

FREIGHT MANAGEMENT HOLDINGS BHD.
(199601008064) (380410-P)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 24TH ANNUAL GENERAL MEETING OF FREIGHT MANAGEMENT HOLDINGS BHD. (“FMH” OR “THE COMPANY”) CONDUCTED FULLY VIRTUAL THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT TRICOR BUSINESS CENTRE, MANUKA 2 & 3 MEETING ROOM, UNIT 29-01, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA ON FRIDAY, 27 NOVEMBER 2020 AT 10.00 A.M.

CHAIRPERSON

The Chairperson, Tengku Nurul Azian Binti Tengku Shahrman, welcomed all shareholders, proxies and invitees to the meeting.

NOTICE

The notice of the 24th AGM dated 28 October 2020 (“the Notice”), having been circulated to all the shareholders within the prescribed period, was taken as read with the consent of the shareholders and proxies present.

QUORUM

There being a quorum, the Chairperson called the meeting to order.

POLLING AND ADMINISTRATIVE MATTERS

The Chairperson informed that all resolutions set out in the Notice must be voted by poll, which would be conducted after the deliberation of all items on the agenda. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to facilitate poll voting process and Asia Securities Sdn. Berhad as independent scrutineer to verify the poll results.

MANAGEMENT PRESENTATION

At the invitation of the Chairperson, Mr Chew Chong Keat, the Group Managing Director gave a brief presentation on the Group’s financial performance and key highlights for financial year ended 30 June 2020 as well as the Group’s business outlook and strategy moving forward.

AGENDA OF THE MEETING

For Agenda 1, the Chairperson informed that the Audited Financial Statements and the Reports were meant for discussion only as the Companies Act 2016 does not require a formal approval of shareholders. Hence, it was not put forward for voting.

The Chairperson further informed that the Board would address the questions raised by the shareholders or proxies at the Question-and-Answer Session which will be carried out after the conclusion of agenda of the meeting.

The Chairperson declared that the Audited Financial Statements and the Reports were duly received by the shareholders.

Thereafter, the Chairperson went through each of the motions set out in the Notice.

The Chairperson also informed that the Company did not receive any notice from shareholders for other business to be transacted at this meeting in accordance with the Constitution of the Company and the Companies Act 2016.

QUESTION-AND-ANSWER SESSION

All questions raised by shareholders and proxies that were submitted in advance of the meeting and during the meeting, were addressed by the Group Managing Director succinctly. Details were as follows:-

1. **Any target of increasing its earnings per share and distribute more dividend?**

FMH's response:

Whilst the outlook remains challenging, we are targeting for an improvement in our financial performance in FY2021. Should FY2021 earnings improve as expected, we will also look into rewarding shareholders with higher dividend payout in FY2021 vis-à-vis FY2020.

2. **What is the impact of the surge of global freight rates to the Group?**

FMH's response:

The surge in shipping container rates, container shortage as well as shipping space shortage are global phenomenon and not just affecting Malaysia. Although it impacts our customers' cost of exporting or importing their goods, in general, most of them are acceptable of the increase. We have also leveraged on our good relationship and past support with our vendors, the shipping lines, and we hope to continue to have positive results moving forward.

3. **(i) What is the impact of Covid-19 to the business?**
(ii) What are the survival strategies in the next 12 months?
(iii) What is the dividend policy of the Company?
(iv) Does FMH encounter any labour problem?
(v) Where are the areas of potential growth?

FMH's response:

- (i) The Covid-19 pandemic has resulted in lower economic growth and trading activities globally. FMH has also experienced some disruptions in our business activities and slightly lower volume. As we have a diversified portfolio of businesses in various markets, our overall performance has been relatively resilient.
- (ii) Our strategy is to manage cost effectively, mitigate losses from non-performing businesses and continue to focus on maintaining and growing market share and searching for new growth opportunities.
- (iii) We do not have a dividend policy. Based on our track record, we have consistently paid out 30% or more of our net profit as dividends the past 16 years.
- (iv) We do not have significant labour problem currently.
- (v) We believe there is still plenty of room to grow our freight business, given the huge size of the industry. We also view the emerging markets in the Asian region as growth areas.

4. **FMH's ability and capability to transport incoming vaccine.**

FMH's response:

We currently do operate air-conditioned and chilled storage facilities and have pharmaceuticals customers.

5. (i) **Freight rate is moving very high in these few months. Is this a good or bad development for the Group's business?**
(ii) **How is the progress for the disposal of the loss-making marine business?**

FMH's response:

- (i) Freight rates have been trending upwards due to imbalances caused by the pandemic. Generally, more stable freight rates would be preferred.
(ii) The Tug & Barge associate company has been disposed of. We expect immaterial losses (if any) going forward.

6. **Request for e-voucher or e-wallet.**

FMH's response:

The Board will consider the suggestion.

7. **Referring to the financial information of the associate company namely YKP-FM Global Shipyard Co., Ltd in page 142 of the Annual Report 2020:**

- (i) **What is the reason for the loss of RM25.2 million?**
(ii) **The net assets of this associate company have turned to a deficit of RM10.9 million. Does it require further capital injection and what is the future plan for this company?**

FMH's response:

- (i) This was mainly due to the impairment of the company's assets.
(ii) This associate company is currently in the midst of a rehabilitation exercise to revive its business.

8. **What are the plans for loss-making business segments?**

FMH's response:

We will either exit or restructure and realign loss-making businesses. For example, we have sold the Tug & Barge associate company.

9. **Will Regional Comprehensive Economic Partnerships ("RCEP") have any impact on the Company?**

FMH's response:

The signing of the RCEP by Malaysia will bring indirect benefits to our Group as our customers are mainly Small and Medium Enterprises (SMEs) and Small and Medium Industries (SMIs) and the Economic Partnerships will in theory provide a more level playing field for our customers to leverage on if they enter into the market of the 15 countries that constitute the current members of the RCEP. FMH also has subsidiaries in 6 of the 15 member countries, namely Malaysia, Thailand, Indonesia, Philippines, Australia and Vietnam. Hence, the benefit to the Group may be there if the Economic Partnerships takes off.

10. **Will the financial performance for FY2021 be better than FY2020?**

FMH's response:

We are targeting for an improvement in our financial performance in FY2021.

11. (i) Will FMH invest more in last-mile business, since the business is now profitable?
(ii) Any plans to take advantage of e-commerce structural tail winds (in the form of warehousing, last-mile etc)?

FMH's response:

- (i) We plan to further grow the last-mile business and will remain focused on the B2B segment to leverage on our existing and future customer base.
(ii) We are presently involved in last-mile, warehousing and fulfilment activities.

ANNOUNCEMENT OF POLL RESULTS

After all the questions raised had been dealt with, the resolutions set out in the Notice were put to vote by way of poll. The Chairperson then announced the results of the poll and declared that all the resolutions set out therein were duly passed by the shareholders and proxies present.

CONCLUSION OF MEETING

There being no other matters, the meeting concluded at 11.10 a.m. with a vote of thanks to the Chair.