

FOCUS POINT HOLDINGS BERHAD ("FOCUS POINT" OR THE "COMPANY")

PROPOSED BONUS ISSUE

1. INTRODUCTION

On behalf of the Board of Directors of the Company ("**Board**"), Mercury Securities Sdn Bhd ("**Mercury Securities**" or the "**Principal Adviser**") wishes to announce that the Company proposes to undertake a proposed bonus issue of up to 109,999,867 new ordinary shares in Focus Point ("**Focus Point Shares**" or the "**Shares**") ("**Bonus Shares**") on the basis of 1 Bonus Share for every 2 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 109,999,867 Bonus Shares on the basis of 1 Bonus Share for every 2 existing Focus Point Shares held by the registered holders of Focus Point Shares ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date which will be determined and announced at a later date after the receipt of all relevant approvals for the Proposed Bonus Issue ("**Entitled Shareholders**"). For the avoidance of doubt, the Proposed Bonus Issue shall be implemented after the entitlement date for the second interim dividend of 1.0 sen per Share in respect of the financial year ending 31 December 2020 ("**2nd Interim Dividend**") and hence, the Bonus Shares will not be entitled to the 2nd Interim Dividend.

The basis of 1 Bonus Share for every 2 existing Focus Point Shares was determined after taking into consideration, amongst others, the following:-

- (i) the potential adjustments to the share price of Focus Point Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged total number of Focus Point Shares after the Proposed Bonus Issue.

The actual number of Bonus Shares to be issued will depend on the total number of Focus Point Shares in issue on the Entitlement Date. As at 11 November 2020, being the latest practicable date prior to this announcement ("**LPD**"), the issued share capital of the Company is RM40,096,000 comprising 219,999,734 Focus Point Shares and none of the Shares is held as treasury shares.

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

The reference price of Focus Point Shares will be adjusted for the Proposed Bonus Issue. For illustrative purposes, based on the lowest daily volume weighted average price (“**VWAP**”) of Focus Point Shares during the past 3-month period up to and including 27 November 2020 (*being the date immediately before submission of the application to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 30 November 2020*), the theoretical ex-bonus share price of Focus Point Shares is as follows:-

	Before the Proposed Bonus Issue	After the Proposed Bonus Issue
	Market price	Illustrative theoretical ex-bonus share price
Lowest daily VWAP during the past 3-month period up to 27 November 2020 (RM)	0.4897	0.3265
No. of Shares	219,999,734	up to 329,999,601

The Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.20 based on the daily VWAP during the past 3-month period up to 27 November 2020 (*being the date immediately before submission of the application to Bursa Securities on 30 November 2020*) in accordance with Rule 6.31(1A) of the ACE Market Listing Requirements of Bursa Securities.

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

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue shall 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 the issued share capital of Focus Point.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Focus Point Shares.

As the Focus Point Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act, 1991, the Bonus Shares will be credited directly into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificates will be issued.

2.4 Listing and quotation of the Bonus Shares

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

Subject to all relevant approvals being obtained, the Bonus Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day following the Entitlement Date. The notice of allotment of the Bonus Shares will be issued and despatched to the Entitled Shareholders within 4 market days after the date of listing and quotation of the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

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

- (i) to provide the Shareholders with greater participation in the equity of the Company in terms of number of Focus Point Shares held and maintaining their percentage of equity interest in the Company;
- (ii) to improve the trading liquidity and marketability of the Focus Point Shares on Bursa Securities in view of the increase in number of Focus Point Shares in circulation in the open market; and
- (iii) to attract greater participation from a broader range of investors, with the improved trading liquidity and marketability of the Shares.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

The pro forma effect of the Proposed Bonus Issue on the issued share capital of the Company is as follows:-

	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	219,999,734	40,096,000
To be issued pursuant to the Proposed Bonus Issue	up to 109,999,867	-
Enlarged issued share capital after the Proposed Bonus Issue	up to 329,999,601	40,096,000

4.2 Net assets ("NA") and gearing

The pro forma effects of the Proposed Bonus Issue on the audited NA and gearing of the Focus Point and its subsidiaries as at 31 December 2019 is as follows:-

	Audited as at 31 December 2019 (RM'000)	(I) After subsequent events ⁽¹⁾ (RM'000)	(II) After (I) and the Proposed Bonus Issue (RM'000)
Share capital	40,096	40,096	40,096
Retained earnings	21,973	19,773	19,673 ⁽²⁾
Shareholders' equity / NA	62,069	59,869	59,769
No. of Shares in issue ('000)	220,000	220,000	up to 330,000
NA per Share (RM)	0.28	0.27	0.18
Total borrowings (including lease liabilities) (RM'000)	111,273	111,273	111,273
Gearing (times)	1.79	1.86	1.86

Notes:-

- (1) After adjusting for the declaration of the single-tier interim dividend of 1.0 sen per Share for the financial year ending 31 December 2020 amounting to approximately RM2.20 million which was subsequently paid on 25 February 2020.
- (2) After deducting estimated expenses to be incurred in relation to the Proposed Bonus Issue of approximately RM0.10 million.

4.3 Earnings and earnings per Share (“EPS”)

The Proposed Bonus Issue is not expected to have any material effect on the earnings of Focus Point and its subsidiaries for the financial year ending 31 December 2020. However, the EPS of Focus Point will be proportionately diluted as a result of the increase in the number of Focus Point Shares arising from the Proposed Bonus Issue.

For illustration purposes, assuming that the Proposed Bonus Issue had been completed at the beginning of the financial year ended 31 December 2019, the pro forma effects of the Proposed Bonus Issue on the consolidated earnings and EPS of the Company are as follows:-

	Audited financial year ended 31 December 2019	After the Proposed Bonus Issue
Profit attributable to owners of the Company (RM'000)	9,888	9,788 ⁽¹⁾
Weighted average number of Shares in issue ('000)	183,333	293,333
EPS (sen)	5.39	3.34

Note:-

(1) After deducting estimated expenses to be incurred in relation to the Proposed Bonus Issue of approximately RM0.10 million.

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4.4 Substantial Shareholders' shareholdings

The Proposed Bonus Issue will not have any effect on the percentage shareholdings of the substantial Shareholders as the Bonus Shares will be allotted and issued on a pro-rata basis to all the Shareholders. However, the number of Shares held by the substantial Shareholders will increase proportionately as a result of the Proposed Bonus Issue.

The substantial Shareholders based on the Register of Substantial Shareholders as at the LPD and the pro forma effect of the Proposed Bonus Issue on their respective shareholdings are as follows:-

Substantial Shareholders	As at the LPD				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No of Shares	% ⁽¹⁾	No of Shares	% ⁽¹⁾	No of Shares	% ⁽²⁾	No of Shares	% ⁽²⁾
Dato' Liaw Choon Liang	91,299,001	41.50	30,952,931	14.07 ⁽³⁾	136,948,501	41.50	46,429,396	14.07 ⁽³⁾
Perbadanan Nasional Berhad	33,000,000	15.00	-	-	49,500,000	15.00	-	-
Datin Goh Poi Eong	29,619,598	13.46	92,632,334	42.11 ⁽⁴⁾	44,429,397	13.46	138,948,500	42.11 ⁽⁴⁾

Notes:-

(1) Computed based on 219,999,734 Shares as at the LPD.

(2) Computed based on 329,999,601 Shares, assuming all 109,999,867 Bonus Shares are issued pursuant to the Proposed Bonus Issue.

(3) 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 the Companies Act, 2016.

(4) 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 the Companies Act, 2016.

4.5 Convertible securities

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

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Bonus Issue is subject to approvals being obtained from the following:-

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

The Proposed Bonus Issue is not conditional upon any other corporate exercise / scheme undertaken or proposed to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major Shareholders, chief executive and/or persons connected with them has any interest, direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders of Focus Point under the Proposed Bonus Issue, of which all other Shareholders are similarly entitled to.

7. DIRECTORS' STATEMENT

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

8. APPLICATION TO THE AUTHORITIES

The application in relation to the Proposed Bonus Issue will be submitted to Bursa Securities on even date.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all relevant approvals being obtained, the Proposed Bonus Issue is expected to be completed by the 1st quarter of 2021.

10. ADVISER

Mercury Securities has been appointed by the Company to act as the Principal Adviser for the Proposed Bonus Issue.

This announcement is dated 30 November 2020.