

DRB-HICOM MERGES ITS LOGISTICS ASSETS

SHAH ALAM, Thursday, 28 July 2016 – In an Extraordinary General Meeting (EGM) today, DRB-HICOM Berhad (DRB-HICOM) shareholders voted in favour of the disposal of the entire issued and paid-up share capital of KL Airport Services Sdn Bhd (KLAS) to Pos Malaysia Berhad for a total consideration of RM749.35 million to be satisfied via the issuance of 225,030,030 new ordinary shares of RM0.50 each in Pos Malaysia at an issue price of RM3.33 per Pos Malaysia share.

The transaction is seen as DRB-HICOM's move to strengthen the Group's portfolio, as well as to consolidate all of its postal and logistics businesses under one umbrella within Pos Malaysia.

"The Group sees the growth of the logistics industry in Malaysia as an opportunity that must be captured immediately. This merged businesses between Pos Malaysia and KLAS will create an end-to-end integrated logistics fulfilment provider encapsulating services such as warehousing, haulage, courier, custom clearance at ports and airports, to cater for both domestic and regional businesses," said DRB-HICOM Berhad's Chairman, Brigadier General (K) Tan Sri Dato' Sri (Dr.) Hj. Mohd Khamil Jamil during the EGM. "This will invariably reduce the Group's current dependence on the automotive and properties sectors which are highly competitive and more sensitive to economic cycles", added Tan Sri Khamil. At present, revenue contribution to the Group from automotive and properties sectors account for more than 80%. With this move, it is expected that revenue from the Group's services sector will increase to about 50% over the next five years.

Currently, DRB-HICOM has a combined warehouse capacity of 1.78 million square feet. In addition, the recent acquisition of DRB-HICOM Asia Cargo Express Sdn Bhd (ACE) also provides an additional platform to complete KLAS' foothold in the entire logistics eco-system; including air logistics. ACE presently operates two Boeing 737-400 freighters, with plans already in place to expand its fleet to six aircrafts over the next five years.

Tan Sri Dato' Sri (Dr.) Hj. Mohd Khamil added: "The Group will be well-positioned to provide not only the first and last mile services, but also the intermediate requirements that are needed to establish an efficient integrated logistics solution, particularly in the fast expanding e-commerce sector. This is a strategic shift by Pos Malaysia to mitigate the eroding traditional mail business to remain relevant, similar to major postal organisations globally".

At the same EGM, the Group's shareholders also voted in favour to the disposal of part of a freehold industrial land situated in Section 28, Shah Alam to Pos Malaysia for RM69 million to be satisfied via the issuance of 20,720,721 new Pos Malaysia shares at an issue price of RM3.33 per Pos Malaysia share. "This land disposal would allow Pos Malaysia to expand its warehouse offerings in order to become a full-fledged integrated logistics player," added Tan Sri Khamil.

Upon completion of both disposals, DRB-HICOM's equity interest in Pos Malaysia will increase from 32.2 % to 53.5%, thereby resulting in Pos Malaysia becoming a subsidiary of DRB-HICOM. For the same purpose, Pos Malaysia will be holding their EGM to seek approval from its shareholders on these transactions on 18 August 2016.

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DRB-HICOM Berhad ("DRB-HICOM") is one of Malaysia's leading conglomerates with core businesses in the Automotive, Services and Property, Asset and Construction sectors. With more than 90 active companies in its stable and over 60,000 employees group-wide, DRB-HICOM's aim is to continue adding value and propelling the nation's development. In the Automotive sector, DRB-HICOM is involved in the manufacturing, assembly and distribution of passenger and commercial vehicles, including the national motorcycle. In Services, DRB-HICOM is involved in various businesses, including concession and financial-related services. In Property, Asset & Construction, DRB-HICOM is involved in residential and commercial developments.

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