
16. BY-LAWS OF THE ESOS

1. DEFINITIONS**1.1 DEFINITIONS AND INTERPRETATION**

In these By-Laws for the Employees' Share Option Scheme, the following terms shall bear the following meanings, namely:

"Act"	:	Companies Act 1965, and any amendments thereto
"FMH" or "Company"	:	Freight Management Holdings Bhd (Company No.: 380410-P)
"FMH Shares"	:	Ordinary shares of RM0.50 each in the Company
"FMH ESOS Group" or "ESOS Group"	:	FMH and its subsidiaries as defined in Section 5 of the Act, excluding subsidiaries that are dormant and excluding foreign subsidiaries listed on a foreign stock exchange and their subsidiaries
"Board"	:	The Board of Directors of FMH
"Books Closing Date"	:	The specified time and date set by the Company for the lodgement of transfers for the purpose of determining persons entitled to dividends, interests, or new securities, or rights to a priority of application for issues of securities
"By-Laws"	:	The terms and conditions of the Scheme as amended from time to time
"Bursa Malaysia"	:	Bursa Malaysia Securities Berhad
"CDS"	:	The Central Depository System
"Date of Approval"	:	The date of receipt of written approval
"Date of Offer"	:	The date of the written Offer (including any subsequent Offers) from the ESOS Committee to an Eligible Employee to participate in the Scheme in accordance with the terms of the ESOS
"Eligible Employee(s)"	:	An employee (including Eligible Director) of the ESOS Group who meets the criteria of eligibility for participation in the Scheme as set out in Clause 3 hereof
"Eligible Director(s)"	:	A director of FMH ESOS Group who meets the criteria of eligibility for participation in the Scheme as set out in Clause 3 hereof
"Exercise Price"	:	The price at which the Grantee shall be entitled to subscribe for new FMH Shares as set out in Clause 9 hereof
"ESOS Committee" or "Committee"	:	A committee duly authorised and appointed by the Board to administer the Scheme
"Grantee"	:	Any Eligible Employee of the FMH ESOS Group who has accepted the Offer of an Option in accordance with the terms of the Scheme
"Market Day"	:	Any day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Malaysia is open for trading of securities

16. BY-LAWS OF THE ESOS (Cont'd)

“Maximum Allowable Allotment”	:	The maximum aggregate number of new FMH Shares in respect of which Offers may be made to Eligible Employees as provided in Clause 4 hereof
“Offer”	:	A written offer made by the ESOS Committee to an Eligible Employee of an Option to subscribe for new FMH Shares in accordance with the terms of the ESOS
“Option”	:	The right of a Grantee to subscribe for a certain number of new FMH Shares granted or to be granted and the contract constituted by an acceptance of an offer in the manner indicated in Clause 6 hereof pursuant to the Scheme
“Option Period”	:	The period commencing from the Date of Offer to a date not exceeding five (5) years or the expiry (including any extension or renewal thereof as provided in Clause 19 hereof) or termination of the Scheme as provided in Clause 18 hereof, whichever is earlier
“RM”	:	Ringgit Malaysia
“Scheme” or “ESOS”	:	The Scheme for the grant of Options to Eligible Employees to subscribe for new FMH Shares on the terms as set out herein to be known as the “Freight Management Holdings Bhd Employees’ Share Option Scheme”

1.2 In these By -Laws:

- (a) Any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any listing requirements, policies and/or guidelines of Bursa Malaysia (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Malaysia);
- (b) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiration of the Option Period and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) Words importing the singular meaning where the context so admits include the plural meaning and vice versa;
- (d) Words of the masculine gender include the feminine genders and all such words shall be construed interchangeably in that manner;
- (e) Any liberty or power which may be exercised or any determination which may be made hereunder by the Committee may be exercised at the Committee’s discretion;
- (f) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
- (g) If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

16. BY-LAWS OF THE ESOS (Cont'd)

2. QUANTUM

- 2.1 The maximum number of new FMH Shares which may be made available under the Scheme shall not be more than fifteen per cent (15%) (or such other higher percentage as may be permitted by the relevant regulatory authorities from time to time) of the total issued and paid-up share capital of the Company at the point of time when an Offer is made. The Company will during the Option Period keep available sufficient unissued FMH Shares to satisfy all outstanding Options.
- 2.2 Notwithstanding the above provision and any other provisions herein contained, in the event the maximum number of new FMH Shares to be issued pursuant to the exercise of Options exceeds the aggregate of fifteen per cent (15%) of the total issued and paid-up share capital of the Company as a result of the Company purchasing its own Shares in accordance with the provision of Section 67A of the Act and thereby reducing its issued and paid-up share capital, then all Offers and Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme. However, no additional Options will be granted unless the number of Options that have been granted under the Scheme falls below fifteen per cent (15%) of the total issued and paid-up share capital of the Company.

3. ELIGIBILITY OF PARTICIPANTS TO THE SCHEME

- 3.1 Any employee of the ESOS Group shall be eligible to participate in the Scheme if, as at the Date of Offer, the employee:
- (a) has attained the age of eighteen (18) years;
 - (b) has been confirmed and on the payroll of a company within the FMH ESOS Group and assuming an executive position or above in the FMH ESOS Group; and
 - (c) has been employed by the FMH ESOS Group for at least six (6) months.
- 3.2 Any director of the ESOS Group shall also be eligible to participate in the Scheme if at the Date of Offer, such director:
- (a) has attained the age of eighteen (18) years; and
 - (b) has been appointed as a director of a company within the FMH ESOS Group for at least six (6) months.
- 3.3 The ESOS Committee may, at its discretion, nominate any employee (including executive and non-executive directors) of the ESOS Group to be an Eligible Employee despite the eligibility criteria under Clause 3.1 and Clause 3.2 hereof are not met, at any time and from time to time.
- 3.4 Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the Scheme unless an Offer has been made by the Committee to the Eligible Employee.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 4.1 The number of new Shares that may be offered and allotted to any one of the Eligible Employees of the FMH ESOS Group who are entitled to participate in the Scheme shall be at the discretion of the ESOS Committee after taking into consideration the performance, seniority, number of years in service, employee grading and/or the potential contribution of the Eligible Employee and/or such other factors as the ESOS Committee deem fit, subject always to the following:

16. BY-LAWS OF THE ESOS (Cont'd)

- (a) the number of FMH Shares allocated, in aggregate, to Eligible Directors and Senior Management shall not exceed fifty percent (50%) of the total FMH Shares available under the Scheme;
- (b) the number of FMH Shares allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employee, holds twenty percent (20%) or more in the total issued and paid-up capital of the Company shall not exceed ten percent (10%) of the total FMH Shares available under the Scheme.

4.2 In this By Law:

- (a) “**Senior Management**” shall be subject to such criteria as determined by the ESOS Committee from time to time and which criterion and any changes thereto shall be made known to the Eligible Employees; and
- (b) “**persons connected**” has the same meaning as that in paragraph 1.01 of the Listing Requirements of Bursa Malaysia.

5. OFFER

- 5.1 Subject to Clauses 2 and 4 hereof, the Committee may at its discretion at any time and from time to time within the duration of the Scheme as it shall deem fit make an Offer to any Eligible Employee of an Option to subscribe for new FMH Shares during the Option Period in accordance with the terms of the Scheme.
- 5.2 The actual number of new FMH Shares which may be offered to an Eligible Employee shall be at the discretion of the Committee, and subject to any adjustments that maybe made under Clause 13 hereof shall not be less than one hundred (100) FMH Shares and shall always be in multiples of one hundred (100) FMH Shares.
- 5.3 Subject to Clauses 2 and 4 hereof, nothing herein shall prevent the Committee from making more than one Offer during the duration of the Scheme to an Eligible Employee after the first Offer was made.
- 5.4 No Options will be offered to an Eligible Director of the FMH ESOS Group unless the specific allotment of Options to that Eligible Director to participate in the Scheme shall have previously been approved by the Company in a general meeting.
- 5.5 Each Offer shall be made in writing and is personal to the Eligible Employee.

6. ACCEPTANCE OF THE OFFER

- 6.1 An Offer made by the Committee to an Eligible Employee shall be accepted within thirty (30) days from the Date of Offer by the Eligible Employee to whom the same is made by the issue from such Eligible Employee of a written notice to the Committee of such acceptance accompanied by a non-refundable payment to the Company of the sum of Ringgit Malaysia One (RM1.00). The date of receipt by the Committee of such written notice shall constitute the date of acceptance. If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid thirty (30) days, be deemed rejected by the Eligible Employee and shall be null and void and of no effect and the FMH Shares in respect of such Offer deemed rejected may be re-offered to other Eligible Employees at the discretion of the Committee.

16. BY-LAWS OF THE ESOS (Cont'd)

7. NON-TRANSFERABILITY OF THE OPTION

- 7.1 Neither the Offer nor the Option can be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever except where Clause 18 hereof may apply. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation and invalidation of the Option.

8. RESTRICTION ON DEALINGS

- 8.1 An Eligible Director who is a non-executive director in the FMH ESOS Group shall not sell, transfer or assign the FMH Shares obtained through the exercise of the Option offered to him within one (1) year from the Date of Offer.

9. EXERCISE PRICE

- 9.1 The price at which a Grantee is entitled to subscribe for each new FMH Share shall be:
- (a) not less than the initial public issue price of the FMH Shares (for Options that are granted prior to FMH's listing on the Second Board of Bursa Malaysia); or
 - (b) based on the five (5)-day weighted average market price of the FMH Shares at the time the Options are granted with a discount of not more than 10% if deemed appropriate by the ESOS Committee (for Options that are granted after FMH is listed on the Second Board of Bursa Malaysia).

10. EXERCISE OF OPTION

- 10.1 The Option granted to an Eligible Employee is exercisable only by the Eligible Employee during his/her tenure of service whilst he/she is employed/appointed/retained for services by the FMH ESOS Group subject to the provisions of Clauses 16 and 18 hereof. Subject to any extensions or renewals of the ESOS pursuant to Clause 19 hereof, no Option shall be exercised after the expiry of the Option Period.
- 10.2 The Committee may, at any time and from time to time before or after an Option is granted, limit the exercise of the Option to a maximum number of new FMH Shares and/or such percentage of the total new FMH Shares relevant to the Option during such periods (as determined by the Board or the Committee) within the Option Period and impose any other terms and/or conditions deemed appropriate by the Board or the Committee at its absolute discretion including amending/varying any terms and conditions imposed earlier.
- 10.3 An Option granted under the Scheme shall be capable of being exercised by notice in writing to the Company on such day or within such time period as may be determined by the ESOS Committee. The Option may be exercised in respect of all or part of the new FMH Shares which are the subject of the Option, such part being in multiples of 100 FMH Shares and not less than 100 FMH Shares. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option for the balance FMH Shares.

16. BY-LAWS OF THE ESOS (Cont'd)

- 10.4 Every such notice must be in the form prescribed by the Company from time to time and shall be accompanied by a remittance for the full amount of the subscription monies in relation to the number of new FMH Shares being subscribed for. The Company shall, within ten (10) Market Days of receiving such notice, allot and issue the relevant number of new FMH Shares and dispatch notice of allotments to the Grantee subject to the provisions of the Articles of Association of the Company. The new FMH Shares will be credited directly into the CDS account of the Grantee and no physical share certificates will be issued.
- 10.5 All Options to the extent that they have not been exercised upon the expiry of the Option Period shall lapse and have no further effect.
- 10.6 In the event of a takeover offer being made for the Company through a take-over or otherwise and such offer becoming or being declared unconditional, the Grantee shall be entitled within three (3) months of the date on which such offer becomes or is declared unconditional to exercise in full or in part any Option as yet unexercised provided that if during such period of three (3) months from the date on which such offer becomes or is declared unconditional, the person making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the FMH Shares under the provisions of the Securities Commission Act, 1993 or the Act, and gives notice to the Grantee that it intends to exercise such rights on a specific date, the Option shall remain exercisable by the Grantee until the expiry of such specified date. In the foregoing circumstances if the Grantee elects to exercise the Option only in respect of a portion of such FMH Shares, then the Option in relation to the balance thereof shall automatically lapse and shall thereafter be null and void.
- 10.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Committee shall have the right, at its discretion, to suspend the exercise of the Option pending the outcome of such disciplinary proceedings. The Committee may impose such terms and conditions as the Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT:
- (a) in the event that such Grantee shall subsequently be found to be not guilty of the charges which give rise to such disciplinary proceedings, the Committee shall reinstate the rights of such Grantee to exercise his Option as if such disciplinary proceeding had not been instituted in the first place;
 - (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
 - (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

16. BY-LAWS OF THE ESOS (Cont'd)

11. RIGHTS ATTACHING TO SHARES

- 11.1 The new FMH Shares to be allotted upon any exercise of Options shall, upon allotment and issue, rank pari passu in all respects with the then existing issued and paid-up FMH Shares for any dividends or other distributions, if the date of allotment is on or before the Entitlement Date and subject to all the provisions of the Articles of Association of the Company. “**Entitlement Date**” means the date as at the close of business on which shareholders must be registered in the Record of Depositors with the Bursa Malaysia Depository Sdn Bhd. in order to participate in any dividends or other distributions.

12. QUOTATION OF SHARES

- 12.1 The new FMH Shares referred to in Clause 2 hereof shall not be allotted to the Grantee until the Option is exercised in accordance with Clause 10 hereof and upon the exercise of the Option the Company shall apply to Bursa Malaysia within the stipulated time frame as prescribed under the Listing Requirements of Bursa Malaysia for the listing of and quotation for such new FMH Shares and shall use its best endeavour to obtain such approval.

13. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 13.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, reduction, subdivision or consolidation of capital or otherwise howsoever taking place:

- (a) the Exercise Price;
- (b) the number of FMH Shares comprised in the Option or any portion thereof that is unexercised; and/or
- (c) the method of exercise of the Option;

may be adjusted in such manner as the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, confirm in writing to be, in their opinion, fair and reasonable and such determination shall be final and binding on the Grantees, PROVIDED ALWAYS THAT:

- (i) Any adjustment to the Exercise Price shall be rounded down to the nearest one (1) sen and no adjustment to the Exercise Price shall be made which would result in the FMH Shares to be issued on the exercise of the Option being issued at a discount to the par value, and if such an adjustment would but for this provision have so resulted, the Exercise Price payable shall be the par value of the FMH Shares;
- (ii) In the event that a fraction of a FMH Share arising from the adjustment referred to in this Clause would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number; and
- (iii) Where it is decided that an adjustment will be made, the Grantee shall be given the same proportion of the capital as that to which he was previously entitled to, by ensuring that the capital outlay to be incurred by the Grantee in exercise of his option remains unaffected.

16. BY-LAWS OF THE ESOS (Cont'd)

- 13.2 The adjustment pursuant to this Clause shall be effective on the day immediately following the Books Closing Date for the event giving rise to the adjustment.
- 13.3 The provisions of this Clause shall not apply where the alterations in the capital structure of the Company arises from:
- (a) an issue of new FMH Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new FMH Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation;
 - (c) a private placement or restricted issue of new FMH Shares by the Company;
 - (d) implementation of a share buy-back arrangement by the Company under Section 67A of the Act;
 - (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into FMH Shares, and any issue of new FMH Shares arising from the exercise of any conversion rights attached to such convertible securities; or
 - (f) an issue of new FMH Shares upon the exercise of Options granted under the Scheme.

14. ADMINISTRATION

- 14.1 The Scheme shall be administered by the ESOS Committee appointed by the Board at its discretion with such powers and duties as are conferred upon it. The Board shall have the power from time to time to terminate the appointment of any person to the ESOS Committee as it deems fit. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board to administer the Scheme in such manner it shall in its discretion deem fit. The ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

15. AMENDMENTS AND/OR MODIFICATION TO THE SCHEME

- 15.1 Subject to compliance with the requirements of Bursa Malaysia and any other relevant authorities, the Board shall have the power at any time and from time to time by resolution to amend, at the recommendation of the Committee, all or any of the provisions of the Scheme. However, no such amendment shall be made which would alter the advantage of any Grantee in respect of matters prescribed under Appendix 6F of the Listing Requirements of Bursa Malaysia, without the prior approval of the Company in general meeting where such approval is required by applicable laws.

16. DIVESTMENT FROM THE ESOS GROUP

- 16.1 If a company in the ESOS Group is subsequently divested and ceases to be a subsidiary of the Company, then an Eligible Employee who is in the employment of the company so divested:

16. BY-LAWS OF THE ESOS (Cont'd)

- (a) shall notwithstanding such divestment and subject to the provisions of Clause 10 hereof and subject further to the approval of the Committee, be entitled to exercise the Options which he is entitled to exercise for that year in which the divestment takes place within a period of three (3) months from the date of such divestment failing which such Options together with all other Options, the exercise of which is not due, shall automatically lapse and be null and void and of no further effect except that any FMH Shares in respect of unexercised Options hereunder may be offered to other Eligible Employees at the discretion of the Committee; and
- (b) shall not be eligible to participate in further Options under the Scheme.

17. ADDITION TO THE ESOS GROUP

17.1 (a) In the case of:

- (i) an employee who is employed in a company which is acquired by or related to the ESOS Group as defined in Section 6 of the Act (a company which does not fall within the definition of “**FMH ESOS Group**” as defined in Clause 1 hereof) (hereinafter referred to as “**NewCo**”); or
- (ii) an employee who is in the employment of a NewCo which subsequently becomes a member of the ESOS Group as a result of a restructuring or acquisition exercise or other exercise involving FMH and/or any company within the ESOS Group;

that employee (hereinafter referred to as “**New Employee**”) when his employment is confirmed and provided that all conditions of these By-Laws are satisfied, shall at the discretion of the Committee be eligible to participate in the Scheme.

(b) Notwithstanding anything herein contained:

- (i) The ESOS Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to any New Employee who is not an Eligible Employee and deem such New Employee to be an Eligible Employee for the purposes of the Scheme;
- (ii) where the New Employee has participated in an employees’ share option scheme in the NewCo (hereinafter referred to as “**NewCo ESOS**”), the ESOS Committee has the discretion to offer Options under the Scheme.

(c) Where a Grantee is transferred from FMH to a company related to the Group as defined in Section 6 of the Act (a company which does not fall within the definition of “**FMH ESOS Group**” as defined in Clause 1 hereof) or an associated company (hereinafter referred to as “**Subsequent Company**”), the following shall be applicable:-

- (i) notwithstanding such transfer and subject to the provisions of Clause 10 hereof and subject further to the approval of the Committee, be entitled to exercise the Options which he is entitled to exercise for that year in which the transfer takes place within a period of three (3) months from the date of such divestment failing which such Options together with all other Options, the exercise of which is not due, shall automatically lapse and be null and void and of no further effect except that any FMH Shares in respect of unexercised Options hereunder may be offered to other Eligible Employees at the discretion of the Committee; and
- (ii) shall not be eligible to participate in further Options under the Scheme.

16. BY-LAWS OF THE ESOS (Cont'd)

18. TERMINATION OF THE OPTION

18.1 In the event of the death or termination of employment of a Grantee with the FMH ESOS Group for whatever reason prior to the exercise of the Option, such Option shall forthwith cease without any claim against the Company. The FMH Shares in respect of such Option may be re-offered to other Eligible Employees at the discretion of the Committee, provided always that subject to the written approval of the ESOS Committee in its discretion:

- (a) where the Grantee dies before the expiry of the Option Period and at the date of his/her death held an unexercised Option, such Option may be exercised by the personal representative(s) of the Grantee within the Option Period; or
- (b) where the employment of the Grantee with the FMH ESOS Group is terminated by reason of:
 - (i) his/her retirement at or after attaining normal retirement age;
 - (ii) retirement before that age with the consent of the Committee;
 - (iii) ill-health or accident; or
 - (iv) other circumstances which are acceptable to the ESOS Committee;

he/she may exercise his/her unexercised Option within the Option Period.

18.2 The Option shall immediately become void and of no effect on the bankruptcy of the Grantee or if disciplinary action is taken on the Grantee subject to Clause 10.7 hereof.

18.3 In the event of the liquidation of the Company, all Options to the extent that they are then unexercised shall cease.

18.4 Any Options which have been offered by the Committee but have not been accepted in the manner prescribed in Clause 6 hereof due to the Grantee's death or cessation or termination of employment with the ESOS Group, as the case may be, shall become void and of no effect.

19. DURATION OF THE SCHEME

19.1 The Scheme shall continue to be in force for a period of five (5) years from the Effective Date. For the purposes of this By-Law, "Effective Date" means the date of full compliance with all relevant requirements prescribed under the Listing Requirements of Bursa Malaysia for the implementation of the Scheme.

An extension to the Scheme may be effected by the Company upon the recommendation of the ESOS Committee, subject to an aggregate duration of ten (10) years from the Effective Date (or any other duration that is allowed by the relevant authorities). In the event the Scheme is extended and implemented in accordance with the terms of these By-Laws, the ESOS Committee shall inform the relevant parties of such extension, prior to the proposed extension of the Scheme.

19.2 Subject to compliance with the requirements of the relevant authorities and the written consent of the Option holders who have yet to exercise their Options, either in part or in whole, the Company in general meeting may, by ordinary resolution passed by the shareholders of the Company, terminate the continuation of this Scheme at any time and in such an event no further Offers shall be made by the ESOS Committee from the date of such resolution and all Offers outstanding but not accepted by the Eligible Employees at the date of the said resolution and the Options as yet unexercised or partially exercised shall be deemed to be terminated at the date of such resolution.

16. BY-LAWS OF THE ESOS (Cont'd)

19.3 Subject to compliance with the requirements of the relevant authorities, the Company may establish a new employee share option scheme upon expiry or termination of the Scheme.

20. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

20.1 Notwithstanding Clause 10 hereof and subject to the discretion of the Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act, or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee shall be entitled to exercise all or any part of his Option at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.

21. DISPUTES

21.1 Any disputes or differences of any nature arising hereunder shall be referred to the decision of the external auditors of the Company, acting as experts and not as arbitrators and whose decision shall be final and binding in all respects. In the event that the auditors are unable to reach a decision in respect of a dispute or difference, it shall be referred to a court of law of competent jurisdiction in Malaysia.

22. COMPENSATION

22.1 The Scheme shall afford a Grantee no additional right to compensation or damages in consequence of the termination of his/her employment or appointment for any reason whatsoever. No Eligible Employee or Grantee or his legal/personal representative shall bring any claim, action or proceeding against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with Clause 15 hereof.

23. TAXES

23.1 All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

24. COSTS AND EXPENSES

24.1 Subject to Clause 23 hereof all costs and expenses incurred in relation to the ESOS including but not limited to fees, costs and expenses relating to the allotment and issue of new FMH Shares pursuant to the exercise of any Option shall be borne by the Company.

25. RETENTION PERIOD

25.1 Subject to Clause 8 hereof, a Grantee may deal with the new FMH Shares allotted and issued to him in any way he pleases. Grantees should note that the new FMH Shares are intended for them to hold as an investment rather than for realisation to yield immediate profit and will not be subjected to any retention period.

16. BY-LAWS OF THE ESOS (Cont'd)

26. SCHEME NOT A TERM OF EMPLOYMENT OR APPOINTMENT

- 26.1 The Scheme does not form part of or constitute or shall in any way be construed as a term or condition of employment or appointment of any Eligible Employee. The Scheme shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment or appointment in the ESOS Group under which the Eligible Employee is employed or appointed or retained for services nor any rights additional to any compensation or damages that the Eligible Employee may be entitled to from the cessation of such employment or appointment.

27. ARTICLES

- 27.1 Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall at all times prevail.

28. DISCLAIMER OF LIABILITY

- 28.1 Notwithstanding any provisions contained herein and subject to the Act, the Committee and the Company shall not under any circumstances be held liable for any cost, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in allotting, crediting to the CDS accounts of the Grantees and issuing the FMH Shares or in applying for or procuring the listing of the FMH Shares on Bursa Malaysia.

29. GENERAL

- 29.1 Unless otherwise determined by the ESOS Committee, an Eligible Employee can only participate in one employee share option scheme implemented by any company in the ESOS Group at any one time.

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17. FURTHER INFORMATION

17.1 SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (c) Save for the 2,800,240 Issue Shares reserved for subscription by the eligible Directors and employees of FMH and its subsidiary companies and ESOS Options to be granted pursuant to the ESOS as disclosed in Sections 3.5(a) and 6.4 of this Prospectus, there is currently no other scheme for or involving the Directors and employees respectively of the Company or its subsidiaries.
- (d) As at the date of this Prospectus, the Company and its subsidiaries do not have any outstanding convertible debt securities.
- (e) Save as disclosed in Sections 3.5 and 6.3 of this Prospectus, no Shares, debentures, warrants, options, convertible securities or uncalled capital of the Company or its subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up by cash or otherwise within the 2 years preceding the date of this Prospectus.
- (f) Save for the ESOS Options to be granted pursuant to the ESOS as disclosed in Section 6.4 of this Prospectus, no person including the Directors or employees of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries nor has any options to subscribe for securities been granted or exercised by any Directors or employees of the FM Group.

17.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association and are qualified in its entirety by the provisions of the Articles of Association of the Company and by applicable law.

(a) Transfer of Securities

The provisions in the Company's Articles of Association in respect of the transfer of shares in the Company are as follows:

Article 34: Transfer Of Securities

The transfer of any Securities or class of Securities of the Company shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act but subject to Section 107C(2) of the Act, and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Securities. No securities shall be transferred to any infant, bankrupt or person of unsound mind.

17. FURTHER INFORMATION (Cont'd)

Article 35: Instrument Of Transfer To Be Signed

Subject to the Act, the Central Depositories Act and the Rules, the instrument of transfer of Securities lodged with the Company must be signed by or on behalf of the transferor and transferee and the transferor shall be deemed to remain the holder of the Securities until the name of the transferee is entered in the Record of Depositors.

Article 36: Transmission Of Shares From Foreign Register

- (1) Where: -
- (a) the Securities of the Company are listed on an Approved Market Place; and
 - (b) the Company is exempted from compliance with Section 14 or Section 29 of the Central Depositories Act, as the case may be, under the Rules in respect of such Securities;

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions: -

- (i) there shall be no change in the ownership of such Securities; and
 - (ii) the transmission shall be executed by causing such Securities to be credited into the Securities Account of such Securities holder.
- (2) For the avoidance of doubt, the Company which fulfils the requirements of paragraph (a) and (b) of this Article shall not allow any transmission of Securities from the Malaysian Register into the Foreign Register.

Article 37: Register Of Transfers/Notice of Refusal Of Transfer/Refusal of Transfer

- (1) The Company shall maintain a book called a "Register of Transfers" which shall be kept by the Secretary or such other person authorised by the Directors. Particulars of the transfer or transmission of every Securities shall be entered into the Register of Transfers.
- (2) The Directors may instruct the Central Depository to decline to register the transfer of any Securities (not being a fully paid shares) and may also decline the transfer of any Securities which the Company has a lien.
- (3) If the Directors refuse to register a transfer they shall within three (3) Market Days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of the refusal and the reasons therefor.
- (4) The Directors may decline to recognise any instrument of transfer, unless:
 - (a) In respect of shares registered on the Register of the Company, such fee not exceeding RM3.00 per transfer or such sum as may from time to time be permitted by the Stock Exchange and as the Directors may from time to time require, is paid to the Company in respect thereof;

17. FURTHER INFORMATION (Cont'd)

- (b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do; and
- (c) All instruments of transfer which are registered may be retained by the Company

Article 38: Suspension Of Transfers

The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year. At least twelve (12) Market Days' notice of such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Stock Exchange stating the period and purpose or purposes of such closure. For the purpose of general meetings the Company shall request the Central Depository, in accordance with the Rules to prepare a Record of Depositors as at a date not less than three (3) Market Days before the meeting.

Article 39: Registration Of Probate, Letters Of Administration Etc

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death or power of attorney or other document relating to or affecting the title of any Securities, such fee not exceeding RM5.00 as the Directors may from time to time require or prescribe.

Article 40: Recognition Of Renunciation

Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Article 41: Company Not Liable For Transfers In Circumstance Of Dispute Between Transferor And Transferee

The Company, its servants or agents and the Central Depository shall not be liable or answerable to any party acting upon any transfer of Securities presented to it for registration, in accordance with the provisions of the Articles herein notwithstanding that the transfer may as between transferor and transferee be liable to be set aside by either of them or at the instance of a third party. In registering any transfer, the Company, its servants or agents and the Central Depository are not obligated howsoever from making any inquiry as to whether the Securities in question may or may not be immediately transferable between the parties or whether any condition has to be fulfilled between the parties prior to registration of the transfer and for this purpose, every submission for registration of transfer shall be deemed to have been unconditionally made. Upon registration, the transferee alone shall be recognised as the holder of such Securities and the previous holder shall, as far as the Company is concerned, be deemed to have absolutely transferred his beneficial as well as legal interest in the Securities.

17. FURTHER INFORMATION (Cont'd)

(b) Remuneration of Directors

The provisions in the Company's Articles of Association in respect of the remuneration of Directors are as follows:

*Article 89***(a) Directors' Fees**

The Company in general meeting shall by ordinary resolution determine the fees of the Directors, and such fees shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall so far as non-executive Directors are concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.

(b) Increase In Directors' Fees

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.

(c) Reimbursement

The Company may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or of any committee of the Directors, or general meetings, or otherwise in or about the business of the Company.

(d) Directors' Salaries Cannot Include Commission On Or Percentage Of Profits Or Turnover

Any Director, who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (but not a commission on or percentage of turnover) as the Directors may determine. Any extra remuneration payable to a non-executive Director may also not include a commission on or percentage of profits or turnover.

(c) Voting and Borrowing Powers of Directors

The provisions in the Company's Articles of Association dealing with the voting and borrowing powers of the Directors in proposals, arrangements or contracts in which they are interested are as follows:

*Article 125***(1) Declaration Of Interest / Restriction Of Voting**

Save as by the following paragraphs of this Article otherwise provide, a Director shall not vote in respect of any contract or arrangement in which he has interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but this Article shall not apply to:

- (i) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;

17. FURTHER INFORMATION (Cont'd)

- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security;
- (iii) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
- (iv) any arrangement for the benefit of the employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates.

(2) (a) *Director May Hold Other Office Under The Company*

A Director may hold any other office or place of profit under the Company (other than the office of Auditors) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and subject to the provisions of the Act, no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

(b) *Director Appointed To Hold Other Office To Be Counted In The Quorum*

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to paragraph (a) of this Article, or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

(c) *Director May Act In Professional Capacity*

Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditors of the Company.

17. FURTHER INFORMATION (Cont'd)

(3) *General Notice Of Interest In Corporation By Company*

A general notice that a Director, alternate Director or Managing Director is a member of or has interest in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be a sufficient disclosure under this Article as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation

Article 102: Borrowing Powers Of Directors

- (1) The Directors may exercise all the powers of the Company for commercial benefits accruing to the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue corporate guarantees or any guarantees, Debentures, debenture stock and other Securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries or of any third party.
- (2) If the Directors or any of them, or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 103

The Directors may raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of Debentures or debenture stock of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and disposition in Securities or bonds of cash-credit, with or without power of sale, as the Directors shall think fit.

Article 104

The Directors may borrow money and mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue Debentures and other Securities whether outright or as a security for any debt, liability or obligation of an unrelated third party.

(d) Changes in the Share Capital and Variation of Class Rights

The provisions in the Company's Articles of Association dealing with the changes in shares capital and variation of class rights are as follows:

Article 55 : Power To Consolidate Shares / Power To Cancel Shares / Power To Sub-Divide Shares

The Company may by ordinary resolution:

- (a) Consolidate and divide all of its share capital into shares of larger amount than its existing shares;
- (b) (i) Cancel any shares which at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the amount of shares so cancelled;

17. FURTHER INFORMATION (Cont'd)

- (ii) Cancel any shares that have been purchased by the Company and extinguish all rights attaching to the shares including suspended rights in accordance with Section 67A of the Act and the Listing Requirements;
- (c) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act) and so however that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred special rights, or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

Article 56: Power To Reduce Capital

- (a) The Company may, subject to confirmation by the Court, by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.
- (b) The Company shall reduce its issued share capital by the cancellation of shares purchased by the Company and the amount by which the Company's issued capital is diminished shall be dealt with in accordance with Section 67A of the Act and the Listing Requirements.

Article 57: How Special Rights Of Share May Be Varied

If at any time the share capital of the Company by reason of the issue of preference shares or otherwise is divided into different classes of shares, the repayment of such preference capital other than redeemable preference capital or all or any of the rights and privileges attached to each class may subject to the provision of the Act be varied, modified, commuted, dealt with, affected or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class but not otherwise. To every such separate general meetings of the Company and to proceedings thereat shall mutatis mutandis apply but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two (2) holders of shares of the class present in person or by proxy shall be a quorum). Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid consent in writing may be secured from persons holding at least three-fourths of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a special resolution duly carried.

17.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The names, addresses and occupations of the Directors of the Company are set out under the "Corporate Directory" section of this Prospectus.

- (a) A Director is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company in general meeting.
- (b) As at the date of this Prospectus, none of the Directors of the Company have any existing or proposed service agreements with the FM Group, which is not terminable by notice or which provides for payment of compensation other than statutory compensation.
- (c) Other than remuneration in the normal course of employment, no amount or benefit has been paid or given by the Company within the two years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any Promoter, substantial shareholder or Director of the Company.

17. FURTHER INFORMATION (Cont'd)

- (d) Save as disclosed in Section 7.1.1 of this Prospectus, there are no persons who directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.
- (e) Based on the Register of Directors' shareholdings as at 15 December 2004, the Directors and their respective shareholdings in FMH before and after the Public Issue are as follows:

Directors	<-----Before Public Issue----->				<-----After Public Issue----->				Designation
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Chew Chong Keat	24,707,868	51.50	-	-	24,801,948*	29.11	-	-	Managing Director
Yang Heng Lam	16,101,772	33.56	-	-	16,195,852*	19.00	-	-	Executive Director
Gan Siew Yong	3,609,042	7.52	-	-	3,703,122*	4.35	-	-	Executive Director
Datuk Dr. Haji Noordin bin Haji Abd Razak	-	-	-	-	3,408,000#	4.00	-	-	Independent Non-Executive Director
Aaron Sim Kwee Lein	-	-	-	-	-	-	-	-	Independent Non-Executive Director

Notes:

- * Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue
- # Assuming that he takes up in full his allocation under the Issue Shares reserved for eligible Bumiputera investors approved by MITI

- (f) Based on the Register of substantial shareholders' shareholdings as at 15 December 2004, the substantial shareholders and their respective shareholdings in FMH before and after the Public Issue are as follows:

Directors	<-----Before Public Issue----->				<-----After Public Issue----->				Designation
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Chew Chong Keat	24,707,868	51.50	-	-	24,801,948*	29.11	-	-	Managing Director
Yang Heng Lam	16,101,772	33.56	-	-	16,195,852*	19.00	-	-	Executive Director

Note:

- * Assuming that they take up in full their respective pink form allocations pursuant to the Public Issue

- (g) Save as disclosed in Section 9.1 of this Prospectus, none of the Directors or substantial shareholders nor any persons connected with the Directors or substantial shareholders of the Company (as defined pursuant to Section 122A of the Act), have any interest, whether direct or indirect, in any business carrying on a similar or competing trade as the FM Group.
- (h) Save as disclosed in Section 9.1 of this Prospectus, none of the Directors or substantial shareholders nor any persons connected with the Directors or substantial shareholders of the Company (as defined pursuant to Section 122A of the Act), have any interest, whether direct or indirect, in the promotion of or in any assets which have, within the 2 years preceding the date of this Prospectus, been acquired or disposed of by or leased to the Company or its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or its subsidiaries, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company.

17. FURTHER INFORMATION (Cont'd)

- (i) The Directors and/or substantial shareholders are not aware of any person who are able to, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiary companies.

17.4 GENERAL

The nature of the Company's business is set out in Section 6.1 of this Prospectus.

- (a) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 18 of this Prospectus.
- (b) The time of the opening of the Application for the Issue Shares is set out in Section 3.2 of this Prospectus.
- (c) The amount payable in full upon application is RM0.65 per Issue Share.
- (d) Particulars relating to the outstanding borrowings and contingent liabilities of the Company are disclosed in Section 12.1.3 of this Prospectus.
- (e) The name and address of the Auditors and Reporting Accountants of the Company are set out in the "Corporate Directory" section of this Prospectus.

17.5 EXPENSES AND COMMISSIONS

Brokerage is payable in respect of the Issue Shares at the rate of 1% of the issue price of RM0.65 per Issue Share in respect of successful applications which bear the stamp of the parties disclosed in Section 3.10 of this Prospectus.

Underwriting cum placement fee is payable by the Company to the Underwriter at the rate of 2.0% of the value of Issue Shares underwritten as disclosed in Section 3.10 of this Prospectus.

Expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on Bursa Securities amounting to approximately RM1,500,000 will be borne by the Company.

Save as disclosed above, no commissions, discounts, brokerages or other special terms have, within the 2 years preceding the date of this Prospectus, been paid or granted or is payable to any Director, Promoter or expert or proposed Director for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company in connection with the issue or sale of any capital of the Company.

17.6 PUBLIC TAKE-OVERS

During the last financial year and current financial year up to the date of this Prospectus:

- (a) there were no public take-over offers by third parties in respect of the Shares; and
- (b) there were no public take-over offers by the Company in respect of other company's ordinary shares.

17. FURTHER INFORMATION *(Cont'd)*

17.7 MATERIAL LITIGATION

Save as disclosed in Section 12.1.3(e) of this Prospectus, neither FMH nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect the financial position of FMH or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of FMH or any of its subsidiaries.

17.8 MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by FMH and its subsidiaries within the 2 years preceding the date of this Prospectus:

- (a) Sale and Purchase Agreement dated 22 May 2004 between Chew Chong Keat, Yang Heng Lam, Gan Siew Yong ("Vendors") and FMH in respect of the Acquisition of FMM as set out in Section 6.3(b)(i) for a purchase consideration of RM17,774,783 ("Purchase Price") apportioned between the Vendors in the proportions set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 35,549,566 new Shares issued at par, credited as fully paid up and equivalent to the Purchase Price. The acquisition was completed on 30 November 2004;
- (b) Sale and Purchase Agreement dated 22 May 2004 between Cheong Tak Hua, Law Kok Voon, Syed Ahamed b. Abdul Majeed, Gunasekaran a/l Marimuthoo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in ALSB as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM513,112 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 502,850 new Shares issued at par, credited as fully paid up and the payment of the sum of RM261,687 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (c) Sale and Purchase Agreement dated 22 May 2004 between Wong Lee Choo, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Ipoh) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM1,407,960 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and is satisfied by the issue to the Vendors in the proportions set out in the agreement of 281,592 new Shares issued at par, credited as fully paid up and the payment of the sum of RM1,267,164 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (d) Sale and Purchase Agreement dated 22 May 2004 between Ong Looi Chai, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FM(Penang) as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,073,499 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and which shall be satisfied by the issue to the Vendors in the proportions set out in the agreement of 922,050 new Shares issued at par, credited as fully paid up and the payment of the sum of RM2,612,474 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;

17. FURTHER INFORMATION (Cont'd)

- (e) Sale and Purchase Agreement dated 22 May 2004 between Goh Chong Weng, Teh Swee Sim, FMM ("Vendors") and FMH in respect of the Acquisitions from Minority Shareholders and the Transfer of Equity Interests for the shares in FMHWL as set out in Sections 6.3(c) and 6.3(d)(ii) for an aggregate purchase consideration of RM3,092,642 ("Purchase Price") apportioned between the Vendors in the manner as set out in the agreement and which shall be satisfied by the issue to the Vendors in the proportions set out in the agreement of 1,855,586 new Shares issued at par, credited as fully paid up and the payment of the sum of RM2,164,849 to the Vendors in the proportions set out in the agreement. The acquisition was completed on 1 December 2004;
- (f) Sale and Purchase Agreement dated 22 May 2004 between FM(Penang) and FMM in respect of the Transfer of FMWL(Penang) for the shares in FMWL(Penang) as set out in Section 6.3(d)(i) for a cash consideration of RM165,660. The acquisition was completed on 1 December 2004;
- (g) Sale and Purchase Agreement dated 11 August 2004 between Mewah-Oils Sdn Bhd ("Mewah-Oils") and FMM in respect of the sale by Mewah-Oils of all that piece of land known as Lot 37, Jalan Lebu 1, Kawasan Perusahaan Bandar Sultan Sulaiman, 42000 Selangor Darul Ehsan to FMM on an "as is where is basis" with vacant possession for a purchase consideration of RM11,107,800; and
- (h) Underwriting cum placement agreement dated 16 December 2004 between FMH and RHB Sakura in relation to the underwriting of 11,659,240 Issue Shares for an underwriting cum placement commission of 2% of the issue price of RM0.65 per Issue Share.

17.9 MATERIAL AGREEMENTS

Save as disclosed below, there are no material agreements (including but not limited to shareholders' agreements, agreements underlying the basis of the Company or Group's business, supplier agreements, customer agreements, insurance policies and Directors' service agreements), which have been entered into by FMH and its subsidiaries:

FMM

- (a) Shareholders Agreement dated 13 May 2002 between FMM and Ong Looi Chai ("OLC") to regulate their relationship as shareholders in FM(Penang). This Agreement has been terminated on 1 December 2004;
- (b) Shareholders Agreement dated 13 May 2002 between FMM and Gunasekaran A/L Marimuthoo, Cheong Tak Hua, Law Kok Voon and Syed Ahamed Bin Abd Majeed to regulate their relationship as shareholders in ALSB. This Agreement has been terminated on 1 December 2004;
- (c) Shareholders Agreement dated 13 May 2002 between FMM and Lee Chee Keong and Wong Lee Choo to regulate their relationship as shareholders in FM(Ipoh). This Agreement has been terminated on 1 December 2004;
- (d) Shareholders Agreement dated 13 May 2002 between FMM and Goh Chong Weng and Teh Swee Sim to regulate their relationship as shareholders in FMHWL. This Agreement has been terminated on 1 December 2004;

17. FURTHER INFORMATION (Cont'd)

- (e) Memorandum of Understanding dated 7 April 2004 between FMM and PT Mentari Trans Kencana to record their intentions and the basis of their joint venture in respect of a joint study on investment opportunities in Indonesia. In the event the joint study has been accepted, the role of FMM will be to recommend the strategy for the business, establish the system and network for the business, train the human resources involved in the business, product marketing, implement joint information technology solutions for the systems and expand its current worldwide network partner-agent relationships to Indonesia;
- (f) Memorandum of Understanding dated 6 April 2004 between FMM and Freight Concepts International Inc to record their intentions and the basis of their joint venture in respect of a joint study on investment opportunities in the Philippines. In the event the joint study has been accepted, the role of FMM will be to recommend the strategy for the business, establish the system and network for the business, train the human resources involved in the business, product marketing, implement joint information technology solutions for the systems and expand its current worldwide network partner-agent relationships to the Philippines;
- (g) International Agency Agreement dated 1 March 2004 between FMM and Trans Global Freight Management Limited ("TGFM") to co-operate with regards to the shipments by sea from the United Kingdom to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for TGFM to administer freight forwarding of goods to the United Kingdom and be responsible for all transports and documentation requirements in Malaysia. TGFM shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in the United Kingdom;
- (h) International Agency Agreement dated 1 March 2004 between FMM and Freight Concept Int'l Inc ("FCI") to co-operate with regards to the shipment by sea from the Philippines to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for FCI to administer freight forwarding of goods to the Philippines and be responsible for all transports and documentation requirements in Malaysia. FCI shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in the Philippines;
- (i) International Agency Agreement dated 15 April 2004 between FMM and Triple Eagle Container Line Ltd ("TECL") to co-operate with regards to the shipment by sea from Hong Kong to Malaysia and vice versa wherein FMM shall make all necessary arrangements as correspondent for TECL to administer freight forwarding of goods to Hong Kong and be responsible for all transports and documentation requirements in Malaysia. TECL shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in Hong Kong;
- (j) International Agency Agreement dated 15 March 2004 between FMM and China Consolidation Services Ltd ("CCS") to co-operate with regards to the shipment by sea from China to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for CCS to administer freight forwarding of goods to China and be responsible for all transports and documentation requirements in Malaysia. CCS shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in China;

17. FURTHER INFORMATION (Cont'd)

- (k) International Agency Agreement dated 15 March 2004 between FMM and Molax Line Ltd ("MLL") to co-operate with regards to the shipment by sea from Korea to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for MLL to administer freight forwarding of goods to Korea and be responsible for all transports and documentation requirements in Malaysia. MLL shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in Korea;
- (l) International Agency Agreement dated 15 March 2004 between FMM and PT Mentari Trans Kencana ("PTMT") to co-operate with regards to the shipment by sea from Indonesia to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for PTMT to administer freight forwarding of goods to Indonesia and be responsible for all transports and documentation requirements in Malaysia. PTMT shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in Indonesia;
- (m) International Agency Agreement dated 18 March 2004 between FMM and Profreight International Co Ltd ("PIC") to co-operate with regards to the shipment by sea from Thailand to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for PIC to administer freight forwarding of goods to Thailand and be responsible for all transports and documentation requirements in Malaysia. PIC shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in Thailand;
- (n) International Agency Agreement dated 25 March 2004 between FMM and Sotecan to co-operate with regards to the shipment by sea from France to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for Sotecan to administer freight forwarding of goods to France and be responsible for all transports and documentation requirements in Malaysia. Sotecan shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in France;
- (o) International Agency Agreement dated 25 March 2004 between FMM and Oceanbridge Shipping Ltd ("OBS") to co-operate with regards to the shipment by sea from New Zealand to Malaysia and vice versa, on an exclusive basis wherein FMM shall make all necessary arrangements as correspondent for OBS to administer freight forwarding of goods to New Zealand and be responsible for all transports and documentation requirements in Malaysia. OBS shall make all necessary arrangements as correspondent for FMM to administer freight forwarding of goods to Malaysia and be responsible for all transports and documentation requirements in New Zealand;
- (p) Container Sharing Agreement dated 28 December 2003 between FMM and Profreight International Co Ltd in respect of containers acquired for the joint operation of containerised landbridge service operating under the trade name of "Asean Rail Express" wherein such containers shall be owned by the parties equally and jointly notwithstanding that the same are purchased in the name of one party only and the parties agree that they will not deal, charge, pledge, sell, transfer, dispose or otherwise rent the containers without the written consent of the other;
- (q) Agency Agreement dated September 2003 between Vanguard Logistics Services (AUST) Pty Ltd (incorporating AFS Freight Management (2000) Pty Ltd) ("VLS") and FMM which covers trade to/from/via Malaysia and Australia where the parties appoint each other as exclusive sales and handling agents for LCL/FAK sea freight between Malaysia and Australia and as sales and handling agent for FCL consignments;

17. FURTHER INFORMATION (Cont'd)

- (r) Agency Contract dated 4 January 1999 between Pacific Star Express Corp ("PSE") and FMM whereby PSE appoints FMM as its neutral agent for sea and/or air traffic in Port Klang and FMM appoints PSE as its neutral agent for sea and/or air traffic in Taiwan;
- (s) Memorandum of Understanding dated 8 April 2004 between FMM and Profreight International Co Ltd to record their intentions and the basis of their joint venture in respect of a joint study on investment opportunities in Thailand. In the event the joint study has been accepted, the role of FMM will be to recommend the strategy for the business, establish the system and network for the business, train the human resources involved in the business, product marketing, implement joint information technology solutions for the systems and expand its current worldwide network partner-agent relationships to Thailand;
- (t) Cooperation & Profit Sharing Agreement For Containerised Rail Landbridge Services Between Port Klang And Bangkok dated 26 October 2004 between FMM and Profreight International Co Ltd to co-operate in promoting landbridge rail services from Port Klang to Bangkok; and
- (u) Agreement dated 7 December 2004 between KTMB and FMM whereby KTMB shall provide FMM with landbridge service for a period of 5 years and FMM shall pay for the services performed and rendered by KTMB in accordance with the rates and tariffs as set out in the said Agreement.

FMHWL

- (v) Agency Agreement dated 10 February 2003 between Pelorus Ocean Line Ltd ("POL") and FMHWL whereby POL appoints FMHWL as its handling agent to represent POL in Malaysia for the purpose of advertisement, promotion, solicitation of business on behalf of POL including those services offered by POL for shipments to/from the United States of America. FMHWL shall represent POL in the solicitation of ocean freight in the aforesaid territory;
- (w) Sales Agency Agreement dated 2 April 2003 between Malaysian Airline System Berhad ("MAS") and FMHWL whereby MAS appoints FMHWL as its agent to represent MAS in the sale of air cargo transportation other than mail over services of MAS;
- (x) License and Cooperation Agreement dated 1 January 2003 between Hellmann Network A.V.V ("HNAVV") as Licensor and FMHWL as Licensee whereby HNAVV shall grant FMHWL the right to use the designation "Hellmann Worldwide Logistics" as a part of FMHWL firm name and FMHWL shall operate a freight forwarding business which offers the transportation and logistics services as defined in the said Agreement;

ALSB

- (y) Exclusive Services Agreement dated 20 January 2004 between Advance Logistics Sdn Bhd ("Logistics") and ALSB whereby in consideration of ALSB agreeing to channel its customs clearance business to Logistics, Logistics agrees to allocate its customs clearance services to ALSB exclusively. By a letter dated 14 December 2004, the parties have agreed that the said Agreement is to continue for an indefinite period; and
- (z) Exclusive Services Agreement dated 20 January 2004 between FM Forwarding Sdn Bhd ("FM Forwarding") and FM(Penang), FM(Ipoh), FMHWL and FMWL(Penang) whereby in consideration of FM(Penang), FM(Ipoh), FMHWL and FMWL(Penang) agreeing to channel their customs clearance business to FM Forwarding, FM Forwarding agrees to allocate its customs clearance services to FM(Penang), FM(Ipoh), FMHWL and FMWL(Penang) exclusively. By a letter dated 14 December 2004, the parties have agreed that the said Agreement is to continue for an indefinite period.

17. FURTHER INFORMATION (Cont'd)

17.10 LETTERS OF CONSENT

- (a) The written consents of the Financial Adviser, Underwriter, and Placement Agent, Principal Bankers, Issuing House, Solicitors, Registrar and Company Secretary to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report and letters relating to the profit forecast and proforma consolidated balance sheets in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of the Independent Market Research Consultant to the inclusion of its name and report in the manner, form and context in which it is contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

17.11 RESPONSIBILITY STATEMENTS

RHB Sakura, being the Financial Adviser, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue and is satisfied that the proforma consolidated profit forecast of FMH for the FYE 30 June 2005 (for which the Directors of FMH are solely responsible) prepared for inclusion in this Prospectus have been stated by the Directors of FMH after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

This Prospectus has been seen and approved by the Directors and Promoters of FMH and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

17.12 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of the Company or such other places as the SC may determine, during normal business hours for a period of twelve months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of the Company;
- (b) Material contracts as referred to in Section 17.8 of this Prospectus;
- (c) Material agreements as referred to in Section 17.9 of this Prospectus;
- (d) Reporting Accountants' letters on the consolidated profit forecast and proforma consolidated balance sheets as included in Sections 12.2.3 and 12.4 respectively of this Prospectus;
- (e) Independent Market Research Report as included in Section 14 of this Prospectus;
- (f) Accountants' Report and Directors' Report as included in Sections 13 and 15 respectively of this Prospectus;
- (g) Audited accounts of the FMH and its subsidiary companies for the five FYE 30 June 2004;
- (h) Letters of consent referred to in Section 17.10 of this Prospectus;

17. FURTHER INFORMATION (Cont'd)

- (i) Writ and relevant cause papers in respect of all current material litigation and arbitration disclosed in the Prospectus; and
- (j) By-Laws of the ESOS referred to in Section 16 of this Prospectus.

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