

FM GLOBAL LOGISTICS HOLDINGS BERHAD (“FM” OR “THE COMPANY”)

PROPOSED ACQUISITIONS BY FM GLOBAL LOGISTICS (M) SDN. BHD. (“FMGLM”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY OF TWO PARCELS OF CONTIGUOUS FREEHOLD VACANT LAND MEASURING IN AGGREGATE APPROXIMATELY 5.66 ACRES, BOTH LOCATED IN SETIA ALAMAN INDUSTRIAL PARK, MUKIM KAPAR, DAERAH KLANG, NEGERI SELANGOR FOR A TOTAL CASH CONSIDERATION OF RM37,722,088.80

1. INTRODUCTION

Pursuant to Paragraph 10.06(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of the Company (“**Board**”) wishes to announce that FMGLM, a wholly-owned subsidiary of the Company has on 20 March 2024 entered into a Sale and Purchase Agreement (“**SPA**”) with Petaling Garden Sdn. Bhd. (“**Vendor**”) to acquire one (1) parcel of freehold vacant land known as Plot Industri 10B located in Setia Alaman Industrial Park, Mukim Kapar, Daerah Klang, Negeri Selangor, measuring approximately 2.82 acres (or equivalent to 11,412.15 square metres), for a total cash consideration of RM18,794,397.60, upon the terms and conditions contained in the SPA (“**Acquisition 4**”).

Prior to that, FMGLM had, on 6 February 2024, entered into a SPA with the same vendor to acquire one (1) parcel of freehold vacant land known as Plot Industri 10A located in the same area and adjacent to Acquisition 4, measuring approximately 2.84 acres (or equivalent to 11,493.08 square metres), for a total cash consideration of RM18,927,691.20 (“**Acquisition 3**”). However, based on the latest audited consolidated financial statements of FM for the financial year ended 30 June 2023, the highest percentage ratio applicable to the said acquisition pursuant to Chapter 10 of the MMLR is 4.93% which does not require an immediate announcement to be made to Bursa Securities. Acquisition 3 is still pending completion.

The aggregate purchase consideration for the acquisition of the two contiguous lots namely, Plot Industri 10A and Plot Industri 10B (collectively, the “**Properties**”) is RM37,722,088.80, to be settled in cash (“**Purchase Consideration**”).

Pursuant to Paragraph 10.12 of the MMLR of Bursa Securities, Acquisition 3 and Acquisition 4 should be aggregated and treat the two (2) transactions as if they were one (1) transaction. The aggregate percentage ratio for the acquisition of the Properties is 9.82% which is above the percentage ratio of 5% for a non-related party transaction that would require an immediate announcement to Bursa Securities.

As a background, FMGLM had on 31 December 2023 and 18 January 2024 entered into a SPA with the same vendor to acquire two (2) parcels of freehold vacant land known as Plot Industri 9A and Plot Industri 9B located in the same area, measuring approximately 2.84 acres each (or equivalent to 11,493.08 square metres each), for an aggregate purchase consideration of RM37,855,382.40. An immediate announcement in respect thereof had been released to Bursa Securities on 18 January 2024 (“**Acquisition 1 and Acquisition 2**”).

Further to Paragraph 10.12 of the MMLR of Bursa Securities, Acquisitions 1 to 4 should also be aggregated and treat the four (4) transactions as if they were one (1) transaction as these transactions were agreed upon within a period of 12 months. However, the aggregate percentage ratio for the four (4) acquisitions of the land is 19.68% which is below the percentage ratio of 25% for a non-related party transaction that would require the issuance of a circular to its shareholders and to seek shareholders’ approval on the transactions in a general meeting.

(Acquisition 3 and Acquisition 4 are collectively referred to as the “**Proposed Land Acquisitions**”)

2. DETAILS OF THE PROPOSED LAND ACQUISITION

Pursuant to the SPAs, the Vendor has agreed to sell and FMGLM has agreed to purchase the Properties on an “as is where is” basis, free from any encumbrances with vacant possession and basic infrastructure works, but subject to the category of land use, restrictions in interest (if any) and conditions expressed or implied in the individual issue of document of titles of the Properties at the consideration and upon the terms and conditions stipulated therein.

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

Details	Acquisition 3	Acquisition 4
Property Identification	Plot Industri 10A located in Setia Alaman Industrial Park, Mukim Kapar, Daerah Klang, Negeri Selangor*	Plot Industri 10B located in Setia Alaman Industrial Park, Mukim Kapar, Daerah Klang, Negeri Selangor*
Postal Address	Not available yet	Not available yet
Tenure	Freehold	Freehold
Land area	Approximately 2.84 acres (or equivalent to 11,493.08 square metres)	Approximately 2.82 acres (or equivalent to 11,412.15 square metres)
Encumbrances	Currently charged to Maybank Islamic Berhad	Currently charged to Maybank Islamic Berhad
Purchase price	RM18,927,691.20 (valued at RM153.00 per square foot)	RM18,794,397.60 (valued at RM153.00 per square foot)
Registered/ beneficial owner of the Properties	Petaling Garden Sdn. Bhd. (Registration No.: 195701000208 (3113-T))	Petaling Garden Sdn. Bhd. (Registration No.: 195701000208 (3113-T))
Audited Net Book Value (“ NBV ”) of the Properties	The Company is unable to disclose the latest audited NBV of the land as FMGLM is not privy to such information.	The Company is unable to disclose the latest audited NBV of the land as FMGLM is not privy to such information.
Category of land use	Building	Building
Existing use	Currently, the land is a vacant piece of building land	Currently, the land is a vacant piece of building land
Future use	To construct warehouse for FM expansion	To construct warehouse for FM expansion

Note:

* The Vendor is the registered proprietor of all that pieces of freehold land held under: -

- (i) HS(D) 163438 PT 83271;
- (ii) HS(D) 163439 PT 83272;
- (iii) HS(D) 163440 PT 83273;
- (iv) HS(D) 163441 PT 83274;
- (v) HS(D) 163442 PT 83275;
- (vi) HS(D) 163443 PT 83276;
- (vii) HS(D) 166549 PT 85152; and
- (viii) HS(D) 166550 PT 85153,

all in the Mukim of Kapar, Daerah of Klang, Negeri of Selangor measuring approximately 87.91 hectares/ 879,115.55 square metres in area.

*The separate individual title of the Properties has yet been obtained as the application to re-zone the land use from “Bangunan” to “Industri” with the appropriate authorities is pending approval (“**Rezoning Approval**”). The Vendor shall, upon obtaining the Rezoning Approval, apply and obtain the approval for the development of the Setia Alaman Industrial Park (“**Master Plan Approval**”).*

3. INFORMATION ON FMGLM AND THE VENDOR

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

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

(ii) Petaling Garden Sdn. Bhd. (“Vendor”)

The Vendor is a private limited company incorporated in Malaysia on 11 November 1957 with its business address at Setia Alam Welcome Centre, No. 2, Jalan Setia Indah AD U13/AD, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan. It is principally involved in property development and investment holding.

As at the date of the announcement, the issued and paid-up share capital of the Vendor is RM171,113,188.08 comprising 300,022,375 ordinary shares. The Vendor is wholly owned by I & P Group Sdn Berhad, which in turn is a wholly-owned subsidiary of S P Setia Berhad, a public company listed on the Main Market of Bursa Securities.

The Directors of the Vendor are Datuk Yuslina Binti Mohd Yunus, Datuk Zaini Bin Yusoff and Choong Kai Wai.

The Vendor is not connected to FM and its subsidiaries (“**Group**”) in any manner.

4. BASIS OF AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

The Purchase Consideration of RM37,722,088.80 (valued at RM153.00 per square foot) was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:-

- (i) Based on FM’s internal assessment and enquiries on the offer price of the industrial land located in the surrounding vicinity of the Properties.

The prices offered for sale for vacant freehold industrial lands located within the same vicinity, range from RM210.00 to RM220.00 per square foot which is very much dependent on the site, status and condition of the lands.

In addition, based on the sales transactions records which were extracted from the data as compiled by the Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) of the Ministry of Finance, the transaction of comparable freehold industrial lands in Kapar, Klang, Negeri Selangor in years 2021 to 2023 ranged from RM155.00 to RM200.00 per square foot. The Purchase Consideration is within the range of acceptable land costs given the Group’s knowledge of the market value of the land located in the surrounding vicinity of the Properties.

- (ii) The Properties are close to major seaport such as Northport and Westport in Port Klang which provide an advantage for the Group in view that the Group is principally engaged in multimodal freight services.
- (iii) The Properties are also strategically located in an established industrial area with good infrastructure and connectivity.

5. SALIENT TERMS AND CONDITIONS OF THE SPAs

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

- (i) The Purchase Consideration shall be satisfied in the following manner:-

		Acquisition 3	Acquisition 4
(a)	Earnest Deposit :	RM378,553.82, being 2% of the purchase price of RM18,927,691.20, which has been paid to the Vendor upon the acceptance of offer for sale.	RM375,887.95, being 2% of the purchase price of RM18,794,397.60, which has been paid to the Vendor upon the acceptance of offer for sale.
(b)	Balance Deposit :	RM1,514,215.30, being 8% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor upon the execution of the SPA.	RM1,503,551.81, being 8% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor upon the execution of the SPA.
(c)	Balance Purchase Price :	<p>(i) RM1,892,769.12, being 10% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor within thirty (30) days from the date of receipt of the written notification on Rezoning Approval from the Vendor.</p> <p>(ii) RM1,892,769.12, being 10% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor within thirty (30) days from the date of receipt of the written notification on Master Plan Approval from the Vendor.</p> <p>(iii) RM1,892,769.12, being 10% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor within thirty (30) days from the date of the written notification from the Vendor on completion of earthworks on the land.</p>	<p>(i) RM1,879,439.76, being 10% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor within thirty (30) days from the date of receipt of the written notification on Rezoning Approval from the Vendor.</p> <p>(ii) RM1,879,439.76, being 10% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor within thirty (30) days from the date of receipt of the written notification on Master Plan Approval from the Vendor.</p> <p>(iii) RM1,879,439.76, being 10% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor within thirty (30) days from the date of the written notification from the Vendor on completion of earthworks on the land.</p>

	Acquisition 3	Acquisition 4
	<p>(iv) RM7,571,076.48, being 40% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor within thirty (30) days from the date of the written notification from the Vendor on completion of the basic infrastructure.</p> <p>(v) RM3,785,538.24 being 20% of the purchase price of RM18,927,691.20, which shall be paid to the Vendor within ninety (90) days from the date of the written notification from the Vendor on the issuance of separate issue document of title to the land or the date of FMGLM obtaining the approval from the State Authority and/or other relevant authority pursuant to Section 433B of the National Land Code, whichever is applicable.</p>	<p>(iv) RM7,517,759.04, being 40% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor within thirty (30) days from the date of the written notification from the Vendor on completion of the basic infrastructure.</p> <p>(v) RM3,758,879.52 being 20% of the purchase price of RM18,794,397.60, which shall be paid to the Vendor within ninety (90) days from the date of the written notification from the Vendor on the issuance of separate issue document of title to the land or the date of FMGLM obtaining the approval from the State Authority and/or other relevant authority pursuant to Section 433B of the National Land Code, whichever is applicable.</p>

- (ii) In the event FMGLM fails to pay any of the instalments in accordance with the provisions of the SPAs, late payment interest at the rate of 8% per annum calculated daily shall be chargeable on such unpaid sums from the due date for payment until the date of full payment by FMGLM.
- (iii) In the event FMGLM fails to pay any of the instalments in accordance with the provisions of the SPAs and/or the late payment interest or if there is a material breach of any of the provisions of the SPAs, the Vendor may give notice in writing to FMGLM requiring FMGLM to remedy the default within twenty-one (21) days, failing which the Vendor shall have the right to terminate the SPAs and forfeit the Earnest Deposit and Balance Deposit absolutely.
- (iv) In the event the Vendor fails to perform or observe any of the provisions of the SPAs and such failure or breach is not remedied by the Vendor within twenty-one (21) days after FMGLM has given written notice to the Vendor, FMGLM shall be entitled to terminate the SPAs and claim damages or seek specific performance of the SPAs.

6. SOURCE OF FUNDING

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

7. LIABILITIES TO BE ASSUMED

Save for any potential bank borrowings that may arise from funding the Purchase Consideration or the obligations and liabilities arising from the SPAs, there are no liabilities, including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Land Acquisitions.

8. RATIONALE AND BENEFITS OF THE PROPOSED LAND ACQUISITIONS

The Proposed Land Acquisitions are to facilitate the Group's future expansion of its Third-Party Logistics (3PL) warehousing and distribution services. The Purchase Consideration is reasonable and reflects the current price of similar lands near the Properties. The Properties are strategically located in an established industrial area with good infrastructure and connectivity such as NKVE-Setia Alam Link, New Klang Valley Expressway (NKVE), New North Klang Straits Bypass (NNKSB) and Federal Highway for ease of logistics.

Given the Properties are located in an area with good connectivity and amenities, the Proposed Land Acquisitions are expected to contribute positively to the growth of the Group when the Properties are developed into warehousing and distribution services in the future.

The Group is currently operating a total warehouse space of approximately 1.36 million square feet in multiple countries including 285,000 square feet in Singapore. In addition, there will be another 200,000 square feet of warehouse space by June 2024 when the construction of the new warehouse in Port Klang is completed. The Proposed Land Acquisitions will increase additional warehouse space to the Group when it is developed, and will significantly strengthen its 3PL capabilities in Malaysia.

9. PROSPECTS FOR THE PROPOSED LAND ACQUISITIONS

The Group intends to develop the Properties for the expansion of the Group's 3PL warehousing and distribution services.

10. RISK FACTORS OF THE PROPOSED LAND ACQUISITIONS

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

11. EFFECTS OF THE PROPOSED LAND ACQUISITIONS

(a) Share capital and substantial shareholders' shareholdings

The Proposed Land Acquisitions will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as it does not involve any issuance of new shares in FM.

(b) Net assets per share and Gearing

The Proposed Land Acquisitions will not have any material effect on the net assets per share for the financial year ending 30 June 2024. However, the Proposed Land Acquisitions are expected to enhance the net assets per share of the Group in the future once the Properties are developed into warehousing and distribution center and generate income from the Group's 3PL warehousing and distribution services.

The Proposed Land Acquisitions will be funded through internally generated funds and/or bank borrowings, the combination of which will be decided at a later date. The effects of the Proposed Land Acquisitions on the gearing of Group will be dependent on the eventual funding mix to be used.

(c) Earnings and earnings per share ("EPS")

The Proposed Land Acquisitions will not have any material impact on the earnings and EPS of the Company for the financial year ending 30 June 2024. However, the Board believes that the Proposed Land Acquisitions will contribute positively to the Group's future earnings and EPS in the long-term once the expansions for the Group's 3PL warehousing and distribution division including e-commerce fulfilment and parcel delivery services are fully operational.

12. APPROVAL/CONSENT REQUIRED FOR THE PROPOSED LAND ACQUISITIONS

Save for the approval of the relevant authorities for the sale and transfer of the Properties, the Proposed Land Acquisitions are not subject to the approval of the shareholders of the Company.

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

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

14. DIRECTORS' STATEMENT

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

15. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED LAND ACQUISITIONS

The aggregate highest percentage ratio applicable to the Proposed Land Acquisitions pursuant to Paragraph 10.12 of the MMLR of Bursa Securities is 9.82% based on the latest audited consolidated financial statements of FM for the financial year ended 30 June 2023. Hence, it requires an announcement.

As the aggregate percentage ratio for Acquisitions 1 to 4 is 19.68% which is below the percentage ratio of 25% for a non-related party transaction, the issuance of a circular to its shareholders and to seek shareholders' approval in a general meeting are not required.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Based on the SPAs, the vacant possession of the Properties should be ready for delivery to FMGLM with the basic infrastructure duly completed and with the separate issue document of title to the Properties issued within twenty-seven (27) months from the date of the respective SPA. Barring any unforeseen circumstances, the Proposed Land Acquisitions are expected to be completed in 2026, or a further extension period as may be mutually agreed between FMGLM and the Vendor.

17. DOCUMENTS AVAILABLE FOR INPECTION

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

This announcement is dated 20 March 2024.