

**THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**FREIGHT MANAGEMENT HOLDINGS BHD.**  
**Registration No. 199601008064 (380410-P)**  
**(Incorporated in Malaysia)**

**PART A**  
**CIRCULAR TO SHAREHOLDERS**  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

**PART B**  
**STATEMENT TO SHAREHOLDERS**  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The resolution in respect of the above proposals will be tabled at the Twenty-Fourth (**24<sup>th</sup>**) Annual General Meeting ("**AGM**") of the Company which will be conducted fully virtual via 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.** . The Notice of the 24<sup>th</sup> AGM, Proxy Form, Administrative Guide and this Circular/Statement are available at <http://fmgloballogistics.listedcompany.com/AR2020.html>

Please complete and return Proxy Form in accordance with the instructions thereon as soon as possible to the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, at least forty-eight (48) hours before the time for holding the AGM or any adjournment thereof. You also have option to submit the Proxy Form electronically via TIH Online website at <https://tiah.online> (applicable to individual shareholder only) before the Proxy Form lodgement cut-off time as stated below: -

Last date and time for lodging the Form of Proxy : Wednesday, 25 November 2020 at 10.00 a.m.  
Date and time of the 24<sup>th</sup> AGM : Friday, 27 November 2020 at 10.00 a.m.

This Circular/Statement is dated 28 October 2020.

**PART A**  
CIRCULAR TO SHAREHOLDERS  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular: -

- “Act” : The Companies Act 2016, as may be amended from time to time and any-enactment thereof.
- “AGM” : Annual General Meeting.
- “ALSB” : Advance Logistics Sdn. Bhd. [Registration No. 199101017879 (228190-A)].
- “ARMC” : Audit and Risk Management Committee of FMHB.
- “Board” : The Board of Directors of FMHB.
- “Bursa Securities” or “the Exchange” : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the Company, its subsidiary or holding company.
- “FMHB” or “the Company” : Freight Management Holdings Bhd. [Registration No. 199601008064 (380410-P)].
- “FMHB Group” or “Group” : FMHB and its subsidiaries as defined in Section 4 of the Act. Subsidiary companies include subsidiaries, which exist as at the date of this Circular and subsidiaries which are incorporated or acquired at any time during the duration of the Proposal.
- “FMGL (KUL) SB” : FM Global Logistics (KUL) Sdn. Bhd. [Registration No. 199001007988 (199558-U)].
- “FMGL (M) SB” : FM Global Logistics (M) Sdn. Bhd. [Registration No. 198201005986 (85740-U)].
- “Listing Requirements” : Bursa Securities’ Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
- “Major Shareholder” : A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:-
- (a) 10% or more of the total number of voting shares in the Company; or
  - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company;
- and shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of FMHB, its subsidiary or holding company.
- “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
- “NGLSB” : Nankai Global Logistics (M) Sdn. Bhd. [Registration No. 198201007854 (87612-H)].

- “Person(s) Connected” : Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories:-
- (i) a family member of the Directors or Major Shareholders;
  - (ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Directors or Major Shareholders, is the sole beneficiary;
  - (iii) a partner of the Directors or Major Shareholders;
  - (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Directors or Major Shareholders;
  - (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes of the Directors or Major Shareholders is accustomed or is under an obligation, whether formal or informal, to act;
  - (vi) a body corporate in which the Directors, Major Shareholders or persons connected with them are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (vii) a body corporate which is a related corporation of the Directors or Major Shareholders.
- “Proposal” or “Proposed Renewal of Shareholders’ Mandate for RRPTs” : Proposed renewal of shareholders’ mandate for FMHB Group to enter into existing RRPTs with the Related Parties.
- “Recurrent Related Party Transactions” or “RRPTs” : Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by FMHB Group with the Related Parties in the ordinary course of business which involve the interest, direct or indirect, of a Related Party.
- “Related Party(ies)” : A Director, Major Shareholder or Person Connected with such Director or Major Shareholder as defined under Chapters 1 and 10 of the Listing Requirements.
- “RM” and “sen” : Ringgit Malaysia and sen respectively.
- “SC” : Securities Commission Malaysia.

All references to “our Company” in this Circular are to FMHB. References to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries.

All references to “you” in this Circular are to our shareholders.

Words incorporate the singular shall, where applicable, include the plural and vice versa and words incorporate the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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**FREIGHT MANAGEMENT HOLDINGS BHD.**  
**Registration No. 199601008064 (380410-P)**  
(Incorporated in Malaysia)

Registered Office: -  
Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

28 October 2020

**Board of Directors:-**

Tengku Nurul Azian Binti Tengku Shahrman (*Chairperson/Independent Non-Executive Director*)  
Chew Chong Keat (*Group Managing Director*)  
Yang Heng Lam (*Executive Director*)  
Gan Siew Yong (*Executive Director*)  
Ong Looi Chai (*Executive Director*)  
Lau Swee Chin (*Independent Non-Executive Director*)  
Soh Chin Teck (*Independent Non-Executive Director*)  
Khua Kian Keong (*Non-Independent Non-Executive Director*)

**TO: OUR SHAREHOLDERS**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

On 25 November 2019, the Company announced that the shareholders had at the Twenty-Third AGM held on even date, approved the resolution pertaining to the shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature which is necessary for the Group's day-to-day operations and are in the ordinary course of business on terms that are not more favourable to the Related Parties than those generally available to the public. The approval shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming 24<sup>th</sup> AGM of the Company scheduled on 27 November 2020 unless approval for its renewal is obtained from the shareholders of the Company at the 24<sup>th</sup> AGM.

On 20 October 2020, the Board announced that the Company proposed to seek the approval of its shareholders for the Proposal at the forthcoming 24<sup>th</sup> AGM of the Company.

The purpose of this Circular is to provide you with relevant details of the Proposal and to seek your approval for the proposed resolution pertaining to the Proposal to be tabled at the forthcoming 24<sup>th</sup> AGM of the Company.

**YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPTS.**

## 2. INFORMATION ON THE PROPOSAL

### 2.1 Provision under the Listing Requirements

Pursuant to Paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, a listed company may seek a shareholders' mandate in respect of RRPTs subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the prescribed threshold as follows:-
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
  - (b) the percentage ratio of such RRPTs is 1% or more,whichever is the higher;
- (iii) the issuance of a circular to shareholders by the Company for the shareholders' mandate includes the information as may be prescribed by the Exchange;
- (iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and interested Persons Connected and where it involves the interest of the Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the RRPTs. The interested Director or interested Major Shareholder must also ensure that Persons Connected with him abstain from voting on the resolution approving the RRPTs; and
- (v) the Company shall make an immediate announcement to the Exchange when the actual value of the RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Where a shareholders' mandate pursuant to Paragraph 10.09(2) of the Listing Requirements has been procured, the obligation to procure Shareholders' approval under Paragraph 10.08 of the Listing Requirements shall not apply.

FMHB is proposing to seek its shareholders' approval to renew the existing shareholders' mandate pursuant to and in compliance with the conditions stated in Paragraph 10.09 and Practice Note 12 of the Listing Requirements, to enable the Group to continue entering into the RRPTs with the Related Parties.

### 2.2 Principal Activities of FMHB Group

FMHB is principally an investment holding company and provides management services to its subsidiary and associated companies. The Proposal will apply to the following subsidiaries of FMHB:-

<u>Subsidiaries/Associates</u>	<u>Effective Equity Interest (%)</u>	<u>Principal Activities</u>
FMGL (M) SB	100%	Provision of freight services
FMGL (KUL) SB	100%	Provision of freight services



## 2.3 The Related Parties

The Proposal will apply to the following Related Parties:-

<u>Related Party</u>	<u>Principal Activities</u>
NGLSB	Forwarding licensee
ALSB	Forwarding licensee

### Notes:-

- Mr Chew Chong Keat is a Major Shareholder of FMHB and the Group Managing Director in FMHB and all its subsidiaries.
- Madam Gan Siew Yong is the spouse of Mr Chew Chong Keat and is an Executive Director in FMHB and all its subsidiaries. She is therefore a Person Connected to Mr Chew Chong Keat.
- Encik Azha Bin Halip is the Assistant General Manager in FMHB Group and is also a Major Shareholder and Director in NGLSB and ALSB. He is therefore a Person Connected to Mr Chew Chong Keat and Madam Gan Siew Yong.

## 2.4 Information on the RRPTs

It is anticipated that the Group would, in the ordinary course of business continue to enter into RRPTs which are detailed in the table below.

In view of the time-sensitive and frequent nature of such RRPTs, the Board is seeking shareholders' approval for the Proposed Renewal of Shareholders' Mandate for RRPTs for the Group to enter into transactions in the normal course of business with the Related Parties set out below provided such transactions are entered into at arms' length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

No.	Transacting Party	Company within FMHB Group	Nature of transaction	Estimated value as disclosed in the preceding year's Circular  (RM)	Actual value transacted from the date the existing mandate was obtained up to the latest practicable date ("30 September 2020")  (RM)	Estimated value from the forthcoming AGM to the next AGM  (RM)	Interested Director, Major Shareholder and/or Person Connected with them
1)	NGLSB	FMGL (KUL) SB,  FMGL (M) SB	NGLSB provides exclusive custom clearance services to FMHB Group	1,000,000	49,274	800,000	Interested Director and/or interested Major Shareholder: <b>Chew Chong Keat and Gan Siew Yong</b>
2)	ALSB	FMGL (M) SB	ALSB provides exclusive custom clearance services to FMGL (M) SB	1,000,000	178,310	800,000	Persons Connected to interested Director and/or interested Major Shareholder: <b>Azha Bin Halip</b>

The above transactions are necessary for FMHB Group's day-to-day operations in the ordinary course of business and on terms that are not more favourable to the Related Parties than those generally available to the public as well as not to the detriment of the minority shareholders of FMHB Group.

The basis of arriving at the estimated value as indicated above is based on value transacted during the financial year ended 30 June 2020 as well as latest available information relating to these transactions. The value of these transactions may be varied and subject to changes.

## **2.5 Deviation from Mandate**

There was no deviation of 10% or more between the aggregated actual value and the aggregated estimated value pursuant to Paragraph 10.12 of the Listing Requirements.

## **2.6 Review Procedures for the RRPTs**

The Group has established procedures and guidelines to ensure that RRPTs are undertaken on an arms' length basis on the Group's normal commercial terms consistent with the Group's usual business practices and policies on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders. The procedures are as follows: -

- (i) A list of companies related to the Related Parties have been circulated within the Group and all contracting parties will be notified that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders;
- (ii) The transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, quality of products and other relevant factors. At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to ascertain whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the management will ensure the RRPTs with the Related Parties will only be entered into based on the Group's usual business practices, and on prices negotiated specifically between the parties based on a willing buyer-willing seller basis after taking into account the pricing, level of services, quality of products and other related factors and that the RRPTs are not entered into to the detriment of the minority shareholders;
- (iii) The ARMC will review the transactions that the management has identified as RRPTs to ensure that the RRPTs are entered into on an arm's length basis, based on commercial terms and are not more favourable to the Related Parties than those generally available to the public and are not prejudicial to the minority shareholders;
- (iv) The Company will maintain records pertaining to the RRPTs which are entered into pursuant to the shareholders' mandate. A summary of the transactions is tabled to the ARMC for review on a quarterly basis;
- (v) The ARMC will review conflict of interest situations that may arise as a result of RRPTs to ensure that appropriate procedures have been followed and the ARMC has the overall responsibility to determine the review procedures and shall continue to review the adequacy and appropriateness of the procedures as and when required;
- (vi) Any member of the ARMC may, as he deems fit, request for additional information pertaining to the transaction including from independent sources or advisers; and

The Board and the ARMC of FMHB have reviewed the above procedures and will continue to review the procedures as and when required. If a member of the Board or ARMC has an interest in the transaction to be reviewed by the Board or the ARMC as the case may be, he will not participate in the deliberation of such transaction and will abstain from any decision making in respect of that transaction.

## **2.7 The Threshold for the Approval of RRPTs**

There is no specific threshold for approval of RRPTs within FMHB Group. However, all RRPTs are subject to the approval of the Board. Where any Director has an interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter. If it is determined that the procedures stated in Section 2.6 of this Circular are inadequate, the Company is required to ensure that: -

- (i) RRPTs will be conducted at arms' length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders.

The ARMC shall have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

## **2.8 Amount due and owing to the Company by Related Parties**

As at the financial year ended 30 June 2020, there is no amount due and owing to FMHB Group by its Related Parties, which has exceeded the credit term given. The payments were made within the agreed credit terms.

## **2.9 Statement by ARMC**

The ARMC has reviewed the procedures set out in Section 2.6 above and is of the view that the said procedures are sufficient to ensure that the RRPTs are conducted at arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Any member of the ARMC who is interested in any RRPTs shall not be involved in the review of the RRPTs.

The ARMC is also of the view that FMHB Group has put in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The ARMC will review the procedures and processes on a yearly basis or whenever the need arises.

## **2.10 Disclosure of RRPTs**

Disclosure will be made in the annual report of FMHB in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information: -

- (i) types of the RRPTs; and
- (ii) names of the Related Parties involved in each RRPT entered into and their relationship with the Company.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposal has been obtained.

## **2.11 Rationale for the Proposal**

The rationale for and benefits of the Proposal to FMHB Group are: -

- (i) to facilitate transactions with Related Parties which are in the ordinary course of business of FMHB Group undertaken at arms' length, normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- (ii) to enable FMHB Group to transact with the Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations, particularly, business needs which are time sensitive in nature; and
- (iii) will eliminate the need to announce and convene separate general meetings to seek shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channeled to attain more productive objectives.

## **2.12 Financial Effects of the Proposal**

The Proposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of FMHB. It is also not expected to have any material effect on the net assets per share and earnings per share of FMHB Group.

## **2.13 Validity Period for the Proposal**

The Proposal, if approved at the forthcoming 24<sup>th</sup> AGM, will be subject to annual review. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate for RRPTs shall only continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the AGM at which such Proposal was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed by the shareholders in a general meeting;
- (b) the expiration of the period within which the next AGM of the Company subsequent to that date is required to be held under Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

## 2.14 Interests of Directors, Major Shareholders and/or Persons Connected to them

In respect of the Proposal, save as disclosed below, none of our Directors, Major Shareholders and/or Persons Connected to them (as defined in the Listing Requirements) has any interest, directly or indirectly in the Proposed Renewal of Shareholders' Mandate for RRPTs.

The shareholdings of the interested persons in FMHB as at 30 September 2020 are: -

Interested person	Interest in FMHB			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chew Chong Keat	67,187,614	24.06	274,999*	0.10
Gan Siew Yong	12,147,804	4.35	274,999*	0.10
Azha Bin Halip	25,569	0.01	-	-

\* Deemed interested in shares held by their children.

Mr Chew Chong Keat, the Group Managing Director is also the Major Shareholder of the Company, holding 24.06% direct and 0.10% indirect equity interest in the Company as at 30 September 2020 and is interested in the Proposal.

Madam Gan Siew Yong, an Executive Director of FMHB, is also the spouse of Mr Chew Chong Keat. Therefore, she is deemed interested in the Proposal.

The interested Directors, namely Mr Chew Chong Keat and Madam Gan Siew Yong have abstained and will continue to abstain from all Board deliberations in respect of the Proposal. Further, they will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposal at the forthcoming AGM. In addition, they have undertaken and will ensure that Persons Connected to them will abstain from voting on the resolution pertaining to the Proposal in respect of their direct and/or indirect shareholdings in FMHB at the forthcoming AGM.

Encik Azha Bin Halip ("Encik Azha") is the Assistant General Manager in FMHB Group. He is also a Director and Major Shareholder in NGLSB and ALSB. Thus, he will abstain from voting on the resolution pertaining to the Proposal in respect of his direct and/or indirect shareholdings in FMHB at the forthcoming AGM. Encik Azha has also undertaken and will ensure that Persons Connected to him will abstain from voting on the resolution pertaining to the Proposal in respect of their direct and/or indirect shareholdings in FMHB at the forthcoming AGM.

## 3. DIRECTORS' RECOMMENDATION

The Directors (save for the interested Directors namely Mr Chew Chong Keat and Madam Gan Siew Yong), having considered the Proposed Renewal of Shareholders' Mandate for RRPTs including the rationale and benefits for the Proposal, are of the opinion that the Proposal is fair, reasonable and in the best interest of FMHB Group and is not detrimental to the interest of the minority shareholders. Accordingly, they (save for Mr Chew Chong Keat and Madam Gan Siew Yong) recommend that you vote in favour of the ordinary resolution in relation to the Proposal, the text of which are set out in the Notice convening the 24<sup>th</sup> AGM.

## 4. APPROVAL REQUIRED

The Proposal is subject to approval being obtained from our shareholders at the forthcoming 24<sup>th</sup> AGM.

## 5. 24<sup>TH</sup> AGM

The 24<sup>th</sup> AGM of FMHB will be conducted fully virtual via 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. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposal.

The Broadcast Venue is strictly for the purpose of complying in Section 327(2) of the Act. Shareholders/Proxies will not be allowed to attend the 24<sup>th</sup> AGM in person at the Broadcast Venue on the day of the Meeting.

If you are unable to participate at the 24<sup>th</sup> AGM, you may complete, sign and return the Proxy Form enclosed in the Company's Annual Report 2020 in accordance with the instructions therein as soon as possible so as to arrive at the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time fixed for the 24<sup>th</sup> AGM. The Proxy Form may also be submitted electronically via TIIH Online website at <https://tiih.online> (applicable to individual shareholder only).

## 6. FURTHER INFORMATION

You are advised to refer to the attached appendix for further information.

Yours faithfully

On behalf of the Board of

**FREIGHT MANAGEMENT HOLDINGS BHD.**

**Tengku Nurul Azian Binti Tengku Shahrman**

Chairperson/Independent Non-Executive Director

**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board of FMHB who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION**

FMHB Group is not involved or engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of FMHB do not have any knowledge of any proceedings, pending or threatened against FMHB and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position and/or business of FMHB Group.

**3. MATERIAL CONTRACTS**

Neither FMHB and/or its subsidiaries has entered into any material contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding the date of this Circular.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of FMHB at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during normal business hours (except public holidays) from the date of this Circular up to the time stipulated for the holding of the 24<sup>th</sup> AGM:-

- (i) The Constitution of FMHB; and
- (ii) Audited Financial Statements of FMHB Group for the past two (2) financial years ended 30 June 2019 and 30 June 2020.

**PART B**  
STATEMENT TO SHAREHOLDERS  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR  
SHARE BUY-BACK



## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Statement:-

“Act”	:	The Companies Act 2016, as may be amended from time to time and any-enactment thereof.
“AGM”	:	Annual General Meeting.
“Board”	:	The Board of Directors of FMHB.
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016 and any amendments made thereto from time to time.
“EPS”	:	Earnings per share.
“FMHB” or “the Company”	:	Freight Management Holdings Bhd. [Registration No. 199601008064 (380410-P)].
“FMHB Group” or “Group”	:	FMHB and its subsidiary and associated companies, collectively.
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
“Market Day”	:	Means a day on which the stock market of the Exchange is open for trading in securities.
“Major Shareholder”	:	A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:-  (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.  “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“Minister”	:	Minister charged with the responsibility for companies, currently the Minister of Domestic Trade, Co-operatives and Consumerism, Malaysia.
“NA”	:	Net Assets.
“Proposed Renewal of Shareholders’ Mandate for Share Buy-Back”	:	Proposed renewal of authority to the Company to purchase its own shares representing up to 10% of the total number of issued shares of the Company.
“Purchased Shares”	:	Shares purchased pursuant to the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back.
“RM and sen”	:	Ringgit Malaysia and sen respectively.
“Statement”	:	This share buy-back statement dated 28 October 2020 in relation to the Proposed Renewal of Shareholders’ Mandate for Share Buy-Back.
“Substantial Shareholder(s)”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares in the Company.

All references to “our Company” in this Statement are to FMHB. References to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries.

All references to “you” in this Statement are to our shareholders.

Words incorporate the singular shall, where applicable, include the plural and vice versa and words incorporate the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

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**FREIGHT MANAGEMENT HOLDINGS BHD.**  
**Registration No. 199601008064 (380410-P)**  
(Incorporated in Malaysia)

Registered Office: -  
Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

28 October 2020

**Board of Directors: -**

Tengku Nurul Azian Binti Tengku Shahriman (*Chairperson/Independent Non-Executive Director*)  
Chew Chong Keat (*Group Managing Director*)  
Yang Heng Lam (*Executive Director*)  
Gan Siew Yong (*Executive Director*)  
Ong Looi Chai (*Executive Director*)  
Lau Swee Chin (*Independent Non-Executive Director*)  
Soh Chin Teck (*Independent Non-Executive Director*)  
Khua Kian Keong (*Non-Independent Non-Executive Director*)

**TO: OUR SHAREHOLDERS**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

**1. INTRODUCTION**

On 20 October 2020, the Company announced that it proposes to seek a renewal of the approval from the shareholders for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back at the forthcoming 24<sup>th</sup> AGM to be convened on 27 November 2020.

At the Company's 23<sup>rd</sup> AGM held on 25 November 2019, the Board obtained the shareholders' approval to allow the Company to buy-back of up to 10% of its total number of issued shares. This authority shall lapse at the conclusion of the forthcoming 24<sup>th</sup> AGM unless it is renewed.

The purpose of this Statement is to provide you with the relevant information and to seek your approval for an ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to be tabled at the forthcoming 24<sup>th</sup> AGM.

**YOU ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK.**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

The Board is seeking your approval for the Company to purchase and/or hold shares representing up to 10% of its total number of issued shares on Bursa Securities, subject to the Act, Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be effective immediately upon the passing of the ordinary resolution, and will remain in effect until the conclusion of the next AGM of FMHB, or the expiry of the period within which the next AGM is required by law to be held, or revoked or varied by ordinary resolution passed by shareholders in a general meeting, whichever occurs first.

Set out below are details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back:-

### **(i) Funding**

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be funded by both internally generated funds and/or borrowings. Under the Listing Requirements, the maximum funds to be utilised for the purchase of the shares shall not exceed the total retained profits of the Company. Accordingly, the Directors shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company in respect of any purchase of shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. Based on the latest audited financial statements of FMHB as at 30 June 2020, the retained profits of the Company stood at approximately RM3,227,818.

The actual number of shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the prevailing equity market conditions and sentiments as well as the financial resources available to the Company at the time of the purchase(s). In the event the Company decides to utilise bank borrowings to finance the purchase of its own shares, the Board will ensure that there are sufficient funds to repay such borrowings and that such repayment will not have a material impact on the cash flow or earnings of the Company.

In addition, the Board will ensure that the Company satisfies the solvency test as stated under Section 112(2) of the Act before executing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

### **(ii) Treatment of Purchased Shares**

In accordance with Section 127 of the Act, the Purchased Shares may be dealt with by our Directors in the following manner:-

- (a) to cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares to:-
  - (i) distribute the shares as dividends to shareholders of the Company, such dividends to be known as "share dividends";
  - (ii) resell the shares, or any of the shares in accordance with the relevant rules of Bursa Securities;
  - (iii) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
  - (iv) transfer the shares, or any of the shares as purchase consideration;
  - (v) cancel the shares or any of the shares; or
  - (vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; or
- (c) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

**(iii) Ranking**

While the Purchased Shares are held as treasury shares, Section 127(8) and (9) of the Act states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

**(iv) Regulatory requirements**

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to compliance with Section 127 of the Act, Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

Pursuant to Section 127(2) of the Act, a company shall not purchase its own shares unless:

- (a) the company is solvent at the date of the purchase and will not become insolvent by incurring the debts involving in the obligation to pay for the shares so purchased;
- (b) the purchase is made through Bursa Securities and in accordance with the rules of Bursa Securities unless otherwise permitted under the relevant rules of Bursa Securities and is made in accordance with such requirements as may be determined by Bursa Securities for the company to purchase its own shares otherwise than through Bursa Securities; and
- (c) the purchase is made in good faith and in the interests of the company.

Pursuant to the Listing Requirements, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to, *inter-alia*, the following rules: -

- the public shareholding spread of 25% of its total number of issued shares is to be maintained at all times. As detailed in Section 6.7 of this Statement, the Board undertakes to purchase shares only to the extent that the public shareholding spread of FMHB shall not fall below 25% of its total number of issued shares at all times pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back;
- the purchase price of the shares shall not be more than 15% above the weighted average market price for the Company's shares for the five (5) Market Days immediately preceding the date of the purchase(s);
- an immediate announcement will be made to Bursa Securities of any purchase or resale of shares and whether the Purchased Shares will be cancelled or retained as treasury shares or a combination of both;
- the Company may only resell or transfer any treasury shares on Bursa Securities at: -
  - (i) a price, which is not less than the weighted average market price of FMHB's shares for the five (5) Market Days immediately before the date of the resale or transfer; or
  - (ii) a discounted price of not more than 5% to the weighted average market price of shares for the five (5) Market Days immediately before the date of the resale or transfer, provided that: -
    - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
    - (b) the resale or transfer price is not less than the cost of purchase of shares being resold or transferred;

- the maximum funds to be utilised for the purchase of the shares shall not exceed the level of retained profits of the Company. As mentioned in Section 2(i) of this Statement, the allocation of funds for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would not exceed the aggregate sum of retained profits of the Company; and
- the Proposed Renewal of Shareholders' Mandate for Share Buy-Back shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined under the rules of Bursa Securities.

### **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

The implementation of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would enable the Company to utilise its surplus financial resources to purchase shares when appropriate, and at prices which the Board views as favourable.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights (unless the Purchased Shares are resold on Bursa Securities or distributed as share dividends). Consequently (whether the Purchased Shares are held as treasury shares or cancelled), all else being equal, the EPS of the Company/FMHB Group may be enhanced as the earnings of FMHB/FMHB Group would be divided by a reduced number of shares.

The Purchased Shares may be cancelled at such time(s) where the Board are of the view that there is excess share capital and wish to reduce the number of shares in circulation. If the Purchased Shares are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total issued share capital of the Company. The treasury shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.

### **4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

#### **Advantages**

- To enable the Company to stabilise the supply and demand of shares on Bursa Securities and thereby reducing the volatility of shares.
- If the Purchased Shares are subsequently cancelled, it is expected to enhance the EPS of the Company thereby making the shares more attractive to investors.
- If the treasury shares are distributed as dividends, it may then serve to reward the shareholders.

#### **Disadvantages**

- The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forego feasible investment opportunities that may emerge in the future and any income that may be derived from the deposit of funds in interest bearing instruments.
- The working capital of the Group will also be affected, as any purchase of shares will reduce the Group's cash flow. However, the financial resources of the Group may increase if the shares purchased and held as treasury shares are resold at prices higher than purchase price.

The Board will be mindful of the interests of the Company and the shareholders in implementing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

### **5. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS**

FMHB has not purchased any of its shares in the previous twelve (12) months preceding the date of this Statement. As such, the Company does not have any treasury shares and has not resold, cancelled or distributed any treasury shares as dividends in the same period.



## 6. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the share capital, consolidated NA, working capital, earnings, dividends and the Substantial Shareholders' shareholdings in FMHB are set out below: -

### 6.1 Share Capital

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the issued share capital of FMHB will depend on the treatment of the Purchased Shares. In the event the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of shares so cancelled, the effect shall be as follows: -

	Number of shares
Issued share capital as at 30 September 2020	279,222,415
Assuming the shares purchased are cancelled (up to 10% of the total number of issued shares)	27,922,241
<b>Reduced issued share capital</b>	<b>251,300,174</b>

If the Purchased Shares are retained as treasury shares, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will not have any effect on the issued share capital of the Company. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

### 6.2 Net Assets ("NA")

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the consolidated NA of FMHB Group would depend on the purchase price of shares, the number of shares purchased, the effective funding cost of FMHB Group to finance the share buy-back, if any, or loss in interest income to the Company, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

If all the Purchased Shares are cancelled, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would reduce the NA per share of FMHB Group if the purchase price of each Purchased Share exceeds the NA per share at the relevant point in time, and vice versa.

The NA of FMHB Group would decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA by the cost of the treasury shares.

If the treasury shares are resold through Bursa Securities, the NA of FMHB Group would increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the NA would decrease by the cost of the treasury shares.

### 6.3 Working Capital

The share repurchased will result in an outflow of cash and thereby reduce the working capital of FMHB Group, the quantum of which is dependent on the purchase price of shares and the number of shares repurchased and the funding cost, if any. However, the working capital and cash flow of the Company will increase upon reselling of Purchased Shares which are retained as treasury shares. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

#### **6.4 Earnings and EPS**

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the earnings of FMHB Group would depend on the purchase price and the number of shares to be purchased as well as the effective funding cost of the Company, if any, or any loss in interest income to the Group. Further, the purchase of shares will result in a lower number of shares taken into account for the purpose of EPS computation.

#### **6.5 Dividends**

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if implemented in full and the dividend quantum maintained at historical level, will increase dividend rate per ordinary share as a result of the reduction in the issued share capital of the Company.

The level of future dividend to be declared or recommended (if any) will be determined by the Board after taking into consideration the performance, cash flow position and financing requirements of FMHB Group.

Any dividends to be declared by FMHB in the future would depend on, inter-alia, the profitability and cash flow position of FMHB Group.

#### **6.6 Substantial Shareholders**

Shares bought back by the Company under the Proposed Renewal of Shareholders' Mandate for Share Buy-Back that are retained as treasury shares and/or subsequently cancelled will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company, as detailed in Section 8 below.

#### **6.7 Public Shareholding Spread**

As at 30 September 2020, the public shareholding spread of the Company was approximately 30.59% of its total number of issued shares.

For the purpose of illustration, if the Company purchases up to the maximum of 10% of the total number of issued shares and assuming the number of shares currently held by the Directors, the Substantial Shareholders or associates of the Directors and/or Substantial Shareholders remain unchanged during the implementation of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, the proforma public shareholding spread of the Company, based on the Record of Depositors as at 30 September 2020 is expected to be approximately 22.88%. The Board is mindful of the requirement that any purchase of shares by the Company must not result in the public shareholding spread of FMHB falling below 25% of its total number of issued shares.

### **7. CONDITIONS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to the approval of the shareholders of FMHB at the forthcoming 24<sup>th</sup> AGM.

### **8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

Save for the proportionate increase in the percentage of shareholdings of the Directors, Substantial Shareholders and persons connected to them as a result of the effective decrease in the total number of voting shares of the Company upon the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, none of the Directors and/or Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

Based on the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd as at 30 September 2020 and assuming FMHB implements the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to the extent that the public shareholding spread of FMHB shall not fall below 25% of its total number of issued shares and that the shares purchased are from public shareholders, the effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of FMHB are as follows:-

Directors	Existing as at 30 September 2020				After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tengku Nurul Azian Binti Tengku Shahriman	-	-	-	-	-	-	-	-
Chew Chong Keat	67,187,614	24.06	274,999 <sup>@</sup>	0.10	67,187,614	26.00	274,999 <sup>@</sup>	0.11
Yang Heng Lam	51,305,038	18.37	919,948 <sup>#@</sup>	0.33	51,305,038	19.85	919,948 <sup>#@</sup>	0.36
Gan Siew Yong	12,147,804	4.35	274,999 <sup>@</sup>	0.10	12,147,804	4.70	274,999 <sup>@</sup>	0.11
Ong Looi Chai	4,269,033	1.53	-	-	4,269,033	1.65	-	-
Soh Chin Teck	-	-	-	-	-	-	-	-
Lau Swee Chin	-	-	-	-	-	-	-	-
Khua Kian Keong	-	-	55,988,700 <sup>^</sup>	20.05	-	-	55,988,700 <sup>^</sup>	21.67

<sup>@</sup> Deemed interested in shares held by his/her children.

<sup>#</sup> Deemed interested in shares held by his spouse.

<sup>^</sup> Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

Note: -

\* For illustrative purposes only, the above tables assume that FMHB purchases up to 7.46% of its total number of issued shares as at 30 September 2020 to comply with the 25% public shareholding spread requirement.

Substantial Shareholders	Existing as at 30 September 2020				After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Chong Keat	67,187,614	24.06	274,999 <sup>@</sup>	0.10	67,187,614	26.00	274,999 <sup>@</sup>	0.11
Yang Heng Lam	51,305,038	18.37	919,948 <sup>#@</sup>	0.33	51,305,038	19.85	919,948 <sup>#@</sup>	0.36
Singapore Enterprises Private Limited	55,988,700	20.05	-	-	55,988,700	21.67	-	-
Khua Kian Keong	-	-	55,988,700 <sup>^</sup>	20.05	-	-	55,988,700 <sup>^</sup>	21.67

<sup>@</sup> Deemed interested in shares held by his/her children.

<sup>#</sup> Deemed interested in shares held by his spouse.

<sup>^</sup> Deemed interested by virtue of his interest in Singapore Enterprises Private Limited.

Note: -

\* For illustrative purposes only, the above tables assume that FMHB purchases up to 7.46% of its total number of issued shares as at 30 September 2020 to comply with the 25% public shareholding spread requirement.

**9. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK RELATING TO THE CODE**

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back may result in any Substantial Shareholder(s) together with parties acting in concert triggering mandatory general offer obligation under the Code. However, an exemption from a mandatory offer obligation may be applied to the Securities Commission Malaysia under Rule 4.15 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, subject to the offeror complying with conditions stipulated therein. The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of FMHB shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

**10. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of shares traded on Bursa Securities for the preceding 12 months from October 2019 to September 2020 are as follows:

	<b>High (RM)</b>	<b>Low (RM)</b>
<b>Year 2019</b>		
October	0.63	0.60
November	0.63	0.60
December	0.63	0.60
<b>Year 2020</b>		
January	0.62	0.60
February	0.62	0.60
March	0.59	0.38
April	0.50	0.43
May	0.52	0.48
June	0.53	0.50
July	0.53	0.50
August	0.54	0.50
September	0.56	0.52
Last traded price on Bursa Securities on 19 October 2020, being the last trading day prior to the initial announcement of 20 October 2020.		0.575

Source: Bloomberg

**11. DIRECTORS' RECOMMENDATION**

After due consideration, the Board is of the opinion that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 24<sup>th</sup> AGM to give effect to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been reviewed and approved by the Directors of FMHB and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

**13. 24<sup>TH</sup> AGM**

The 24th AGM of FMHB will be conducted fully virtual via 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. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

The Broadcast Venue is strictly for the purpose of complying in Section 327(2) of the Act. Shareholders/proxies will not be allowed to attend the 24<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

If you are unable to participate at the 24<sup>th</sup> AGM, you may complete, sign, and return the Proxy Form enclosed in the Company's Annual Report 2020 in accordance with the instructions therein as soon as possible so as to arrive at the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time fixed for the 24<sup>th</sup> AGM. The Proxy Form may also be submitted electronically via TIIH Online website at <https://tiih.online> (applicable to individual shareholder only).

#### **14. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of FMHB at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia during normal business hours (except public holidays) from the date of this Statement up to the time stipulated for the holding of the AGM:-

- (i) The Constitution of FMHB; and
- (ii) Audited Financial Statements of FMHB Group for the past two (2) financial years ended 30 June 2019 and 30 June 2020.

Yours faithfully,  
For and on behalf of the Board of  
**FREIGHT MANAGEMENT HOLDINGS BHD.**

**Tengku Nurul Azian Binti Tengku Shahrman**  
Chairperson/Independent Non-Executive Director

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