

FOCUS POINT HOLDINGS BERHAD (884238-U)

(Incorporated in Malaysia)

**QUESTIONS RAISED BY THE SHAREHOLDERS/PROXIES AT THE TENTH ANNUAL
GENERAL MEETING HELD ON 23 MAY 2019**

Q1 Malaysian Financial Reporting Standards (“MFRS”) 16, Leases was mandatorily effective on 1 January 2019. What was the impact on the Company’s future financial result and how does the Company adjust the financial result of the Company to meet the said MFRS 16?

A1 The Company was in the midst of assessing the impact of adopting MFRS 16 on the statement of financial position. There was some impact on the reclassification of the balance sheet items for lease computation. The said impact would be presented in the second quarter financial results.

Q2 What was the impact on the Company’s inventories and the supply of the optical products to the Company as Essilor had merged with Luxottica in the market?

A2 Essilor and Luxottica were the suppliers of the Company. However, both the companies were not the major suppliers of the Company. The Company is currently working with HOYA, the largest lens supplier in the market. Besides Luxottica, the Company is also working with the second largest Italian eyewear company. i.e. Safilo and other eyewear company for supplying of sunglasses and frame to the Company. Essilor and Luxottica are still operating separately in Malaysia after the merger. As such, Management foresee that the merger of the both entities would not have much impact on Focus Point Group.

Q3 Based on the eyewear demographic statistic, what was the eyewear trend for younger generations?

A3 Based on demographic statistic, approximately 40% of Malaysian’s population were myopic. The effect of Myopia has been increasing in the child population due to the rapid technological advancement. As an annual program, the Group undertook a good initiative by providing free eye screening and checking services

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to the students at school. Besides that, the Company also found that the trend of using eyewear is growing especially in the Chinese community. Eyewear business is growing, especially contact lenses which have recorded of double-digit growth because the younger generation uses the contact lenses and eyewear not only for vision purpose but also for cosmetic and fashion accessories. As such, Management was confident that the grow in the eyewear market is promising.

Q4 Why does the Company diversified into Food and Beverages (“F&B”) Business instead of focusing on optical business? Moving forward, what is the strategy for the F&B business?

A4 The Company ventured into F&B business as the F&B business is a very potential retail business and also because of the connection and cordial relationship with those shopping malls. With this, the Company is able to secure a good location for F&B outlets. As such, Komugi was only opened in the strategic location such as, Mid Valley, Pavilion, One Utama shopping mall, etc as the strategic location is crucial to the F&B business.

The Company started F&B business in 2013. The Company is working hard to improve its F&B business and the losses of the F&B business had gradually reduced from the last three years. For overseas market, the Company will focus on its master franchise. To-date, the Company had 12 Komugi licensed outlets in the Philippines and one licensed outlet in Australia. There is one licensed outlet newly opened in Brunei. For the local market, the Company has changed its business model not only for F&B retail business but also supply Komugi’s products to café, convenient stores, etc. With this, Management hoped that the F&B business would improve further.

Q5 What is the percentage of the discount on the rental expenses and how long is the lease term?

A5 The rental expenses had reduced in 2018 compared with 2017 as the Company managed to negotiate with those shopping malls for the reduction of the rental. As such, the Company had some saving in the rental expenses in 2018. However, if the market is good, it is difficult for the Company to negotiate for the reduction of rental. The standard lease term in the shopping mall is three plus two years. If the

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Company performed well, the Company will be able to renew the tenancy with the respective shopping mall. All the rental is a fixed term lease and the Company has been paying the rental monthly.

Q6 Mr Ng commended the Company has performed well since its listing and achieved good results during the financial year 2018. As such, the Board should look into the possibility of distributing a higher dividend to the shareholders?

A6 The Company had recently announced that the Company has adopted a dividend payout policy of not less than 30% of its consolidated profit after tax subject to the terms and conditions with effect from the financial year ending 31 December 2019. In addition, the Company had also declared a dividend of 1.5 sen per share which will be paid on 31 May 2019.

Nevertheless, the Board of Directors will constantly look into the possibility of distributing higher dividends to the shareholders.

Q7 It was noted that the vision and mission of the Company remained unchanged which is mainly focused on eyewear. Since the Company had ventured into F&B business, the Company should consider changing its corporate style by revising the vision and mission of the Company.

A7 The vision and mission of the Company was incorporated under Focus Point Vision Care Group Sdn Bhd. Nevertheless, the Board took note of the shareholder's comments.

Q8 The Company achieved the highest profit for the financial year ended 2018. The revenue of the Company for the financial year ended 2018 increased by 9%, while the profit increased more than 10 times compared with the financial year ended 2017. Is the Company able to stabilise the profit during the financial year 2019?

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A8 The Company encountered some challenges in 2016 and 2017 due to the implementation of the Good and Services Tax (“GST”). The profit for the financial years 2015, 2016 and 2017 was affected by the F&B business. The F&B business has improved whereby the losses have been reduced in 2018. The sales of optical business had improved after the abolition of GST on June 2018. The optical segment is still growing. The Company had performed well in the first quarter 2019 compared with the preceding year’s first quarter 2018.

Q9 What was the Company’s expansion plan for eyewear business? What was the capex expenditure to be allocated for the expansion of optical business?

A9 The Company had budgeted for some capital expenditure for the opening of new optical outlets. Every year, the Company open new optical outlets at various location and shopping mall as well as relocate the non-performing outlets. The non-performing outlets would be re-located to new shopping malls by reusing the old furniture. The opening of new outlets would also depending on the location of the new shopping malls.

Q10 Since the Company’s F&B business achieved a breakeven, what is the future plan for the F&B Business? Would the Company will consider expanding its licensed outlets to other regional country, i.e. Singapore, Thailand, etc.

A10 F&B business was set up six years ago. The Company had faced a lot of challenges in the first few years. The Company had changed its business model whereby the F&B business is not only for retail and franchise business, but also supplying Komugi’s products to café, convenient stores, etc. As at to-date, the F&B business had expanded its franchise business to three countries, i.e. Philippines, Australia and Brunei. The Company is still identifying good business opportunity at overseas market. There is not budgeted capital expenditure allocated for the expansion of F&B business at overseas market as all are licensed outlets. The Company had no intention to open direct owned F&B outlet in overseas but purely appointed master franchisee to operate the licensed outlets.

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Q11 It is noted that the market liquidity of the Company is low. Does the Company have any plan to improve the market liquidity of the Company by offering free warrants or bonus issue to attract more shareholders?

A11 The market liquidity of the Company's equity had improved slightly recently. The Board of Directors noted the shareholder's comments and would look into this matter accordingly.

Q12 What is the percentage of rental expenses in the total operating cost? Is the Company enjoys a lower rental since there is an oversupply of retail mall in Klang Valley?

A12 Most of the Company's outlets were located in a shopping mall. The rental expenses were approximately 18% to 20% of the total operating cost. Since three years ago, the Company managed to obtain discounts and enjoyed some special rebate on the rental offered by the landlord.

Q13 What is the percentage of the online sales over the total revenue of the Company?

A13 The Company had set up its e-commerce platform for optical business at www.focus-point.com. The online sales were relatively low, i.e. approximately 1% of the total turnover but it was growing. The optical business is very different from the fashion business as the customers still need the eye-care professional services from opticians. Thus, most of the customers only buy sunglasses from online platform. Under the Optical Act 1991 of Malaysia, the Government would consider to ban the selling of contact lens from online platform. In addition, the Company is also working with other online shopping platform, i.e. Lazada, 11street, etc. The Board would look into this matter accordingly.

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Q14 It was noted that fourth quarter was the strongest quarter for the Company which recorded the highest profit. Was it due to the recognition of the rebate income received from the supplier in the fourth quarter?

A14 Normally, the revenue of the fourth quarter was the highest mainly due to high festive sales for December. In addition, the suppliers would also give some rebate during the year end.

Q15 How much revenue was generated from overseas market for F&B business?

A15 The total revenue generated from the overseas F&B business was RM0.5 million. The Company only charged one-time franchise fees and thereafter, collect royalty fees based on monthly gross sales from the overseas franchisees. The Philippines franchisee had sub-franchised the Komugi products to the third parties where the Company also enjoyed some sub-franchise fees. All the franchise and royalty fees were recognised as revenue of the Company.

Q16 Were the local or overseas franchisees perform better? How does the Company improve its F&B business? What is the arrangement between the Company and Majestic Ring Sdn Bhd?

A16 The Philippines franchisee is performing well and its business is expanding. This was mainly due to the Komugi's products are well received by their country and also large Filipino populations. In addition, the Company had appointed a right franchisee who is very aggressive and focus on the expanding of F&B business. The revenue of F&B business had declined mainly due to the closure of the non-performing outlets and slowed down on the expansion of its F&B business in the local market. Despite the lower revenue, the bottom line of F&B business had improved. This was mainly due to the Company had changed its business model by supplying Komugi's products to other chain stores. However, the Company would still maintain its existing F&B retail business.

Multiple Reward Sdn Bhd had worked with two business partners through a joint

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venture company namely Majestic Ring Sdn Bhd to undertake a joint venture for operating and managing one Komugi bakery. Majestic Ring Sdn Bhd is currently operating a Komugi licensed bakery outlet in Johor Bahru. In addition, there is one Komugi licensed outlet in Kuching. All the Komugi outlets in Klang Valley are direct owned outlets.

Q17 It was noted that the Company is a non Syariah-compliant company. When the Company will be classified as Syariah-compliant company?

A17 Previously, the Company was under Syariah-compliant status. Since the Company has ventured into F&B business, the Company was removed from the Syariah-compliant status. The Company's central kitchen and all the outlets under F&B business have obtained the Halal certificate from Jabatan Kemajuan Islam Malaysia ("JAKIM") in 2018. All the Company products of F&B Business are halal certified by JAKIM. In view of that, the Company had submitted the Annual Report 2018 to Securities Commission ("SC") for consideration to be re-admitted to Syariah-compliant status. SC will review the list of companies under Syariah-compliant status in every six months.