

FM GLOBAL LOGISTICS HOLDINGS BERHAD
199601008064 (380410-P)
(Incorporated in Malaysia)

MINUTES OF THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF FM GLOBAL LOGISTICS HOLDINGS BERHAD (“FMGL” OR “THE COMPANY”) CONDUCTED VIRTUALLY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT CONNEXION CONFERENCE & EVENT CENTRE, THE VERTICAL, PINNACLE 3 (LEVEL M1), BANGSAR SOUTH CITY, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA, ON TUESDAY, 26 NOVEMBER 2024 AT 10.00 A.M.

Present at the Broadcast Venue	:	Tengku Nurul Azian Binti Tengku Shahrman (Chairperson) Mr Chew Chong Keat [Group Managing Director (“Group MD”)] – also as a shareholder Mr Yang Heng Lam (“Mr Yang”)(Executive Director) – also as a shareholder Madam Gan Siew Yong (Executive Director) – also as a shareholder Mr Ong Looi Chai (Executive Director) – also as a shareholder Mr Soh Chin Teck (Independent Non-Executive Director) Madam Lau Swee Chin (Independent Non-Executive Director) Mr Francis Lee Fook Wah (Non-Independent Non-Executive Director)
Present via video conferencing	:	Ms Te Hock Wee (Company Secretary) Mr James Chan } Representing Crowe Malaysia PLT, Mr She Hai Ing } the External Auditors of the Company

The shareholders/corporate representatives/proxies who attended the 28th AGM remotely via the remote participation and voting (“RPV”) facilities are as stated in the Attendance List.

1. CHAIRPERSON

Tengku Nurul Azian Binti Tengku Shahrman, the Chairperson, welcomed all shareholders, proxies and invitees present at the AGM of the Company.

She then introduced the members of the Board, Company Secretary and the representatives from Crowe Malaysia PLT (the External Auditors).

2. QUORUM

The Chairperson informed that the quorum for a virtual general meeting is determined by the number of shareholders and proxies who log in at the commencement of the meeting.

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

3. NOTICE

The notice of the 28th AGM dated 28 October 2024 (“the Notice”), having been circulated to all the shareholders within the prescribed period, was taken as read.

4. POLLING PROCEDURES AND ADMINISTRATIVE MATTERS

The Chairperson informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of general meeting must be voted by poll. The Company was also required to appoint at least one (1) independent scrutineer to validate the votes cast at the general meeting.

The Chairperson further informed that the Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. (the Company's Share Registrar) as Poll Administrator to facilitate the poll voting process, and AscendServ Capital Markets Services Sdn Bhd as Independent Scrutineer to verify the poll results.

The Chairperson informed that the Board would address the questions posed by the shareholders or proxies at the Question-and-Answer ("Q&A") session, which would be held after the conclusion of the discussion on all agenda items of the meeting.

The guide on the remote voting procedure and the manner to pose questions at the meeting through the RPV application were presented to the shareholders and proxies.

5. MANAGEMENT PRESENTATION

At the invitation of the Chairperson, Mr Chew Chong Keat, the Group MD, gave a brief presentation on the Group's financial performance and key highlights for the financial year ended 30 June 2024 as well as the Group's business outlook and prospects.

The meeting proceeded with the business of the meeting.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements for the financial year ended 30 June 2024, together with the Reports of the Directors and Auditors thereon ("AFS FY2024"), were tabled to the meeting for discussion.

The Chairperson informed that the AFS FY2024 were meant for discussion only and did not require a formal approval of shareholders as per the Companies Act 2016. Hence, the AFS FY2024 were not put forward for voting.

The Chairperson further informed that the Board would address the questions raised by shareholders and proxies during the Q&A Session, which would be carried out after all items on the agenda were dealt with.

The Chairperson declared the AFS FY2024 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 had not received any notice from shareholders for other business to be transacted at this meeting in accordance with the Companies Act 2016 and Constitution of the Company.

7. Q&A SESSION

The meeting continued with the Q&A Session. The Chairperson informed that the Company had received some questions from the Minority Shareholders Watch Group ("MSWG") via their letter dated 20 November 2024. The Group MD presented the Company's responses to the questions raised by MSWG. The summary of the presentation, which forms part of the minutes, is annexed herein as **Appendix A**. Thereafter, questions raised by the shareholders that were submitted before and during the meeting were addressed by the Group MD and Mr Yang. The summary of the questions and the responses, which forms part of this minutes, is annexed herein as **Appendix B**.

8. POLL VOTING SESSION

After dealing with all questions raised, the Chairperson invited the shareholders and proxies to cast their votes remotely.

Thereafter, the meeting adjourned at 10.55 a.m. for the tabulation of the poll results.

9. ANNOUNCEMENT OF POLL RESULTS

The meeting resumed at 11.15 a.m. after obtaining the validated poll results from the Independent Scrutineer. The results of the poll were presented to the meeting and the Chairperson declared that all resolutions set out in the Notice were carried, as follows:-

Ordinary Resolution 1 **Payment of Directors' Fees**

By a vote of 17,341,069 shares (representing 99.6837%) voted for and 55,023 shares (representing 0.3163%) voted against the Resolution, it was **RESOLVED**:-

THAT the payment of Directors' fees up to an aggregate amount of RM520,000 for the financial year ending 30 June 2025 to be paid monthly in arrears be and is hereby approved.

Ordinary Resolution 2 **Payment of Directors' Benefits**

By a vote of 16,959,475 shares (representing 99.5970%) voted for and 68,617 shares (representing 0.4030%) voted against the Resolution, it was **RESOLVED**:-

THAT the payment of Directors' benefits amounting up to RM80,000 from the period from 27 November 2024 until the next annual general meeting of the Company be and is hereby approved.

Ordinary Resolution 3 **Re-election of Director – Chew Chong Keat**

By a vote of 245,309,071 shares (representing 99.9781%) voted for and 53,687 shares (representing 0.0219%) voted against the Resolution, it was **RESOLVED**:-

THAT Chew Chong Keat, who retired pursuant to Clause 125 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4 **Re-election of Director – Gan Siew Yong**

By a vote of 241,874,465 shares (representing 98.5783%) voting for and 3,488,293 shares (representing 1.4217%) voting against the Resolution, it was **RESOLVED**:-

THAT Gan Siew Yong, who retired pursuant to Clause 125 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 5 **Re-election of Director – Lau Swee Chin**

By a vote of 241,874,465 shares (representing 98.5783%) voted for and 3,488,293 shares (representing 1.4217 %) voted AGAINST the Resolution, it was **RESOLVED**:-

THAT Lau Swee Chin, who retired pursuant to Clause 125 of the Constitution of the Company, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 6

Re-appointment of Auditors – Crowe Malaysia PLT

By a vote of 245,315,544 shares (representing 99.9808%) voted for and 47,214 shares (representing 0.0192%) voted against the Resolution, it was **RESOLVED:-**

THAT Crowe Malaysia PLT be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company AND THAT the Directors be authorised to fix their remuneration.

Ordinary Resolution 7

Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

By a vote of 245,054,918 shares (representing 99.8745%) voted for and 307,840 shares (representing 0.1255%) voted against the Resolution, it was **RESOLVED:-**

THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting the Company held after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

Ordinary Resolution 8

Proposed Renewal of Shareholders’ Mandate for Share Buy-Back

By a vote of 245,088,593 shares (representing 99.8883%) voted for and 274,165 shares (representing 0.1117%) voted against the Resolution, it was **RESOLVED:-**

THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company (“Share Buy-Back Mandate”) provided that:

- (a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to the Share Buy-Back Mandate does not exceed ten

per centum (10%) of the total number of issued shares of the Company at any point in time;

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and to give full effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit or expedient at their discretion in the best interest of the Company.

10. CLOSURE OF MEETING

There being no further business, the meeting concluded at 11.20 a.m. with a vote of thanks to the Chair.

CONFIRMED AS A CORRECT RECORD

CHAIRPERSON

Dated: 6 January 2025

FM GLOBAL LOGISTICS HOLDINGS BERHAD - MSWG AGM 2024

OPERATIONAL AND FINANCIAL MATTERS	FM REPLY
<p>1) Geographically, Indonesia proved to be a standout performer in FY2024, posting a 13.6% YoY increase in revenue and a corresponding rise in profit. The Group's expanding presence in Southeast Asia, with Indonesia serving as a buoyant market for FM, has helped to balance the slower trade activity in other regions. (page 10 of AR 2024)</p> <p>a. Why is Indonesia performing reasonably well? Did it experience an increase in volume or rates or both?</p> <p>a. What is the outlook for Indonesia in FY2025 and will its good performance sustain?</p>	<p>Indonesia performed reasonably well :</p> <ul style="list-style-type: none"> ▪ Experienced in both volume and rates. ▪ Spread its business stream with other segments ie Air Freight and also other niche business logistics services ie project cargo. ▪ Developed good co-operation with our agents which widens our business coverage. <p>Indonesia outlook remains positive, underpinned by robust GDP growth of around 5% p.a. for 2023 – 2025.</p> <p style="text-align: center;">□</p>
<p>2) The Group's expanded presence in North America, through the acquisition of the IOS Group, remains a key part of its long-term growth strategy. Despite the current decline in global trade volumes, North America presents opportunities, and the Group is upbeat that its capabilities and experience in this territory will enable it to capture new growth as trade volumes recover. (page 10 of AR 2024)</p> <p>Please elaborate how and to what extent the acquisition of the IOS Group has and will contribute to the Group's performance and long-term strategy.</p>	<p>Our US operations had contributed approximate RM4.5mil Profit Before Tax for the periods from FY 2022-FY2024.</p> <p>With the IOS acquisition, the Group has able to :</p> <ul style="list-style-type: none"> ▪ leverage its existing customer base and resources. ▪ established freight forwarding business and customs brokerage licence in USA. ▪ served as a gateway to the vast US market via its base in Los Angeles. ▪ allows the Group to able to explore other US other logistics gateways.

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OPERATIONAL AND FINANCIAL MATTERS	FM REPLY
<p>3) FM's 698,000 square feet of warehousing capacity and diversified logistics services have allowed the Group to offer tailored solutions across key sectors in response to clients' needs and requirements. Upon completion of the new facility in Port Klang, Selangor, an additional 200,000 square feet of warehouse and storage space will be available. (page 21 of AR 2024)</p> <p>What is the current utilisation rate? What is the expected utilisation rate for the additional 200,000 square feet of warehouse and storage space?</p>	<p>The Current Utilisation rate is average of 90%.</p> <p>We would expect the new facility will have a progressive increase in its utilization rate and expect optimal contribution after few years of operations.</p>
<p>4) Despite the revenue decline, the Sea and Land Freight segments experienced growth of 3.7% and 30.3% in Twenty-Foot Equivalent Unit (TEU), respectively. Consequently, the combined TEU volume demonstrated a 6.5% increase, driven by reliable business relationships with third-party carrier networks, direct connections to exporters and importers in Malaysia, and an expanding presence in overseas markets. Conversely, volume in the Air Freight segment declined 11.6% to 9.1 million kilogrammes. (page 22 of AR 2024)</p> <p>a. Can the growth in TEU volume for both the Sea and Land Freight segments be sustained in FY2025 and if so, why?</p> <p>a. What were the reasons for the decrease in volume for the Air Freight segment? What is the outlook for FY2025?</p>	<p>We expect a steady increase in Sea and Land Freight volume, supported by the expected growth in world trade volume by 3.0% in 2025 (source: WTO)</p> <p>For Air Freight volume declined due to softer volume and keen competition in FYE2024 but we are hopeful of an improvement in FYE2025.</p>

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OPERATIONAL AND FINANCIAL MATTERS

5) Investments in Associates

	Group	
	2024	2023
	RM'000	RM'000
Unquoted equity shares, at cost	2,035	6,045
Share of post-acquisition profit/(losses)	1,335	(3,991)
	3,370	2,054
Less: Impairment losses	(1,600)	(1,600)
	1,770	454

(page 189 of AR 2024)

What were the reasons for the impairment losses of RM1.6 million?
What is the probability of reversing the impairment losses?

FM REPLY

This relates to an investment previously which has been wound down and fully impaired and there is no probability of reversal.

FM GLOBAL LOGISTICS HOLDINGS BERHAD - MSWG AGM 2024

SUSTAINABILITY MATTERS	FM REPLY
<p>6) The company, in its sustainability report, stated that it aims to reduce emissions of:</p> <ul style="list-style-type: none">- PM (particulate matter) from 0.25 to 0.1 g/kWh- NOx (nitrogen oxides) from 7 to 5 g/kWh, <p>The Group's action plan is to purchase new EURO 5-compliant prime movers. (page 58 of AR 2024)</p> <p>To date, how many new EURO 5 compliant prime movers have been purchased? How many will be purchased in FY 2025 and what is the target timeline to be 100% compliant for its full fleet of prime movers?</p>	<p>FM has initiated the purchasing process of 20 Prime Movers EURO 5 compliant prime movers with expected delivery scheduled staggered in FY2025.</p> <p>We will only replace the fleet in batches.</p>
<p>7) Introduced in FY2023, the Vehicle Idling Reduction programme was introduced to educate drivers on the operational and environmental impacts of vehicle idling. By systematically tracking performance metrics, the Group can reduce unnecessary idling, achieve measurable fuel savings and contribute positively to its GHG emissions reduction targets. (page 65 of AR 2024)</p> <p>Besides creating awareness and training, what KPI and how tracking performance metrics would be able to effectively monitor the extent of vehicle idling?</p>	<p>Our initial GPS tracking can assist to identify those vehicles that were unnecessary idling.</p> <p>As We have just rolled out this programme, thus we are currently analyzing the data based on total idling hours and to set the targets accordingly.</p>

FM GLOBAL LOGISTICS HOLDINGS BERHAD - MSWG AGM 2024

CORPORATE GOVERNANCE MATTERS	FM REPLY
<p>8) Practice 4.4 of Malaysian Code on Corporate Governance</p> <p>Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.</p> <p>Company's response:</p> <p>Applied. The annual evaluation on performance of the Board which includes senior management for FY2024 is embedded with sustainability perspectives, in addressing the Company's material sustainability risks and opportunities. (page 22 of CGR 2024)</p> <p>MSWG's comments:</p> <p>What KPIs and targets were adopted and the achievements made in addressing the company's material sustainability risks and opportunities?</p>	<p>The Company started its sustainability governance efforts in 2018. Overtime, it has implemented several measures and expanded its reporting scope, focusing on pivotal topics identified as crucial to the Group and its stakeholders.</p> <p>In FY2024, FM conducted a new materiality survey to determine the top material matters from internal and external stakeholders. From the results, Regulatory Compliance and Anti-Bribery & Anti-Corruption, and Whistleblowing fell into the highly significant quadrant in the Materiality Matrix. Please refer to pages 54-55 of the Annual Report 2024 for further information.</p> <p>Please refer to pages 60 and 67 relating to KPI set under the Governance Pillar. This KPI has been enforced since 2020 as the Group is cognisant that Governance best practices remains a high priority.</p> <p>The Group has developed a balanced scorecard programme that includes sustainability economic, environmental, social and governance (EESG) performance as a key performance indicator.</p>
<p>9) Practice 5.2</p> <p>At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.</p> <p>Company's response:</p> <p>Departure. The Board currently has eight (8) Directors, comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. (page 26 of CGR 2024)</p> <p>MSWG's comments:</p> <p>When does the Company expect to adopt Practice 5.2? What are the challenges/issues, if any, faced by the Company in sourcing independent directors?</p>	<p>We are not considered as a Large Company.</p> <p>Thus, we do not adopt practice 5.2 for now. However, we do not foresee any major challenge or issue in sourcing independent directors when we adopt practice 5.2.</p>

FM GLOBAL LOGISTICS HOLDINGS BERHAD
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SUMMARY OF QUESTIONS AND ANSWERS POSED AT THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF FM GLOBAL LOGISTICS HOLDINGS BERHAD (“FMGL” OR “THE COMPANY”) CONDUCTED VIRTUALLY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT CONNEXION CONFERENCE & EVENT CENTRE, THE VERTICAL, PINNACLE 3 (LEVEL M1), BANGSAR SOUTH CITY, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA ON TUESDAY, 26 NOVEMBER 2024 AT 10.00 A.M.

The following are the questions received before and during the 28th AGM, and those that were not addressed at the 28th AGM:-

- Q1). Given the elevated container freight rates post-COVID-19, does the Board anticipate that the Group’s revenue will remain above RM800 million in the financial year ending 30 June 2025 (“FY2025”)? Additionally, with the ongoing volatility in freight rates, how does the Board foresee the Company’s profitability evolving, and what measures will be taken to maintain or improve the profit margin?**

FMGL’s response:

Freight rates are highly dynamic and can fluctuate significantly. As such, it is difficult to forecast the Group's revenue. It is more important for the Group to focus on the volume of freight we carry, and the earnings that the Group can derive from the volume carried.

The management expects a positive performance in FY2025, underpinned by the expected 3% growth in trade volume as forecasted by the World Trade Organisation. However, the Group’s profitability will also be influenced by several factors, such as operational efficiency, cost management measures, and the outcome of the negotiations with carriers.

- Q2). How is the Company investing in technology to improve operational efficiency, track shipments, and enhance customer experience?**

FMGL’s response:

The Group has established a portal that allows customers to track their cargos and shipments, as well as extract related documentation for reference. This will help enhance the customer experience.

- Q3). What role does data analytics play in improving decision-making, optimising routes, and managing cost pressures in the freight management space?**

FMGL’s response:

Data analytics plays a critical role in our business. It gathers information from the Enterprise Resource Planning (ERP) system and analyses it accordingly. The development of the new portal, as mentioned earlier, is one of the outcomes of this analysis, aimed at fulfilling customers' expectations.

- Q4). FM Global Logistics (S’pore) Pte Ltd, the subsidiary in Singapore, reported a substantial decline in revenue and profit for the financial year ended 30 June 2024 (“FY2024”) compared to the previous financial year.
(1) What is the reason(s) for the decline in the revenue and profits in FY2024?
(2) Will it be able to improve its performance similar to those achieved in FY2023 for FY2025?**

FMGL’s response:

During FY2024, FM Global Logistics (S’pore) Pte. Ltd., a subsidiary in Singapore primarily operated as an agent. However, it has now transitioned to managing its own freight forwarding business.

The management is optimistic that this shift will lead to improved performance moving forward.

Q5). How will Donald Trump's election as the next USA president affect the Company's overall business? Will it affect the business in the USA?

FMGL's response:

The business outlook seems to be good, based on the overall business sentiment.

Q6). Between January and April 2024, the Company acquired 4 parcels of industrial land at Setia Alaman Industrial Park, Klang, for a total consideration of RM75.6 million. (Note 43 – page 246 of the Annual Report.)

- a) **What is the rationale for acquisitions?**
- b) **Is the Group changing its business model with more investments in fixed assets, and how will this fit into the Group's strategies?**

FMGL's response:

- a) The Group believes the acquisitions present a great opportunity for the expansion in its 3PL, Warehousing and Distribution segment, with freight identified as the key revenue stream for the Group. Customers that we can gain from this investment will also provide opportunities to cross sell our services.
- b) The Group has no intention of changing its business model. In fact, the Group has constantly demonstrated over the years that it is making calculated investments in fixed assets whenever opportunities arise to increase its business in the 3PL, Warehousing and Distribution segment. Additionally, through the selling of its enhanced facilities and all the services the Group could offer, the Group expects to increase its revenue.

The build-and-rent model is not an option for the Group.

Q7). What is the Company's future outlook? Will the Board consider providing door gift, such e-voucher or e-wallet credit, for those participating in this AGM as a token of appreciation?

FMGL's response:

The management is positive about the Group's future performance, barring any geopolitical tensions or changes in any governments.

The Board appreciates the participation of shareholders in this AGM and notes that the shareholders have been rewarded through the regular declaration of dividends every financial year. We will continue with these practices if our performance remains consistent in order to reward via dividends.

**Q8). a) Has the Company's revenue fluctuated in accordance with fluctuating freight rates? Is there a direct or indirect correlation?
b) What is the projected growth for Twenty-foot Equivalent Units ("TEUs") over the next three years?
c) What is the Group's competitive advantage over its competitors in the freight and warehousing segments, and what is the market share in these respective segments?**

FMGL's response:

- a) Yes, the Company's revenue can be affected by the fluctuation of freight rates. However, it is important to note that FMGL's revenue is not affected by direct operational expenses tied to freight rates, as the Group does not own or operate

airplanes or ships. When industry freight rates fluctuate, the Group adjusts the freight rates charged to customers to reflect these changes. Additionally, the Group has the flexibility to negotiate with vendors, such as airlines and shipping lines, to secure competitive freight rates, which can contribute to the Group's overall profitability and meeting customers expectations.

- b) The projected growth in TEUs is driven by the Group's strategy of acquisition and market expansion. Due to the dynamic nature of the economy and business, the management does not provide specific projections for 3 or 5 years. However, the management will use TEU's performance as a fundamental benchmark to track and gauge performance.
- c) Our competitive advantage is derived from the significant volume that FMGL handles as a Group, which allows the Group to negotiate competitive freight rates with shipping lines, airlines, and other service providers. Furthermore, the Group's ability to provide enhanced services, warehouses and infrastructure that meet the requirements of customers has continued to ensure the profitability of the Group. The logistics industry is a vast and diverse segment encompassing numerous businesses; hence, it is hard to ascertain the market share of the Group in the respective segments. However, FMGL is determined to be one of the market leaders.

Q9). Please comment on how much the Company is impacted by global events, such as logistical disruptions in the Red Sea, the Red Sea diversion and associated surcharges, and congestion at Port Klang?

FMGL's response:

The Group is not shielded from the potential impact of global events, such as the logistical disruption in the Red Sea. As the Group does not operate ships, the direct impact on the earnings of Group is minimal. Any increase in freight rates resulting from diversion of ships is borne by customers.

Q10). The Company's new strategy is to transition from renting to building and operating its own warehouses.

- a) **In the longer term, will this translate to better profitability?**
- b) **Please provide the occupancy rate of our warehouses.**

FMGL's response:

The Group's business model has not changed, and it has always adopted a strategy that includes both owning and renting warehouses.

Currently, the occupancy rate of the warehouses is approximately 90%. In anticipation of the increase in warehouse rentals and industrial land costs, certain investments have been made to ensure the profitability and viability of our 3PL, warehousing, and distribution segments for the future.

Q11). Do the trucks, trailer, prime movers come with GPS tracking? How many hours do they operate daily on average? How many drivers are hired? Are they full-time or part-timers?

FMGL's response:

Yes, all the trucks are equipped with GPS. For better management, working hours for our drivers have been set to include journey management by allowing them to stop only at certain approved rest areas.

Further, all drivers are full-time employees.

- Q12). a) How many percent of the Company's revenue comes from China-related business?
b) How does the Board view the projection of the economic softening in China?

FMGL's response:

- a) The percentage of revenue derived from China-related business is confidential.
b) The potential economic softening in China is not expected to have a major impact on the Group, as it has a well-diversified portfolio.

- Q13). How does the acquisition of CAC Logistics Services Pte Ltd ("CAC") further support the Group's long-term goals of diversification and growth in high-potential areas in Singapore?

FMGL's response:

The acquisition of CAC has two main benefits.

Firstly, the Group now has a full-fledged operation in Singapore.

Secondly, the Group has been operating in key markets such as Thailand, Vietnam, Indonesia, the Philippines and many other countries across Southeast Asia except in Singapore. The addition of CAC positions the Group as a comprehensive ASEAN logistics network, completing an important part of the Group's expansion strategy.

The management is confident that this move will enhance the Group's recognition and credibility within the logistics industry.

- Q14). Request for a copy of the latest Annual Report and Circular to Shareholder.

FMGL's response:

The printed copy of the Annual Report 2024 and/or the Statement to Shareholders can be obtained through TIIH Online at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services". Shareholders can also request from Tricor Investor & Issuing House Services Sdn. Bhd. via phone calls and email. The contact information is as follows:

General Line : +603-2783 9299
Email : is.enquiry@my.tricorglobal.com

- Q15). The capital expenditure for the purchase of property, plant, and equipment (PPE), which has been contracted but not provided for, increased substantially to RM94.905 million in FY2024 (Note 40 – page 242 of AR).
(1) Please provide the breakdown for the major PPE contracted for.
(2) What is the reason(s) for the substantial increase in approved PPE in FY2024 and how much is expected to be spent in FY2025?

FMGL's response:

- (1) The major PPE contracted for are mainly for the proposed acquisition of new land and construction of a new warehouse and for new trucks and prime movers and warehouse equipment.
(2) The increase in the approved PPE is mainly from the initial payment for the new land and construction of a new warehouse. It is expected that substantially would be spent in FY2025 other than the acquisition of new land which could be completed in FY 2026.

Q16). Is the 3C dividend sustainable for the next year?

FMGL's response

Our expectation is that dividend would be continued to be paid out when the Group continues to perform well.

Q17). Management attributed the drop in PBT to higher operating expenses, increased finance costs from investments in landbanks, prime movers, and trucks, as well as higher depreciation. Consequently, administrative expenses rose by RM22 million, reaching RM196 million. Could you clarify what portion of these administrative expenses is due to operating costs that cannot be passed on to customers, and what portion is related to investments for future growth?

FMGL's response:

Operating costs that cannot be passed on to customers mainly include staff cost, exchange loss and impairment losses on receivables.

Cost on investments for future growth cost comprised mainly of finance cost and Depreciation incurred on the PPE and ROU assets.

Q18). The Air Freight segment experienced a volume reduction of 11.6%, down to 9.1 million kilograms (page 22 of the Annual Report 2024). I understand that competitors such as DHL and Teleport have reported volume growth. Does this suggest that FM is losing market share in the air freight segment? If so, could you give the factors that have contributed to this decline?

FMGL's response:

Air Freight volume declined due to softer volume and keen competition in FYE2024 but we are optimistic that there will be an improvement in FYE2025.

Q19). What is the duration of the warehouse and cold-chain logistics contracts with customers? With the influx of FDI and the MOUs signed under PM-X, is the Company bidding for new warehouse and logistics solutions, particularly in the semiconductor industry?

FMGL's response:

The contracts with the Customers range from 1 to 2 years. We are always looking out for opportunities to bid on new warehouse and logistics businesses when there is demand for such services.

Q20). What is the return on capital and ROI for the land transportation fleet and warehousing? What is the Company's succession plan?

FMGL's response:

We cannot provide specific details due to the sensitivity of the information requested but we can generally conclude that the returns are positive.

We do have a Succession Plan in place, with Senior Management and Middle Management who have been serving the Group for many years.

Q21). Will next year's AGM be held in person?

FMGL's response:

Yes, as the Securities Commission Malaysia had on 30 August 2024 announced that all public companies listed on the Main and ACE Markets of Bursa Malaysia Securities Berhad must conduct hybrid or physical general meetings from 1 March 2025. The Group will ensure full compliance with this regulation.

Q22). The Indonesia division is indeed more proactive in their pursuit of business, as evidenced by their dedicated postings on Instagram. I have not observed the same level of effort from other countries within the FM Group.

FMGL's response:

We will make a note to explore further to enhance our proactiveness in marketing, in other overseas divisions .

Q23). Will FMGL purchase electric or methanol trucks in the future?

FMGL's response:

FM would consider and evaluate the suitability and viability of electric trucks before investing.

Q24). Referring to the warehouses under Right-of-Use assets on page 197:

- (1) Are these warehouses self-owned or leased?**
- (2) Could you explain why the depreciation charge increased from RM7.8 million to RM17.1 million?**
- (3) With a balance of RM9.2 million, why is the depreciation charge still so high?**
- (4) If these are leased warehouses, could you explain why the expenses have increased, given that FM is shifting towards self-owned warehouses?**
- (5) Does the management expect the depreciation charge to remain high in the coming years?**

FMGL's response:

- (1) The warehouses under Right of Use assets are all leased warehouses.**
- (2) The increased depreciation is mainly due to the acquisition of the subsidiary, CAC Logistics Services Pte Ltd.**
- (3) Same reason as (2).**
- (4) Same reason as (2). Warehousing services in Singapore are different from our self-owned warehouses as the business model is different.**
- (5) Yes.**

Q25). As shown in the cash flow statement, impairment on Trade Receivables increases from RM498,000 to RM2.1 million, and other receivable impairment also increased from zero to RM681,000. Can the management please explain this trend?

FMGL's response:

FM practices a conservative approach in the impairment of receivables. The higher impairment is due to challenging conditions and slower collections in 2024. However, we will continue to pursue the receivables.

Q26). Does the Company service customers from the automotive industry? If yes, what's the outlook?

FMGL's response:

Yes, we do serve customers from the automotive industry but it is not significant to our business as our services cater to various industries, not just the automotive sector.