

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

PROPOSED BONUS ISSUE OF 279,222,415 NEW ORDINARY SHARES IN THE COMPANY ON THE BASIS OF 1 BONUS SHARE FOR EVERY 1 EXISTING SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)

1. INTRODUCTION

On behalf of the Board of Directors of Freight Management (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that the Company proposes to undertake a proposed bonus issue of 279,222,415 new ordinary shares in the Company (“**Freight Management Share(s)**” or “**Share(s)**”) (“**Bonus Share(s)**”) on the basis of 1 Bonus Share for every 1 existing Share held on an entitlement date to be determined and announced later (“**Entitlement Date**”).

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 279,222,415 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Share held by the entitled shareholders of Freight Management whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date (“**Entitled Shareholder(s)**”).

As at 31 March 2021, being the latest practicable date prior to the date of this announcement (“**LPD**”), the issued share capital of the Company is RM104,289,706.58 comprising 279,222,415 Shares and it does not hold any treasury shares.

The basis of the Proposed Bonus Issue of 1 Bonus Share for every 1 existing Share was arrived at after taking into consideration the potential adjustments to the share price of the Shares arising from the Proposed Bonus Issue. Pursuant to Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”), a listed issuer must ensure that its share price adjusted for a bonus issue is not less than RM0.50 based on the daily volume weighted average market price (“**VWAMP**”) during the 3-month period before the application date.

For illustration purposes, based on the daily VWAMP of Freight Management Shares during the 3-month period up to and including 19 April 2021 (*being the date of this Announcement*) which ranged between RM1.01 and RM1.69, the theoretical ex-bonus share price of the Shares ranged between RM0.51 and RM0.85.

Accordingly, the Board confirms that the share price adjusted for the Proposed Bonus Issue is and will be in compliance with Paragraph 6.30(1A) of the Listing Requirements.

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 will be issued as fully paid, at no consideration and without capitalisation of the Company's reserves. The Proposed Bonus Issue will not raise any funds for the Company.

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

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing 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 before the Entitlement Date.

2.4 Listing of and quotation for the Bonus Shares

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

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

The Board has considered that the Proposed Bonus Issue is an appropriate avenue to reward shareholders for their continuous support to Freight Management and its subsidiaries ("**Group**"). The Proposed Bonus Issue is intended to:

- (i) allow the shareholders of the Company to increase the number of Shares held in the Company without incurring any additional cost, whilst maintaining their percentage of equity interests; and
- (ii) improve the marketability and trading liquidity of the Shares on Bursa Securities due to the lower trading price which attracts a broader range of investors to participate in the equity of the Company.

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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 the Group are as follows:

4.1 Issued share capital

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

	No. of Shares ('000)	RM '000
Issued share capital as at the LPD	279,222	104,290
To be issued pursuant to the Proposed Bonus Issue	279,222	(1)-
Enlarged issued share capital	558,444	104,290

Note:

(1) The Bonus Shares shall be issued as fully paid shares at no consideration and without capitalisation of the Company's reserves.

4.2 NA per Share and gearing

For illustration purposes, based on the latest audited consolidated financial statements of the Company as at 30 June 2020, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are as follows:

	Audited as at 30 June 2020	After the Proposed Bonus Issue
	RM '000	RM '000
Issued share capital	104,290	104,290
Foreign exchange translation reserve	2,139	2,139
Revaluation reserve	57,680	57,680
Retained earnings	126,452	⁽¹⁾ 126,302
Shareholders' fund / NA	290,561	290,411
No. of Shares ('000)	279,222	558,444
NA per Share (RM)	1.04	0.52
Total borrowings (RM'000)	88,466	88,466
Gearing ratio (times)	0.30	0.30

Note:

(1) After deducting the estimated expenses in relation to the Proposed Bonus Issue of approximately RM150,000.

4.3 Earnings and EPS

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the financial year ending 30 June 2021, save for the dilution in the EPS of the Group as a result of the increase in the number of Shares in issue arising from the Proposed Bonus Issue.

4.4 Substantial shareholders' shareholdings

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

Substantial shareholder	As at the LPD				After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Chong Keat	67,187,614	24.06	⁽¹⁾ 274,999	0.10	134,375,228	24.06	⁽¹⁾ 549,998	0.10
Singapore Enterprises Private Limited	55,988,700	20.05	-	-	111,977,400	20.05	-	-
Yang Heng Lam	51,305,038	18.37	⁽²⁾ 919,948	0.33	102,610,076	18.37	⁽²⁾ 1,839,896	0.33
Khua Kian Keong	-	-	⁽³⁾ 55,988,700	20.05	-	-	⁽³⁾ 111,977,400	20.05

Notes:

(1) Deemed interested in shares held by his children by virtue of Section 59(11)(c) of the Act.

(2) Deemed interested in shares held by his spouse and children by virtue of Section 59(11)(c) of the Act.

(3) Deemed interested in shares held by Singapore Enterprises Private Limited pursuant to Section 8 of the Act.

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 of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
- (ii) the shareholders of Freight Management for the Proposed Bonus Issue at an extraordinary general meeting to be convened.

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, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive and/or persons connected to them has any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company, in which the Bonus Shares 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

CIMB has been appointed as the Principal Adviser of 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 Proposed Bonus Issue is expected to be completed by the second quarter of calendar year 2021.

This announcement is dated 19 April 2021.