



FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 37,219,240 NEW ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE PRICE OF RM0.65 PER ORDINARY SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 2,800,240 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS AND EMPLOYEES OF FREIGHT MANAGEMENT HOLDINGS BHD AND ITS SUBSIDIARY COMPANIES;
- 25,560,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY BUMIPLUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- 2,859,000 NEW ORDINARY SHARES OF RM0.50 EACH TO IDENTIFIED INVESTORS BY WAY OF PRIVATE PLACEMENT; AND
- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

IN CONJUNCTION WITH THE LISTING OF FREIGHT MANAGEMENT HOLDINGS BHD ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD)

Financial Adviser, Underwriter and Placement Agent

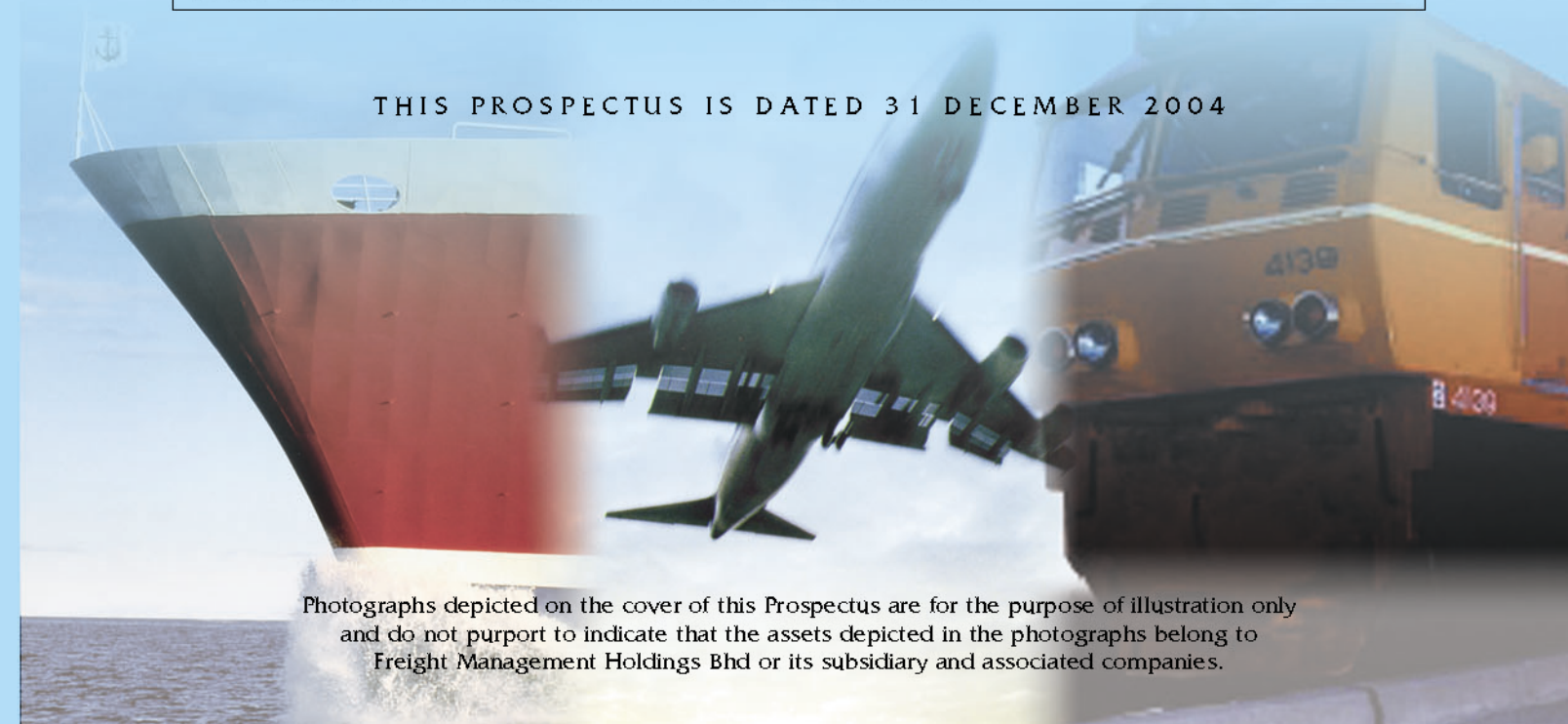


RHB SAKURA MERCHANT BANKERS BERHAD

(Company No: 19663-P)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 HEREIN

THIS PROSPECTUS IS DATED 31 DECEMBER 2004



Photographs depicted on the cover of this Prospectus are for the purpose of illustration only and do not purport to indicate that the assets depicted in the photographs belong to Freight Management Holdings Bhd or its subsidiary and associated companies.

PROSPECTUS



FREIGHT MANAGEMENT HOLDINGS BHD



FREIGHT MANAGEMENT HOLDINGS BHD

(Company No: 380410-P)

This Prospectus has been seen and approved by the Directors and Promoters of Freight Management Holdings Bhd ("FMH" or the "Company") and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading. The Directors and Promoters of FMH hereby accept full responsibility for the profit forecast included in this Prospectus and confirm that the profit forecast has been prepared based on the assumptions made.

RHB Sakura Merchant Bankers Berhad, as the Financial Adviser 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 profit forecast (for which the Directors of FMH are fully responsible) prepared for inclusion in the Prospectus has been stated by the Directors of FMH after due and careful enquiry and has been duly reviewed by the Reporting Accountants.

The Securities Commission ("SC") has approved the public issue and the approval of the SC shall not be taken to indicate that the SC recommends the public issue. The SC shall not be liable for any non-disclosure on the part of FMH and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Bursa Malaysia Securities Berhad (*formerly known as Malaysia Securities Exchange Berhad*) ("Bursa Securities") shall not be liable for any non-disclosure on the part of FMH and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The admission to the Official List of the Second Board of Bursa Securities is not to be taken as an indication of the merits of the invitation, FMH or of its ordinary shares.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of RM42,600,000 comprising 85,200,000 ordinary shares of RM0.50 each ("Shares") on the Second Board of Bursa Securities is set out below:

Event	Tentative date
Opening of the application	31 December 2004
Closing of the application	14 January 2005*
Balloting of applications for the Shares	19 January 2005
Allotment of the Shares	25 January 2005
Listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities	3 February 2005

* *Applications for the Public Issue will close at the time and date as stated above or such other date as the Directors of the Company and the Underwriter in their absolute discretion may mutually decide. Any extension of the abovementioned dates will be published in widely circulated English and Bahasa Malaysia newspapers within Malaysia.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus and the Application Forms:

Act	:	Companies Act, 1965 and any amendments thereto
Acquisitions	:	Acquisition of FMM and Acquisition of ILSB collectively
Acquisition of ILSB	:	Acquisition by FMH of the entire issued and paid-up share capital of ILSB comprising 40,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00, which was completed on 30 November 2004
Acquisition of FMM	:	Acquisition by FMH of the entire issued and paid-up share capital of FMM comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM17,774,783 satisfied by the issuance of 35,549,566 new Shares at par, credited as fully paid-up, which was completed on 30 November 2004
Acquisitions from Minority Shareholders	:	Acquisitions by FMH of the remaining equity interests in the subsidiaries of FMM not held by FMM from the minority shareholders after the Acquisitions for a total purchase consideration of RM1,781,039 satisfied by the issuance of 3,562,078 new Shares at par, credited as fully paid-up, which was completed on 1 December 2004
ADA	:	Authorised Depository Agent
AFTA	:	Asean Free Trade Area
ALSB	:	Advance Logistar Sdn Bhd (<i>Company No.: 340533-U</i>)
Application	:	Application for the Issue Shares by way of Application Form or by way of Electronic Share Application
Application Form(s)	:	Printed application form(s) for the application of the Issue Shares accompanying this Prospectus
ASEAN	:	Association of South East Asian Nations
ATM	:	Automated teller machine
Bursa Securities	:	Bursa Malaysia Securities Berhad (<i>formerly known as Malaysia Securities Exchange Berhad</i>) (<i>Company No.: 635998-W</i>)
Capitalisation of Advances	:	Capitalisation by FMH of an aggregate of RM4,434,555 debt owed by FMM to Chew Chong Keat, Yang Heng Lam and Gan Siew Yong, being the directors of FMM, into new Shares, credited as fully paid up, on the basis of 1 new Share for every RM0.50 debt, which was completed on 2 December 2004
CDS	:	Central Depository System
CDS Account	:	Account established for a depositor by the Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
CFS	:	Container Freight Station. It means a shipping dock or warehouse where cargo is loaded into or unloaded from containers. Generally, this involves LCL load shipments, where small shipments destined to the same destination are often consolidated

DEFINITIONS *(Cont'd)*

CMS	:	Citra Multimodal Services Sdn Bhd (<i>Company No.: 251269-V</i>)
Depository	:	Bursa Malaysia Depository Sdn Bhd (<i>formerly known as Malaysian Central Depository Sdn Bhd</i>) (<i>Company No: 165570-W</i>)
Electronic Share Application	:	Application for the Issue Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per share
ESOS	:	The Employees' Share Option Scheme of FMH to be established prior to the Listing
ESOS Option(s)	:	Options to be granted pursuant to the ESOS
FCL	:	Full Container Load. Usually refers to container sizes of 20-foot, 40-foot and 45-foot
FCZ	:	Free commercial zone
FEU	:	Forty-Foot Equivalent Units. It refers to container size standard of 40-foot
FIATA	:	International Federation of Freight Forwarder Associations
FIC	:	Foreign Investment Committee
Financial Adviser/ Underwriter/ Placement Agent	:	RHB Sakura
Flotation Scheme	:	Share Split, Acquisitions, Acquisitions from Minority Shareholders, Transfers, Capitalisation of Advances, Public Issue and Listing collectively
FMD	:	FM Distribution Sdn Bhd (<i>Company No.: 141698-H</i>)
FMH / Company	:	Freight Management Holdings Bhd (<i>Company No.: 380410 -P</i>)
FM Group / Group	:	FMH and its subsidiary and associated companies
FMM	:	Freight Management (M) Sdn Bhd (<i>Company No.: 85740-U</i>)
FM(Ipoh)	:	Freight Management (Ipoh) Sdn Bhd (<i>Company No.: 275539-D</i>)
FM(Melaka)	:	Freight Management (Melaka) Sdn Bhd (<i>Company No.: 417593-K</i>)
FM(Penang)	:	Freight Management (Penang) Sdn Bhd (<i>Company No.: 190695-K</i>)
FMHWL	:	FM – Hellmann Worldwide Logistics Sdn Bhd (<i>Company No.: 199558-U</i>)
FMWL(Penang)	:	FM Worldwide Logistics (Penang) Sdn Bhd (<i>Company No.: 287218-U</i>)
Frost & Sullivan	:	Frost & Sullivan Sdn Bhd (<i>Company No.:522293-W</i>)
FYE	:	Financial year ended/ending
GDP	:	Gross domestic product
IATA	:	International Air Transport Association

DEFINITIONS *(Cont'd)*

ILSB	:	Icon Line (Malaysia) Sdn Bhd <i>(Company No.: 312315-D)</i>
Issue Shares	:	New Shares to be issued pursuant to the Public Issue
KTMB	:	Keretapi Tanah Melayu Berhad <i>(Company No.: 225943-T)</i>
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LCL	:	Less than container load. It means the quantity of freight which is less than that required for the application of a container load rate, also means loose freight
Listing	:	Admission of FMH to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of FMH of RM42,600,000 comprising 85,200,000 Shares on the Second Board of Bursa Securities following the Public Issue
Market Day	:	Any day on which Bursa Securities is open for the trading of securities
MIDFCCS	:	MIDF Consultancy and Corporate Services Sdn Bhd <i>(Company No.: 11324-H)</i>
MITI	:	Ministry of International Trade and Industry
NTA	:	Net tangible assets
NVOCC	:	Non-vessel operating common carrier. It means a cargo consolidator in ocean trades who will buy space from a carrier and sub sell it to smaller shippers (exporters). The NVOCC issues bills of lading and conducts itself as an ocean common carrier, except that it does not operate the actual ocean vessels
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application as listed in Section 18.5 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
PGSB	:	Perspektif Gemilang Sdn Bhd <i>(Company No.: 193787-W)</i>
Promoters	:	Chew Chong Keat, Yang Heng Lam and Gan Siew Yong, collectively
Public Issue	:	Public issue by the Company of 37,219,240 Issue Shares at the issue price of RM0.65 per Issue Share comprising: <ul style="list-style-type: none"> (i) 2,800,240 Issue Shares to eligible Directors and employees of FMH and its subsidiary companies; (ii) 25,560,000 Issue Shares reserved for eligible Bumiputera investors approved by MITI; (iii) 2,859,000 Issue Shares to identified investors by way of private placement; and (iv) 6,000,000 Issue Shares to the Malaysian public; payable in full upon application

DEFINITIONS *(Cont'd)*

RHB Sakura	:	RHB Sakura Merchant Bankers Berhad (<i>Company No.: 19663-P</i>)
RM and sen	:	Ringgit Malaysia and sen, respectively
ROC	:	Registrar of Companies
SC	:	Securities Commission
Share Split	:	Share split of RM1.00 to RM0.50 each in FMH by way of sub-division of par value from RM1.00 to RM0.50, which was completed on 26 November 2004
Share(s)	:	Ordinary share(s) of RM0.50 each in FMH
SIRIM	:	Sirim Berhad (<i>Company No.: 367474-V</i>), a government-owned company under the Minister of Finance Incorporated
TEU	:	Twenty-foot equivalent unit. It refers to container size standard of 20-foot
Transfers	:	Transfer of FMWL(Penang) and Transfer of Equity Interests collectively
Transfer of Equity Interests	:	Transfer of FMM's entire equity interest in its subsidiaries to FMH for a total cash consideration of RM9,300,094, which was completed on 30 November 2004
Transfer of FMWL(Penang)	:	Transfer of FM(Penang)'s entire equity interest in FMWL(Penang) to FMM comprising of 75,000 ordinary shares of RM1.00 each in FMWL(Penang), representing 30% of the issued and paid-up share capital, for a cash consideration of RM165,660, which was completed on 25 November 2004
US or USA	:	United States of America
USD	:	United States Dollar

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

CONTENTS

	Page
1. CORPORATE DIRECTORY	1
2. INFORMATION SUMMARY	4
2.1 History And Business	4
2.2 Promoters, Substantial Shareholders, Directors And Key Management	6
2.3 Licences, Permits And Registrations	8
2.4 Financial Highlights	10
2.5 Proforma Consolidated Balance Sheets Of FMH As At 30 June 2004	11
2.6 Audit Qualifications	12
2.7 Principal Statistics Relating To The Public Issue	12
2.8 Risk Factors	14
2.9 Utilisation Of Proceeds	14
2.10 Material Litigation, Capital Commitments, Borrowings And Contingent Liabilities	15
3. PARTICULARS OF THE PUBLIC ISSUE	17
3.1 Preliminary	17
3.2 Opening And Closing Of Application	17
3.3 Critical Dates	18
3.4 Share Capital	18
3.5 Details Of The Public Issue	19
3.6 Details On Pink Forms Allocation	20
3.7 Purposes Of The Public Issue	20
3.8 Basis Of Arriving At The Issue Price	20
3.9 Utilisation Of Proceeds	21
3.10 Commission And Brokerage	23
3.11 Salient Terms Of The Underwriting Cum Placement Agreement	23
4. RISK FACTORS	26
4.1 Business Risk	26
4.2 Economic, Political And Regulatory Risks	26
4.3 Foreign Currency Fluctuation Risk	26
4.4 Reliance On International Network Of Independent Agents	26
4.5 Reliance On Integration With Other Vendors	27
4.6 Disruption To Multimodal International Freight Services Operations	27
4.7 Competition	27
4.8 Dependence On Key Personnel	28
4.9 Liability Insurance Coverage	28
4.10 Fluctuation In Selling Rates Of Services	29
4.11 Control By Substantial Shareholders	29
4.12 System Failures	29
4.13 No Prior Market For The Shares	29
4.14 Profit Forecast	30
4.15 Failure / Delay In The Listing	30
4.16 Capital Market Risks	30
5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	31
5.1 Overview Of The Global Economy	31
5.2 Overview Of The Malaysian Economy	32
5.3 Market Dynamics Of The Freight Forwarding Industry	33
5.4 Overview Of The International Freight Forwarding Industry In Malaysia	34
5.5 Outlook Of The International Freight Forwarding Industry	45
6. INFORMATION ON THE FM GROUP	48
6.1 Incorporation And Principal Activities	48
6.2 Share Capital	50
6.3 Flotation Scheme	50

CONTENTS (Cont'd)

6.4	ESOS.....	52
6.5	History And Business Overview	53
6.6	Information On Subsidiary Companies.....	78
6.7	Information On Associated Company.....	86
7.	INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND SENIOR MANAGEMENT OF THE FM GROUP	88
7.1	Promoters And Substantial Shareholders.....	88
7.2	Directors.....	89
7.3	Key Management	92
7.4	Involvement Of Executive Directors/Key Management In Other Businesses/Corporations.....	96
7.5	Declarations From The Directors And Key Management.....	96
7.6	Audit Committee.....	97
7.7	Family Relationships.....	97
7.8	Service Agreements	97
7.9	Moratorium On Sale Of Shares.....	97
8.	APPROVALS AND CONDITIONS	99
8.1	Conditions On Approvals For The Flotation Scheme	99
9.	RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST.....	102
9.1	Related Party Transactions And Conflicts Of Interest	102
9.2	Declarations By The Advisers.....	107
10.	LICENCES, PERMITS AND REGISTRATIONS	108
11.	LAND AND BUILDINGS	113
12.	FINANCIAL INFORMATION	118
12.1	Profit And Dividend Record	118
12.2	Future Financial Information	124
12.3	Proforma Consolidated Balance Sheets Of FMH As At 30 June 2004	135
12.4	Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets	136
13.	ACCOUNTANTS' REPORT	141
14.	INDEPENDENT MARKET RESEARCH REPORT	196
15.	DIRECTORS' REPORT	237
16.	BY-LAWS OF THE ESOS.....	238
17.	FURTHER INFORMATION.....	250
17.1	Share Capital.....	250
17.2	Articles Of Association.....	250
17.3	Directors And Substantial Shareholders.....	256
17.4	General.....	258
17.5	Expenses And Commissions	258
17.6	Public Take-Overs.....	258
17.7	Material Litigation	259
17.8	Material Contracts.....	259
17.9	Material Agreements.....	260
17.10	Letters Of Consent	264
17.11	Responsibility Statements	264
17.12	Documents Available For Inspection.....	264
18.	PROCEDURES FOR APPLICATION AND ACCEPTANCE	266
18.1	Opening And Closing Of Applications	266
18.2	Methods Of Application.....	266
18.3	Procedures For Application.....	266
18.4	Application Using The Application Forms	267

CONTENTS (*Cont'd*)

18.5 Applications Using Electronic Share Application.....	270
18.6 Applications And Acceptances	274
18.7 CDS Accounts.....	275
18.8 Notice Of Allotment.....	276
18.9 List Of ADAs.....	277

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK