

## FREIGHT MANAGEMENT HOLDINGS BHD. (“FREIGHT” OR “THE COMPANY”)

**PROPOSED ACQUISITION OF TWO PARCELS OF CONTIGUOUS LEASEHOLD LAND MEASURING APPROXIMATELY 29,057.3 SQUARE METRES LOCATED AT TEMPAT SELAT KLANG UTARA, MUKIM KAPAR, DEARAH KLANG, SELANGOR BY FM GLOBAL LOGISTICS (M) SDN. BHD (“FMGLM”), A WHOLLY-OWNED SUBSIDIARY OF FREIGHT, FOR A TOTAL CASH CONSIDERATION OF RM22.198 MILLION (COLLECTIVELY REFERRED TO AS THE “PROPOSED ACQUISITIONS”)**

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### 1. INTRODUCTION

Pursuant to Paragraph 10.06(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of the Company (“**Board**”) wishes to announce that FMGLM, a wholly-owned subsidiary of the Company has on 27 May 2021 entered into the following agreements:-

- (i) A Sale and Purchase Agreement with DS Albedo Sdn. Bhd. for the acquisition of a parcel of leasehold land held under H.S.(M) 42050, PT 65647, Tempat Selat Klang Utara, Mukim Kapar, Dearah Klang, Selangor, measuring approximately 14,146.1 square metres (“**Land 1**”) for a cash consideration of RM10,963,238.80 (“**SPA 1**”); and
- (ii) A Sale and Purchase Agreement with Irama Utama Sdn. Bhd. for the acquisition of a parcel of leasehold land held under H.S.(M) 42053, PT 65650, Tempat Selat Klang Utara, Mukim Kapar, Daerah Klang, Selangor, measuring approximately 14,911.2 square metres (“**Land 2**”) for a cash consideration of RM11,235,186.60 (“**SPA 2**”).

The aggregate cash consideration for the Proposed Acquisitions is approximately RM22.198 million (“**Purchase Consideration**”). DS Albedo Sdn. Bhd. and Irama Utama Sdn. Bhd. shall hereinafter referred to as the “**Vendors**”. Land 1 and Land 2 shall hereinafter referred to as “**Land**” whilst SPA 1 and SPA 2 shall hereinafter referred to as the “**SPAs**”.

### 2. DETAILS OF THE PROPOSED ACQUISITIONS

Pursuant to the SPAs, the Vendors have agreed to sell and FMGLM agreed to purchase the Land from any encumbrances, licence, easement and/or squatters upon the terms and conditions stipulated therein.

The Land consists of two adjoining parcels of vacant leasehold land measuring in aggregate of approximately 29,057.3 square metres, held under an individual title and subject to the following express conditions of title:-

Kategori Kegunaan Tanah	: Perusahaan/Perindustrian
Syarat Nyata	: Perusahaan Sederhana
Sekatan Kepentingan	: Tanah yang diberimilik ini tidak boleh dipindah milik digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri

Further details of the Land are set out in the table below:-

	Land 1	Land 2
Title	Held under H.S.(M) 42050, PT 65647, Tempat Selat Klang Utara, Mukim Kapar, Daerah Klang, Selangor	Held under H.S.(M) 42053, PT 65650, Tempat Selat Klang Utara, Mukim Kapar, Daerah Klang, Selangor
Postal Address	PT 65647, Persiaran Sultan Alauddin 5/KU17, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor	PT 65650, Persiaran Sultan Alauddin 5/KU17, Bandar Sultan Sulaiman, 42000 Pelabuhan Klang, Selangor
Tenure	Leasehold (expiring on 7 Dec 2110)	Leasehold (expiring on 7 Dec 2110)
Land area	14,146.1 square metres	14,911.2 square metres
Encumbrances	Nil	Nil
Registered/beneficial owner of the Land	DS Albedo Sdn. Bhd. (Registration No. 200301015850 (618270-D))	Irama Utama Sdn. Bhd. (Registration No. 198601005555 (154715-W))
Audited Net Book Value (“NBV”) of the Land	The Company is unable to disclose the latest audited NBV of the Land as FMGLM is not privy to such information.	The Company is unable to disclose the latest audited NBV of the Land as FMGLM is not privy to such information.
Category of Land use	Industrial	Industrial
Existing use	Vacant	Vacant
Future use	Build a warehouse and a Transport Yard.	Build a warehouse and a Transport Yard.

### 3. INFORMATION ON FMGLM AND THE VENDORS

#### (i) FM Global Logistics (M) Sdn. Bhd (“FMGLM”)

FMGLM is a private limited company incorporated in Malaysia on 4 June 1982 and having its business address at Lot 37, Lebuhr Sultan Mohamad 1, Kawasan Perindustrian Bandar Sultan Suleiman, 42000 Port Klang, Selangor. The issued and paid-up share capital of FMGLM is RM10,000,000.00. FMGLM is principally engaged in provision of freight services.

#### (ii) DS Albedo Sdn. Bhd. (“DS Albedo”)

DS Albedo is a private limited company incorporated in Malaysia on 12 Jun 2003 with its business address at Lot 11954, Jalan Perajurit 1, Telok Gong, 42000 Pelabuhan Klang, Selangor. The issued and paid-up share capital of DS Albedo is RM25,363,000 comprising 25,363,000 ordinary shares. DS Albedo is principally engaged in manufacturing and trading of aluminium, granules, billets, briquettes and related aluminium products.

The Directors of DS Albedo are Yoon Soohyoun and Kim Sung Ho.

DS Albedo is a wholly-owned subsidiary of DS Liquid Co. Ltd., a company incorporated in South Korea.

**(iii) Irama Utama Sdn. Bhd. (“Irama Utama”)**

Irama Utama is a private limited company incorporated in Malaysia on 19 Jul 1986 with its business address at B-09-03, Block B West, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan. The issued and paid-up share capital of Irama Utama is RM500,000 comprising 500,000 ordinary shares. Its principal business activities are investment holding with interest in real estate.

The Directors of Irama Utama are Soh Kinn Roo, Soh Kinn Khai and Soh Kinn Yeow.

Irama Utama is a wholly-owned subsidiary of Kenso Golden Goose (M) Sdn. Bhd.

**4. BASIS OF AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION**

The Purchase Consideration of RM22,198,425 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:-

- (i) Based on management’s best estimate and enquiries on the offered prices of industrial land located in the surrounding vicinity of the Land.
- (ii) The Land is strategically located close to major seaport such as Northport and Westport in Port Klang which provides an advantage for the Group in view that the Group is principally engaged in multimodal freight services.
- (iii) The Land is also situated in an established industrial area with good infrastructure and connectivity.

FMGLM will appoint an independent property valuer to undertake a valuation exercise on the Land.

**5. SALIENT TERMS AND CONDITIONS OF THE SPAs**

The salient terms and conditions of the SPAs are as follows:-

- i. The SPAs shall become unconditional upon the receipt by FMGLM’s solicitors of a certified true copy of the State Authority’s approval for the sale and transfer of the Land to FMGLM pursuant to the provisions of the National Land Code, 1965 (“**Conditions Precedent**”), to be satisfied within 6 months from the date of the SPAs with an automatic extension of a further 3 months, subject to such further extended period as may be mutually agreed in writing between the parties.

- ii. The Purchase Consideration shall be satisfied in the following manner:-

	SPA 1	SPA 2	Settlement date
	RM	RM	
Earnest Deposit, being 3% of the purchase price	328,897.16	337,055.60	Paid to the Vendors' solicitors prior to the execution of the SPAs
RPGT Retention Sum, being 3% of the purchase price	328,897.16	337,055.60	Paid to FMGLM's solicitors upon the execution of the SPAs
Balance Deposit, being 4% of the purchase price	438,529.56	449,407.46	Paid to the Vendors upon the execution of the SPAs
Balance Purchase Price, being 90% of the purchase price	9,866,914.92	10,111,667.94	Paid to the Vendors' solicitors within 3 months from the date on which the Conditions Precedent are fulfilled (" <b>Completion Period</b> ")
<b>Total:</b>	<b>10,963,238.80</b>	<b>11,235,186.60</b>	

- iii. In the event that FMGLM is unable to pay the Balance Purchase Price within the Completion Period for any reason whatsoever, the Vendors shall grant to FMGLM an extension of 1 month from the date of expiry of the Completion Period ("**Extended Completion Period**") to pay the Balance Purchase Price on the condition that FMGLM shall pay the Vendors interest on the Balance Purchase Price or any outstanding balance thereof at the rate of 8% per annum calculated on a day to day basis from the first day of the Extended Completion Period until the date of receipt of full payment by the Vendors' solicitors.
- iv. Notwithstanding the provisions herein, FMGLM shall not be liable to pay any late payment interest to the Vendors in accordance to item (iii) above if FMGLM is unable to pay the Balance Purchase Price or any part thereof by the expiry of the Completion Period due to any delay caused by the Vendors.
- v. In the event that vacant possession of the Land is not delivered within 5 days from the date of full settlement of the sums abovementioned, the Vendor shall pay to FMGLM interest at the rate of 8% per annum on the purchase price to be calculated on a daily basis commencing from the sixth (6<sup>th</sup>) day onwards until the actual delivery of vacant possession to FMGLM provided always that nothing shall prejudice the other rights and remedies as may be available to FMGLM at law or in equity.

## **6. SOURCE OF FUNDING**

The Proposed Acquisitions will be financed through internally generated funds and/or bank borrowings, the quantum of which has yet to be determined at this juncture.

## **7. LIABILITIES TO BE ASSUMED**

There are no liabilities, including contingent liabilities and guarantees to be assumed by Freight arising from the Proposed Acquisitions.

## **8. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITIONS**

The Proposed Acquisition is to facilitate the Group's future expansion of its 3PL warehousing and distribution services. The Purchase Price is reasonable and reflects the current price of similar lands near the Land. The Land is strategically located close to major seaport such as Northport and Westport in Port Klang and is situated in an established industrial area with good infrastructure and connectivity.

Given the Land is located in an area with good connectivity and amenities, the Proposed Acquisition is expected to contribute positively to the growth of the Group.

## **9. PROSPECTS FOR THE PROPOSED ACQUISITIONS**

The Group intends to occupy the Land for its own use and the proposed acquisition is to cater for the expansion of the Group's 3PL warehousing and distribution services.

## **10. RISK FACTORS OF THE PROPOSED ACQUISITIONS**

Other than the normal and market risks such as non-completion of the Proposed Acquisitions, the Board does not foresee any specific risk/ risk factors arising from the Proposed Acquisitions which could materially or adversely affect the financial and operating condition of the Company.

## **11. EFFECTS OF THE PROPOSED ACQUISITIONS**

### **a. Share capital and substantial shareholders' shareholdings**

The Proposed Acquisitions will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Purchase Consideration will be fully satisfied in cash.

### **b. Net assets per share and Gearing**

The Proposed Acquisitions will not have any material effect on the net assets per share and gearing of the Company for the financial year ending 30 June 2021.

c. Earnings and earnings per share (“EPS”)

The Proposed Acquisitions will not have any material impact on the earnings and EPS of the Company for the financial year ending 30 June 2021.

**12. APPROVAL/CONSENT REQUIRED FOR THE PROPOSED ACQUISITIONS**

As set out in Section 5(i) of this announcement, the Proposed Acquisitions are conditional upon approvals being obtained from the State Authority for the sale and transfer of the Land to FMGLM. The Proposed Acquisitions, however, are not subject to the approval of the shareholders of the Company.

**13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisitions.

**14. DIRECTORS’ STATEMENT**

The Board, after having considered all aspects of the Proposed Acquisitions including but not limited to the rationale and financial effects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of the Company.

**15. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITIONS**

The aggregate highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.12 of the MMLR of Bursa Securities is 7.64% based on the latest audited consolidated financial statements of Freight for the financial year ended 30 June 2020 whereas the respective highest percentage ratio applicable to the individual acquisition is as follows:-

	<b>Percentage ratio (%)</b>
Acquisition of Land 1	3.77%
Acquisition of Land 2	3.87%
<b>Total</b>	<b>7.64%</b>

**16. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Acquisitions are expected to be completed within 3 months from the date of the SPAs, or if extended, within 1 month from the expiry of the Completion Period subject to the payment of interest for late payment as provided in the SPAs.

## **17. DOCUMENTS AVAILABLE FOR INSPECTION**

The SPAs are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three months from the date of this announcement.

This announcement is dated 27 May 2021.