

**THIS CIRCULAR 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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In line with the provisions of Practice Note No. 18 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia Securities Berhad has not perused Part B of this Circular as these transactions fall under the category of Exempt Circulars outlined in the aforesaid practice note.



# Freight Management Holdings Bhd

(Company No. 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 SHARE BUY-BACK AUTHORITY

The resolution in respect of the above proposals will be tabled at the Twenty-First Annual General Meeting ("AGM") of the Company. Notice of the Twenty-First AGM of the Company, which will be held at **Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 November 2017 at 10.00 a.m.** together with the Form of Proxy are set out in the Annual Report 2017 of the Company despatched together with this Circular.

The Form of Proxy must be lodged at the Registered Office of the Company not later than 48 hours before the time set for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	27 November 2017 at 10.00 a.m.
Date and time of AGM	:	29 November 2017 at 10.00 a.m.

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**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.
- “AIFSB” : Advance International Freight Sdn. Bhd. (340533-U).
- “ALSB” : Advance Logistics Sdn. Bhd. (228190-A).
- “Board” : The Board of Directors of FMHB.
- “Bursa Securities” or “the Exchange” : Bursa Malaysia Securities Berhad (635998-W).
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Market 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 FMHB Group.
- “Interested Persons Connected” : Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories:-
- (i) a member of the Director’s or Major Shareholder’s family;
  - (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 member of the Director’s or Major Shareholder’s family is the sole beneficiary;
  - (iii) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
  - (iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (v) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (vii) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
  - (viii) a body corporate in which the Director, Major Shareholder and/ or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
  - (ix) a body corporate which is a related corporation.
- “Interested Directors” : Directors who are deemed to be Related Parties and are interested in the Proposal.

“FMHB” or “the Company”	:	Freight Management Holdings Bhd (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.
“NGLSB”	:	Nankai Global Logistics Sdn. Bhd. (87612-H).
“FMGL (KUL) SB”	:	FM Global Logistics (KUL) Sdn. Bhd. (199558-U).
“FMGL (M) SB”	:	FM Global Logistics (M) Sdn. Bhd. (85740-U).
“FMWL (Penang) SB”	:	FM Worldwide Logistics (Penang) Sdn. Bhd. (287218-U).
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements, including any amendments that may be made from time to time.
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is equal to or more than 10% aggregate of the nominal amounts of all the voting shares in the Company or equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. A Major shareholder shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of FMHB Group.
“Proposal”	:	Proposed Renewal of Shareholders’ Mandate.
”Proposed Renewal of Shareholders’ Mandate”	:	Proposed renewal of shareholders’ mandate for the FMHB Group to enter into existing RRPTs with the related parties.
“RRPTs”	:	Recurrent transaction 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 involves 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.
- “TCH” : TCH Marine Pte Ltd (Registration No. 199205692R), a company incorporated in Singapore.
- “1<sup>st</sup> CI” : 1<sup>st</sup> Cornerstone Investment Pte Ltd (Registration No. 200402467R).

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**

**(Company No. 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.

31 October 2017

### **Board of Directors:-**

Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak (*Chairman/Senior 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*)

Aaron Sim Kwee Lein (*Independent Non-Executive Director*)

Chua Tiong Hock (*Non-Independent Non-Executive Director*)

Khua Kian Keong (*Alternate Director to Chua Tiong Hock*)

### **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 29 November 2016, the Company announced that the shareholders had at the Twentieth 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 FMHB Group's day-to-day operations and are 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. The approval shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming AGM of the Company scheduled on 29 November 2017 unless approval for its renewal is obtained from the shareholders of the Company at the AGM.

On 23 August 2017 the Board announced that the Company proposed to seek the approval of its shareholders for the Proposal at the forthcoming AGM of the Company.

The purpose of Part A 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 AGM of the Company.

## 2. INFORMATION ON THE PROPOSAL

### 2.1 Provision Under The Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements and Practice Note No. 12, a listed company may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations 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 exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Listing Requirements;
- iii) the issuance of a circular to shareholders by the listed issuer incorporating the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
- 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 an Interested Person Connected, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An Interested Director or Interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- v) the listed issuer immediately announces to the Exchange when the actual value of RRPTs entered into by the listed issuer, exceeds the estimated value of the RRPTs disclosed in the circular 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 of the Listing Requirements has been procured, the provisions of 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 of the Listing Requirements and Practice Note No. 12, to enable the Group to continue entering into the RRPTs with the Related Parties.

### 2.2 Principal Activities of the 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:-

<i>Subsidiaries/Associates</i>	<i>Effective Equity Interest (%)</i>	<i>Principal Activities</i>
FMGL (M) SB	100%	Provision of freight services
FMGL (KUL) SB	100%	Provision of freight services
TCH	51%	Charterers of barges & tugboats

### 2.3 The Related Parties

The Proposal will apply to the following Related Parties:-

<i>Related Party</i>	<i>Principal Activities</i>
NGLSB	Forwarding licensee
ALSB	Forwarding licensee
1 <sup>st</sup> CI	General Trading

**Notes:-**

- *Mr. Chew Chong Keat is a major shareholder of FMHB and the Group Managing Director in FMHB and all its subsidiaries. He is also a director in NGLSB.*
- *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.*
- *En. 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.*
- *Mr. Andrew Tay Nguang Yeow, a director and major shareholder in TCH is also a director and major shareholder in 1<sup>st</sup> CI.*

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

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

No.	Related Party	Company in FMHB Group	Nature of transaction	Estimated value as disclosed in preceding year's circular (RM)	Actual Value transacted from the date the existing mandate was obtained up to the latest practicable date ("3 October 2017") (RM)	Estimated Value from forthcoming AGM to the next AGM (RM)	Interested Parties
a)	NGLSB	FMGL (KUL) SB, FMGL (M) SB	NGLSB provides exclusive custom clearance services to the FMHB Group	4,000,000	730,966	4,000,000	Interested Director and/or Interested Major Shareholder: <b>Chew Chong Keat</b> <b>Gan Siew Yong</b>
b)	ALSB	FMGL (M) SB	ALSB provides exclusive custom clearance services to FMGL (M) SB	4,000,000	377,905	4,000,000	Persons Connected to Interested Director and/or Interested Major Shareholder: <b>Azha Bin Halip</b>
Total:				8,000,000	1,108,871	8,000,000	

No.	Related Party	Company in FMHB Group	Nature of transaction	Estimated value as disclosed in preceding year's circular (RM)	Actual Value transacted from the date the existing mandate was obtained up to the latest practicable date ("3 October 2017") (RM)	Estimated Value from forthcoming AGM to the next AGM (RM)	Interested Parties
c)	1 <sup>st</sup> CI	TCH	TCH provides barge services to 1st CI	3,000,000	4,042,718	6,000,000	Interested Director: <b>Andrew Tay Nguang Yeow</b>
Total:				3,000,000	4,042,718	6,000,000	

The above transactions are necessary for FMHB Group's day-to-day operations and 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 and are not to the detrimental of the minority shareholders of FMHB Group.

The basis of arriving at the estimated value as indicated above was based on the values transacted during the financial year ended 30 June 2017 as well as latest available information relating to these transactions. The value of these transactions may be subject to change in the financial year ending 30 June 2018.

## 2.5 Deviation from Mandate

The Company had on 8 September 2017 and 10 October 2017 made the announcements to the Exchange informing that the total amount of RRPTs entered into by TCH and 1<sup>st</sup> CL had exceeded 10% of the estimated value of transactions as disclosed in the Company's Circular to Shareholders dated 31 October 2016 i.e. RM3,000,000 ("Deviation"). Details of the Deviation are as follows:-

Transaction period	Actual Transaction Value (RM)	Excess of Mandate Threshold (RM)	Excess of Mandate Threshold (%)	Deviation announced on
29 November 2016 to 31 July 2017 ("First Announcement")	3,343,208	343,208	11.44	8 September 2017
29 November 2016 to 3 October 2017 ("Second Announcement")	4,042,718	699,510*	23.317	10 October 2017

\*Note - Derivation of the figure as per the following calculation:

RM4,042,718 - RM3,343,208 = RM699,510 (i.e. exceed 10% of the Estimated Value)

The Deviation for the First and Second Announcements was a result of more business transactions conducted.

Save for the above, the actual value transacted for the transactions stated in Section 2.4(a) and (b) from the date on which the current mandate was obtained (i.e. the date of last AGM held on 29 November 2016) up to the latest practicable date ("3 October 2017") did not exceed the estimated value by 10% or more.

## 2.6 Review Procedures for the RRPTs

There are procedures established by the Group to ensure that RRPTs are undertaken on an arms' length basis and on the Group's normal commercial terms and on transaction prices, consistent with the Group's usual business practices and policies and on transaction prices and terms, which are generally not more favorable to the Related Parties than those generally available to the public and are 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 favorable to the Related Parties than those generally available to the public and are not detrimental to 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 the product 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 practice, 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 Audit Committee will review and ratify at each Audit Committee meeting the transactions that the management has identified as RRPTs to ensure that the RRPTs are entered into on arms length basis, based on commercial terms and are not more favorable to the Related Parties that those generally available to the public and are not prejudicial to the minority shareholders;

- (iv) The Audit Committee will review conflict of interest situations that may arise with the FMHB Group as a result of RRPTs to ensure that appropriate procedures have been followed and the Audit Committee 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;
- (v) Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the transaction including from independent sources or advisers; and
- (vi) The annual internal audit plan shall incorporate a review of all RRPTs entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.

The Board of FMHB and the Audit Committee have reviewed the above procedures and will continue to review the procedures as and when required. If a member of the Board of FMHB or Audit Committee has an interest in the transaction to be reviewed by the Board of FMHB or the Audit Committee as the case may be, he will not participate in the deliberation or such transaction and will abstain from any decision making by the Board or the Audit Committee 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 RRPT(s) 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 Part A Section 2.6 of this Circular, are inadequate and to ensure that:-

- (i) RRPT(s) will be conducted at arms' length 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 Company will obtain a fresh shareholders' mandate based on new guidelines and procedures. The Audit Committee shall also 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 2017, there is no amount due and owing to the Company which has exceeded the credit term given.

## **2.9 Statement by Audit Committee**

The Audit Committee of the Company 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 Audit Committee who is interested in any RRPTs shall not be involved in the review of the RRPTs.

The Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner and these procedures and processes are reviewed on a yearly basis.

## 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 No. 12 of 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 the FMHB Group are as follows:-

- (i) to facilitate transactions with Related Parties which are in the ordinary course of business of the FMHB Group undertaken at arms' length, normal commercial terms and on terms which are not more favorable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- (ii) to enable the 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;
- (iii) for transactions where it is vital that confidentiality be maintained, it will not be viable for prior shareholders' mandate to be obtained as this will entail the release of details of the transactions and may adversely affect the interests of the FMHB Group and place the FMHB Group at a disadvantage to its competitors who may not require shareholders' mandate to be obtained; and
- (iv) 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 have no effect on the issued and paid-up share capital and Major Shareholders' shareholdings of FMHB, the net assets per share and earnings per share of the FMHB Group.

## 2.13 Validity Period for the Proposal

If approved at the forthcoming Twenty-First AGM, the Proposed Renewal of Shareholders' Mandate will be subject to annual review. In this respect, any authority conferred by the Proposed Mandate Renewal 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 were passed, at which time it shall lapse, unless by resolution passed at an AGM whereby authority is renewed;
- b) the expiration of the period within the next AGM of the Company subsequent to the date it is required to be held under Section 340 of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

revoked or varied by resolution passed by the shareholders in 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 the other Directors and/or Major Shareholders or persons connected to them (as defined in the Listing Requirements) have any interest, direct or indirect in the Proposal.

The shareholdings of the interested persons in FMHB as at 3 October 2017 are as follows:-

Interested Party	Interests in FMHB			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chew Chong Keat	44,791,743	24.06	183,333*	0.10
Gan Siew Yong	8,098,536	4.35	183,333*	0.10
Azha Bin Halip	17,046	0.01	-	-
Andrew Tay Nguang Yeow	-	-	-	-

\* Deemed interested in shares held by their children.

Mr. Chew Chong Keat, the Group Managing Director is the major shareholder of the Company (“Interested Major Shareholders”) holding, as at 3 October 2017, 24.06% direct and indirect equity interest in the Company and is interested in the Proposal.

Madam Gan Siew Yong, the spouse of Mr. Chew Chong Keat is a person connected to Mr. Chew Chong Keat and is therefore deemed interested in the Proposal. She is an Executive Director in FMHB and is deemed interested in the Related Parties to the extent the shares of these companies are held by FMHB.

The interested directors, namely Mr. Chew Chong Keat and Madam Gan Siew Yong (“Interested Directors”) 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 interests on the resolution approving the Proposal at the forthcoming AGM and have undertaken to ensure that persons connected to them including Encik Azha Bin Halip have undertaken to abstain from voting on the resolution pertaining to the Proposal in respect of their direct and/or indirect shareholding in FMHB at the forthcoming AGM.

Mr. Andrew Tay Nguang Yeow (“Mr. Tay”) is a director in TCH, a 51% owned subsidiary of FMHB and holds the balance of the 49% in TCH and a director of 1<sup>st</sup> CI, and will abstain from voting on the resolution pertaining to the Proposal in respect of direct and/or indirect shareholding in FMHB at the forthcoming AGM in respect of the RRPTs with 1<sup>st</sup> CI. Mr. Tay has undertaken to ensure that persons connected to him have undertaken to abstain from voting on the resolution pertaining to the Proposal in respect of their direct and/or indirect shareholding in FMHB at the forthcoming AGM.

The Interested Directors, Interested Major Shareholders and persons connected to the Interested Directors and Interested Major Shareholders have all consented that one resolution pertaining to the general mandate be sought for all the RRPTs despite several categories and classes of related parties being involved and they have also undertaken that they will ensure that persons connected to them (as defined in the Listing Requirements) have undertaken to abstain from voting on the proposed ordinary resolution pertaining to the Proposal at the forthcoming AGM.



### **3. DIRECTORS' RECOMMENDATION**

Your Directors with the exception of Mr. Chew Chong Keat and Madam Gan Siew Yong, the Interested Directors, who have abstained and will abstain from all Board's deliberations, recommendations and voting on the Proposal are of the opinion that the Proposal is fair, reasonable and in the best interests of the FMHB Group and is not detrimental to 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 under the agenda of Special Businesses, the text of which are set out in the Notice convening the forthcoming AGM.

### **4. APPROVAL REQUIRED**

The Proposal is subject to approval being obtained from our shareholders at the forthcoming AGM.

### **5. TWENTY-FIRST AGM**

The Twenty-First AGM of FMHB, will be held at Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 November 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposal.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible and in any event so as to arrive 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, not less than 48 hours before the time fixed for the AGM. The completion and returning of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

### **6. FURTHER INFORMATION**

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

Yours faithfully

On behalf of the Board of

**FREIGHT MANAGEMENT HOLDINGS BHD**

**Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak**  
**Chairman/Senior 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 facts the omission of which would make any statement herein misleading.

**2. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at the date of this Circular, the Board confirmed that there is no material commitment or contingent liabilities incurred or known to the Company.

**3. MATERIAL LITIGATION**

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

**4. MATERIAL CONTRACTS**

Save as disclosed below, 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:-

On 28 March 2016, the Company had acquired the entire issued and paid-up capital of FM Hubwire Sdn Bhd ("FM Hubwire") comprising of two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00 following the acquisition, FM Hubwire became a wholly-owned subsidiary of the Company.

On 31 March 2016, the Company had entered into a Shareholders' Agreement ("the Agreement") between the Company and Hubwire Sdn. Bhd. plus its shareholders to combine their resources to perform the business of providing an e-commerce distribution platform for merchants to list their products for sale to end-consumers, bundled with marketing support, inventory management, customer service management, warehousing and logistics services, with or without the Hubwire Arc System by way of participating as shareholders in FM Hubwire in accordance with the terms and conditions of the Agreement.

On 15 April 2016, the Company subscribed for an additional 649,998 ordinary shares of RM1.00 each, representing 65% of issued and paid up share capital of FM Hubwire at a total cash consideration of RM649,998.00.

**5. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be 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, during normal business hours from the date of this Circular to the date of the AGM:-

- (i) The Constitution of FMHB;
- (ii) Audited financial statements of FMHB for the past two (2) financial years ended 30 June 2016 and 30 June 2017; and
- (iii) The Material Contract referred to in Section 4 above.

**PART B**  
STATEMENT TO SHAREHOLDERS  
IN RELATION TO  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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## DEFINITIONS

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

AGM	:	Annual General Meeting.
Board	:	The Board of Directors of FMHB.
Bursa Securities or the Exchange	:	Bursa Malaysia Securities Berhad (635998-W).
Code	:	The Malaysian Code on Take-Overs and Mergers, 1998 (and any amendments thereto).
Companies Act	:	The Companies Act 2016 (and any amendments thereto).
EPS	:	Earnings per share.
FMHB or the Company	:	Freight Management Holdings Bhd (380410-P).
FMHB Group or the Group	:	FMHB and its subsidiary and associated companies.
Listing Requirements	:	Bursa Securities Main Market Listing Requirements, including any amendment 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.
NA	:	Net Assets.
Proposed Renewal of Share Buy-Back Authority	:	Proposed renewal of authority to purchase of the Company's own Shares representing up to 10% of its issued and paid-up share capital.
Purchased Shares	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.
RM and sen	:	Ringgit Malaysia and sen respectively.
Share(s)	:	Ordinary share(s) in FMHB.

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## **FREIGHT MANAGEMENT HOLDINGS BHD**

**(Company No. 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.

31 October 2017

### **Board of Directors:-**

Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak (*Chairman/Senior 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*)

Aaron Sim Kwee Lein (*Independent Non-Executive Director*)

Chua Tiong Hock (*Non-Independent Non-Executive Director*)

Khua Kian Keong (*Alternate Director to Chua Tiong Hock*)

### **TO: THE SHAREHOLDERS OF FMHB**

Dear Sir/Madam,

### **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

#### **1. INTRODUCTION**

On 23 August 2017 the Company announced that it proposes to seek a renewal of the approval from the shareholders at the forthcoming AGM to be convened on 29 November 2017.

At the AGM held on 29 November 2016, the Board obtained the shareholders approval to allow the Company to buy-back of up to 10% of its issued and paid-up share capital. This authority shall lapse at the conclusion of the forthcoming 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 Share Buy-Back Authority to be tabled as Special Business at the forthcoming AGM.

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

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

Your Board is seeking your approval for the Company to purchase and/or hold Shares representing up to 10% of its issued and paid-up share capital on Bursa Securities, subject to the Companies Act, Listing Requirements of Bursa Securities and any prevailing laws, rules, regulations and guidelines issued by the relevant authorities at the time of purchase.

The Proposed Renewal of Share Buy-Back Authority 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, unless revoked or varied by ordinary resolution of the shareholders in a general meeting, whichever occurs first.

Set out below are details of the Proposed Renewal of Share Buy-Back Authority:-

### **(i) Funding**

The Proposed Renewal of Share Buy-Back Authority will be funded from internally generated funds and/or borrowings. Under the Listing Requirements of Bursa Securities, the maximum funds to be utilised for the purchase of the Shares cannot exceed the level of retained profits and share premium of the Company. Accordingly, your Directors shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits and share premium of the Company in respect of any purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority. Based on the audited accounts of FMHB as at 30 June 2017, the retained profits and share premium of the Company stood at approximately RM15,282,009 and RM11,215,484 respectively.

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 if the Company decides to utilize bank borrowings to finance the Proposed Share Buy-Back, it will ensure that it has sufficient financial capability to repay the bank borrowings and related interest expenses. The bank borrowings will not have a material impact on the cash flows or earnings of the Company.

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

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

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares for distribution as dividends to the shareholders of the Company and/or resell on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or subsequently cancel the treasury shares; or
- (c) 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 Companies 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 Share Buy-Back Authority is subject to compliance with Section 127 of the Companies Act, Listing Requirements of Bursa Securities and any prevailing laws, rules, regulations and guidelines issued by the relevant authorities at the time of the purchase.

Based on the Listing Requirements of Bursa Securities, the Proposed Renewal of Share Buy-Back Authority is subject to, *inter-alia*, the following rules:-

- the public shareholding spread of 25% of the issued and paid-up share capital of the Company is to be maintained at all times. As detailed in Section 7.7 of this Statement, your Board undertakes to purchase Shares only to the extent that the public shareholding spread of FMHB shall not fall below 25% of the issued and paid-up share capital of the Company at all times pursuant to the Proposed Renewal of Share Buy-Back Authority;
- the purchase price of the Shares cannot be more than 15% above the weighted average market price for the Shares for the 5 Market Days immediately preceding the date of purchase;
- an immediate announcement will be made to Bursa Securities on any purchase of Shares as well as any resale or cancellation of Purchased Shares;
- if subsequently resold on Bursa Securities, the selling price of the Shares cannot be less than:-
  - (i) the weighted average market price of the Shares for the 5 Market Days immediately preceding the date of resale; or
  - (ii) 5% below the weighted average market price for the Shares for the 5 Market Days immediately prior to the resale provided that:-
    - (a) the resale takes place no earlier than 30 days from the date of purchase; and
    - (b) the resale price is not less than the cost of purchase of the Shares being resold.
- the maximum funds to be utilised for the purchase of the Shares cannot exceed the level of retained profits and share premium of the Company. As mentioned earlier in Section 2 of this Statement, the allocation of funds for the Proposed Renewal of Share Buy-Back Authority would not exceed the aggregate sum of retained profits and share premium of the Company;
- the Proposed Renewal of Share Buy-Back Authority shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities.

### **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The implementation of the Proposed Renewal of Share Buy-Back Authority would enable the Company to utilise its surplus financial resources to purchase Shares when appropriate, and at prices which your Board view as favourable.

The Proposed Renewal of Share Buy-Back Authority 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 your Directors 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 and paid-up 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**

The potential advantages of the Proposed Share Buy-Back are as follows:-

- (i) 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.
- (ii) If the treasury shares are distributed as dividends, it may then serve to reward the shareholders.

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- (i) The Proposed Share Buy-Back will reduce the amount of resources of the Group, it may result in the Group foregoing future investment opportunities and any income that may be derived from the deposit of funds in interest bearing instruments.
- (ii) The working capital of the Group will also be affected, as any Shares purchase 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 undertaking the Proposed Share Buy-Back and in the subsequent resale.

#### **5. RISK ASSESSMENT OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forego future investment opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments. The Proposed Renewal of Share Buy-Back Authority may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of FMHB.

However, the financial resources of the Group may increase pursuant to the resale of the Purchased Shares held as treasury shares at prices higher than the purchase price. In this connection, your Board will be mindful of the interests of the Group and shareholders of FMHB in implementing the Proposed Renewal of Share Buy-Back Authority and in subsequent resale of the treasury shares on Bursa Securities, if any.

#### **6. PURCHASES OF SHARES AND RESALE OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS**

FMHB did not enter into any Share Buy-Back transaction during the financial year ended 30 June 2017. The Company does not have any treasury shares and has not resold or cancelled any treasury shares in the same period.

## 7. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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

### 7.1 Share Capital

The effects of the Proposed Renewal of Share Buy-Back Authority on the issued and paid-up share capital of FMHB will depend on the treatment of the Purchased Shares.

In the event the Proposed Renewal of Share Buy-Back Authority is carried out in full and all the Purchased Shares are cancelled, the present issued and paid-up share capital of the Company will be reduced by the number of Shares so cancelled will be as follows:-

	Number of shares	RM
Issued and paid-up capital as at 3 October 2017	186,148,446	93,074,223.00
Assuming the Shares purchased are cancelled (up to 10% of the issued and paid-up share capital)	18,614,845	9,307,422.50
Reduced issued and paid-up share capital	167,533,601	83,766,800.50

However, if the Purchased Shares are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued and paid-up share capital of the Company.

### 7.2 Net Assets ("NA")

The effects of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA of FMHB would depend on the purchase price and number of Purchased Shares. The Proposed Renewal of Share Buy-Back Authority will reduce the consolidated NA per Share at the time of purchase if the purchase price exceeds the consolidated NA per Share and conversely will increase the consolidated NA per Share at the time of purchase if the purchase price is less than the consolidated NA per Share.

Should the Purchased Shares be held as treasury shares and later resold, the consolidated NA per Share will increase if the Company realises a gain from the resale, and vice versa.

### 7.3 Working Capital

The Proposed Renewal of Share Buy-Back Authority is likely to reduce the working capital of the FMHB Group, the quantum of which depends on the purchase price of the Purchased Shares, the number of Purchased Shares and any associated costs incurred in making the purchase.

### 7.4 Earnings

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of the FMHB Group would depend on the purchase price and number of Purchased Shares as well as the effective funding cost to the Company in implementing the Proposed Renewal of Share Buy-Back Authority. The reduction in the number of Shares applied in the computation of the EPS pursuant to the Proposed Renewal of Share Buy-Back Authority (whether the Purchased Shares are held as treasury shares or cancelled) may generally, all else being equal, have a positive impact on the EPS for the financial year when the Proposed Renewal of Share Buy-Back Authority is implemented.

Should the Purchased Shares be held as treasury shares and later resold, the extent of the impact to the EPS of the FMHB Group will depend on the actual selling price, the number of treasury shares resold and the effective funding cost, if any.

## **7.5 Dividends**

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, dividends would be paid on the remaining issued and paid-up share capital of FMHB (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Authority may have an impact on the Company's dividend policy for the financial year ending 30 June 2018 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

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

## **7.6 Substantial Shareholders**

Shares bought back by the Company under the Proposed Renewal of Share Buy-Back Authority 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. Please refer to Section 9 below for further details.

## **7.7 Shareholding Spread**

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd as at 3 October 2017, approximately 57,489,061 shares representing 30.88% of the issued and paid-up share capital of the Company were held by public shareholders. In this regard, your Board undertakes to purchase Shares only to the extent that the public shareholding spread of FMHB shall not fall below 25% of the issued and paid-up share capital of the Company at all times pursuant to the Proposed Renewal of Share Buy-Back Authority, in accordance with paragraph 12.14 of the Listing Requirements of Bursa Securities.

## **8. CONDITIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of the shareholders of FMHB at the forthcoming AGM.

## **9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and substantial shareholders of FMHB nor persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and, if any, the resale of the treasury shares.

Based on the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd as at 3 October 2017 and assuming FMHB implements the Proposed Renewal of Share Buy-Back Authority to the extent that the public shareholding spread of FMHB shall not fall below 25% of the issued and paid-up share capital of the Company and that the Shares purchased are from public shareholders, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and substantial shareholders of FMHB are as follows:-

Directors	Existing as at 3 October 2017				After the Proposed Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak	-	-	-	-	-	-	-	-
Chew Chong Keat	44,791,743	24.06	183,333 <sup>§</sup>	0.10	44,791,743	26.11	183,333 <sup>§</sup>	0.11
Yang Heng Lam	34,137,559	18.34	613,299 <sup>#§</sup>	0.33	34,137,559	19.90	613,299 <sup>#§</sup>	0.36
Gan Siew Yong	8,098,536	4.35	183,333 <sup>§</sup>	0.10	8,098,536	4.72	183,333 <sup>§</sup>	0.11
Aaron Sim Kwee Lein	-	-	-	-	-	-	-	-
Ong Looi Chai	2,279,889	1.22	-	-	2,279,889	1.33	-	-
Chua Tiong Hock	-	-	37,325,800 <sup>^</sup>	20.05	-	-	37,325,800 <sup>^</sup>	21.76
Khua Kian Keong	-	-	37,325,800 <sup>^</sup>	20.05	-	-	37,325,800 <sup>^</sup>	21.76

§ Deemed interested in shares held by their children.

# Deemed interested in shares held by his spouse.

^ Deemed interested in shares held via Singapore Enterprises Private Limited.

Note:-

\* For illustrative purposes only, the above table assumes that FMHB purchases up to 7.85% of its issued and paid-up share capital as at 3 October 2017 to comply with the 25% public spread requirement:-

Substantial Shareholders	Existing as at 3 October 2017				After the Proposed Share Buy-Back*			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chew Chong Keat	44,791,743	24.06	183,333 <sup>§</sup>	0.10	44,791,743	26.11	183,333 <sup>§</sup>	0.11
Yang Heng Lam	34,137,559	18.34	613,299 <sup>#§</sup>	0.33	34,137,559	19.90	613,299 <sup>#§</sup>	0.36
Singapore Enterprises Private Limited	37,325,800	20.05	-	-	37,325,800	21.76	-	-

§ Deemed interested in shares held by his children.

# Deemed interested in shares held by his spouse.

Note:-

\* For illustrative purposes only, the above table assumes that FMHB purchases up to 7.85% of its issued and paid-up share capital as at 3 October 2017 to comply with the 25% public spread requirement:-

## **10. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY RELATING TO THE CODE**

Practice Note 2.7 of the Code which deals with the purchase by a company of its own voting shares states that Part II of the Code (which is in relation to mandatory offers) shall apply in the following situations:-

- (i) a director of a company, together with persons acting in concert with him (if any), who as a result of a purchase by a company of its own voting shares, obtains control in the company;
- (ii) a person, together with persons acting in concert with him (if any), who has acquired voting shares of a company at a time when he reasonably or ought reasonably to believe that the company would purchase its own voting shares and who as a result of a purchase by the company, obtains control in the company;
- (iii) a director of a company, together with persons acting in concert with him (if any), who holds more than 33% but less than 50% of the voting shares of the company and who as a result of a purchase by the company of its own voting shares, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the company; and
- (iv) a person, together with persons acting in concert with him (if any), holding more than 33% but less than 50% of the voting shares of a company, who has acquired voting shares of a company at a time when he reasonably or ought reasonably to believe that the company would purchase its own voting shares and who as a result of a purchase by the company, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the company.

In the event that the Company acquires the maximum amount of its Shares authorised under the Proposed Renewal of Share Buy-Back Authority and subject to compliance with the regulatory requirements as set out in Section 2(iv) of this Statement to Shareholders, the collective equity interest of Chew Chong Keat and Gan Siew Yong (who is a person acting in concert with him) as at 3 October 2017 will increase by approximately 2.4% from 28.4% to 30.8%.

There is no implication with regard to the Code on the Company and its substantial shareholders arising from the Proposed Renewal of Share Buy-Back Authority.

## **11. DIRECTORS' RECOMMENDATION**

After due consideration, your Board is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, your Board recommends that you vote in favour of the resolution to be tabled at the forthcoming AGM to give effect to the Proposed Renewal of Share Buy-Back Authority.

## **12. 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.

Yours faithfully,

For and on behalf of the Board of Directors  
**FREIGHT MANAGEMENT HOLDINGS BHD**

**Datuk Dr. Hj. Noordin Bin Hj. Abd. Razak**  
**Chairman/Senior Independent Non-Executive Director**

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