Kuala Lumpur to take up the position of Audit Partner and during the years between 1996 and 2000, he also acted as the Partner-in-Charge of KPMG, Cambodia for 3 ½ years. He carried out short-term assignments such as fraud investigation, due diligence for mergers and acquisitions, reporting accountant for various corporate exercises for public listed companies during his KPMG experience in Singapore, British Guinea in South America and Vietnam. He is also Independent Non-Executive Director of KSK Group Berhad, a Canadia Bank PLC, a bank operating in Cambodia, Sovannaphum Life Assurance PLC and Dara Insurance PLC, a life and general insurance company operating in Cambodia, Hap Seng Consolidated Berhad listed in Bursa Malaysia and Jawala Inc, a company listed in the Singapore Stock Exchange. He attended all the six (6) Board of Directors' Meetings held during the year.

Dato' Liaw Choon Liang ("Dato' Liaw")
Malaysian, aged 52, male

Dato' Liaw is the President/Chief Executive Officer and was appointed to the Board on 30 December 2009. He is a registered optician with the Malaysian Optical Council. He brings with him invaluable industrial experience having accumulated over 30 years of experience in the professional eye care industry. He has been instrumental in the growth and development of our Group and more importantly, has been the key driving force in the expansion of our chain of professional eye care centres. As our Group's President/Chief Executive Officer, his overall management has contributed significantly to the success and growth of our Group. During the early years of our operations, he recognised the importance of brand building and development, ownership and management as the key components in differentiating our Group from our competitors. In addition, he was instrumental in building our "Focus Point" brand as the chain of professional eye care centres which has become the largest in Malaysia today. His expertise and contributions also extend to strategy planning and business development where his sound management skills have contributed to the continuing success and growth of our Group. In 2002, he was awarded the Certificate of Merit for The Outstanding Young Malaysian Awards 2002 by the Junior Chamber, Malaysia. In 2009, he was a finalist for the Best Franchise Entrepreneur Award by the Malaysian Franchise Association. Subsequently, at the Malaysian Retailers-Chain Association ("MRCA") – 8TV Entrepreneur Awards in 2009, Dato' Liaw was given an award in recognition of his outstanding entrepreneurship. In 2012, Dato' Liaw was elected as Deputy President of MRCA for 2012 to 2014. Further in 2014 itself, he was elected as President of MRCA for 2014 to 2016. Dato' Liaw was awarded Industry Advisory Council and CEO Faculty, Polytechnic Education Department for 2015 to 2017 by Politeknik Malaysia. He also holds several directorships in the companies within the Group. He is the father of Mr Kelvin Liaw Kai Xuan, the Executive Director and the spouse of Datin Goh Poi Eong, the Executive Director, and also a major shareholder of the Company. He attended all the six (6) Board of Directors' Meetings held during the year.

Datin Goh Poi Eong ("Datin Goh")
Malaysian, aged 53, female

Datin Goh is the Executive Director and was appointed to the Board on 30 December 2009. She is a registered optician with the Malaysian Optical Council. She has accumulated more than 20 years of experience in the industry. Her expertise and contribution extends to resource planning and management where her prudent management has contributed to the continuing business success and growth of our Group. She is currently actively involved in the planning and implementation of various corporate social responsibility efforts to further enhance the corporate image and awareness of our Group.

She holds several directorships in the companies within the Group. She is the mother of Mr Kelvin Liaw Kai Xuan, the Executive Director and the spouse of Dato' Liaw Choon Liang, the President/Chief Executive Officer, and also a major shareholder of the Company. She attended five (5) Board of Directors' Meetings held during the year.

Kelvin Liaw Kai Xuan ("Mr Kelvin Liaw")
Malaysian, aged 27, male

Mr Kelvin Liaw was appointed to the Board as Executive Director on 20 December 2017. He possesses a Bachelor Degree, majoring in Business & Marketing Management from Oxford Brookes University, United Kingdom. Since young, he has been highly exposed to the optical industry and worked as sales assistant within the Group's optical outlets. Mr Kelvin Liaw joined the Group on 1 October 2014, assuming the role of marketing for the food & beverage business. Prior to his appointment as Executive Director, he was holding the position of Executive Assistant to the President and Chief Executive Officer involving group marketing as well as operation planning & execution. He is the son of Dato' Liaw Choon Liang and Datin Goh Poi Eong who are also major shareholders of the Company. He attended all the six (6) Board of Directors' Meetings held during the year.

Datin Sim Swee Yoke ("Datin Sim")
Malaysian, aged 59, female

Datin Sim is our Independent Non-Executive Director. She was appointed to our Board on 3rd August 2015. She is Chairman of the Audit Committee and Remuneration Committee as well as a member of the Nomination Committee.

She holds a Bachelor Degree of Arts & Social Science from University Malaya, a Masters of Arts (Management & Organisational Analysis) from Warwick Business School of the United Kingdom, and is also a certified coach.

Datin Sim is a human resource practitioner and has close to 37 years of commercial experience in real estate/hospitality, management consulting and financial services (insurance and asset management) industries.

She started her career in marketing communications. Her working experiences were gained from both developed and emerging markets including start-ups in China, India and Vietnam. She has also worked regionally in Hong Kong, Tokyo, Indonesia, Maldives, Singapore and the Philippines.

Her core expertise covers partnering with business leaders in setting-up new offices, information technology shops as well as sale and acquisition of businesses. She has extensive experience in human resource transformation, managing and delivering shared services practice, human resource & information technology outsourcing and change management.

Datin Sim is skillful in organisational development, talent acquisition as well as building bench strength and human capital for organisations. She has been a key leader in the insurance sector and has introduced the best in class practices when the insurance sector was undergoing critical skills shortage in the last decade. She has also led cross-cultural teams, and is adept in providing human resource solutions for organisations experiencing change especially in the context of mergers and acquisitions.

Prior to the appointment, her last employment was with Great Eastern Life Assurance (M) Berhad as Senior Vice-President of Human Capital. She has also served as the President of the Association of Insurance Employers (AIE), Vice President of the Malaysian Employers Federation (MEF) and a Director of the Malaysian Employers Federation Academy (MEFA).

In her spare time, Datin Sim contributes time as a Mentor Coach for The ICAEW & Talentcorp Malaysia Women In Leadership (WIL) programme.

In 2018, Datin Sim co-authored her first book titled, "Creating Winning Culture & Building Supertalent, The Anthrophillic Way, A Toolkit Based Book".

She attended all the six (6) Board of Directors' Meetings held during the year.

Datuk Md Zubir Ansori Bin Yahaya ("Datuk Md Zubir")
Malaysian, aged 61, male

Datuk Md Zubir was appointed as our Non-Independent Non-Executive Director, a member of the Audit Committee and Nomination Committee as well as Remuneration Committee on 1 August 2019.

Datuk Md Zubir is a Chartered Accountant in Malaysia.

Datuk Md Zubir has more than 30 years of Strategic Finance and Management experience in various sectors including Aviation, Air Cargo Logistics, Financial Services, Information & Communications Technology (ICT), Trading and Corporate Consultancy. He started his career in 1983 as an Assessment Officer at the Department of Inland Revenue and moved to Malaysian Airlines System Berhad ("MAS") where he spent 15 years in various management capacities across the National Airline's Finance & Treasury Divisions which include Passenger and Freight Revenue, Cost and Credit Control Accounting. In 1990 he was posted to the UK as the Regional Accounts Manager Europe where he controlled the MAS Accounting Offices throughout Europe. Upon his return to Malaysia in 1994, he was appointed as the Head of Finance and Admin of Malaysia Airlines Cargo Sdn Bhd (MASkargo), a fully owned subsidiary of MAS where he was primarily responsible for the setting up of the Cargo's subsidiary company and led the Company through major negotiations with MAS. He joined Malaysia Debt Ventures Berhad ("MDV"), the nation's Technology Financier as the Vice President of Operations in 2003 and was appointed as Managing Director/Chief Executive Officer where he served for 13 years before leaving in 2018. From a loss-making entity he has successfully issued transformed MDV into a highly professional and profitable organisation with total assets of more than RM1.5 billion.

Datuk Md Zubir is currently the Chairman of the Board of UiTM Holdings Sdn Bhd, a Board Member of Perbadanan Nasional Berhad ("PNS") and Malaysia International Franchise Sdn Bhd. He had previously served on the Board of Seacera Group Berhad, MyCreative Ventures Sdn Bhd and several directorship in MDV investee companies. He is also a member of the Global Technology Funds Evaluation Committee at Malaysia Digital Economy Corporation. Prior to this he was a member of several Committees at a national level such as an Executive Member on the Local Advisory Panel for MSC Malaysia, Funding and Enabler Sub-Committees in Biotech Corporation, NEF Advisory Committee and Executive Council MyLab project for Ministry of Education.

Datuk Md Zubir holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia and a Certificate in Banking and Managerial Process from Asian Institute of Management, Manila.

Datuk Md Zubir attended all the two (2) Board of Directors' Meetings held subsequent to his appointment during the year.

Save as disclosed above, none of the Directors has:

- *Any family relationship with any Director and/or major shareholder of the Company;*
- *Any conviction for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and*
- *Any conflict of interest with the Company and the Group.*

PROFILE OF
KEY SENIOR MANAGEMENT

Kenneth Chin Kah Kiong ("Mr Kenneth")
Chief Financial Officer,
Malaysian, aged 46, male

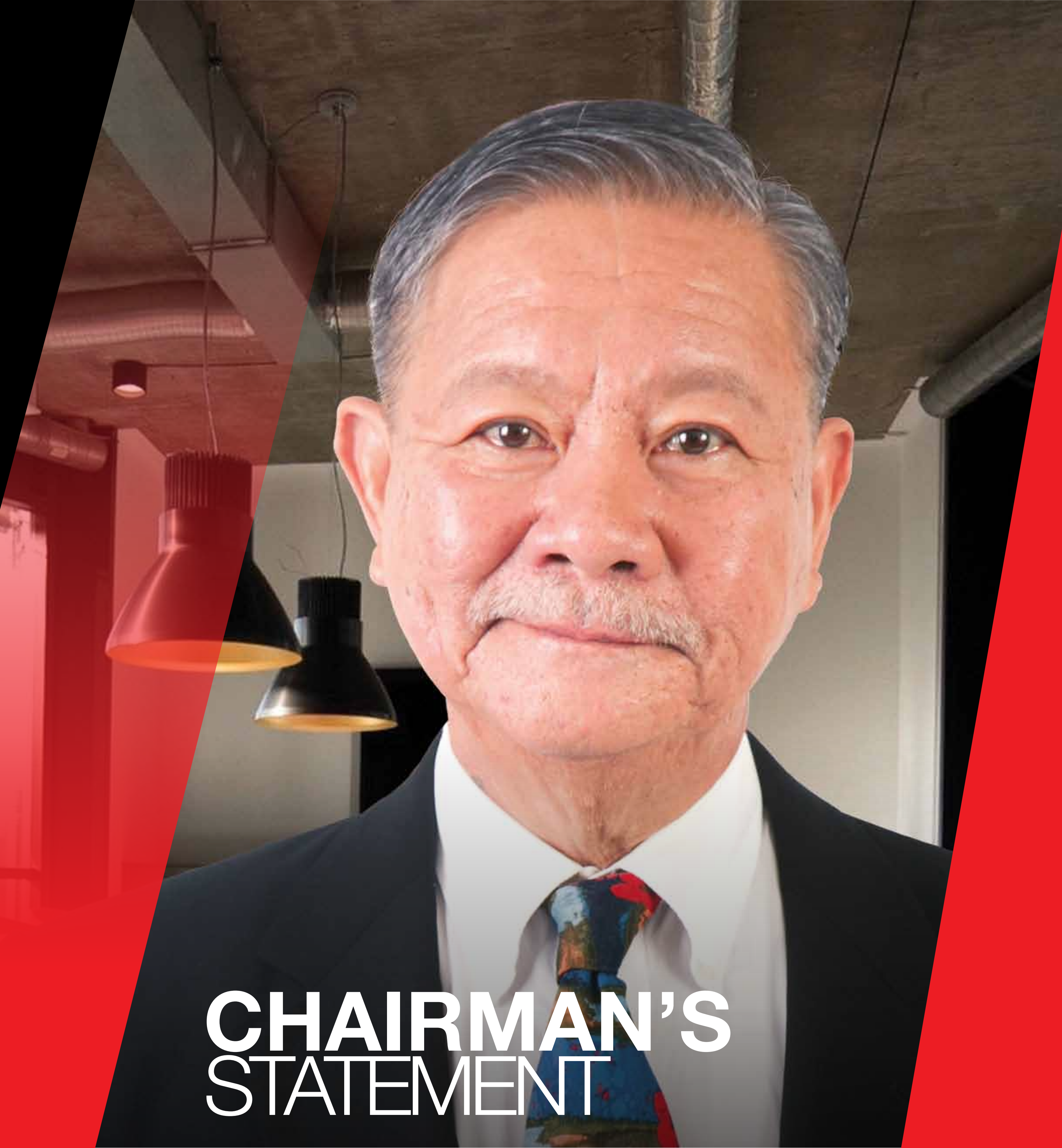
Mr Kenneth began his career as an auditor in Moore Stephens in 1998. In 2001, he joined Malton Berhad as a corporate planning executive and in 2002, he joined Karambunai Corp Berhad as an Assistant Manager, Group Finance and was promoted to Group Financial Controller in 2005. He subsequently joined Nam Fatt Corporation Berhad as a Senior Manager in the corporate finance department in 2007. Prior to joining the Group, he was employed by Danga Bay Sdn Bhd as a Financial Controller from 2008 to 2009. He was the Chief Financial Officer of Benalec Holdings Berhad ("Benalec") from 2010 to 2015 and was subsequently appointed as Benalec's Executive Director in 2016 and hold that position until 2017. He joined Focus Point Holdings Berhad ("FPHB") on 1 March 2019 as Chief Financial Officer managing group finance, operational finance, internal audit, treasury, taxation, corporate finance and investor relation functions of FPHB.

Chee Kok Hua ("Mr Chee")
Head of Retail Sales & Operations,
Malaysian, aged 45, male

Mr Chee holds an optician qualification of FBDO (UK) from the Association of British Dispensing Opticians. He started his career as an optician in 1997 before joining Focus Point Vision Care Group Sdn Bhd on 1 June 2011 as Head of Retail Sales & Operations. He has since then been given the responsibility to in charge the operations of optical retail chain for wholly-owned outlets nationwide. He was also later been assigned to head the operation of corporate sales division in 2017. His main duty is to keep the optical business growing and profitable.

Save as disclosed above, none of the Key Senior Management has:

- *Any family relationship with any Director and/or major shareholder of the Company;*
- *Any conviction for offences within the past five (5) years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and*
- *Any conflict of interest with the Company and the Group.*



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board"), it is my pleasure to present the Annual Report together with the Audited Financial Statements of Focus Point Holdings Berhad (the "Company") for the financial year ended 31 December 2019.

CHAIRMAN'S STATEMENT (CONT'D)

We commemorated our 30th year of operations in 2019 amidst the growing uncertainty in the global economy. The Group turned in a record performance with a turnover of RM191.0 million and profit before tax of RM15.2 million on the back of improved stock management and enhanced performance in food and beverages division.

In the beginning of year 2020, the coronavirus ("COVID-19") pandemic is spreading across the world including our country, Malaysia by surprise with its deadly virulence leaving almost no community untouched, both from a human and an economic perspective.

We are living in unprecedented times. Our government has imposed the 'lockdown or movement control order ("MCO")' in March 2020 and ordered closure of all non-essential services or businesses in the country in order to flatten the COVID-19 curve following the recommendations of World Health Organisation to protect our people's life and health.

The MCO have adversely affected our economies across all sectors, particularly tourism, hospitality and retail sectors are the most affected. Our revenue has taken a sharp fall due to the closure of all our eye-care retail outlets operations during the MCO period.

Being one of the leading players in an increasingly competitive retail market, our fellow board members together with the management team have identified and undertook a variety of initiatives to protect our employees and customers and to mitigate the business impact during the COVID-19 outbreak:

1. **To protect our employees' and customers' health, we have introduced the following safety and hygiene measures:-**
   a) *we have restricted all employees; business travels and arranged online conferences and initiated work from home protocol;*
   b) *we have increased sterilisation and clearing measures at our retail outlets to protect our customers' health;*
   c) *we provided surgical masks at our workplace and practiced social distancing in our retail outlets and office; and*
   d) *we monitored our employees' and customers' health by temperature screening on a daily basis.*
2. **Introduced new retail sales channel to cater for our customer needs' during and post MCO period to help increase our income stream;**
3. **To maintain our liquidity by deferment of loans repayment and suppliers' payment;**
4. **Implement effective control of budget and operational cost;**
5. **Continuous improvement of our own e-commerce site to capture more online customers during and post MCO.**
6. **Continue acquiring new corporate customers and grow the supply to existing corporate customers by offering more pastry products for food and beverage business.**

In appreciation of our shareholders' continued support, we have declared and paid an interim tax-exempt dividend of 2.5 cent per share during the year. During the year, we completed a bonus issue which we hope will increase our base of shareholders and maximising the liquidity of our shares in the market.

We would like to take this chance to thank our retired Non-Independent Non-Executive Director, Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin for his significant contributions and dedication to the Board during his term with the Group. At the same time, we would also like to welcome the new Non-Independent Non-Executive Director, Datuk Md Zubir Ansori Bin Yahaya and we look forward to his contribution towards the strategic and corporate governance of the Group through his experience, wisdom and network.

I would like to take this opportunity to thank the management team and my fellow board members for the results achieved in 2019 and look forward your continuous support in 2020 to overcome the business difficulties arising from the COVID-19 pandemic.

We remain caution of our 2020 financial performance and we believed we can go through this challenging time with our stakeholders' continuous support and patient.

Leow Ming Fong @ Leow Min Fong
Independent Non-Executive Chairman

PRESIDENT
CHIEF EXECUTIVE OFFICER

DATO' LIAW CHOON LIANG
President/Chief Executive Officer

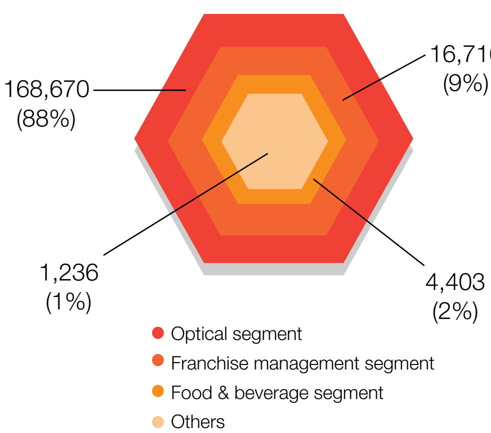
The Group is principally engaged in the operation of professional eye care centres, trading of eyewear and eye care products, management of franchised professional eye care centres, provision of food & beverage services and management of franchised food & beverage outlets.

Providing the best vision care and eyewear services as well as upholding the highest standard in reliability, quality and professionalism are the major components of the Group's vision and strategies to maintain our leading optical brand name in the industry.

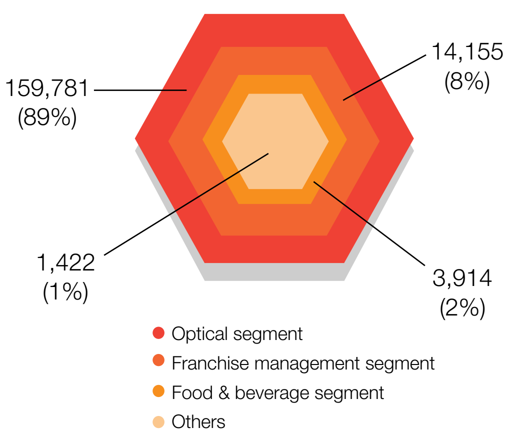
Revenue review by segment

	FYE 2019 (RM'000)	%	FYE 2018 (RM'000)	%
Optical	168,670	88	159,781	89
Franchise management	4,403	2	3,914	2
Food & beverage	16,716	9	14,155	8
Others	1,236	1	1,422	1
Total	**191,025**	**100**	**179,272**	**100**

FYE 2019



FYE 2018



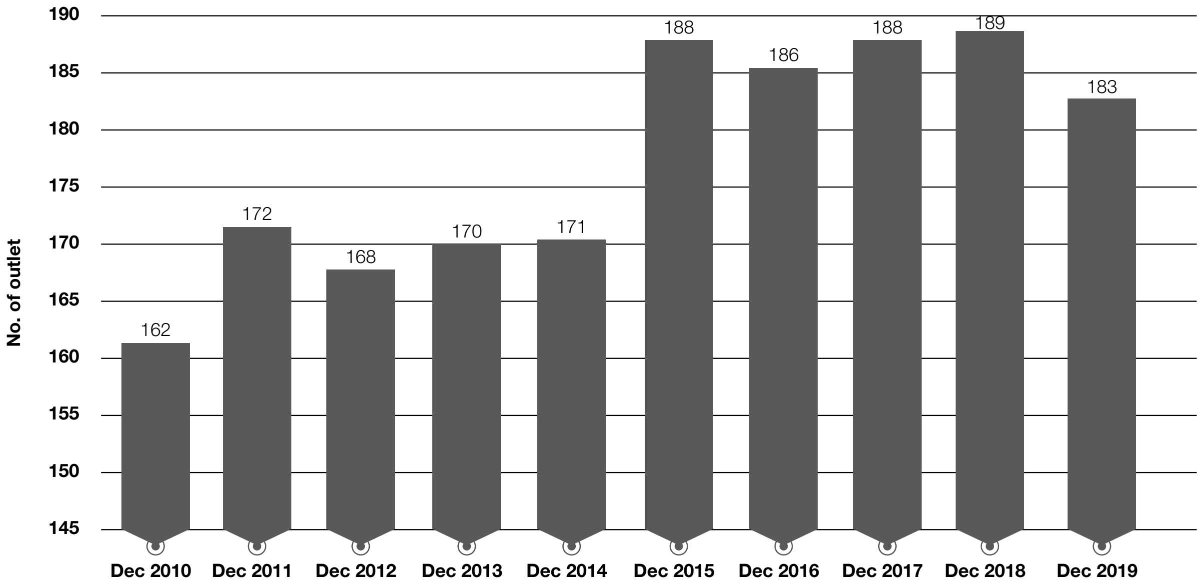
The Group recorded revenue of RM191.0 million, representing an increase of 7% over RM179.3 million of previous year. The increase was attributed to higher contribution from the optical business with the opening of 9 new own outlets; revenue generated thereon was RM5.6 million, representing 4% of the optical business' total retail revenue. On existing outlets, revenue was 3% higher as compared to previous year. The franchise management business' revenue was higher by 12% as compared to previous year at RM3.9 million. For the food & beverage business, revenue improved by 18% mainly due to higher contribution from corporate sales.

Profit/(Loss) review by segment

	FYE 2019 (RM'000)	FYE 2018 (RM'000)
Optical	13,897	10,948
Franchise management	2,505	1,997
Food & beverage	(949)	(2,111)
Others	(248)	53
Total	**15,205**	**10,887**

Profit before tax ("PBT") stood at RM15.2 million, significantly higher compared with RM10.9 million recorded in previous year. The improved performance was due to improvement in operating results of the optical and related products, franchise management as well as food & beverage businesses. The improved performance of optical and related products segment was attributed to the attainment of higher revenue and rebate income. For the franchise management business, the performance was improved by 25% as compared to previous year at RM2.0 million. Owing to higher sales and lower operating expenses, higher gross profit margin attained, the food & beverage business's loss before tax at RM0.9 million was 55% lower compared with loss before tax of RM2.1 million of the corresponding year.

Total number of outlet



We will continue to invest in new store at the right location to enhance our market share and we now have more store concept than before to cater for the needs of consumers.

Financial position review

Total assets stood at RM211.0 million (2018 : RM128.4 million), representing an increase of 64% due mainly to right-of-use assets as a result of adoption of MFRS 16 *Leases* with effective from 1 January 2019. Trade and other receivables recorded at RM34.1 million, 36% higher as compared to previous year of RM25.1 million. Inventories recorded at RM50.0 million, 8% higher compared with previous year due to carrying more quantities for certain popular brands. Shareholders' fund continued to remain resilient at RM62.1 million (2018 : RM57.3 million) while total borrowings declined to RM27.7 million from RM39.0 million of previous year due to lower bank overdraft and reclassification of hire purchase to lease liabilities as a result of adoption of MFRS 16 *Leases*. Other than bank borrowings, the Group has no other debt instrument. Trade and other payables decreased to RM33.7 million from RM26.1 million of previous year while net assets per share increased to 33.86 sen compared to 31.24 sen of previous year.

The Group incurred approximately RM12.2 million of capital expenditure during the year for opening and upgrading of outlets as well as additional capitalisation of properties through internally generated fund and external borrowings. Certain level of capital expenditure for 2019 has been approved by the Board and the Group will work within the said approved limit.

Dividend Policy

During the financial year 2019, The Board of Director has approved a dividend policy of not less than 30% of its consolidated profit after tax (excluding exceptional items) with effect from the financial year ended 31 December 2019.

However, such payments will depend upon a number of factors, including amongst others, the availability and adequacy of distributable reserves, cash flow requirement and financing commitments and projected level of capital expenditure and investment plans.

Sustaining Momentum for Growth

The Group continued to expand its presence nationwide by embarking on aggressive marketing and promotional activities as well as opening new outlets at various locations to increase market share. In 2019, a total of 14 new outlets (included 5 franchise outlets) were opened while we also consolidated 14 under-performing outlets. We have to-date built 118 own-outlets comprising 102 Focus Point outlets and 16 Whoosh outlets. To-date, total number of franchise outlets is 65.

Apart from that, we continue to build cordial relationship with our local and international principals as well as shopping malls to maintain Focus Point's leading position in the market. It is through our commitment to deliver quality products and good customer service all these years that the brand has received good recognition from consumers. With the Group's geographical reach and number of outlets within Malaysia, we maintain as the largest retail chain of professional eye care centres in Malaysia.

Our e-commerce for optical business continue to register growth in the year 2019. We have achieved a growth of 32% compared to the year 2018 in our online sales. This steady growth was mainly due to attractive promotion and effective digital marketing strategies to reach the targeted consumer segment.

Our focus is to continue developing new features to optimise customer shopping experience at our website. We strive for excellent in our service and product delivery for the online customers and we expect growth to continue in the coming years.

In respect of the food & beverage business, locally, there is one existing Komugi licensed outlets after closure of one underperforming licensed outlet in Kuching during the year. The Philippines licensee continued to expand its outlets by opening four outlets during the year bringing to a total of 15 outlets. There was one new licensed outlet opened in Brunei and closure of one licensed outlet in Melbourne during the year. Both locally and in overseas, to-date there are 17 licensed outlets. For our own outlets, we wound down three during the year; total number of own Komugi outlets to-date is nine. We will continue to expand the licensing business both locally and in overseas. The central kitchen of Komugi has attained HALAL certification status. This accreditation has enabled us to garner a wider consumer market and also gave an avenue to expand our supply business to our corporate clients in the café, restaurant and convenient store business which is expected to contribute significantly to the bottom-line of the food & beverage business.

Strategic Initiatives

To continuously improve our workforce, relevant programs have been provided internally and externally to further enhance the skills and knowledge of our optometrists and opticians, management team and operational staff. During the year, the Group has conducted the following training and seminar to its staff:-

- 2019 Focus Point National Sales Convention
- 2019 Focus Point Optometrist Convention
- 2019 Focus Point Optician Symposium
- Dry Eyes Workshop
- Continue Education Program for Eyecare Practitioners

The Group has invested sufficient optometrists and opticians who are qualified to dispense spectacles and contact lenses in our optical outlets. We are proud to reveal that we have the highest number of optometrists and opticians within Malaysia providing professional customer service to the consumers.

To promote product loyalty and lessen the rising cost of living, attractive discount is also given to staff who purchase the Group's products.

The Group will continue to invest in Primary Eye Care equipment to provide an entry point for patients to receive refractions and glasses or contact lenses, screenings for eye conditions or diseases, and referral to specialists when necessary.

Prospect and Moving forward

Meanwhile, the Malaysia economy is forecasted to grow at between -2% to 0.5% for year 2020 (4.3% : 2019). The key factor for the negative or low growth going forward was mainly due to weaker external trade performance and softer domestic demand growth coupled with the global COVID-19 pandemic which have further dampened the customers demand, disrupted the supply chain operation and created a potential economic downturn due to the closure of all non-essential services or business operations during the MCO period and in turn, contributed a decrease in household income in the country.

Against this adverse economic backdrop, we adjusted our business strategies by implementing the following countermeasures to mitigate the financial impact in preparation for the potential short to medium term economic downturn arising from the MCO and on-going COVID-19 pandemic:-

- maintain company liquidity by deferment of bank loans repayment, prolong creditors payment and seek additional funding from financial institutions;
- control and prioritise our inventory needs to improve cash flow management;
- reduce operating and overhead cost;
- introduce attractive sale promotion for T20, M40 and B40 group;
- implement tele-marketing to serve customers via phone call and deliver the product to their doorstep;
- negotiate with shopping mall's landlord for rental rebate during these periods;
- work closely with the relevant authorities to maximise the benefit of the announced 2020 economic stimulus budget such as the employee wages subsidy; and
- strengthen our employee's customer service skill through continuous training.

In respect of our food & beverage business, we will continue to streamline our retail operation to further reduce our production and operating cost. The supply business is envisaged to grow in view of the onboarding of new sizeable corporate customer creating an additional income streams for the group.

We adopted a more cautious approach in opening new outlets amidst of the uncertainty and will closely monitor our underperforming optical and food & beverage's outlets in order to maintain and improve our profitability.

We remain caution of our financial performance moving forward due to the continued short to medium term threat of health to our customers and the new restriction or standard operating procedures that yet to be announced and imposed by the government to curb the spreading of COVID-19 in the longer term. However, we believed we can go through this difficulty time with the continuous support of our stakeholders.

SUSTAINABILITY REPORT

Focus Point is about building a business that recognises and provides the needs of our customers and cares for our employees, the community, and the environment. For us, we believe in integrating sustainability in everything that we do. We want all our stakeholders to be confident in our brand, to know that we value our environment and our people and our community while we are striving for excellence in our operations.

We believe that firm commitment to sustainability form the foundation of good corporate citizenship and upholds the utmost level of corporate governance to ensure accountability and transparency to protect and enhance shareholders' value and financial performance of the Group.

Stakeholder Engagement

The Group recognises the importance of effective communication to ensure that our stakeholders understand our business, governance, financial performance and prospects. An important point in sustainability reporting is to identify our stakeholders and the material aspects relevant to our business which are economic enhancement, environment impact and social contribution ("EES").

The Group is committed in engaging all of our stakeholders as part of our continued sustainability endeavors. We view stakeholder engagement as a continual process. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The table below shows our relationship and interaction with stakeholders during the financial year 2019.

Stakeholders	Engagement Methods	Engagement Area
Shareholders	•Annual & General Meetings •Bursa announcements •Annual & Quarterly report	•Financial and operational performance •Corporate governance •Business direction
Regulators	•Compliances to laws and regulations	•Operations regulations •Bursa listing requirements •Companies Act & Taxation
Employees	•Trainings •Performance appraisal •Team building activities	•Occupational safety & health •Remuneration policy •Career development
Customers	•Marketing campaigns •Social media	•After-sales services •Quality assurance
Suppliers	•Quality audit on products •Contract negotiation	•Products' quality •Supply commitment
Communities	•Community events	•Social contribution •Donation and financial aid

Key Sustainability Matters

The following is the Group's identified material sustainability matters. Through our materiality assessment, we have identified the key sustainability matters as outlined in the table below.

Key Sustainability Matters

(1) Economic
• Financial Performance • Customer and Product • Supplier Management
(2) Environmental
• Environmental Conservation
(3) Social
• Employment and Diversity • Community Investment

(1) ECONOMIC

Financial Performance

We strive to achieve economic sustainability growth for our shareholders. We conduct our business in compliance with applicable laws and regulations and in accordance with good corporate governance.

The Group believes that focusing on financial sustainability is critical. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and communities as a whole.

For detailed financial results, please refer to the following sections in our Annual Report 2019:
• Group Financial Highlights, page 12
• Financial Statements, pages 56 to 134

Customer and Product

Our professional service quality reflects our commitment to our customers. Our customers well informed regarding the product before they make their purchase. We review our operations continuously to improve our performance and identify areas of improvement, to provide the best of services to our customers.

Customer feedback via customer satisfaction survey exercise serves as part of our commitment towards customer engagement.

The Group placed great importance in providing quality assurance on eye wear and the professionalism of our optometrist/optician. The Group is proud to assure that the products carried by the Group are 100% authentic. As such, to provide additional assurance to the customer, one-year warranty is given for our eye wear.

Our emphasis on authentic product, and efficient and reliable customer service, has accorded us with our industry reputation as a trusted and reliable distributor of professional eye wear. Apart from that, we continue to build cordial relationship with our local and international principals as well as shopping malls to maintain Focus Point's leading position in the market.

Key Sustainability Matters (cont'd)

(1) ECONOMIC (cont'd)

Customer and Product (cont'd)

While for our food and beverage division, all of our products are Halal certified and complied with requirements of Malaysia Standard (MS 1500 : 2009) and Halal Manual Certification by Jabatan Kemajuan Islam Malaysia (JAKIM). Internal Halal Committee has been established with the mission of:

- Foods produced are handled and processed in a hygienic and safe environment;
- Foods produced are safe to be consumed & which is not intoxicating or hazardous to health; and
- Foods produced are free from any forbidden animals or any parts from it.

Supplier Management

We have built a competent pool of suppliers and vendors based on integrity, trust and reliability. As such, we have maintained good long-term relationships with existing suppliers whom have adapted well to our working culture, integrated sustainability measures in their operations and are willing to go the extra mile in terms of quality and services.

We value the long-term cooperation with our suppliers, which has resulted in better efficiency, reliability of delivering of product. Periodic assessments are conducted to ensure that the quality of products and services are on par with our requirements and standards.

New suppliers are required to ensure quality of their products and services which are based on the quality standards expected by our customers.

(2) ENVIRONMENTAL

Environmental Conservation

The Group remains steadfast in our commitment to sustainable development and seeks to operate in a way that minimise environmental harm. The Groups direct environmental impact is limited, but we always strive to avoid unnecessary impact and to further reduce the impact on the environment.

We practise:

- using LED for our lighting to reduce the overall energy consumed;
- reusing and recycling of office stationery and paper;
- prioritise electronic means to share and store document;
- switching off the lights and air conditioners when they are not in use and;
- value the amount of water utilised.

The above are among some of the conservation measures taken by our Group.

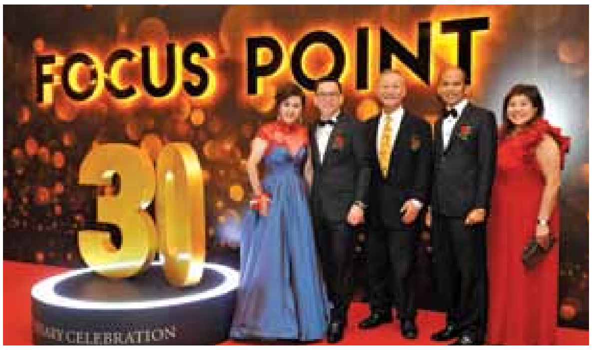
Key Sustainability Matters (cont'd)

(3) SOCIAL

Employment and Diversity

We recognise our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. Our work environment is aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career. Motivation is an essential part of the Group's responsibility to our employees.

In addition to the day-to-day motivation measures, it is the Group's tradition to have an Annual Dinner for our employees to mingle and celebrated our 30th anniversary Annual Dinner at One World Hotel in July 2019.



Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Training programs for skill development and improvement are conducted for our employees. For our eye-care professionals (optometrist and optician), the Group will ensure continuous training are provided to obtain Continuing Professional Development (CPD) points for annual certificate renewal.

Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent.

Key Sustainability Matters (cont'd)

SOCIAL (cont'd)

Communities Investment

Helping the less fortunate members of our community is our way of giving back to society. Our Group strongly believes in giving back to the society and started the Focus Point Caring Hearts Charity Foundation. In October 2019, we launched World Sight Day 2019 campaign – "Vision First", a holistic Corporate Social Responsibility (CSR) campaign aimed at advocating eye and vision care amidst rising vision impairment and eye problem incidences among school children and young adults in the country.

Focus Point recently supported Rotary Club and OneSight Foundation for a charity run which took place on 8 September 2019. Proceeds from the charity run will be used to fund a three-day 'Sayangi Mata Vision Clinic Tampin 2019', in November 2019 whereby Focus Point and representatives from Rotary Club and a team of optometrists will conduct eye checks for over 1,200 students.

In addition, Focus Point, in support of Kiwanis Malaysia will be conducting eye checks for students under the care of Kiwanis in the state of Penang, Perak, Kuala Lumpur and Johor. A target of 600 spectacles will be donated to students who are in need of it.

For the 14th time and on humanitarian causes, Focus Point joined force with Focus Point Caring Hearts Charity Foundation and Lions Club of KL Bukit Kiara to organize blood donation drive at The Curve, Mutiara Damansara on 22 September 2019. This noble act was participated by staff of Focus Point and our customers. Health benefits of donating blood include reduced risk of cancer and hemochromatosis, reduced risk of damage to liver and pancreas, improved cardiovascular health as well as reduced chances of obesity. More than 100 people participating in the event donating a pint of blood.

Key Sustainability Matters (cont'd)

SOCIAL (cont'd)

Communities Investment (cont'd)

Focus Point has on 4 November 2019 hosted a fund-raising charity event - Miss Focus Point Dazzling Charity Ball incorporating a subsidiary title show from Miss Tourism International 2019 World Final's 40 delegates at One World Hotel. Focus Point had always devoted to philanthropy, hence, in conjunction with this special occasion, Focus Point Caring Hearts Charity Foundation has donated RM50,000 cash to ten (10) charitable organizations and/or homes in aid for the underprivileged communities. The contribution had been made to the following organisation or foundation:

- **KELAB KIWANIS KLUANG MANDARIN**
- **PINK HEART CARE CENTRE**
- **SHELTER HOME**
- **PERTUBUHAN KEBAJIKAN AGATHIANS MALAYSIA**
- **LOVELY DISABLED HOME**
- **RUMAH HOPE**
- **PUSAT JAGAAN SIDDHARTHAN**
- **PERTUBUHAN CINTAI MALAYSIA**
- **P.S. THE CHILDREN**
- **PARENTS WITHOUT PARTNER BHD**

As part of the Group's Corporate Social Responsibility (CSR), the Group has been undertaking good initiative by providing free eye screening to schools since 2012. During the year, nine (9) schools were visited, close to 8,000 students screened and some eyewear were sponsored to those who needed them. It has been always our intention to assist students in their growth and development into independent and healthy people.

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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Focus Point Holdings Berhad (the “Company”) is committed to uphold high standard of corporate governance. The Board acknowledges the importance of corporate governance in enhancing integrity and delivering long term sustainability as well as creating economic value for its shareholders.

This statement describes the extent of how the Company has applied and complied with principles and best practices of corporate governance established by ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance (“MCCG”) issued by Securities Commission Malaysia.

This corporate governance overview statement is prepared in compliance with Rule 15.25(1) of the Listing Requirement of Bursa Securities and it is to be read together with the Corporate Governance Report 2019 (“CG Report”) which detailed the application of each Practice of MCCG. The CG Report is available on the corporate website: www.focus-point.com. The key focus areas of the Group’s Corporate Governance practices are further described below.

The Board are of the opinion that for financial year ended 31 December 2019, the Company complied with the principals and practices as set out in the MCCG, apart from departures on the following practices:-

- Practice 4.1 - At least half of the Board comprised independent directors
- Practice 6.1 - Disclosure of the Company’s policies and procedures to determine the remuneration of Directors and Senior Management
- Practice 7.2 - Disclosure on a named basis of the Company’s top five Senior Management’s remuneration component
- Practice 11.2 - Large companies are encouraged to adopt integrated reporting based on a globally recognised framework

The Company has provided clear explanations for the non-application of the departed Practices in the Corporate Governance Report. The Board comprehends the Intended Outcome envisaged by the MCCG and has adopted alternative measures that would deliver similar outcomes. The Board will undertake an appropriateness assessment to evaluate the adoption of the departed Practices as it is the Board’s foremost priority to ensure corporate governance practices are aligned to the needs of the Company from time to time.

A) BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Chief Executive Officer (“CEO”). The matters reserved for the deliberation and collective decision of the Board to ensure the direction and control of the Group’s businesses are listed in the Board Charter which is available on the corporate website: www.focus-point.com.

The Board has oversight on matters delegated to the Management whereby updates are periodically reported. All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards (continued)

Other than the CEO, the Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. Towards this, the Board has delegated specific responsibilities to the following Board Committees:-

i. Audit Committee ("AC")
ii. Nomination Committee ("NC")
iii. Remuneration Committee ("RC")

The powers delegated to the Board Committees are set out in the Terms of Reference ("TOR") of each of the Committees as approved by the Board and set out in the Board Charter.

The Board Committees review matters within their TORs and make recommendations to the Board for approval. The Board is kept apprised of the activities of the Board Committees through circulation meeting minutes of the Board Committees and updated on meeting deliberations and outcomes by the respective chairman and/ or chairpersons of the Board Committees at meetings. The ultimate responsibility for the final decision on the recommendations lies with the entire Board.

The Board owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times. Aside from the key responsibilities as delineated in the Board Charter, each Board member is also expected to demonstrate and adhere with the following:

a. Time commitment

i. Attendance of meetings

Notwithstanding that no specific quantum of time has been fixed, each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

The Board ordinarily schedules at least four (4) meetings a year at quarterly intervals. Board and Board Committee meetings are scheduled well in advance. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

To facilitate the Directors' time planning, an annual meeting calendar will be prepared and circulated to them before the beginning of each year. It will provide the scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting ("AGM"), major briefings to be conducted by the Company, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

The Board and Board Committees met at least four (4) times during the financial year under review to approve, amongst others, the quarterly and annual financial results, to review business performance of the Company and to ensure that the proper internal control systems are in place.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards (continued)

a. Time commitment (continued)

i. Attendance of meetings (continued)

During the financial year, there were six (6) Board meetings held. The details of attendance of each director at the Board and Committees meetings held during the financial year are set out below.

	Attendance at Meetings (Attended/Held)			
Name of Director	**Board**	**AC**	**NC**	**RC**
Dato' Liaw Choon Liang	6/6	–	–	–
Datin Goh Poi Eong	5/6	–	–	–
Leow Ming Fong @ Leow Min Fong	6/6	5/5	2/2	2/2
Datin Sim Swee Yoke	6/6	5/5	2/2	2/2
Datuk Md Zubir Ansori Bin Yahaya*	2/2	2/2	–	–
Kelvin Liaw Kai Xuan	6/6	–	–	–
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**	3/4	3/3	1/2	1/2

* Appointed w.e.f. 1 August 2019
** Resigned w.e.f. 1 August 2019

ii. New Directorships

Prior to the acceptance of new Board appointment(s) in other public listed companies ("PLC"), the Directors are to notify the Chairman and/or the Company Secretaries in writing which includes an indication of time that will be spent on the new appointment. In this respect, Directors are at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Group and that it would not detrimentally affect his or her performance as a board member of the Company.

To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, a criteria as agreed by the Board is that they must not hold directorships at more than five (5) PLCs as prescribed in Rule 15.06 of Listing Requirements of Bursa Securities. As at the date of this Statement, none of the Directors has exceeded the limit.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards (continued)

b. Training

The Board takes a strong view of the importance of continuing education for its Directors and through NC, reviews annually the training needs of each Director as to ensure they are equipped with the necessary skills and knowledge to meet the challenges of the Board. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, each Director shall determine the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee.

Any Director appointed to the Board is required to complete the Mandatory Accreditation programme ("MAP") within 4 months from the date of appointment.

The external auditors brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during a particular year. In addition, the Board is briefed at every Board meeting on any significant changes in laws and regulations that are relevant by the Company Secretaries. The Directors' are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, either at the Company's expense or through self-reading.

All the Directors have attended the MAP. During the financial year 2019, the external training program attended by the Directors are the following:

Director	Name of conferences, seminars and training programmes	Date
Leow Ming Fong @ Leow Min Fong	MIA : MFRS 15 – Revenue From Contracts with Customers	28 January 2019
	Canadia Bank : Analytical Procedure for Audits	1 February 2019
	MICPA : MFRS 9, Financial Instrument	14 May 2019
	Axcelasia : Sustainability Reporting	20 June 2019
	MIA : MFRS Conference 2019	25 June 2019
	Bursa Malaysia : "The Essence of Independence"	27 June 2019
	Maybank Investment : Malaysia Macro and Equity Outlook	29 August 2019
	Trident Integrity : MACC Act (Section 17A	20 November 2019

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards (continued)

b. Training (continued)

Director	Name of conferences, seminars and training programmes	Date
Dato' Liaw Choon Liang	MRCA Retail Conference 2019 : Retail Strikes Back	19 July 2019
	National Economic Forum 2019	29 August 2019
Datin Goh Poi Eong	SC : Corporate Governance & Anti-Corruption	31 October 2019
Kelvin Liaw Kai Xuan	Malaysia SME Business Summit	25 June 2019
	OCAC Nationwide Roadshow Seminar on "Internet of Things"	4 October 2019
Datin Sim Swee Yoke	ICDM Powertalk : 'Revisiting The Misconception of Board Remuneration'	13 March 2019
	IIAM : Integrated Reporting Conference 2019	15 April 2019
	SIDC & IMD - LEAP: How To Thrive In A World Where Everything Can Be Copied	23 April 2019
	MIA's Engagement Session with Audit Committee Members on Integrated Reporting	30 April 2019
	Bursa Malaysia : Leadership Greatness in Turbulent Times	26 June 2019
	Bursa Malaysia : Cyber Security in the Boardroom	27 June 2019
	IERP : Global 2019 Conference	9 July 2019
	Swiss Re & Labuan IBFC : Adding Confidence to Captives: Managing Volatility via Self Insurance	7 August 2019
	ICDM's Powertalk #5 : Say on Pay: What do Boards Need to Know?	13 August 2019
	Bursa Malaysia : "Demystifying the Diversity Conundrum: The Road to Business Excellence"	14 August 2019
Datuk Md Zubir Ansori Bin Yahaya	Mandatory Accreditation Programme For Directors of Public Listed Companies	28 February 2019

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.1 Strategic Aims, Values and Standards (continued)

c. Conflict of interest and related party transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions (if any) will be submitted to the AC for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

1.2 The Chairman of the Board

The Independent Non-Executive Chairman of the Board is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. He is committed to good corporate governance practices and to lead the Board towards a high performing culture.

The Chairman will act as facilitator at meetings of the Board and ensure that no Board member, whether Executive or Non-Executive, dominates the discussion, and that appropriate discussion takes place and that the relevant opinions among the members of the Board are forthcoming. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He also chairs the meetings of the Board and the shareholders.

1.3 Chairman and CEO

The positions of Chairman and CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The CEO oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies.

The key roles and accountabilities of the Chairman and CEO are set out in the Board Charter which is available on the corporate website: www.focus-point.com.

1.4 Qualified and competent Company Secretaries

The Company Secretaries of the Company have the requisite credentials, and are suitably qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). The Company Secretaries play a significant role in supporting the Board to ensure that all governance matters and Board procedures are followed and that the applicable laws and regulations and the MCCG are complied with. These include obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The details of the role and responsibilities of the Company Secretaries are disclosed in the CG Report.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

1. Board's Leadership on Objectives and Goals (continued)

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries as well as to all information within the Group. Senior Management provides Directors with the required information or updates either personally or at meetings. All Directors are furnished with a comprehensive Board paper including the meeting agenda usually five (5) business day before each Board meeting.

Sufficient time is given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive. The Board papers includes, amongst others, financial results and forecasts, status of major projects (if any), minutes of meetings of the Board and of the AC and other major operational, financial, compliance and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, approvals will be obtained via written resolutions which are supported with information necessary for an informed decision.

Individual Directors may also obtain independent professional or other advice in furtherance of their duties at the Company's expense on specific issues, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. Wherever necessary, consultants and experts will be invited to brief the Board on their areas of expertise or their reports.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board has adopted the Board Charter on 16 April 2013 and shall undertake periodic review on it and the latest review of which was done on 10 April 2019. Apart from setting out the roles and responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, the Board Charter also outlines the Board membership guidelines, procedures for Board Meetings, Directors' remuneration, Board and member assessment and Investors Relation and Effective Communication.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website: www.focus-point.com.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART I - BOARD RESPONSIBILITIES (continued)

3. Good Business Conduct and Corporate Structure

3.1 Code of Conduct and Ethics

The Board is committed to maintain a corporate culture which engenders ethical conduct. A Code of Ethics is formalised through the Company's Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics will be reviewed periodically.

The Code of Conduct and Ethics is available on the corporate website: www.focus-point.com.

3.2 Formalised policies and procedures on Whistle-Blowing

The Board also has a separate Whistle-Blowing Policy stating the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of such policy is in line with Section 587 of the Act where provisions have been made to protect the Company's officers or stakeholders who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

The Whistle-Blowing Policy is available on the corporate website: www.focus-point.com.

PART II - BOARD COMPOSITION

4. Board's Objectivity

4.1 Composition of the Board

Currently, the Board has six (6) members as set out below:

Name	Independent	Non-Executive
Leow Ming Fong @ Leow Min Fong	√	√
Dato' Liaw Choon Liang	x	x
Datin Goh Poi Eong	x	x
Kelvin Liaw Kai Xuan	x	x
Datin Sim Swee Yoke	√	√
Datuk Md Zubir Ansori Bin Yahaya	x	√
	2/6	3/6

The Company also complies with the Listing Requirements of Bursa Securities for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership. This fairly reflects the investment by minority shareholders through Independent Directors.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART II - BOARD COMPOSITION (continued)

4. Board's Objectivity (continued)

4.1 Composition of the Board (continued)

The Board comprises members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives. With the age of the Directors ranging from 27 to 70, the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board will continue to monitor and review the Board size and composition as may be needed.

The Board has appointed Mr Leow Ming Fong @ Leow Min Fong, the Chairman of the Board and NC, as Senior Independent Non-Executive Director to whom any concerns pertaining to the Company may be conveyed to him. He can be reached via email at leowjim2015@gmail.com or via letter stamped "Private & Confidential" to Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

4.2 Tenure of Independent Director

As at the date of this Statement, one (1) of the Independent Directors – Mr. Leow Ming Fong @ Leow Min Fong will has served the Company for a cumulative term of eleven (11) years on 31 March 2021. The Board had via the NC conducted an annual performance evaluation and assessment of Mr Leow Ming Fong @ Leow Min Fong and concluded that he met the independence criteria as set out in the Listing Requirement of Bursa Securities. The Board resolved to seek shareholders' approval for Mr Leow Ming Fong @ Leow Min Fong to continue serving as an Independent Non-Executive Chairman of the Company based on the justification as disclosed in the CG Report.

4.3 Policy of Independent Director's Tenure

The Board Charter stipulates that the tenure of an Independent Non-Executive Directors shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director was to be retained as an Independent Director, the Board would have to justify in the notice convening the AGM and seek shareholders' approval the retention of such Independent Director at every AGM.

The Board would seek annual shareholders' approval through a two-tier voting process if the Company wish to retain the Independent Director beyond the twelfth year.

4.4 Diverse Board and Senior Management Team

Appointment of Board and Senior Management is based on objective criteria, merit and besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. Please refer to the Profile of Directors and Profile of Key Senior Management of this Annual Report on pages 13 to 16 for further information.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART II - BOARD COMPOSITION (continued)

4. Board's Objectivity (continued)

4.5 Gender Diversity

The Board is supportive of the gender boardroom diversity recommended by the MCCG. The Board currently has 2 female Directors, i.e. 33.33% female representation. The Board, through the NC will continuously review the proportion of the female and male Board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required by the members of the Board, in the context of the needs of the Company.

The Board shall be responsible for recommending its members for election by the shareholders. The Board Diversity Policy is available on the corporate website: www.focus-point.com.

4.6 New Candidates for Board Appointment and Re-election of Directors

The screening and evaluation process for potential candidates to be nominated as Directors are delegated to the NC.

The process involves the NC's consideration and submission to the Board of its recommendation of suitable candidates from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment as Directors of the Company. The NC may also obtain and rely upon independent sources such as a directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved. If the selection of candidates was solely based on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the NC will explain why other sources were not used.

The criteria to be used in the appointment process to the Board of Directors largely focuses on ensuring a good mix of skills, experience and strength in the qualities that are relevant for the Board to discharge its responsibilities in an effective and competent manner.

The other factors considered by the NC in its review include the candidates' ability to spend sufficient time and commitment on the Company's matters, the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism, as well as having a balanced mix of age and diversity of Directors on the Board. The Board diversity factor as reviewed by the NC includes experience, skills, competence, race, gender, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

The shortlisted candidates who are not known to the existing Board members, will be interviewed by the NC and thereafter, will met with the Board of Directors for endorsement of appointment.

Datuk Md Zubir Ansori Bin Yahaya was appointed during the year as Non-Independent Non-Executive Director and the Board had through the NC carried out assessment on his mix of skills, competence and experience based on his background and was satisfied that he has fulfilled the specific criteria for appointment of new director to the Company.

In accordance with the Company's Constitution, one third of the Board, including the President/Chief Executive Officer, shall retire from the office and be eligible for re-election at each AGM and all Directors including the President/Chief Executive Officer shall retire from office once at least in each three years but shall be eligible for re-election.

The Director appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next AGM held following his or her appointment.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART II - BOARD COMPOSITION (continued)

4. Board's Objectivity (continued)

4.7 NC

The NC was established with clearly defined TOR and comprises three (3) Non-Executive Directors of whom two (2) are Independent Directors. The TOR of the NC is set out in the Board Charter and is available on the corporate website: www.focus-point.com.

The NC's key responsibilities are as follows:

- Carried out the assessment on contribution and performance of the Board as a whole, the Committees of the Board and individual director including assessment on independence of the Independent Directors through self-assessment and peer-assessment practice. Appraisal forms which encompass a wide range of questionnaires, including but not limited to professionalism, availability, business knowledge, industry knowledge, meeting attendance, Board participation, composition, relevant skill and experience are distributed to the Directors for their input and completion. Based on the outcome of the assessment, the NC deliberates the scores obtained by individual director, Board Committee as well as the Board as a whole to determine if there is any further improvement to be made and relevant training to be recommended. The Board is satisfied with the contribution and performance of individual director. The Independent Directors also comply with the criteria of independence based on the Listing Requirements of Bursa Securities.

- Reviewed the proposal on re-election of Directors retired in accordance with the Company's Constitution.

- Recommend the appointment of Datuk Md Zubir Ansori Bin Yahaya as Non-Independent Non-Executive Director

- Reviewed the TOR of NC in line with the Listing Requirements of Bursa Securities.

5. Overall Board Effectiveness

5.1 Annual Evaluation

The Board's effectiveness will be assessed in the following key areas of composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, performance of the Chairman and CEO, the time commitment in discharging their role and responsibilities through attendance at their respective meetings as well as the application of good governance principles to create sustainable shareholder's value.

The Board will undertake an annual assessment of Independent Directors as to justify whether they continue to bring independent and objective judgement to board deliberations. Peer and self-assessment will be carried out by the Directors and the AC members once every year. The results, in particular the key strengths and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.

The Company Secretaries will facilitate the NC in carrying out the annual assessment exercise. Given the evaluation and annual assessment exercise will be extensively conducted via the AC evaluation form, Individual Director Evaluation Form, Performance Evaluation Form of the Board and Board Committees.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART II - BOARD COMPOSITION (continued)

5. Overall Board Effectiveness (continued)

5.1 Annual Evaluation (continued)

Based on the annual assessment conducted, the NC was satisfied that the existing Board composition and each Director possess requisite competence and capability to serve on the Board. The NC viewed that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that are vital to the Company's industry.

As for the Board evaluation, the NC agreed that all the Directors have discharged their stewardship duties and responsibilities towards the Company as a Director effectively.

PART III - REMUNERATION

6. Level and Composition of Remuneration

The RC was established with clearly defined TOR and comprises three (3) Non-Executive Directors of whom two (2) are Independent Directors. It is chaired by an Independent Non-Executive Director. The TOR of the RC is set out in the Board Charter and is available on the corporate website: www.focus-point.com.

The RC reviews the remuneration of directors annually and submits its recommendations to the Board, taking consideration their contributions throughout the year. The RC will also ensure that payments are competitive to attract and retain directors and in tandem with the Group's corporate objectives, culture and strategy. In the case of President/ Chief Executive Director and Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance, and involved a balance between fixed and performance link elements. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

The RC evaluates the board remuneration package (which amongst other, include the salary, statutory employees provident fund contribution, bonus and benefit in kind). To uphold the corporate governance and public confidence in the Company, Executive Directors should not be involved in deciding their own remuneration. In addition, Directors who are shareholders should abstain from voting at general meetings to approve their fees.

The remuneration payable to Non-Executive Directors are fixed Directors' fee and the Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her fee.

7. Remuneration of Directors

7.1 Details of Directors' Fees and Benefit

The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company are to be approved by the shareholders of the Company. The Company obtained approval from the shareholders for the payment of Directors' fees and benefits from the last 10th Annual General Meeting until this forthcoming 11th Annual General Meeting.

A) BOARD LEADERSHIP AND EFFECTIVENESS (continued)

PART III - REMUNERATION (continued)

7. Remuneration of Directors (continued)

7.2 Remuneration of Directors

The aggregate remuneration to directors for the financial year ended 31 December 2019 is summarised as follows:

	Salaries^^	Fees^	Bonus^^	Other^^ Remuneration	Benefits-^^ in-kind	Total
	RM	RM	RM	RM	RM	RM
Executive Directors						
Dato' Liaw Choon Liang	1,836,000	–	459,000	360,270	200,187	2,855,457
Datin Goh Poi Eong	456,000	–	114,000	82,080	31,892	683,972
Kelvin Liaw Kai Xuan	129,000	–	11,210	22,480	23,950	186,640
Non-Executive Directors						
Leow Ming Fong @ Leow Min Fong	–	48,000	–	–	500#	48,500
Datin Sim Swee Yoke	–	42,000	–	–	1,150#	43,150
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**	–	24,500	–	–	–	24,500
Datuk Md Zubir Ansori Bin Yahaya*	–	17,500	–	–	–	17,500
Total	2,421,000	132,000	584,210	464,830	257,679	3,859,719

* Appointed w.e.f. 1 August 2019
** Resigned w.e.f. 1 August 2019
^ Received and receivable from the Company
^^ Received and receivable on Group basis.
# Benefits-in-kind for Non-Executive Directors include training expenses.

B) EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AC

8. Effective and Independent AC

The Board had established the AC for the Company which governed by its TOR. The AC comprises members who have a wide range of necessary skills to discharge their duties.

The AC has incorporated a policy in its TOR that a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.

For details on the composition, the attendance record, and the activities carried out by the AC are set out in the AC Report of this Annual Report on pages 46 to 48 as well as CG Report.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. Effective Risk Management and Internal Control Framework

9.1 Sound framework to manage risks

The Board recognises the importance of an effective enterprise risk management in order to achieve a steady growth in profitability and strong assets base that in turn will optimise the Group's value to its shareholders. The Board, with the assistance of the AC, oversees the Group's risk management activities. The benefits of enterprise risk management include timely reporting and transparency of risks across the whole organisation, increased effectiveness and coordination of risk management activities, and better alignment of its business strategies with its risk appetite and tolerance. The risk scorecards of the three (3) businesses are presented to the AC and the Board for review and deliberation twice a year.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the AC Report and the Statement on Risk Management and Internal Control on pages 47 to 48 and pages 49 to 51 of the Annual Report respectively.

9.2 Implementation of mitigating measures

The responsibilities of identifying and managing risks are delegated to the head of department. The AC is responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The AC will assist the Board in implementing and overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

10. Internal Audit Function

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility to the AC for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

B) EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (continued)

10. Internal Audit Function (continued)

On-going reviews will be performed by AC throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The Company also outsources the internal audit function to an independent assurance provider ("Internal Auditors") to provide an independent appraisal over the system of internal control of the Group to the AC.

To ensure that the responsibilities of Internal Auditors are fully discharged, the AC shall review the adequacy of the scope, functions and resources of the internal audit function as well as the competency i.e. qualification and experience of the Internal Auditors on a yearly basis.

An overview of the state of internal controls function within the Group, which includes the risk and key internal control structures, are set out in the AC Report and the Statement on Risk Management and Internal Control on pages 47 to 48 and pages 49 to 51 on the Annual Report respectively.

C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

11.1 Effective, transparent and regular communication with its stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements. The annual reports, press releases, quarterly results, Annual Audited Financial Statements and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Executive Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board. The Group maintains a corporate website: www.focus-point.com for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's corporate website.

11.2 Integrated reporting

The Company has provided concise information in relation to its strategy, performance, governance and prospects through the Management Discussion and Analysis and Sustainability Report on pages 20 to 23 and pages 24 to 29 of the Annual Report respectively. This is to ensure that the stakeholders are well informed of the business and performance of the Company and to promote transparency and accountability of the Company.

C) INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

PART II – CONDUCT OF GENERAL MEETINGS

12. Strengthen Relationship between the Company and Shareholders

12.1 Encourage shareholder participation at general meetings

The AGM represents the principal forum for dialogue and interaction with shareholders. At every AGM, the Board sets out the progress and performance of the Group since the last meeting held. Shareholders are encouraged to participate in the subsequent Question & Answer ("Q&A") session wherein the Directors, Company Secretaries, as well as the Group's External Auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The Company dispatched its notice of AGM to shareholders at least 28 days before the AGM in 2019, in advance of the 21 days requirement under the Act. The Board believes the current practice would still allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights in voting. Separate resolutions are proposed for substantially separate issues at the meeting. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

12.2 Effective communication and proactive engagements

All the Directors shall endeavor to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the AGM.

The chairperson will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting before putting a resolution to vote. The Board also ensures shareholders are given the opportunity to speak and seek clarification during the Company's AGM for effective and transparent communication with its stakeholders.

12.3 Facilitate greater shareholder participation at general meetings

Under Rule 8.31A(1) of the Listing Requirements of Bursa Securities, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the forthcoming Eleventh (11th) AGM.

The Company will always make sure that its general meeting is to be held at an accessible location but not in remote areas in order to encourage shareholders to attend and participate in the meeting. Having considered that the shareholder base of the Company is not that large, the Board is of the view that there is no immediate need for the Company to leverage on technology to facilitate electronic poll voting and remote shareholder participation at this juncture of time.

The Group would consider introduce electronic voting (e-voting) facilities and make available such facilities in the future meetings if the number of attendees at general meeting increase. This is to ensure that the mandatory poll voting process at all general meetings to be carried out efficiently. In addition, the Company had amended its Constitution to allow the Company to leverage on technology to enhance the communication with the shareholders of the Company and the conduct of the general meetings in future.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

The members of the Audit Committee are:

Designation	Name	Directorship
Chairman	Datin Sim Swee Yoke	Independent Non-Executive Director
Member	Leow Ming Fong @ Leow Min Fong	Independent Non-Executive Chairman
Member	Datuk Md Zubir Ansori Bin Yahaya	Non-Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong is a Fellow of Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Terms of Reference of the Audit Committee

The full Terms of Reference of the Audit Committee outline the composition of the Audit Committee, Duties of the Committee, Rights of the Committee, Procedures of the Committee and Internal Audit. The Terms of Reference of the Audit Committee is accessible via the Company's website at www.focus-point.com.

Attendance and Meetings of the Audit Committee

During the financial year, five (5) Audit Committee meetings were held and the details of attendance at the meetings are as follows:

Name	Total meetings attended by directors	Percentage of attendance (%)
Datin Sim Swee Yoke	5/5	100
Leow Ming Fong @ Leow Min Fong	5/5	100
Datuk Md Zubir Ansori Bin Yahaya*	2/2	100
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**	3/3	100

* Appointed w.e.f. 1 August 2019
** Resigned w.e.f. 1 August 2019

Summary of Work of the Audit Committee

During the financial year, the Audit Committee (the "Committee") met at scheduled times, with due notices of meetings issued, and with agendas planned and itemised so that issues raised in respect of the financial statements and any audit related matters were deliberated and discussed in a focused and detailed manner.

The main activities and work undertaken by the Committee during the financial year were as follows:

- Reviewed external auditors' scope of work and audit plan of the Group and the Company. Prior to the audit, representatives from external auditors presented their audit strategy and plan to the Committee at the Committee meeting;

- Reviewed, with external auditors, results of the audit, management letter and the auditors' report of the Group and the Company for recommendation to the Board for approval;

- Assessed the competency, independence and suitability of external auditors including adequacy of their resources, experience of the firm and staff strength, level of non-audit fee and rotation of partner. Having satisfied with the competency, independence and suitability of Messrs BDO PLT, made recommendation to the Board for approval of the re-appointment of Messrs BDO PLT as external auditors for the financial year ended 31 December 2019 at its meeting held on 10 April 2019;

Summary of Work of the Audit Committee (continued)

- Reviewed the report of external auditors on statement of risk management and internal control;
- Met with external auditors once without executive Board members and management on 26 February 2019;
- Reviewed quarterly announcements of unaudited financial results and audited year-end financial statements of the Group and the Company before submitting to the Board for approval, focusing particularly:-
    - Any change in or implementation of major accounting policies and practices;
    - Significant adjustment made by the Management;
    - Significant matter highlighted including financial reporting issue;
    - Significant or unusual events or transactions;
    - Going-concern assumption; and
    - Compliance with applicable accounting standards and other legal requirements.
- Reviewed Annual Report which includes the Audited Financial Statements of the Group and the Company prior to the submission to the Board for their consideration and approval at the meeting held on 10 April 2019 so to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of Companies Act 2016 and applicable accounting standards. Any significant issues arising from the audit of the Group financial statements by external auditors were deliberated upon;
- Reviewed significant audit issues brought up by the external auditors as follows:-
    - Valuation of inventories

    The Committee took note of the audit response presented by the external auditors including audit work done carried out to arrive at an opinion, audit findings as well as audit conclusion and were satisfied that these issues were adequately dealt with and fairly stated.
- Reviewed with the internal auditors, internal audit reports which highlighted internal audit findings, recommendations and management's response. Discussed with management, actions taken to improve the system of internal control based on improvement opportunities identified in internal audit reports; and
- Reviewed related party transactions entered into by the Group and the Company to ensure that such transactions were undertaken in line with the Group's normal commercial terms and the internal control procedures with regards to such transactions are sufficient.

Internal Audit Function

In discharging its duties, the Committee is supported by an internal audit function which is in-house internal auditors and outsourced independent internal audit service company ("collectively known as Internal Auditors") who undertakes the necessary activities to enable the Committee to discharge its functions effectively. The outsourced Internal Auditor reports directly to the Committee. The Internal Auditors are independent of the activities audited by external auditors. The Committee regards the internal audit function as essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control within the Group and the Company.

During the financial year, the Internal Auditors carried out, inter alia, the following activities:

- Formulated and agreed with the Committee on the audit plan, strategy and scope of work;
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system;
- Analysed and assessed certain key business processes, reported findings, and made recommendations to improve their effectiveness and efficiency;

Internal Audit Function (continued)

- Attended the Committee meeting to table and discuss the audit report; and

- Performed internal audit reviews by the outsourced internal auditors on the following areas:

  - Review of Human Resources – Payroll (Outlet Level) and follow-up on previous audit performed on E-Commerce function and franchise development function of optical business
  - Review of retail operation of food & beverages business
  - Review of franchise management of food & beverages business and follow-up on previous audit performed on kitchen operation of food & beverages business
  - Review of Halal certification procedures of food & beverages business and follow-up on previous audit performed on retail operation of food & beverages business

The Internal Auditor's reports were deliberated by the Committee and recommendations were duly acted upon by the management. Follow-up reviews were also conducted by the Internal Auditor on previous audit performed to ensure that all matters arising from each audit are adequately and promptly addressed by the management.

The costs incurred by the Group on Internal Auditor and in-house internal auditors during the financial year ended 31 December 2019 were RM42,997 and RM414,071 respectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the "Board") is committed to maintain a sound risk management framework and internal control system and is pleased to provide the following statement which outlines the main features of risk management framework and internal control of the Group during the financial year.

The Board affirms its overall responsibility for maintaining sound risk management practices and internal control system towards maintaining good corporate governance. This includes reviewing the adequacy, effectiveness and integrity of these systems throughout the Group. However, the Board recognises that reviewing the effectiveness of the Group's system of internal control is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the Board is of the view that the Group's system of internal control can only provide reasonable but not absolute assurance against material misstatement, operational failure, fraud or loss.

Risk Management Framework

The main features of the risk management framework are as follows:-

- Heads of business units are responsible for identifying, mitigating and managing risks and ensuring day-to-day business activities are carried out in accordance with risk management methodology.

- Heads of business units are required to update Corporate Risk Scorecards.

- Through a systematic software, the processes of risk evaluation are as follows:-

  - Assessment of existing risk by updating its rating of probability and impact;
  - Identification of new risk, if any, and rating of its probability and impact;
  - Assessment/update of control and management action plan relating to each risk; and
  - Elimination of risk that is no longer relevant.

  Corporate Risk Scorecards which would have incorporated the above update are subject for review half-yearly during risk management meeting chaired by the President/Chief Executive Officer to ensure they remain relevant and effective in managing the associated risks due to changes in marketplace and business environment. Major risk that has a major impact if it happens and with high probability of occurrence is made known to the management in particular to ensure that business is aligned to such risk identified.

The Group has three (3) core businesses, namely, optical retail, optical franchise and food & beverage. The top three (3) risks of each business are tabulated as follows:-

Business division	Key risk	Risk management approach
Optical retail	Increasing competitiveness to gain market presence	1. Carry out more aggressive branding, advertising and promotional activities 2. Review relevant industry market studies and capitalise on market intelligence 3. Monitor market development, trend and pricing of competitors 4. Review and evaluate current business model for local and regional competitiveness 5. Establish different brand names/concept to cater for different markets' requirements 6. Continue to enhance customer service quality 7. Research on and develop potential new product, trend and package
	Adverse economic and market condition (which will affect high-end products)	1. Keep abreast with business activity level / industry trend 2. Improve overall efficiency, productivity and business processes 3. Contain cost

Risk Management Framework (continued)

Business division	Key risk	Risk management approach
Optical retail (continued)	Influx of fake products	1. Work closely with suppliers 2. Educate public and consumers to "Go Original" via campaigns, leaflets, facebook, etc
Optical franchise	Increasing competitiveness to gain market presence	1. Carry out more aggressive branding, advertisement and promotional activities 2. Review relevant industry market studies and capitalise on market intelligence 3. Monitor market development, trend and pricing of competitors 4. Review and evaluate current business model for local and regional competitiveness 5. Establish different brand names/concept to cater for different markets' requirements 6. Continue to enhance customer service quality 7. Explore and develop potential new product, trend and package
	Inability to attract new franchisee	1. Review continuously terms of franchise arrangement to enhance competitiveness and new business opportunities 2. Innovate current mechanism of business model to increase attractiveness to potential investor
	Credit risk	1. Comply strictly to credit control policies and procedures and perform bi-annually review 2. Monitor closely collections from franchisees 3. Follow up on delinquent account and carry on discussion with the owner
Food & beverage	Product wastage	1. Execute more effective production planning 2. Capitalise on information system and business process to capture data more accurately
	Loss of key staff including chef	1. Benchmark compensation and reward to industry standard 2. Review current compensation and benefits scheme as well as measures to attract right candidates 3. Track competitors' offers and benefits 4. Identify and develop successors for senior categories and multitask key positions 5. Implement performance based remuneration scheme 6. Establish clear career development program 7. Implement job rotation
	Inadequate customer service level	1. Train continuously 2. Establish customer service charter 3. Implement the use of customer feedback form

The Board affirms that there is a systematic and continuous process to identify and manage significant risks of the Group. Key risks relating to the Group's operations are identified and communicated to the Audit Committee and the Board in terms of likelihood exposures and impact on the Group's businesses. Every half-yearly, there will be an update of the Corporate Risk Scorecards to the Board. The Chief Financial Officer has assumed the role of risk management facilitator.

The Board will continue to manage the risks of the Group continuously.

Internal Audit Function

The internal audit function is in place to assist the Audit Committee to discharge its functions effectively. The in-house internal auditors and outsourced internal auditors (collectively known as the "internal audit teams") monitor compliance with policies and procedures and the effectiveness of the internal control system and highlight significant findings in respect of any non-compliance. The outsourced internal auditors report directly to the Audit Committee. Audits are carried out by the internal audit teams on head office, branches and franchisees, the frequency of which is determined by the level of risk assessed. The finding of the internal audit from the internal audit teams are tabled at the Audit Committee meetings for deliberation and appropriate corrective action plan will be communicated to the auditees. Follow-up audit will also be carried out to ensure that management has implemented improvement process as recommended in the internal audit report. The annual audit plan is reviewed and approved by the Audit Committee. A statement of the internal audit function is set out on pages 47 to 48 of the Audit Committee Report.

Key Processes of Internal Control

The key processes that the Board has established in reviewing the adequacy, effectiveness, and integrity of the system of internal control, are as follows:-

- The Group has an organisational structure in place that is aligned to business and operational requirements with defined level of responsibility, lines of accountability and delegated authority with appropriate reporting procedures.

- There is active involvement by the President/Chief Executive Officer in the day-to-day business operations of the Group including periodical visit to the operating units 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.

- 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 and the internal audit function, 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.

The outsourced internal auditors, namely NGL Tricor Governance Sdn Bhd, carried out four (4) reviews on the Group's businesses and reported to the Audit Committee accordingly. Arising from the reviews, corrective actions were communicated to the management and the Board for subsequent implementation by the management. Follow up audits were also carried out by the outsourced internal auditors.

The Board is satisfied that the system of internal control was generally satisfactory. The Chief Executive Officer and Chief Financial Officer have also given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system.

As required by rule 15.23 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement of Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 & 42 of the Guidelines, nor is it factually inaccurate.

Through the review of the risk management framework adopted by the Group and internal audits performed by the outsourced internal auditors, the Board is satisfied that the Risk Management and Internal Control system are in place.

The Statement is made in accordance with the resolution of the Board dated 17 April 2020.

1. Audit and Non-Audit fees

The audit and non-audit fees paid and payable (inclusive of out-of-pocket expenses) of the Group and the Company were as follows:-

	Audit Fee RM	Non-audit Fee RM
Group	124,000	-
Company	37,000	-
Total	161,000	-

2. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving directors and major shareholders of the Company either subsisting at the end of the financial year or entered into since the end of the previous financial year.

3. Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2019.

4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

The Company had at the 10th Annual General Meeting of the Company held on 23 May 2019 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming Annual General Meeting. The Company intends to seek shareholders' mandate in respect of the RRPT of the group at the forthcoming AGM of the Company.

The details of the mandate RRPT transacted during the financial year are as follows:-

Transacting parties				
Focus Point Group	Related party	Nature of relationship	Nature of transaction	Actual Value transacted RM'000
Focus Point Vision Care Group Sdn Bhd ("Focus Point Vision Care")	Focus Point Vision Care Group (HP) Sdn Bhd ("Focus Point Vision Care (HP)")	Focus Point Vision Care (HP), in which Dato' Liaw Choon Liang's brother, Liaw Choon Kuan has substantial shareholdings, is a 35%-owned associate company of Focus Point Vision Care. Dato' Liaw Choon Liang and Liaw Choon Kuan are directors of Focus Point Vision Care (HP).	Sale of eyewear and eye care products to Focus Point Vision Care (HP).	963

4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT") (continued)

Transacting parties				
Focus Point Group	**Related party**	**Nature of relationship**	**Nature of transaction**	**Actual Value transacted RM'000**
Focus Point Management Sdn Bhd	Focus Point Vision Care (HP)	Focus Point Vision Care (HP), in which Dato' Liaw Choon Liang's brother, Liaw Choon Kuan has substantial shareholdings, is a 35%-owned associate company of Focus Point Vision Care. Dato' Liaw Choon Liang and Liaw Choon Kuan are directors of Focus Point Vision Care (HP).	Licensing fee received from Focus Point Vision Care (HP) for granting "Focus Point" licensed outlets.	150
Multiple Reward Sdn Bhd	Sejati Serimas Sdn Bhd ("Sejati Serimas")	Datin Goh Poi Eong and Kelvin Liaw Kai Xuan are shareholders and directors of Sejati Serimas. They are also directors and shareholders of Focus Point Holdings Berhad.	Rental of detached factory from Sejati Serimas for central kitchen purpose.	240

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") to prepare the financial statements for each financial year and give a true and fair view of the financial position of the Group and of the Company and their financial performance and cash flows for the financial year.

In preparing the above financial statements, the Directors have carried out their responsibilities by:

- selecting suitable accounting policies and applied them consistently;
- making judgements and estimates that are prudent and reasonable; and
- ensuring that all applicable accounting standards have been complied with.

The Directors are responsible for ensuring that the Company keeps its accounting records which discloses the financial position of the Group and the Company with reasonable accuracy and to ensure that the financial statements comply with Companies Act 2016, Listing Requirements and applicable approved accounting standards. The Directors have overall responsibilities in taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FOCUS POINT

Financial Statements

DIRECTORS' REPORT

The Directors have pleasure in submitting 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 an investment holding company. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	9,888	5,977
Attributable to:		
Owners of the parent	9,888	5,977
Non-controlling interests	–	–
	9,888	5,977

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2019:	
First interim single tier dividend of 1.5 sen per ordinary share, paid on 31 May 2019	2,475
Second interim single tier dividend of 1.0 sen per ordinary share, paid on 13 September 2019	1,650
	4,125

The Board of Directors does not propose any final dividend for the financial year ended 31 December 2019.

On 22 January 2020, the Board of Directors declared a single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2020. The total dividend paid on 25 February 2020 was RM2,199,997. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

On 4 September 2019, the Company increased its number of ordinary shares from 165,000,000 to 219,999,734 by way of bonus issue of 54,999,734 new ordinary shares ("Bonus Shares") on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held in the Company, which was approved by the shareholders during the Extraordinary General Meeting on 19 August 2019. The Bonus Shares were issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Dato' Liaw Choon Liang*
Datin Goh Poi Eong*
Leow Ming Fong @ Leow Min Fong
Datin Sim Swee Yoke
Kelvin Liaw Kai Xuan*
Datuk Md Zubir Ansori bin Yahaya (appointed on 1 August 2019)
Dato' Syed Kamarulzaman bin Dato' Syed Zainol Khodki Shahabudin (resigned on 1 August 2019)

** Directors of the Company and its subsidiaries*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares				
	Balance as at 1.1.2019	**Bonus issue**	**Bought**	**Sold**	**Balance as at 31.12.2019**
Shares in the Company					
Direct interests:					
Dato' Liaw Choon Liang	75,843,001	25,281,000	–	–	101,124,001
Datin Goh Poi Eong	21,464,699	7,154,899	–	–	28,619,598
Leow Ming Fong @ Leow Min Fong	500,000	166,666	–	–	666,666
Kelvin Liaw Kai Xuan	1,000,000	333,333	–	–	1,333,333

Dato' Liaw Choon Liang is the spouse of Datin Goh Poi Eong. By virtue of their relationship, they are also deemed to have interests in shares held by each other, both direct and indirect.

DIRECTORS' INTERESTS (continued)

Kelvin Liaw Kai Xuan is the son of Dato' Liaw Choon Liang and Datin Goh Poi Eong. By virtue of their relationship, Dato' Liaw Choon Liang and Datin Goh Poi Eong are deemed to have interests in shares held by Kelvin Liaw Kai Xuan.

By virtue of their interests in the ordinary shares of the Company, Dato' Liaw Choon Liang, Datin Goh Poi Eong and Kelvin Liaw Kai Xuan are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remunerations received or due and receivable by the Directors as shown in the financial statements) 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, other than the transactions entered into in the ordinary course of business with companies in which certain Directors of the Company have substantial financial interests as disclosed in Note 36 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling 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 Directors' remuneration are disclosed in Note 31 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Group and the Company for the financial year ended 31 December 2019 was RM3,800.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(I) AS AT THE END OF THE FINANCIAL YEAR (continued)

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2019 are disclosed in Note 30 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

....	....
Dato' Liaw Choon Liang	**Datin Goh Poi Eong**
Director	Director

13 May 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 67 to 134 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of 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 at 31 December 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....	....
Dato' Liaw Choon Liang	**Datin Goh Poi Eong**
Director	Director

13 May 2020

STATUTORY DECLARATION

I, Kenneth Chin Kah Kiong (CA 19801), being the officer primarily responsible for the financial management of Focus Point Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Petaling Jaya in the state of
Selangor Darul Ehsan this
13 May 2020

Kenneth Chin Kah Kiong

Before me:

Commissioner for Oaths

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Focus Point Holdings 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 67 to 134.

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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). 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.

Group

a) Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2019, inventories of the Group of RM49,787,000 comprised mainly optical and related products. Details of the inventories have been disclosed in Note 13 to the financial statements.

We have focused on the audit risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value.

Writing down of inventories to net realisable value is mainly based on management estimates, which has been derived from assessment by management with reference to ageing, specifications and design of inventories, coupled with market knowledge of the merchandising department.

Key Audit Matters (continued)

Group (continued)

a) Carrying amount of inventories at lower of cost and net realisable value (continued)

Audit response

Our audit procedures included the following:

(i) obtained an understanding of the procedures and controls in relation to the assessment by the management on the identification and write down of slow moving and obsolete inventories;

(ii) analysed the inventories turnover period and assessed the appropriateness of the write down of inventories by the management by verifying to the latest sales invoices for selected samples from inventory ageing; and

(iii) verified the actual margins and selling prices from sales invoices for selected samples subsequent to the end of the reporting period.

b) First-time adoption of MFRS 16 Leases

The Group adopted MFRS 16 for the first-time during the financial year ended 31 December 2019 as disclosed in Note 39.1 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements for specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

Audit response

Our audit procedures included the following:

(i) obtained an understanding of the procedures and processes in relation to the assessment by the management on the MFRS 16 transition impact;

(ii) assessed the appropriateness of the discount rates applied by the management in determining lease liabilities based on the lease contracts and relevant inputs;

(iii) assessed the appropriateness of the assumptions applied by the management in determining the lease terms of the lease liabilities, including renewal and termination options of the leases; and

(iv) verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information.

Key Audit Matters (continued)

Company

a) Impairment assessment of the carrying amount of investments in subsidiaries

As at 31 December 2019, the carrying amount of investments in subsidiaries of the Company were RM47,531,000 as disclosed in Note 8 to the financial statements. The Company had made additional impairment of RM119,000 in respect of the carrying amount of investments in subsidiaries during the financial year.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries. In this instance, the recoverable amount is based on value-in-use. These key assumptions include forecast growth in future revenue and budgeted gross margins, terminal values as well as determining an appropriate pre-tax discount rate used for each subsidiary.

Audit response

Our audit procedures included the following:

(i) compared cash flow projections against recent performance and assessed the key assumptions used in the projections by comparing to actual gross margins and growth rates to assess reliability of management forecasting process;

(ii) verified gross profit margins, growth rates and terminal values by assessing evidence available to support these key assumptions;

(iii) verified pre-tax discount rate used by the management for each subsidiary by comparing to weighted average cost of capital of the Group; and

(iv) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IRFSs 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 ability of the Group and of the Company 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 ISAs 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 part of an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 ability of the Group or of the Company 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.

(e) 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.

(f) 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

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.

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Ho Kok Khiaw
03412/02/2021 J
Chartered Accountant

Kuala Lumpur
13 May 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	34,353	46,770	–	–
Right-of-use assets	7	77,984	–	–	–
Investments in subsidiaries	8	–	–	47,531	47,650
Investment in a joint venture	9	–	158	–	–
Investments in associates	10	745	698	–	–
Other investment	11	210	–	–	–
Trade and other receivables	12	5,860	1,017	–	–
Deferred tax assets	23	186	247	–	–
		119,338	48,890	47,531	47,650
Current assets					
Inventories	13	49,787	46,033	–	–
Trade and other receivables	12	28,220	24,088	737	4
Cash and bank balances	14	13,666	9,422	389	5
Current tax assets		11	1	–	1
		91,684	79,544	1,126	10
TOTAL ASSETS		211,022	128,434	48,657	47,660
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	40,096	40,096	40,096	40,096
Retained earnings		21,973	17,184	7,936	6,084
TOTAL EQUITY		62,069	57,280	48,032	46,180

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(CONT'D)

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	15	7,991	12,411	–	–
Lease liabilities	7	49,200	–	–	–
Deferred tax liabilities	23	591	1,290	–	–
Deferred income	22	1,139	1,806	–	–
		58,921	15,507	–	–
Current liabilities					
Borrowings	15	19,672	26,571	–	–
Lease liabilities	7	34,410	–	–	–
Trade and other payables	21	33,673	26,121	623	1,480
Deferred income	22	1,559	1,249	–	–
Current tax liabilities		718	1,706	2	–
		90,032	55,647	625	1,480
TOTAL LIABILITIES		148,953	71,154	625	1,480
TOTAL EQUITY AND LIABILITIES		211,022	128,434	48,657	47,660

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	27	191,025	179,272	6,550	1,650
Cost of sales	28	(73,315)	(70,561)	–	–
Gross profit		117,710	108,711	6,550	1,650
Other operating income		7,923	5,082	7	–
Selling and distribution costs		(37,172)	(34,082)	–	–
Administrative expenses		(67,858)	(66,346)	(578)	(454)
Finance costs	29	(5,728)	(2,754)	–	–
Share of profit in associates, net of tax		362	381	–	–
Share of loss in a joint venture, net of tax		(32)	(105)	–	–
Profit before tax	30	15,205	10,887	5,979	1,196
Tax expense	32	(5,317)	(3,788)	(2)	-
Profit for the financial year		9,888	7,099	5,977	1,196
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		9,888	7,099	5,977	1,196
Profit attributable to:					
Owners of the parent		9,888	7,099	5,977	1,196
Non-controlling interests		–	–	–	–
		9,888	7,099	5,977	1,196
Total comprehensive income attributable to:					
Owners of the parent		9,888	7,099	5,977	1,196
Non-controlling interests		–	–	–	–
		9,888	7,099	5,977	1,196
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	33	5.39	3.87		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Note	Share capital RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Total equity RM'000
Balance as at 1 January 2018		40,096	11,735	51,831	51,831
Profit for the financial year		–	7,099	7,099	7,099
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	7,099	7,099	7,099
Transaction with owners					
Dividend paid	34	–	(1,650)	(1,650)	(1,650)
Total transaction with owners		–	(1,650)	(1,650)	(1,650)
Balance as at 31 December 2018		40,096	17,184	57,280	57,280
Balance as at 1 January 2019		40,096	17,184	57,280	57,280
Adjustments on initial application of MFRS 16	39.1	–	(974)	(974)	(974)
Balance as at 1 January 2019, as restated		40,096	16,210	56,306	56,306
Profit for the financial year		–	9,888	9,888	9,888
Other comprehensive income, net of tax		–	–	–	–
Total comprehensive income		–	9,888	9,888	9,888
Transactions with owners					
Dividends paid	34	–	(4,125)	(4,125)	(4,125)
Total transactions with owners		–	(4,125)	(4,125)	(4,125)
Balance as at 31 December 2019		40,096	21,973	62,069	62,069

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	**Note**	**Share capital RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2018		40,096	6,538	46,634
Profit for the financial year		–	1,196	1,196
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	1,196	1,196
Transaction with owners				
Dividend paid	34	–	(1,650)	(1,650)
Total transaction with owners		–	(1,650)	(1,650)
Balance as at 31 December 2018		40,096	6,084	46,180
Profit for the financial year		–	5,977	5,977
Other comprehensive income, net of tax		–	–	–
Total comprehensive income		–	5,977	5,977
Transactions with owners				
Dividends paid	34	–	(4,125)	(4,125)
Total transactions with owners		–	(4,125)	(4,125)
Balance as at 31 December 2019		40,096	7,936	48,032

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		15,205	10,887	5,979	1,196
Adjustments for:					
Bad debts written off		689	–	–	–
Depreciation of property, plant and equipment	6	6,150	8,250	–	–
Depreciation of right-of-use assets	7	23,100	–	–	–
Deposit written off		–	3	–	–
Dividend income from subsidiaries		–	–	(6,550)	(1,650)
Gain on disposal of investment in a joint venture	9	(94)	–	–	–
Impairment losses on:					
- investment in a subsidiary		–	–	119	–
- property, plant and equipment	6(c)	34	747	–	–
- trade and other receivables	12(n), (p)	–	205	–	157
Interest expense on:					
- hire purchase liabilities	29	–	838	–	–
- term loans	29	465	534	–	–
- bankers' acceptances	29	570	719	–	–
- bank overdrafts	29	131	232	–	–
- revolving credits	29	96	170	–	–
- lease liabilities	29	4,465	–	–	–
- others	29	1	261	–	–
Interest income on:					
- fixed deposits		(203)	(153)	(7)	–
- finance lease receivables	12(i)	(492)	–	–	–
- others		(14)	(101)	–	–
Inventories written down	13(c)	525	347	–	–
Inventories written off	13(c)	489	433	–	–
Net loss on disposal of property, plant and equipment		12	86	–	–
Net fair value gain on derivative		–	(2)	–	–
Property, plant and equipment written off		942	559	–	–
Reversal of impairment losses on trade and other receivables	12(n), (p)	(490)	(4)	–	–
Share of profit in associates	10(e)	(362)	(381)	–	–
Share of loss in a joint venture	9(g)	32	105	–	–
Waiver of debts owing by an associate		–	4	–	–
Operating profit/(loss) before changes in working capital		51,251	23,739	(459)	(297)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before changes in working capital (continued)		51,251	23,739	(459)	(297)
Changes in working capital:					
Inventories		(4,768)	(1,715)	–	–
Trade and other receivables		3,067	(414)	–	–
Trade and other payables		7,805	(3,780)	(7)	3
Deferred income		(357)	495	–	–
Cash generated from/(used in) operations		56,998	18,325	(466)	(294)
Tax paid		(6,652)	(3,293)	–	–
Tax refunded		1	–	1	–
Net cash from/(used in) operating activities		50,347	15,032	(465)	(294)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net (advances to)/repayments from subsidiaries		–	–	(1,583)	288
Dividends received from an associate	10(e)	315	315	–	–
Dividends received from subsidiaries		–	–	6,550	1,650
Interest received		203	153	7	–
Proceeds from disposal of property, plant and equipment		59	145	–	–
Purchase of property, plant and equipment	6(b)	(4,166)	(2,988)	–	–
Proceeds from disposal of investment in a joint venture	9	220	–	–	–
Purchase of other investment		(210)	–	–	–
(Placements)/Uplifts of deposits pledged to licensed banks		(134)	1,133	–	–
Net cash (used in)/from investing activities		(3,713)	(1,242)	4,974	1,938

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	34	(4,125)	(1,650)	(4,125)	(1,650)
Interest paid		(1,262)	(2,493)	–	–
Net repayments of revolving credits		(936)	(424)	–	–
Net drawdown/(repayments) of bankers' acceptances		2,059	(6)	–	–
Repayments of hire purchase liabilities		–	(5,381)	–	–
Net repayments of term loans		(1,521)	(944)	–	–
Payments of lease liabilities		(34,177)	–	–	–
Net cash used in financing activities		(39,962)	(10,898)	(4,125)	(1,650)
Net increase/(decrease) in cash and cash equivalents		6,672	2,892	384	(6)
Cash and cash equivalents at beginning of the financial year		1,533	(1,359)	5	11
Cash and cash equivalents at end of the financial year	14(d)	8,205	1,533	389	5

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Group		
	Lease liabilities (Note 7) RM'000	**Term loans (Note 15) RM'000**	**Hire purchase liabilities (Note 15) RM'000**	**Bankers' acceptances (Note 15) RM'000**	**Revolving credits (Note 15) RM'000**
At 1 January 2019, as previously reported	–	10,310	9,043	13,088	2,961
Effects of adoption of MFRS 16 (Note 39.1)	57,146	–	(9,043)	–	–
At 1 January 2019, as restated	57,146	10,310	–	13,088	2,961
Cash flows	(34,177)	(1,521)	–	2,059	(936)
Non-cash flows:					
- Purchase of property, plant and equipment	–	684	–	–	–
- Additions	56,176	–	–	–	–
- Unwinding of interest	4,465	–	–	–	–
At 31 December 2019	83,610	9,473	–	15,147	2,025
At 1 January 2018	–	10,832	10,203	13,094	3,385
Cash flows	–	(944)	(5,381)	(6)	(424)
Non-cash flows:					
- Purchase of property, plant and equipment	–	422	4,221	–	–
At 31 December 2018	–	10,310	9,043	13,088	2,961

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Focus Point Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit 1, 3, 5 & 7, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2019 comprise the Company and its subsidiaries and the interest of the Group in a joint venture and associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 13 May 2020.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and the details of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 39.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

Focus Point Holdings Berhad and its subsidiaries are principally engaged in the operation of professional eye care centres, trading of eyewear and eye care products, management of franchised professional eye care centres, provision of medical eye care services, provision of food and beverages services, trading of hearing aid solutions and related accessories and investment holding.

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of the products and services, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Optical related products

Retailing of optical related products.

(ii) Franchise management

Management of franchised professional eye care centres and food and beverage outlets..

(iii) Food and beverages

Provision of food and beverages services.

Other operating segments comprise investment holding, laser eye surgery treatment activities as well as retailing of hearing solutions and related accessories.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the Group's position.

4. OPERATING SEGMENTS (continued)

2019	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	168,670	4,403	16,738	7,786	197,597
Inter-segment revenue	–	–	(22)	(6,550)	(6,572)
Revenue from external customers	168,670	4,403	16,716	1,236	191,025
Finance income	634	1	53	21	709
Finance costs	(5,415)	–	(283)	(30)	(5,728)
Net finance (expense)/income	(4,781)	1	(230)	(9)	(5,019)
Depreciation of property, plant and equipment	4,855	–	1,208	87	6,150
Depreciation of right-of-use assets	21,655	–	1,247	198	23,100
Segment profit/(loss) before tax	14,858	2,701	(1,946)	6,091	21,704
Share of profit of associates, net of tax	362	–	–	–	362
Share of loss of a joint venture, net of tax	–	–	(32)	–	(32)
Tax expense	(4,901)	(325)	(27)	(64)	(5,317)
Other material non-cash items:					
Impairment losses on:					
- property, plant and equipment	34	–	–	–	34
Reversal of impairment loss on trade and other receivables	(2)	–	(488)	–	(490)
Bad debts written off	2	–	687	–	689
Inventories written down	525	–	–	–	525
Inventories written off	489	–	–	–	489
Property, plant and equipment written off	814	–	128	–	942
Net (gain)/loss on disposal of property, plant and equipment	(12)	–	24	–	12
Gain on disposal of investment in a joint venture	–	–	(94)	–	(94)
Investments in associates	745	–	–	–	745
Additions to non-current assets:					
- property, plant and equipment	4,626	–	199	25	4,850
- right-of-use assets	46,913	–	4,792	712	52,417
Segment assets	**195,000**	**839**	**12,769**	**2,217**	**210,825**
Segment liabilities	**136,740**	**2,668**	**7,578**	**658**	**147,644**

4. OPERATING SEGMENTS (continued)

2018	Optical related products RM'000	Franchise management RM'000	Food and beverages RM'000	Others RM'000	Total RM'000
Revenue					
Total revenue	159,781	3,914	14,173	3,072	180,940
Inter-segment revenue	–	–	(18)	(1,650)	(1,668)
Revenue from external customers	159,781	3,914	14,155	1,422	179,272
Finance income	190	1	51	12	254
Finance costs	(2,573)	–	(181)	–	(2,754)
Net finance (expense)/income	(2,383)	1	(130)	12	(2,500)
Depreciation of property, plant and equipment	6,752	–	1,414	84	8,250
Segment profit/(loss) before tax	11,270	2,159	(2,908)	1,555	12,076
Share of profit of associates, net of tax	381	–	–	–	381
Share of loss of a joint venture, net of tax	–	–	(105)	–	(105)
Tax expense	(3,416)	(285)	–	(87)	(3,788)
Other material non-cash items:					
Net fair value gain on derivative	(2)	–	–	–	(2)
Impairment losses on:					
- property, plant and equipment	555	–	192	–	747
- trade and other receivables	-	3	202	–	205
Inventories written down	347	–	–	–	347
Inventories written off	433	–	–	–	433
Property, plant and equipment written off	518	–	41	–	559
Net (gain)/loss on disposal of property, plant and equipment	(11)	–	97	–	86
Investment in a joint venture	–	–	158	–	158
Investments in associates	698	–	–	–	698
Additions to non-current assets:					
- property, plant and equipment	7,852	–	160	15	8,027
Segment assets	**115,670**	**1,027**	**9,778**	**1,711**	**128,186**
Segment liabilities	**60,258**	**3,379**	**4,326**	**195**	**68,158**

4. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2019 RM'000	2018 RM'000
Profit for the financial year		
Total profit for reportable segments	21,704	12,076
Elimination of inter-segment results	(6,499)	(1,189)
Profit before tax	15,205	10,887
Tax expense	(5,317)	(3,788)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	9,888	7,099
Assets		
Total assets for reportable segments	210,825	128,186
Tax assets	197	248
Total assets of the Group per consolidated statement of financial position	211,022	128,434
Liabilities		
Total liabilities for reportable segments	147,644	68,158
Tax liabilities	1,309	2,996
Total liabilities of the Group per consolidated statement of financial position	148,953	71,154

Geographical information

The Group operates predominantly in Malaysia.

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy ratios in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders. The overall strategy of the Group remains unchanged from the financial year ended 31 December 2018.

The Group manages its capital structure and makes adjustments to it, as deemed appropriate. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, issue new shares and redeem debts, where necessary. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt represents borrowings, lease liabilities, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Borrowings	27,663	38,982	–	–
Lease liabilities	83,610	–	–	–
Trade and other payables	33,673	26,121	623	1,480
Total liabilities	144,946	65,103	623	1,480
Less: Cash and bank balances	(13,666)	(9,422)	(389)	(5)
Net debt	131,280	55,681	234	1,475
Total capital	62,069	57,280	48,032	46,180
Net debt	131,280	55,681	234	1,475
	193,349	112,961	48,266	47,655
Gearing ratio (%)	67.9	49.3	0.5	3.1

Pursuant to the requirements of Guidance Note No. 3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital. The Group has complied with this requirement during the financial year ended 31 December 2019.

The Group is not subject to any other externally imposed capital requirements.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. Information on the management of the related exposures is detailed below.

Foreign currency risk

Foreign currency is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk when the Company or its subsidiaries enter into transactions that are not denominated in their functional currencies. The Group's foreign currency exposure as at the end of the reporting period related mainly to receivables denominated in United States Dollar ("USD") and payables denominated in European Euro ("EURO"), United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 12 and 21 to the financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their fixed deposits with licensed banks, lease receivables, borrowings and lease liabilities. The Group borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's deposits are placed at fixed rates and management endeavours to obtain the best rate available in the market.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 7, 12, 14 and 15 to the financial statements.

Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity and cash flow risk (continued)

The Group is actively managing its operating cash flow to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7, 15 and 21 to the financial statements.

Credit risk

Cash deposits and trade receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The major counter parties are major licensed financial institutions and reputable organisations. It is the Group's policy to monitor the financial standing of counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group and of the Company to credit risk arises through third party receivables and amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit, except for walk-in customers at its branches. The credit period is generally for a period of 75 days (2018: 75 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk concentration profiles have been disclosed in Notes 12 and 14 to the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 (Note 39.1) RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassi-fications* RM'000	Balance as at 31.12.2019 RM'000
At cost							
Freehold land	5,072	–	–	–	–	–	5,072
Buildings	8,812	–	1,067	–	–	–	9,879
Alarm and security system	1,174	(158)	78	–	(107)	53	1,040
Computers	5,794	–	304	(6)	(52)	–	6,040
Furniture and fittings	26,146	(9,544)	893	(20)	(2,386)	4,246	19,335
Hearing equipment	30	–	–	–	(30)	–	–
Lab tools and equipment	2,733	–	23	–	(17)	–	2,739
Motor vehicles	4,305	(1,504)	–	–	–	687	3,488
Office equipment	1,410	(195)	82	(5)	(80)	144	1,356
Optical equipment	15,849	(3,398)	1,128	(144)	(169)	1,249	14,515
Renovation and electrical installations	15,632	(5,721)	888	–	(2,099)	2,656	11,356
Signboards	1,670	(622)	288	–	(285)	302	1,353
Bakery equipment	7,321	(244)	99	(120)	(73)	242	7,225
	95,948	(21,386)	4,850	(295)	(5,298)	9,579	83,398

* *The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.*

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group **2019**	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 39.1) RM'000**	**Charge for the financial year RM'000**	**Disposals RM'000**	**Written off RM'000**	**(Reversal of impairment losses)/ Impairment losses RM'000**	**Reclassi-fications* RM'000**	**Balance as at 31.12.2019 RM'000**
Accumulated depreciation and impairment loss								
Buildings	592	–	185	–	–	–	–	777
Alarm and security system	726	(57)	151	-	(141)	(11)	36	704
Computers	5,344	–	366	(2)	(52)	–	–	5,656
Furniture and fittings	12,341	(2,423)	2,057	(10)	(1,606)	98	1,611	12,068
Hearing equipment	30	–	–	–	(30)	–	–	–
Lab tools and equipment	2,446	–	75	–	(16)	–	–	2,505
Motor vehicles	3,461	(692)	13	–	–	–	541	3,323
Office equipment	1,093	(83)	119	(2)	(81)	–	69	1,115
Optical equipment	8,574	(616)	1,035	(134)	(139)	–	389	9,109
Renovation and electrical installations	9,430	(1,546)	1,271	–	(1,945)	(80)	1,107	8,237
Signboards	1,149	(249)	165	–	(287)	(7)	176	947
Bakery equipment	3,992	(67)	713	(76)	(59)	34	67	4,604
	49,178	(5,733)	6,150	(224)	(4,356)	34	3,996	49,045

* *The assets previously acquired under hire purchase arrangements were reclassified from right-of-use assets as the lease liabilities for those assets have been fully settled during the financial year.*

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2018	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassi-fication RM'000	Balance as at 31.12.2018 RM'000
At cost						
Freehold land	5,072	–	–	–	–	5,072
Buildings	3,680	–	–	–	5,132	8,812
Alarm and security system	943	252	–	(21)	–	1,174
Computers	5,750	131	(5)	(82)	–	5,794
Furniture and fittings	24,303	2,967	(50)	(1,074)	–	26,146
Hearing equipment	30	–	–	–	–	30
Lab tools and equipment	2,733	–	–	–	–	2,733
Motor vehicles	4,660	387	(742)	–	–	4,305
Office equipment	1,435	38	(12)	(51)	–	1,410
Optical equipment	15,314	1,631	(145)	(951)	–	15,849
Renovation and electrical installations	14,830	1,928	–	(1,126)	–	15,632
Signboards	1,569	204	–	(103)	–	1,670
Bakery equipment	7,623	67	(340)	(29)	–	7,321
Construction work-in-progress	4,710	422	–	–	(5,132)	–
	92,652	8,027	(1,294)	(3,437)	–	95,948

Group 2018	Balance as at 1.1.2018 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Impairment losses RM'000	Balance as at 31.12.2018 RM'000
Accumulated depreciation and impairment loss						
Buildings	465	127	–	–	–	592
Alarm and security system	523	162	–	(20)	61	726
Computers	4,916	509	–	(81)	–	5,344
Furniture and fittings	9,847	2,990	(21)	(830)	355	12,341
Hearing equipment	30	–	–	–	–	30
Lab tools and equipment	2,374	72	–	–	–	2,446
Motor vehicles	3,971	233	(743)	–	–	3,461
Office equipment	1,012	139	(10)	(48)	–	1,093
Optical equipment	8,214	1,247	(114)	(773)	–	8,574
Renovation and electrical installations	8,368	1,804	–	(1,017)	275	9,430
Signboards	970	222	–	(99)	56	1,149
Bakery equipment	3,432	745	(175)	(10)	-	3,992
	44,122	8,250	(1,063)	(2,878)	747	49,178

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
	2019 RM'000	2018 RM'000
Carrying amount		
Freehold land	5,072	5,072
Buildings	9,102	8,220
Alarm and security system	336	448
Computers	384	450
Furniture and fittings	7,267	13,805
Hearing equipment	–	–
Lab tools and equipment	234	287
Motor vehicles	165	844
Office equipment	241	317
Optical equipment	5,406	7,275
Renovation and electrical installations	3,119	6,202
Signboards	406	521
Bakery equipment	2,621	3,329
	34,353	46,770

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation annual rates are as follows:

Buildings	2%
Alarm and security system	20%
Computers	33.3%
Furniture and fittings	12.5%
Hearing equipment	10%
Lab tools and equipment	10%
Motor vehicles	10% - 20%
Office equipment	20%
Optical equipment	10%
Renovation and electrical installations	14.3%
Signboards	20%
Bakery equipment	10%

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress was stated at cost and was not depreciated until such time when the asset was available for use.

The useful lives and residual values of property, plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2019 RM'000	Group 2018 RM'000
Purchase of property, plant and equipment	4,850	8,027
Financed by hire purchase arrangements	–	(4,221)
Financed by term loan arrangements	(684)	(422)
Unsettled and remained as other payables	–	(396)
Cash payments on purchase of property, plant and equipment	4,166	2,988

(c) The Group has carried out a review of the recoverable amount of its property, plant and equipment during the financial year and has recognised impairment losses on certain property, plant and equipment to reduce the carrying amounts of the assets to their recoverable amounts. The impairment losses included in statements of profit or loss and other comprehensive income during the financial year are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Impairment losses on property, plant and equipment	34	747

(d) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the Group (Notes 16, 19 and 26 to the financial statements) are as follows:

	Group 2019 RM'000	Group 2018 RM'000
Freehold land	5,072	5,072
Buildings	9,102	8,220
	14,174	13,292

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) In the previous financial year, the carrying amounts of property, plant and equipment of the Group acquired under hire purchase arrangements were as follows:

	Group 2018 RM'000
Alarm and security system	101
Furniture and fittings	6,822
Motor vehicles	813
Office equipment	112
Optical equipment	2,782
Renovation and electrical installations	4,174
Signboards	373
Bakery equipment	178
	15,355

Details of the terms and conditions of the hire purchase arrangements were disclosed in Note 17 to the financial statements.

7. LEASES

The Group as lessee

Right-of-use assets	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 39.1) RM'000**	**Additions RM'000**	**Depreciation RM'000**	**Reclassi- fications* RM'000**	**Balance as at 31.12.2019 RM'000**
Carrying amount						
Retail spaces	–	38,296	43,805	(20,502)	–	61,599
Office, warehouses and hostels	–	599	479	(449)	–	629
Alarm and security system	–	101	64	(29)	(18)	118
Furniture and fittings	–	6,822	3,625	(880)	(2,634)	6,933
Motor vehicles	–	813	214	(176)	(147)	704
Office equipment	–	112	13	(13)	(74)	38
Optical equipment	–	2,782	1,299	(290)	(860)	2,931
Renovation and electrical installations	–	4,174	2,565	(656)	(1,548)	4,535
Signboards	–	373	353	(105)	(126)	495
Bakery equipment	–	178	–	–	(176)	2
	–	54,250	52,417	(23,100)	(5,583)	77,984

* *The assets previously acquired under hire purchase arrangements were reclassified to property, plant and equipment as the lease liabilities for those assets have been fully settled during the financial year.*

7. LEASES (continued)

The Group as lessee (continued)

Lease liabilities	**Balance as at 1.1.2019 RM'000**	**Effects of adoption of MFRS 16 (Note 39.1) RM'000**	**Additions RM'000**	**Lease payments RM'000**	**Interest expense RM'000**	**Balance as at 31.12.2019 RM'000**
Carrying amount						
Retail spaces	–	47,495	46,773	(25,994)	3,556	71,830
Office, warehouses and hostels	–	608	479	(480)	40	647
Alarm and security system	–	77	80	(65)	7	99
Furniture and fittings	–	3,957	3,836	(3,367)	380	4,806
Motor vehicles	–	464	442	(386)	44	564
Office equipment	–	33	25	(30)	3	31
Optical equipment	–	1,550	1,482	(1,288)	145	1,889
Renovation and electrical installations	–	2,619	2,734	(2,262)	256	3,347
Signboards	–	297	325	(258)	29	393
Bakery equipment	–	46	–	(47)	5	4
	–	57,146	56,176	(34,177)	4,465	83,610

Represented by:

	2019 RM'000
Current liabilities	34,410
Non-current liabilities	49,200
	83,610
Lease liabilities owing to financial institutions	11,133
Lease liabilities owing to non-financial institutions	72,477
	83,610

7. LEASES (continued)

The Group as lessee (continued)

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Retail spaces	1 - 9 years
Office, warehouses and hostels	1 - 4 years
Alarm and security system	3 - 5 years
Furniture and fittings	3 - 5 years
Motor vehicles	3 - 5 years
Office equipment	3 - 5 years
Optical equipment	3 - 5 years
Renovation and electrical installations	3 - 5 years
Signboards	3 - 5 years
Bakery equipment	3 years

(b) The Group has certain leases of retail spaces with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

(c) The following are the amounts recognised in profit or loss:

	Group 2019 RM'000
Depreciation charge of right-of-use assets (included in administration expenses)	23,100
Interest expense on lease liabilities (included in finance costs)	4,465
Expense relating to short-term leases (included in administration expenses)	11,739
Variable lease payments (included in administration expenses)	1,609
	40,913

Certain lease rentals are subject to variable lease payments, which are determined based on a percentage of sales generated from outlets.

The Group has entered into tenancy agreements for the lease of outlets, which contain variable lease payments based on predetermined revenue thresholds. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risk of these contingent rental features are closely related to the economic characteristics and risk of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

7. LEASES (continued)

The Group as lessee (continued)

(d) At the end of the financial year, the Group had total cash outflow for leases of RM34,177,000.

(e) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The followings are the undiscounted potential future rental payments that are not included in the lease term:

Group 2019	Within five years RM'000	More than five years RM'000	Total RM'000
Extension options expected not to be exercised	5,299	155	5,454

(f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group that are exposed to interest rate risk:

Group 31 December 2019	Weighted average incremental borrowing rate per annum %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Lease liabilities						
Fixed rates	6.0 - 7.6%	34,410	23,936	23,311	1,953	83,610

(g) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group 31 December 2019	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Lease liabilities	38,528	51,522	2,181	92,231

8. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	Company 2018 RM'000
At cost		
Unquoted shares	47,805	47,805
Less: Impairment losses	(274)	(155)
	47,531	47,650

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements at cost less impairment losses.

(b) The Company and/or its subsidiaries review the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the value-in-use of the respective subsidiaries.

The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Judgement had also been used to determine the pre-tax discount rate for the cash flows.

Key assumptions used in value-in-use calculations

The recoverable amount of a subsidiary is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period and with terminal values. The key assumptions used for value-in-use calculations are:

	Franchise management %	Food and beverages %
As at 31 December 2019		
Budgeted gross margin	39.0 - 100.0	52.0 - 54.0
Revenue growth rate	0.0	5.0 - 19.0
Pre-tax discount rate	3.4	3.4
As at 31 December 2018		
Budgeted gross margin	54.0	54.0
Revenue growth rate	1.0 - 3.0	5.0 - 37.0
Pre-tax discount rate	5.3	5.3

8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of investments in subsidiaries:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.

(ii) Revenue growth rate

The revenue growth rate used is determined using a forecast growth rate obtained from financial budgets approved by management. The financial budgets cover a period of five years.

(iii) Pre-tax discount rate

The discount rate used are pre-tax relating to the relevant segments.

(c) The Company had made additional impairment of RM119,000 in respect of the carrying amount of investment in a subsidiary during the financial year due to continuous losses incurred by this subsidiary.

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

Name of company	Country of incorporation	Effective interest in equity 2019 %	2018 %	Principal activities
Excelview Laser Eye Centre Sdn. Bhd.	Malaysia	100	100	Provision of medical eye care services
Focus Point Management Sdn. Bhd.	Malaysia	100	100	Management of franchised professional eye care centres
Focus Point Vision Care Group Sdn. Bhd.	Malaysia	100	100	Operation of professional eye care centres, trading of eyewear and eye care products and investment holding
Sound Point Hearing Solution Sdn. Bhd.	Malaysia	100	100	Trading of hearing aid solutions and related accessories
Multiple Reward Sdn. Bhd.	Malaysia	100	100	Provision of food and beverages services
Excellent Reward Japanese Restaurants Sdn. Bhd. *	Malaysia	100	100	Struck-off and gazetted on 13 February 2019

8. INVESTMENTS IN SUBSIDIARIES (continued)

(d) The details of the subsidiaries are as follows (continued):

Name of company	Country of incorporation	Effective interest in equity 2019 %	Effective interest in equity 2018 %	Principal activities
Subsidiaries of Focus Point Vision Care Group Sdn. Bhd.				
Esprit Shoppe Sdn. Bhd.	Malaysia	100	100	Dormant
Focus Point Vision Care Group (OC) Sdn. Bhd. *	Malaysia	–	100	Struck-off and gazetted on 6 March 2019
Opulence Optometry Sdn. Bhd.	Malaysia	100	100	In the process of striking off
Radiant Attraction Sdn. Bhd.	Malaysia	100	100	Dormant
Eye-Zed Sdn. Bhd. *	Malaysia	–	100	Struck-off and gazetted on 6 September 2019
Truesight Eyewear Optical Sdn. Bhd. *	Malaysia	–	100	Struck-off and gazetted on 22 November 2019
Care Point Optical Sdn. Bhd. *	Malaysia	–	100	Struck-off and gazetted on 22 November 2019

* Details of deregistration of subsidiaries during the financial year are disclosed in Note 37 to the financial statements.

(e) In the previous financial year, the Company subscribed for an additional 4,700,000 ordinary shares of RM1.00 each in Multiple Reward Sdn. Bhd. ("MRSB") via capitalisation of amount owing from MRSB. Upon completion of the shares allotment, MRSB remained as a wholly-owned subsidiary of the Company.

9. INVESTMENT IN A JOINT VENTURE

	Group 2019 RM'000	2018 RM'000
At cost		
Unquoted equity shares	300	300
Share of post-acquisition reserves, net of Group's dividends	(174)	(142)
Proceeds from disposal of investment	(220)	–
Gain on disposal of investment	94	–
	–	158

(a) Investment in a joint venture is accounted for using the equity method in the consolidated financial statements.

(b) The financial year end of joint venture was coterminous with those of the Group.

(c) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity 2019 %	2018 %	Principal activities
Joint venture of Multiple Reward Sdn. Bhd.				
Majestic Ring Sdn. Bhd.*	Malaysia	–	50	Provision of food and beverages services

* Joint venture not audited by BDO PLT

(d) The joint venture, in which the Group participated, was an unlisted separate structured entity whose quoted market price was not available. The contractual arrangement stipulated unanimous consent of all parties over relevant activities of joint venture and provided the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with the joint venture. This joint arrangement had been classified as joint venture and had been included in the consolidated financial statements using the equity method.

(e) On 27 December 2019, Multiple Reward Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement to dispose its entire investment in Majestic Ring Sdn. Bhd. ("MJRSB") comprising 300,000 ordinary shares, representing 50% equity shares in MJRSB, for a total consideration of RM220,000. Upon completion of the disposal on the same date, MJRSB ceased to be a joint venture of the Group.

9. INVESTMENT IN A JOINT VENTURE (continued)

(f) The summarised financial information of the joint venture is as follows:

	2019 RM'000	2018 RM'000
Assets and liabilities		
Current assets	–	160
Non-current assets	–	671
Total assets	–	831
Current liabilities	–	516
Non-current liabilities	–	–
Total liabilities	–	516
Results		
Revenue	1,088	1,478
Loss for the financial year	(64)	(210)
Total comprehensive loss	(64)	(210)

(g) The reconciliation of net assets of the joint venture to the carrying amount of the investment in joint venture are as follows:

	2019 RM'000	2018 RM'000
Share of net assets	–	158
Share of results for the financial year		
Share of profit or loss	(32)	(105)
Share of other comprehensive income	–	–
Share of total comprehensive loss	(32)	(105)

10. INVESTMENTS IN ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000
At cost		
Unquoted equity shares	28	107
Share of post-acquisition reserves, net of Group's dividends	717	670
Less: Accumulated impairment losses	–	(79)
	745	698

(a) Investments in associates are accounted for using the equity method in the consolidated financial statements.

(b) The financial year end of all associates are coterminous with those of the Group.

(c) The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest in equity 2019 %	Effective interest in equity 2018 %	Principal activities
Associates of Focus Point Vision Care Group Sdn. Bhd.				
Focus Point Vision Care Group (HP) Sdn. Bhd.*	Malaysia	35	35	Retailing of optical and related products
Green Ace Formation Sdn. Bhd.*^	Malaysia	–	49	Struck-off and gazetted on 18 January 2019
Zania (M) Sdn. Bhd.^	Malaysia	–	20	Struck-off and gazetted on 13 February 2019

* Associates not audited by BDO PLT
^ Details of deregistration of associates during the financial year are disclosed in Note 37 to the financial statements.

10. INVESTMENTS IN ASSOCIATES (continued)

(d) The summarised financial information of the associates are as follows:

	Individually immaterial associates	
	2019 RM'000	2018 RM'000
Assets and liabilities		
Current assets	2,225	2,119
Non-current assets	2,929	1,911
Total assets	5,154	4,030
Current liabilities	1,780	1,576
Non-current liabilities	821	18
Total liabilities	2,601	1,594
Results		
Revenue	7,428	7,839
Profit for the financial year	1,034	1,116
Total comprehensive income	1,034	1,116

(e) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	Individually immaterial associates	
	2019 RM'000	2018 RM'000
Share of net assets	745	698
Share of results of the financial year		
Share of profit or loss	362	381
Share of other comprehensive income	–	–
Share of total comprehensive income	362	381
Other information		
Dividend received	315	315

11. OTHER INVESTMENT

	Group	
	2019 RM'000	2018 RM'000
Corporate golf club membership, unquoted	210	–

(a) The corporate golf club membership is classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.

(b) A regular way of purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(c) The fair value of corporate golf club membership of the Company is categorised as Level 2 in the fair value hierarchy and determined by reference to the market price. There is no transfer between levels in the hierarchy during the financial year.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Trade receivables				
Third parties	337	947	–	–
Amount owing by a joint venture	–	70	–	–
	337	1,017	–	–
Other receivables				
Third parties	102	102	–	–
Finance lease receivables	5,523	–	–	–
Less: Impairment losses				
- Third parties	(102)	(102)	–	–
	5,523	–	–	–
Total non-current receivables	5,860	1,017	–	–

12. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade receivables				
Third parties	5,610	6,944	–	–
Amount owing by a joint venture	–	285	–	–
Amount owing by an associate	175	350	–	–
	5,785	7,579	–	–
Less: Impairment losses				
- Third parties	(792)	(1,252)	–	–
- Joint venture	-	(30)	–	–
- Associate	(3)	(3)	–	–
	4,990	6,294	–	–
Other receivables				
Third parties	4,858	3,084	–	–
Finance lease receivables	3,210	–	–	–
Amounts owing by subsidiaries	–	–	890	157
Amount owing by an associate	4	15	–	–
	8,072	3,099	890	157
Less: Impairment losses				
- Third parties	(83)	(91)	–	–
- Subsidiary	–	–	(157)	(157)
	7,989	3,008	733	–
Deposits	12,354	12,404	4	4
Less : Impairment losses	(77)	(77)	–	–
	12,277	12,327	4	4
Total current receivables	25,256	21,629	737	4
Prepayments	2,964	2,459	–	–
	28,220	24,088	737	4

(a) Total receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal credit terms of trade receivables granted by the Group are 75 days (2018: 75 days), except for amounts owing by franchisees included in trade receivables of the Group for the initial investments and trade transactions amounting to RM781,000 (2018: RM1,813,000), which bear interest ranging from Nil to 10% (2018: Nil to 10%). They are recognised at their original invoice amounts, which represent their face values on initial recognition.

12. TRADE AND OTHER RECEIVABLES (continued)

(c) Included in other receivables of the Group are amounts owing by trade suppliers of RM2,627,000 (2018: RM2,287,000) after netting of purchase rebates receivable during the financial year, which are unsecured, interest-free and payable within next twelve months in cash and cash equivalents.

(d) Amounts owing by subsidiaries represent balances arising from non-trade transactions and payments made on behalf, which are unsecured, interest-free and payable within next twelve months in cash and cash equivalents.

(e) Amount owing by an associate represents balances arising from trade transactions and payments made on behalf, which are unsecured, interest-free and payable within next twelve months in cash and cash equivalents. The trade transactions are subject to normal trade terms.

(f) Amount owing by a joint venture represented balances arose from trade transactions, which were unsecured, interest-free and payable within next twelve months in cash and cash equivalents. The trade transactions were subject to normal trade terms.

(g) Included in deposits of the Group are tenant deposits amounting to RM12,195,000 (2018: RM12,254,000), which are in respect of the rental of business premises in accordance with rental agreements.

(h) The repayment terms of finance lease receivables are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Finance lease receivables:		
Less than one (1) year	3,626	–
One (1) to two (2) years	2,540	–
Two (2) to three (3) years	1,583	–
Three (3) to four (4) years	1,019	–
Four (4) to five (5) years	755	–
More than five (5) years	143	–
	9,666	–
Less: Unearned interest	(933)	–
	8,733	–
Representing finance lease receivables:		
Less than one (1) year	3,210	–
One (1) to two (2) years	2,282	–
Two (2) to three (3) years	1,436	–
Three (3) to four (4) years	940	–
Four (4) to five (5) years	726	–
More than five (5) years	139	–
	8,733	–

12. TRADE AND OTHER RECEIVABLES (continued)

(i) The reconciliation of movements in the carrying amount of finance lease receivables are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Finance lease receivables:		
At beginning of financial year	–	–
Effects of adoption of MFRS 16 (Note 39.1)	8,230	–
Additions	3,508	–
Lease payments received	(3,497)	–
Interest income	492	–
At end of financial year	8,733	–

(j) The finance lease receivables are in relation to the back-to-back arrangements with its franchisees on the rental of retail spaces, whereby the Group has entered into rental agreements for the retail spaces with third parties and subsequently, sub-leased to franchisees over the entire lease period. These receivables were recognised at an amount equal to the net investment in the lease and were measured at the present value of the lease payments over the sub-lease periods, discounted at 6.00% based on the discount rate used for the head lease.

The tenancy agreements for certain sublease of outlets contain variable lease payments, which are determined based on a percentage of sales generated from outlets. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risk of these contingent rental features are closely related to the economic characteristics and risk of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

(k) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the Gross Domestic Product, unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

12. TRADE AND OTHER RECEIVABLES (continued)

(l) The ageing analysis of trade receivables of the Group are as follows:

	Gross carrying amount RM'000	Impairment losses RM'000	Net carrying amount RM'000
2019			
Collective assessment			
Current	3,917	–*	3,917
Past due:			
1 - 30 days	1,230	–*	1,230
31 - 60 days	135	–*	135
More than 60 days	705	(684)	21
	2,070	(684)	1,386
Individual assessment	135	(111)	24
	6,122	(795)	5,327
2018			
Collective assessment			
Current	6,666	–*	6,666
Past due:			
1 - 30 days	645	–*	645
31 - 60 days	-	–*	–
More than 60 days	684	(684)	–
	1,329	(684)	645
Individual assessment	601	(601)	–
	8,596	(1,285)	7,311

* *The effects of ECL are insignificant.*

The collective assessment of impairment of trade receivables shares similar credit risk characteristics, industries and geographical location. The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

(m) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group 2019 RM'000	Group 2018 RM'000
Maximum exposure	5,327	7,311

12. TRADE AND OTHER RECEIVABLES (continued)

(n) The reconciliation of movements of impairment losses for trade receivables are as follows:

	Group	
	2019 RM'000	2018 RM'000
Trade receivables		
At 1 January	1,285	1,080
Charge for the financial year	–	205
Reversal of impairment losses	(490)	–
At 31 December	795	1,285

(o) Impairment for other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised.

The Group defined significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information.

The probabilities of non-payment by other receivables and deposits are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for other receivables. The Group has identified the Gross Domestic Product, unemployment rate, inflation rate and consumer price index as the key macroeconomic factors of the forward looking information.

It requires management to exercise judgement in determining the probabilities of default by other receivables and deposits, appropriate forward looking information and significant increase in credit risk.

(p) The reconciliation of movements of impairment losses for other receivables are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables				
12-month expected credit loss:				
At 1 January	193	197	157	–
Charge for the financial year	–	–	–	157
Reversal of impairment losses	–	(4)	–	–
Written off	(8)	–	–	–
At 31 December	185	193	157	157
Deposits				
12-month expected credit loss:				
At 1 January	77	77	–	–
Charge for the financial year	–	–	–	–
At 31 December	77	77	–	–

12. TRADE AND OTHER RECEIVABLES (continued)

(q) The currency exposure profile of trade and other receivables, excluding prepayments are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Australian Dollar	–	26	–	–
United States Dollar	117	105	–	–
Singapore Dollar	1	1	–	–
Ringgit Malaysia	30,998	22,514	737	4
	31,116	22,646	737	4

Sensitivity analysis for foreign currency risk at the end of each reporting period is not presented as changes in exchange rates would not materially affect the profit or loss of the Group.

(r) At the end of the reporting period, the interest rate profile of the trade and other receivables are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Fixed rate	9,514	1,813

Sensitivity analysis for fixed rate trade and other receivables at the end of the reporting period is not presented as change in interest rates would not materially affect profit or loss.

(s) At the end of each reporting period, the Group does not have any significant concentration of credit risk related to any individual customer or counterparty, while almost all of the receivables of the Company are amounts owing by subsidiaries.

(t) The trade and other receivables of the Group as at the end of the reporting period approximately carried at fair values are:

	Group	
2019	**Carrying amount RM'000**	**Fair value RM'000**
Total receivables		
Third parties - Level 2	337	408
Finance lease receivables - Level 2	5,523	5,546
2018		
Total receivables		
Third parties - Level 2	947	1,184
Amount owing by a joint venture - Level 2	70	70

There is no transfer between levels in the hierarchy during the financial year.

13. INVENTORIES

	Group 2019 RM'000	Group 2018 RM'000
At cost		
Optical and related products	48,726	45,127
Food and beverages	1,016	864
Operation consumables	36	35
	49,778	46,026
At net realisable value		
Optical and related products	9	7
Hearing aid and related accessories	–	*
	9	7
	49,787	46,033

* *Represented RM31*

(a) Inventories are stated at the lower of cost and net realisable value. Cost of inventories consists of purchase costs of direct materials. Cost of optical and related products and hearing aids and related accessories are determined using the weighted average cost method while cost of food and beverages and operation consumables are determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM71,455,000 (2018: RM68,983,000).

(c) Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trends, current economic trends and inventories turnover period when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

The Group has written off inventories which amounted to RM489,000 (2018: RM433,000) and has written down slow-moving inventories to their net realisable value which amounted to RM525,000 (2018: RM347,000) during the financial year and are included in cost of sales.

14. CASH AND BANK BALANCES

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	7,479	4,433	389	5
Fixed deposits with licensed banks	6,187	4,989	–	–
	13,666	9,422	389	5

14. CASH AND BANK BALANCES (continued)

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) Fixed deposits with licensed banks of the Group have maturity periods of 30 days to 365 days (2018: 30 days to 365 days) with interest rates ranging from 2.65% to 3.25% (2018: 2.75% to 3.34%) per annum respectively.

(c) Certain fixed deposits with licensed banks of the Group are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Notes 16, 18, 19, 20 and 26 to the financial statements.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash and bank balances	7,479	4,433	389	5
Deposits with licensed banks	6,187	4,989	-	-
As reported in statements of financial position	13,666	9,422	389	5
Bank overdrafts (Note 15)	(1,018)	(3,580)	–	-
Fixed deposits pledged to licensed banks	(4,443)	(4,309)	-	-
As reported in statements of cash flows	8,205	1,533	389	5

(e) At the end of the reporting period, the interest rate profile of the cash and bank balances was:

	Group	
	2019 RM'000	**2018 RM'000**
Fixed rate	6,187	4,989

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as changes in interest rates would not materially affect profit or loss.

(f) No expected credit losses were recognised arising from cash and bank balances and deposits with licensed banks because the probability of default by these financial institutions were negligible.

(g) All cash and bank balances are denominated in RM.

15. BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000
Non-current liabilities			
Term loans - secured		7,991	8,756
Hire purchase liabilities - secured		–	3,655
		7,991	12,411
Current liabilities			
Term loans - secured		1,482	1,554
Hire purchase liabilities - secured		–	5,388
Bank overdrafts - secured		1,018	3,580
Bankers' acceptances - secured		15,147	13,088
Revolving credits - secured		2,025	2,961
		19,672	26,571
Total borrowings			
Term loans - secured	16	9,473	10,310
Hire purchase liabilities - secured	17	–	9,043
Bank overdrafts - secured	14(d), 18	1,018	3,580
Bankers' acceptances - secured	19	15,147	13,088
Revolving credits - secured	20	2,025	2,961
		27,663	38,982

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group 2019 %	Group 2018 %
Term loans - secured	4.67	5.03
Hire purchase liabilities - secured	–	7.68
Bank overdrafts - secured	7.85	8.18
Bankers' acceptances - secured	4.87	4.99
Revolving credits - secured	5.42	5.59

15. BORROWINGS (continued)

(c) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2019 **RM'000**	**2018** **RM'000**
Fixed rate	–	9,043
Variable rate	27,663	29,939

Sensitivity analysis for fixed rate borrowings at the end of the reporting period was not presented as changes in interest rates would not materially affect profit or loss.

Sensitivity analysis of interest rate for variable rate instruments at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	2019 **RM'000**	**2018** **RM'000**
Effects of 100 basis points changes to profit/(loss) after tax		
Variable rate instruments	± 210	±228

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

15. BORROWINGS (continued)

(d) The table below summarises the maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group 2019	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Term loans	1,891	3,114	8,108	13,113
Bank overdrafts	1,018	–	–	1,018
Bankers' acceptances	15,147	–	–	15,147
Revolving credits	2,025	–	–	2,025
	20,081	3,114	8,108	31,303
2018				
Financial liabilities				
Term loans	2,024	4,082	8,019	14,125
Hire purchase liabilities	6,075	4,110	–	10,185
Bank overdrafts	3,580	–	–	3,580
Bankers' acceptances	13,088	–	–	13,088
Revolving credits	2,961	–	–	2,961
	27,728	8,192	8,019	43,939

15. BORROWINGS (continued)

(e) The following table sets out the carrying amounts as at the end of the reporting period and the remaining maturities of the Group's borrowings that are exposed to interest rate risk:

Group	Note	Within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	Four to five years RM'000	More than five years RM'000	Total RM'000
At 31 December 2019								
Fixed rate								
Term loans	16	(1,482)	(522)	(444)	(465)	(486)	(6,074)	(9,473)
Bank overdrafts	18	(1,018)	–	–	–	–	–	(1,018)
Bankers' acceptances	19	(15,147)	–	–	–	–	–	(15,147)
Revolving credits	20	(2,025)	–	–	–	–	–	(2,025)
At 31 December 2018								
Fixed rate								
Hire purchase liabilities	17	(5,388)	(2,588)	(908)	(106)	(53)	–	(9,043)
Floating rate								
Term loans	16	(1,554)	(1,447)	(487)	(407)	(426)	(5,989)	(10,310)
Bank overdrafts	18	(3,580)	–	–	–	–	–	(3,580)
Bankers' acceptances	19	(13,088)	–	–	–	–	–	(13,088)
Revolving credits	20	(2,961)	–	–	–	–	–	(2,961)

(f) All borrowings are denominated in RM.

16. TERM LOANS (SECURED)

(a) Term loans of the Group are secured by:

(i) a corporate guarantee from the Company;

(ii) a charge over the Group's freehold land and buildings as disclosed in Note 6(d) to the financial statements; and

(iii) a charge over the Group's fixed deposits as disclosed in Note 14(c) to the financial statements.

(b) The term loans of the Group bear interest ranging from 4.52% to 5.69% (2018: 4.77% to 5.89%) per annum respectively.

(c) The term loans are repayable by equal monthly instalments ranging from 60 to 240 months (2018: 60 to 240 months).

17. HIRE PURCHASE LIABILITIES (SECURED)

	Group	
	2019 RM'000	**2018 RM'000**
Minimum hire purchase payments:		
- not later than one (1) year	–	6,075
- later than one (1) year and not later than five (5) years	–	4,110
Total minimum hire purchase payments	–	10,185
Less: Future interest charges	–	(1,142)
Present value of hire purchase liabilities	–	9,043
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	–	5,388
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	–	3,655
	–	9,043

(a) Hire purchase facilities of the Group were secured by:

(i) a corporate guarantee from the Company; and

(ii) a charge over the Group's property, plant and equipment as disclosed in Note 6(e) to the financial statements.

(b) In the previous financial year, hire purchase liabilities of the Group bore interest ranging from 3.52% to 8.37% per annum.

(c) The carrying amounts of hire purchase liabilities of the Group as at the end of reporting period that do not approximate their fair values are:

	Group	
	Carrying amount RM'000	**Fair value RM'000**
At 31 December 2019		
Hire purchase creditors	–	–
At 31 December 2018		
Hire purchase creditors	9,043	9,038

The fair values of hire purchase creditors were estimated by discounting future contracted cash flows at the current market interest rates available for similar financial instruments.

Fair value of the hire purchase creditors of the Group were categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy in the previous financial year.

18. BANK OVERDRAFTS (SECURED)

(a) Bank overdrafts of the Group are secured by:

(i) a corporate guarantee from the Company; and

(ii) a charge over the Group's fixed deposits as disclosed in Note 14(c) to the financial statements.

(b) The bank overdrafts of the Group bear interest at 7.85% (2018: 8.10% to 8.35%) per annum.

(c) A significant covenant for the secured bank overdrafts was that the gearing ratio of a subsidiary shall not at any time exceed 1.5 times throughout the tenure of the credit facilities granted in relation to the bank overdrafts. The amount utilised amounted to Nil (2018: RM2,500,000) as the bank overdrafts have been fully repaid during the financial year.

19. BANKERS' ACCEPTANCES (SECURED)

(a) Bankers' acceptances of the Group are secured by:

(i) a corporate guarantee by the Company;

(ii) a charge over the Group's freehold land and buildings as disclosed in Note 6(d) to the financial statements; and

(iii) a charge over the Group's fixed deposits as disclosed in Note 14(c) to the financial statements.

(b) The bankers' acceptances of the Group bear interest ranging from 4.38% to 6.20% (2018: 4.57% to 6.52%) per annum.

20. REVOLVING CREDITS (SECURED)

(a) Revolving credits of the Group are secured by:

(i) a corporate guarantee by the Company; and

(ii) a charge over the Group's fixed deposits as disclosed in Note 14(c) to the financial statements.

(b) The revolving credits of the Group bear interest at 5.42% (2018: 5.18% to 5.69%) per annum.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Trade payables				
Third parties	14,003	14,585	–	–
Other payables				
Third parties	3,897	1,909	24	30
Amount owing to an associate	24	24	–	–
Amount owing to a Director	13	113	–	–
Amounts owing to subsidiaries	–	–	574	1,424
Deposits received	1,450	2,000	–	–
Accruals	14,286	7,490	25	26
	19,670	11,536	623	1,480
	33,673	26,121	623	1,480

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal credit terms granted to the Group by suppliers ranged from 30 to 90 days (2018: 30 to 90 days) from date of invoice.

(c) Amount owing to an associate represents balance arising from payments made on behalf, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

(d) Amount owing to a Director represents advances, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

(e) Amounts owing to subsidiaries represent advances, which are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

(f) Included in deposits received of the Group are tenant deposits received from franchisees and retail customers amounting to RM588,000 (2018: RM867,000), which are in respect of the rental of business premises in accordance with rental agreements.

(g) Included in deposits received of the Group are sinking funds amounting to RM724,000 (2018: RM883,000), which is in respect of funds received from the franchisees for the repair and maintenance of the franchise outlets.

21. TRADE AND OTHER PAYABLES (continued)

(h) Included in accruals of the Group are provision for restoration cost amounting to RM1,039,000 (2018: RM517,000), which is in respect of the obligation to dismantle and remove refurbishments on the outlets and restore them at the end of the lease term to an acceptable condition. The liabilities for restoration are recognised at present value of the compounded future expenditure estimated using current price and discounted using a discount rate of 3.4% (2018: 5.3%).

(i) A reconciliation of the provision for restoration cost is as follows:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	517	103
Provision made during the year	1,016	493
Unwinding of discount	23	24
Reversal of provision for restoration cost	(500)	(103)
Utilised during the year	(17)	–
At 31 December	1,039	517

(j) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
European Euro	1,358	866	–	–
United States Dollar	889	1,494	–	–
Hong Kong Dollar	148	172	–	–
Japanese Yen	–	44	–	–
Singapore Dollar	1,058	492	–	–
Chinese Renminbi	393	8	–	–
Ringgit Malaysia	29,827	23,045	623	1,480
	33,673	26,121	623	1,480

Sensitivity analysis for foreign currency risk at the end of each reporting period is not presented as changes in exchange rates would not materially affect the profit or loss of the Group and of the Company.

(k) The maturity profile of the Group's trade and other payables at the end of reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

22. DEFERRED INCOME

	Group	
	2019 RM'000	2018 RM'000
Unfulfilled performance obligations in respect of:		
- Franchise and licensing fees	1,817	2,358
- Rebate and cash vouchers	881	681
- Laser eye surgery treatment	–	16
	2,698	3,055
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	1,559	1,249
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	1,139	1,806
	2,698	3,055

(a) Deferred income are the obligations to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. Deferred income are recognised as revenue when performance obligations are satisfied.

(b) Movement of deferred income as at the end of each reporting period are as follows:

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 January	3,055	2,560
Invoiced during the financial year	2,091	2,358
Recognised as income during the financial year	(2,448)	(1,863)
Balance as at 31 December	2,698	3,055

(c) The followings are the amounts of revenue recognised from:

	Group	
	2019 RM'000	2018 RM'000
Amounts included in deferred income at the beginning of the financial year	1,732	650

22. DEFERRED INCOME (continued)

(d) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group				
	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2019	1,559	213	528	398	2,698
31 December 2018	1,249	551	897	358	3,055

23. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2019 RM'000	2018 RM'000
Balance as at 1 January	1,043	1,640
Effects of first time adoption of MFRS 16 (Note 39.1)	(302)	–
Balance as at 1 January, as restated	741	1,640
Recognised in profit or loss (Note 32)	(336)	(597)
Balance as at 31 December	405	1,043
Presented as:		
Deferred tax assets	(186)	(247)
Deferred tax liabilities	591	1,290
	405	1,043

23. DEFERRED TAX (continued)

(b) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Deferred tax liabilities of the Group	Property, plant and equipment RM'000	Provisions RM'000	Lease liabilities RM'000	Total RM'000
Balance as at 1 January 2019	1,690	(400)	–	1,290
Effects of first time adoption of MFRS 16	–	–	(302)	(302)
Balance as at 1 January, as restated	1,690	(400)	(302)	988
Recognised in profit or loss	226	(400)	(223)	(397)
Balance as at 31 December 2019	1,916	(800)	(525)	591
Balance as at 1 January 2018	2,057	(167)	–	1,890
Recognised in profit or loss	(367)	(233)	–	(600)
Balance as at 31 December 2018	1,690	(400)	–	1,290

Deferred tax assets of the Group	Deferred franchise fees RM'000
Balance as at 1 January 2019	(247)
Recognised in profit or loss	61
Balance as at 31 December 2019	(186)
Balance as at 1 January 2018	(250)
Recognised in profit or loss	3
Balance as at 31 December 2018	(247)

23. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Unused tax losses		
- Expired by 31 December 2025	4,256	4,770
- Expired by 31 December 2026	105	–
Unabsorbed capital allowances	6,253	5,008
Other temporary differences	807	1,790
	11,421	11,568

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

24. SHARE CAPITAL

	Group and Company			
	2019		**2018**	
	Number of shares	**RM'000**	**Number of shares**	**RM'000**
Issued and fully paid-up				
Balance as at 1 January	165,000,000	40,096	165,000,000	40,096
Issued during the financial year:				
- Bonus issue	54,999,734	–	–	–
Balance as at 31 December	219,999,734	40,096	165,000,000	40,096

(a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(b) On 4 September 2019, the Company increased its number of ordinary shares from 165,000,000 to 219,999,734 by way of bonus issue of 54,999,734 new ordinary shares ("Bonus Shares") on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held in the Company. The Bonus Shares were issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing shares of the Company.

25. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The Group had entered into non-cancellable lease agreements for business premises, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group had aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Branches		
Not later than one (1) year	–	27,398
Later than one (1) year and not later than five (5) years	–	19,409
	–	46,807
Franchisees		
Not later than one (1) year	–	5,688
Later than one (1) year and not later than five (5) years	–	3,199
	–	8,887

Certain lease rentals were subject to contingent rental which were determined based on a percentage of sales generated from outlets.

The Group as lessor

The Group had back-to-back arrangements with its franchisees on the rental commitments. The Group entered into rental agreements for the business premises with third parties and subsequently, sub-leased these business premises to the franchisees. The rental expenses would be recharged to the franchisees.

(b) Capital commitments

	Group	
	2019 RM'000	**2018 RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	–	2

26. CONTINGENT LIABILITIES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unsecured corporate guarantees given to licensed banks for facilities granted to subsidiaries:				
- Limit of guarantee	–	–	60,082	54,699
- Amount utilised	–	–	27,663	38,982
Secured financial guarantee given to landlord for rental of premises	2,702	1,562	–	–

The secured financial guarantee of the Group is secured by way of the pledge of the freehold land and buildings and fixed deposits of the Group as disclosed in Notes 6(d) and 14(c) to the financial statements.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

27. REVENUE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customers:				
Sale of goods	185,386	173,936	–	–
Services rendered	1,236	1,422	–	–
Franchise fee income	1,048	512	–	–
Licensing fee income	150	295	–	–
Royalty fee income	3,205	3,107	–	–
Other revenue:				
Dividend income from subsidiaries	–	–	6,550	1,650
	191,025	179,272	6,550	1,650
Timing of revenue recognition:				
- Transferred over time	1,198	807	–	–
- Transferred at a point in time	189,827	178,465	–	–
	191,025	179,272	–	–

27. REVENUE (continued)

(a) Sale of goods and services rendered

Revenue from sale of goods represents the invoiced value arising from the sale of optical related products, hearing aid solutions and related accessories and food and beverages. Revenue from services represents the invoiced value arising from laser eye surgery treatment.

Revenue from sale of goods and services rendered is recognised at a point in time when the goods have been transferred or the services have been rendered to the customers and coincide with the delivery of goods and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

(b) Franchise fee income

Franchise fee income is recognised over the period of the respective franchise agreements with the unrecognised portion being recorded as deferred income in the statements of financial position.

(c) Licensing fee income

Licensing fee income is recognised over the period of the respective licensing agreements with the unrecognised portion being recorded as deferred income in the statements of financial position.

(d) Royalty fee income

Royalty fee income is recognised point in time when the right to receive payment is established.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Disaggregation of revenue from contracts with customers has been presented in the operating segments as disclosed in Note 4 to the financial statements, which has been organised into business units based on their products and services from which the sales transactions originated.

28. COST OF SALES

	Group	
	2019 RM'000	**2018 RM'000**
Inventories sold	72,989	70,150
Services rendered	326	411
	73,315	70,561

29. FINANCE COSTS

	Group	
	2019 RM'000	2018 RM'000
Interest expense on:		
- hire purchase liabilities	–	838
- term loans	465	534
- bankers' acceptances	570	719
- bank overdrafts	131	232
- revolving credits	96	170
- lease liabilities	4,465	–
- others	1	261
	5,728	2,754

30. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the profit before tax is arrived at:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:				
Auditors' remuneration:				
- statutory audits				
- current year	161	153	37	32
- over provision in prior year	–	(27)	–	(10)
- other services				
- current year	7	7	7	7
- over provision in prior year	–	(1)	–	(1)
Bad debts written off	689	–	–	–
Deposit written off	–	3	–	–
Loss on disposal of property, plant and equipment	34	111	–	–
Property, plant and equipment written off	942	559	–	–
Realised loss on foreign currency transactions	168	167	–	–
Rental of premises	13,348	35,101	–	–
And crediting:				
Gain on disposal of property, plant and equipment	22	25	–	–
Dividends received from subsidiaries (unquoted)	–	–	6,550	1,650
Interest income received from:				
- fixed deposits	203	153	7	–
- finance lease receivables	492	-	–	–
- others	14	101	–	–
Net fair value gain on derivative	–	2	–	–
Realised gain on foreign currency transactions	116	156	–	–
Rental income	70	80	–	–

30. PROFIT BEFORE TAX (continued)

(a) Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

31. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Directors of the Company:				
Executive:				
Emoluments other than fees	3,470	2,945	–	–
Non-Executive:				
Fees	132	132	132	132
Total	3,602	3,077	132	132

Estimated monetary value of benefits-in-kind provided to the Executive Directors/Non-Executive Directors of the Group is RM258,000 (2018: RM253,000).

32. TAX EXPENSE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current tax expense based on profit for the financial year:				
Current year	4,900	4,029	2	–
Under provision in prior years	753	356	–	–
	5,653	4,385	2	–
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	(164)	(269)	–	–
Over provision in prior years	(172)	(328)	–	–
	(336)	(597)	–	–
	5,317	3,788	2	–

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year.

32. TAX EXPENSE (continued)

(b) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit before tax	15,205	10,887	5,979	1,196
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	3,649	2,613	1,435	287
Tax effects in respect of:				
Non-allowable expenses	1,441	1,200	139	109
Non-taxable income	(319)	(106)	(1,572)	(396)
Effect of different tax rate on incremental chargeable income	–	(309)	–	–
Deferred tax assets not recognised	–	362	–	–
Utilisation of previously unrecognised deferred tax assets	(35)	–	–	–
	4,736	3,760	2	–
Under/(Over) provision in prior years:				
- income tax	753	356	–	–
- deferred tax	(172)	(328)	–	–
	5,317	3,788	2	–

33. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	**2018**
Profit attributable to equity holders of the parent (RM'000)	9,888	7,099
Weighted average number of ordinary shares in issue ('000)	183,333	183,333
Basic earnings per ordinary share (sen)	5.39	3.87

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share for the current and previous financial year equal to the basic earnings per ordinary share as there were no potential dilutive ordinary shares as at the end of the reporting period.

34. DIVIDENDS

	Group and Company			
	2019		2018	
	Dividend per share sen	**Amount of dividend RM'000**	**Dividend per share sen**	**Amount of dividend RM'000**
First interim dividend paid	1.50	2,475	1.00	1,650
Second interim dividend paid	1.00	1,650	–	–
	2.50	4,125	1.00	1,650

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

On 22 January 2020, the Board of Directors declared a single tier interim dividend of 1.0 sen per ordinary share for the financial year ending 31 December 2020. The total dividend paid on 25 February 2020 was RM2,199,997. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

35. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	30,243	28,226	132	132
Defined contribution plan	4,453	4,237	–	–
Social security contributions	485	465	–	–
Other benefits	5,906	5,356	–	–
	41,087	38,284	132	132

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;

(ii) Indirect joint venture and associates as disclosed in Notes 9 and 10 to the financial statements;

(iii) Companies in which certain Directors of the Company have substantial financial interest; and

(iv) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

36. RELATED PARTY DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Subsidiary:				
Dividend received	–	–	6,550	1,650
Joint venture*:				
Sale of goods	222	302	–	–
Royalty fees received/ receivables	37	59	–	–
Associate:				
Sale of goods	963	1,255	–	–
Licensing fee received/ receivable	150	157	–	–
Dividend received	315	315	–	–
Waiver of debts	–	(4)	–	–
Company in which certain Directors of the Company have substantial financial interests:				
Rental paid/payable	(240)	(240)	–	–

* *The joint venture was disposed during the financial year as disclosed in Note 9 to the financial statements.*

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties. The licensing fee received/receivable from an associate was charged at 2% (2018: 2%) of monthly gross sales while other licensees of the Group were charged at 5% (2018: 5%) of monthly gross sales.

Information regarding outstanding balances arising from related party transactions as at 31 December 2019 is disclosed in Notes 12 and 21 to the financial statements.

36. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors during the financial year are disclosed in Note 31 to the financial statements.

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 13 February 2019, Excellent Reward Japanese Restaurants Sdn. Bhd. ("ERSB"), a dormant wholly owned subsidiary, obtained confirmation that its application for a voluntary strike off had been completed. ERSB has ceased to be a wholly owned subsidiary of the Group.

(b) On 6 March 2019, Focus Point Vison Care Group (OC) Sdn. Bhd. ("OCSB"), a dormant indirect wholly owned subsidiary, obtained confirmation that its application for a voluntary strike off had been completed. OCSB has ceased to be an indirect wholly owned subsidiary of the Group.

(c) On 6 September 2019, Eye-Zed Sdn. Bhd. ("EZSB"), a dormant indirect wholly owned subsidiary, obtained confirmation that its application for a voluntary strike off had been completed. EZSB has ceased to be an indirect wholly owned subsidiary of the Group.

(d) On 22 November 2019, Truesight Eyewear Optical Sdn. Bhd. ("TEOSB") and Care Point Optical Sdn. Bhd. ("CPOSB"), both dormant indirect wholly owned subsidiaries, obtained confirmation that their application for a voluntary strike off had been completed. TEOSB and CPOSB have ceased to be indirect wholly owned subsidiaries of the Group.

(e) On 27 December 2019, Multiple Reward Sdn. Bhd., a wholly-owned subsidiary of the Company disposed its entire investment in Majestic Ring Sdn. Bhd. ("MJRSB") comprising 300,000 ordinary shares, representing 50% equity shares in MJRSB, for a total consideration of RM220,000. Upon completion of the disposal on the same date, MJRSB ceased to be a joint venture of the Group.

(f) On 18 January 2019, Green Ace Formation Sdn. Bhd. ("GAFSB"), a 49% owned associate, obtained confirmation that its application for a voluntary strike off had been completed. GAFSB has ceased to be an associate of the Group.

(g) On 13 February 2019, Zania Sdn. Bhd. ("ZASB"), a 20% owned associate, obtained confirmation that its application for a voluntary strike off had been completed. ZASB has ceased to be an associate of the Group.

38. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 3 January 2020, Opulence Optometry Sdn. Bhd. ("OOSB"), a dormant indirect wholly owned subsidiary, obtained confirmation that its application for a voluntary strike off had been completed. OOSB has ceased to be an indirect wholly owned subsidiary of the Group.

(b) The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from COVID-19. The MCO was extended for 2 weeks consecutively on 25 March 2020 and 10 April 2020 until 14 April 2020 and 28 April 2020 respectively, followed by another announcement on 23 April 2020 on the further extension of the MCO for another 2 weeks until 12 May 2020. Subsequently, a Conditional MCO was extended until 9 June 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets.

The Group is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates any potential financial reporting impact of COVID-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

39. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

39.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following sections.

39. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The range of incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2019 were between 3.52% to 8.37%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics; and
(b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
(c) Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 and do not contain a purchase option as short-term leases;
(d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

39. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

39.1 New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases* (continued)

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Group	Note	As at 31 December 2018 RM'000	Impact RM'000	As at 1 January 2019 RM'000
Property, plant and equipment		46,770	(15,653)	31,117
Right-of-use assets	(a)	–	54,250	54,250
Finance lease receivables		–	8,230	8,230
Deferred tax liabilities		1,290	(302)	988
Borrowings		38,982	(9,043)	29,939
Lease liabilities	(b)	–	57,146	57,146
Retained earnings		17,184	(974)	16,210

(a) The associated right-of-use assets were measured at their carrying amounts as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

(b) Lease liabilities are measured as follows:

	Group RM'000
Operating lease commitments at 31 December 2018 as disclosed under MFRS 117	55,694
Weighted average incremental borrowing rate as at 1 January 2019	6.0%
Discounted operating lease commitments as at 1 January 2019	50,831
Finance lease liabilities recognised as at 31 December 2018	9,043
Recognition exemption for leases with less than 12 months of lease term at transition	(13,756)
Extension options reasonably certain to be exercised	11,028
Lease liabilities recognised at 1 January 2019	57,146

39. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

39.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

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

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

39.3 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group and the Company do not expect an increase in lease liabilities and corresponding right-of-use assets arising from the reassessment of the lease term of existing leasing arrangements due to this final agenda decision.

The Group and the Company are in the process of implementing the requirements of this final agenda decision and the impact upon adoption is expected to be recognised during the financial year ending 31 December 2020.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Address	Description/ Existing use/ Tenure	Approx. age of building (years)	Build-up area (square feet)	Net carrying amount (RM'000)	Date of acquisition	Year of revaluation
Unit 1, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	20	7,216	1,766	23.8.2001	2011
Unit 3, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	20	7,216	1,709	1.8.2000	2016
Unit 5-1, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	Ground floor of a 5-storey shop office/ Head office/ Freehold	20	1,282	494	8.8.2007	2016
Unit 5-4, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	3rd floor of a 5-storey shop office/ Head office/ Freehold	20	1,480	314	11.12.2009	2011
Unit 5-5, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	4th floor of a 5-storey shop office/ Head office/ Freehold	20	1,487	405	15.9.2010	2010
Unit 7, Block I, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya	5-storey shop office/ Head office/ Freehold	20	7,170	3,434	12.5.2016	2016
The Forum @ Seventh Avenue E-06, Sunsuria Forum No. 1, Jln Setia Dagang AL U13/AL Seksyen U13, Setia Alam 40170 Shah Alam	2-storey shop/ Vacant/ Freehold	1.52	2,460	3,092	12.5.2015	–

Address	Description/ Existing use/ Tenure	Approx. age of building (years)	Build-up area (square feet)	Net carrying amount (RM'000)	Date of acquisition	Year of revaluation
Bell Avenue (Plot 1B) R31, Bell Avenue, Jalan Sunsuria Bandar Sunsuria 43900 Sepang	2-storey shop/ Vacant/ Freehold	1.28	2,110	1,893	25.3.2016	–
Windmill Upon Hills No. WB29-01, Block B, Jalan Permai, Genting Permai Avenue 69000 Genting Highlands, Pahang	Condominium/ Staff quarter/ Freehold	0	1,268	1,067	10.6.2019	–

ANALYSIS OF SHAREHOLDINGS
AS AT 4 MAY 2020

Total number of issued shares	:	219,999,734 ordinary shares
Class of share	:	Ordinary shares
Voting right	:	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS AS AT 4 MAY 2020

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	137	9.993	6,255	0.003
100 - 1,000	191	13.931	78,804	0.036
1,001 - 10,000	537	39.168	2,777,267	1.262
10,001 - 100,000	420	30.635	13,181,307	5.992
100,001 - 10,999,985 (*)	83	6.054	42,537,502	19.335
10,999,986 and above (**)	3	0.219	161,418,599	73.372
TOTAL :	**1,371**	**100.000**	**219,999,734**	**100.000**

Remark * - Less than 5% of issued shares
** - 5% and above of issued shares

LIST OF TOP 30 HOLDERS AS AT 4 MAY 2020

NO.	NAME	HOLDINGS	%
1	LIAW CHOON LIANG	99,124,001	45.056
2	PERBADANAN NASIONAL BERHAD	33,000,000	15.000
3	GOH POI EONG	29,294,598	13.316
4	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	4,200,000	1.909
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	3,390,000	1.541
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG FOUNDATION (ED100)	2,500,000	1.136
7	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG ASIA-PACIFIC DIVIDEND FUND	2,440,000	1.109
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PACIFIC DANA AMAN (3717 TRO1)	1,388,600	0.631
9	HO LEE LING	1,333,333	0.606
10	KELVIN LIAW KAI XUAN	1,333,333	0.606
11	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	1,262,700	0.574
12	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	1,250,000	0.568
13	HAN LONG CHEN	1,078,533	0.490
14	HOH HON BING	1,066,666	0.485

LIST OF TOP 30 HOLDERS AS AT 4 MAY 2020 (continued)

NO.	NAME	HOLDINGS	%
15	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAA'ROF	1,000,000	0.455
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF) (419471)	949,600	0.432
17	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC RECOVERY FUND	928,500	0.422
18	TAN SENG CHONG @ TAN AH TEE	700,000	0.318
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEOW MING FONG @ LEOW MIN FONG (PBCL-0G0161)	666,666	0.303
20	GOH HOCK CHUAN	664,000	0.302
21	TAN YAN PIN	630,066	0.286
22	LEOW THYE YIH	600,000	0.273
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON HOCK	600,000	0.273
24	TAN GUAT TUAN	600,000	0.273
25	GOH POI LENG	583,333	0.265
26	LAM FUNG ENG	556,000	0.253
27	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	500,000	0.227
28	SOON YOKE KENG	494,733	0.225
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR MALAYSIA FRANCE INSTITUTE SDN BHD (PMF) (CS - PACIFIC) (419462)	485,200	0.221
30	AFFIN HWANG INVESTMENT BANK BERHAD CLR (687) FOR UOB ASSET MANAGEMENT (MALAYSIA) BERHAD	450,000	0.205
	Total	**193,069,862**	**87.76**

Directors' Shareholding as at 4 May 2020 based on the Register of Directors' Shareholdings

Name of Directors	No. of Shares held (Direct)	%	No. of Shares held (Indirect)	%
Dato' Liaw Choon Liang	99,124,001	45.056	30,627,931 *	13.922
Datin Goh Poi Eong	29,294,598	13.316	100,457,334 **	45.662
Kelvin Liaw Kai Xuan	1,333,333	0.606	–	–
Leow Ming Fong @ Leow Min Fong	666,666	0.303	–	–
Datin Sim Swee Yoke	–	–	–	–
Datuk Md Zubir Ansori bin Yahaya	–	–	–	–

* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong and his son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang and her son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

Substantial Shareholders as at 4 May 2020 based on the Register of Substantial Shareholders

Name of Shareholders	No. of Shares held (Direct)	%	No. of Shares held (Indirect)	%
Dato' Liaw Choon Liang	99,124,001	45.056	30,627,931 *	13.922
Perbadanan Nasional Berhad	33,000,000	15.000	–	–
Datin Goh Poi Eong	29,294,598	13.316	100,457,334 **	45.662

* Deemed interest by virtue of the interest of his spouse, Datin Goh Poi Eong and his son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

** Deemed interest by virtue of the interest of her spouse, Dato' Liaw Choon Liang and her son, Kelvin Liaw Kai Xuan pursuant to Section 8 of Companies Act 2016.

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www.focus-point.com

Focus Point Holdings Berhad 200901041088 (884238-U)
Unit 1, 3, 5, & 7, Jalan PJU 1/37, Dataran Prima
47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: 03-7880 5520 Fax: 03-7880 5530