

FOCUS POINT HOLDINGS BERHAD (“FOCUS POINT” OR THE “COMPANY”)

PROPOSED BONUS ISSUE

1. INTRODUCTION

On behalf of the Board of Directors of Focus Point (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company proposes to undertake a proposed bonus issue of up to 55,000,000 new ordinary shares in Focus Point (“**Focus Point Share(s)**” or “**Share(s)**”) (“**Bonus Share(s)**”) on the basis of 1 Bonus Share for every 3 existing Focus Point Shares held on an entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Proposed Bonus Issue**”).

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of up to 55,000,000 Bonus Shares on the basis of 1 Bonus Share for every 3 existing Focus Point Shares held by the shareholders of Focus Point whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholder(s)**”).

The basis of the Proposed Bonus Issue of 1 Bonus Share for every 3 existing Focus Point Shares was arrived at after taking into consideration the potential adjustments to the share price of Focus Point Shares arising from the Proposed Bonus Issue.

As at 1 July 2019, being the latest practicable date prior to announcement (“**LPD**”), the issued share capital of Focus Point is RM40,096,000* comprising 165,000,000 Focus Point Shares and there is no treasury shares held by the Company.

Note:

* *With the introduction of the new Companies Act 2016 (“**Act**”) effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, the balance of RM7,096,000 in the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.*

The actual number of the Bonus Shares to be issued will depend on the number of Focus Point Shares in issue on the Entitlement Date.

Fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

For illustration purposes, based on the 5-day volume weighted average market price (“**VWAMP**”) of Focus Point Shares up to and including the LPD of RM0.46, the theoretical ex-bonus share price of Focus Point Shares is RM0.35 per Share. Further, the Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.20 based on the daily VWAMP during the past 3-month period up to the LPD in accordance with Rule 6.31(1A) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company’s reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Focus Point Shares but will not increase the value of issued share capital of Focus Point.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Focus Point Shares at the date of allotment of the Bonus Shares, save and except that the Bonus Shares will not be entitled to participate in any rights, allotments, dividends, and/or any other distributions that may be declared, made or paid where the entitlement date of which is before the allotment date of the Bonus Shares.

2.4 Listing and quotation of the Bonus Shares

An application will be made to Bursa Securities for the listing and quotation of the Bonus Shares on the ACE Market of Bursa Securities.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue would enable the Company to achieve the following:

- (i) To provide the shareholders of Focus Point with greater participation in the equity of the Company in terms of number of Focus Point Shares held and maintaining their percentage equity interests;
- (ii) To enhance the marketability and trading liquidity of Focus Point Shares on Bursa Securities by way of increasing the number of Focus Point Shares; and
- (iii) To attract participation by investors given the potential broadening of the shareholder base of the Company.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

The effects of the Proposed Bonus Issue on the issued share capital, substantial shareholders' shareholdings of the Company, and the net assets ("NA") per Share, gearing, and earnings per Share ("EPS") of Focus Point and its subsidiaries ("Group") are as follows:

4.1 Issued share capital

For illustration purposes, the proforma effects of the Proposed Bonus Issue on the issued share capital of Focus Point are as follows:

	<u>No. of Shares ('000)</u>	<u>RM '000</u>
Issued share capital as at the LPD	165,000	40,096*
To be issued pursuant to the Proposed Bonus Issue	55,000	-
Enlarged issued share capital	<u>220,000</u>	<u>40,096</u>

Note:

* With the introduction of the Act effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, the balance of RM7,096,000 in the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.

4.2 NA per Share and gearing

For illustration purposes, based on the latest audited consolidated financial position of Focus Point as at 31 December 2018, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are as follows:

	<u>Audited as at 31 December 2018</u>	<u>After the Proposed Bonus Issue</u>
	<u>RM'000</u>	<u>RM'000</u>
Share capital	40,096 ⁽¹⁾	40,096 ⁽¹⁾
Retained earnings	17,184	17,084 ⁽²⁾
Shareholders' funds/ NA	<u>57,280</u>	<u>57,180</u>
No. of Shares ('000)	165,000	220,000
NA per Share (RM)	0.35	0.26
Total borrowings (RM'000)	38,982	38,982
Gearing ratio (times)	0.68	0.68

Notes:

(1) With the introduction of the Act effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. Consequently, the balance of RM7,096,000 in the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.

(2) After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM100,000.

4.3 EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the financial year ending 31 December 2019, save for the dilution in the EPS of the Group as a result of the increase in the number of Focus Point Shares in issue pursuant to the Proposed Bonus Issue.

4.4 Substantial shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial shareholders of Focus Point as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders of the Company. However, the number of Focus Point Shares held by the substantial shareholders will increase proportionately pursuant to the Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, the Company does not have any existing convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is conditional upon the following approvals being obtained:

- (i) Bursa Securities, for the listing and quotation of the Bonus Shares on the ACE Market of Bursa Securities;
- (ii) the shareholders of Focus Point for the Proposed Bonus Issue at an extraordinary general meeting of the Company to be convened; and
- (iii) any other relevant authority and/or parties, if required.

The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

None of the Directors, major shareholders and/or persons connected to them has any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders pursuant to the Proposed Bonus Issue, which are also available to all other Entitled Shareholders.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

8. ADVISER

RHB Investment Bank has been appointed as the Principal Adviser to the Company for the Proposed Bonus Issue.

9. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Bonus Issue is expected to be made within one month from the date of this announcement.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Board expects the Proposed Bonus Issue is expected to be completed by the fourth quarter of calendar year 2019.

This announcement is dated 9 July 2019.