

CJ CENTURY LOGISTICS HOLDINGS BERHAD

[Registration No. 199701008845 (424341-A)]

(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY HELD ON A FULLY VIRTUAL BASIS AT THE BROADCAST VENUE AT THE CONFERENCE ROOM OF NO. 12, PERSIARAN ASTANA/KU2, BANDAR BUKIT RAJA, 41050 KLANG, SELANGOR DARUL EHSAN ON THURSDAY, 22 APRIL 2021 AT 10:00 A.M. ("THE MEETING")

1. CHAIRMAN

Datuk Lee Say Tshin ("**Datuk Chairman**") chaired the Meeting.

2. QUORUM

The requisite quorum being present pursuant to Clause 96 of the Company's Constitution, Datuk Chairman declared the Meeting duly convened.

3. PROCEEDINGS

Datuk Chairman informed all shareholders and proxy holders that pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements, all the proposed resolutions to be tabled at the Meeting shall be voted by poll. With this, Datuk Chairman exercised his rights as the Chairman of the Meeting to demand for a poll.

Ms. Yeow Sze Min, the Company Secretary further informed all present that the Board of Directors would first go through all the items in the agenda before responding to the questions posed by them, and the shareholders and proxy holders could rely on real time submission of typed texts to exercise their rights to speak or communicate in the virtual Meeting.

4. DISCLOSURES

CJ Logistics Asia Pte. Ltd., being the interested major shareholder, had abstained from voting in respect of its direct or indirect interests pertaining to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("**RRPT**") of a Revenue or Trading Nature AND Proposed New Shareholders' Mandate for RRPT of a Revenue or Trading Nature ("**Proposal**").

Mr. Lee Eui Sung, the Deputy Chief Executive Officer, together with Mr. Hong Sung Yong, Mr. Jonathan Park and Mr. Park Chul Moon, the Non-Independent Non-Executive Directors of the Company, being persons nominated and appointed by CJ Logistics Corporation, are deemed interested in the Proposal. Mr. Lee Eui Sung, Mr. Hong Sung Yong, Mr. Jonathan Park and Mr. Park Chul Moon abstained from voting in respect of their interest pertaining to the Proposal.

The interested major shareholders and interested directors had also undertaken to ensure that persons connected to them would also abstain from voting in respect of their direct and indirect shareholdings on this resolution pertaining to the Proposal, which they did.

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5. QUESTION & ANSWER SESSION

The Board of Directors, with the assistance of the Company Secretary, proceeded to respond to the following questions received from the shareholders and proxy holders:-

Questions	Answers
1. What are the notable post restructuring exercises the Company had undertaken after the acquisition of CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")?	The main exercise which the Company had undertaken post-acquisition was the transfer of the courier license from the main operating company, CJ Century Logistics Sdn. Bhd., to a separate entity, namely, CJ Century Logistics Express Malaysia Sdn. Bhd., in December 2020. This was part of the CJ Century Group's internal re-organisation whereby the courier business would operate under a separate dedicated business entity supported directly from Headquarter, whenever necessary.
2. Could you please elaborate on the costs savings realised (if possible, stating the amount) AND the increase in new businesses and markets arising from leveraging on CJ's name, technological solutions, networks, etc. arising from the acquisition and merger exercise?	The acquisition of CJKX was completed on 30 June 2020 and from then onwards, the Company managed to restructure the group so that the various operations of CJKX are re-organised as part of the CJ Century Group's. Any cost savings were expected to be realised over time and not immediately. Further, it had always been the Management's goal to ensure that nobody was left behind in this reorganisation. However, the Management was not able to provide any quantum in terms of savings but wished to highlight that the acquisition of CJKX had contributed a revenue of RM138 million as well as profits of RM15 million to the group from the point of consolidation onwards.
3. The Group's Managed Warehouse Space had gone up by 73% to 4.5 million square feet from 2.6 million square feet post acquisition but its revenue had only gone up by 23.7% to RM101.8M from RM82.3M. What other reasons (apart from recognising only 6 months' revenue instead of 12 months) are attributable for the slower increase in revenue AND what were the warehouse occupancy	The increase in Managed Warehouse Space was due to the acquisition of CJKX amounting to approximately 1.6 million square feet as at the end of 2020. There were two main reasons to explain this:- 1. A big proportion of the Company's revenue is derived from electrical customers whereby the Company will charge the customers based on Jobbers Pack (i.e. based on percentage of their sale). Due to that reason, the Company is able to charge only when the customer is able to sell and not when the customer

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<p>rates for financial year ("FY") 2020 and FY2019?</p>	<p>stores their goods in the warehouse. The pandemic had resulted in a reduction in sales volume for these customers, which affected the Company's revenues for 2020.</p> <p>2. CJKX sells total logistics. For that reason, most of their revenues for warehousing are embedded within their freight forwarding revenues. The Company shall endeavour to separate out clearly the warehousing revenue for CJKX from this year onwards and as mentioned earlier, a big part of the warehouse revenue of CJKX was parked under their freight forwarding activities.</p>
<p>4. Oil Logistics' revenue jumped 62.4% in FY2020 due to higher volumes handled. What were the reasons for the pick-up in demand AND has demand trended higher in the first quarter of 2021?</p>	<p>The oil logistics industries were severely affected by the International Maritime Organisation ("IMO") ruling which took effect from 1 January 2020 whereby the global upper limit on the amount of Sulphur was to be reduced substantially to 0.5% from 3.5%. As a result of this, the trading of fuel oil had decreased substantially during the latter part of 2019 in anticipation of that ruling coming into effect on 1 January 2020. From 1 January 2020 onwards, there was a substantial jump in revenues derived from oil logistics.</p>
<p>5. How many FSUs did the Company operate last year AND of which how many of these were self-owned?</p>	<p>For FY2020, the Company had operated 4 FSUs from January till October and 3 FSUs in November and December. The Company does not own any of the FSUs and the FSUs are leased by the Company's principal for operation.</p>
<p>6. What is the Company's plan to grow its Oil Logistics business? Any plan to expand its fleet of FSUs AND to operate in multiple locations instead of just the waters off Port of Tanjung Pelepas ("PTP")?</p>	<p>The company is constantly looking for alternative sites and locations to operate its oil logistics operation. Also, PTP has a very big advantage because of its proximity to Singapore. Any expansion of this business is restricted by:-</p> <ol style="list-style-type: none">1. Location, the license which can be obtained.2. The availability of the license itself. <p>So long as the Company is not able to get additional licenses, the Company wouldn't be able to extend its FSUs any further.</p>

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<p>7. Are we seeing pick-up in Procurement Logistics business this year given China's strong 1st quarter GDP growth of 18.3%?</p>	<p>The Procurement Logistics Business is not dependent on China per se and as a matter of fact, China is the main supplier instead of the Company's main market itself. Nevertheless, for this business, the Company anticipates for the procurement logistics to grow comfortably, at least 20% from 2020 itself.</p>
<p>8. The Courier segment is the key culprit of the Company's under-performance. What is its earnings before interest, taxes, depreciation and amortisation ("EBIDTA") for FY2020 and FY2019 AND what caused it to chalk up higher losses despite a 53% rise in revenue year-on-year?</p>	<p>EBIDTA for FY2020 for courier services was in fact a loss (loss before interest, tax, depreciation and amortisation) of approximately RM24 million. For FY2019, it was also a loss but of about RM12 million. EBIDTA had declined with the increase in loss before interest, tax, depreciation and amortisation from a loss of RM12 million in FY2019 to RM24 million in FY2020. While the Courier segment revenue had grown year on year, losses would continue to grow until the Courier segment hits a certain critical point. The increase in loss was due to higher operating expenses such as staff costs as well as depreciation. The other problem contributing to the gross loss position is due to the competitive environment that the Company operates in and the Company would continue to lose money for every parcel it delivers until courier rates stabilise within the industry.</p>
<p>9. What are the Company's plans to stem the losses in its Courier business AND how soon can it be expected to turn the corner?</p>	<p>As mentioned earlier, the Company had reorganised the courier business into a separate entity and commenced operation under this separate entity since the beginning of this year. Together with the Association of Malaysian Express Carriers ("AMEC"), the Company had been lobbying the Government to intervene and support the courier industries in Malaysia. One of the things that AMEC had proposed is for the freezing of the Courier licenses as there are 124 licenses for courier. As the government had now given the opportunity to AMEC's members to at least grow the business a bit, the license had been frozen now since the end of last year for 2 years. Other than that, together with AMEC, the Company is proposing to the government to introduce a base rate for this industry. Without a base rate, the competitive pressures will continue to make courier companies suffer losses. If</p>

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	<p>the proposal is approved by the government, the Management is quite certain that the business can recover.</p>
<p>10. Has the Company managed to secure any vaccine distribution business after signing the Memorandum of Understanding ("MOU") with Utama Multimodal Logistics Sdn. Bhd. ("UML")?</p>	<p>The Company signed the MOU with UML, the premier pharma distribution company in Malaysia, in the middle of March. Together with UML, the Company had submitted to various government agencies for the distribution of covid-19 vaccines and is currently waiting for responses from the respective government agencies. The Company shall make due announcements whenever there is a material development.</p>
<p>11. How much does the Company spend on this virtual AGM? Would the board kindly consider giving us Touch n Go e- wallet as a token of appreciation for attending this virtual AGM. I would like to request a printed hard copy of the company annual report.</p>	<p>The cost of this virtual AGM is definitely lower than the live AGM although there are a lot of preparations and practices that the Company has to carry out prior to the AGM.</p> <p>Secondly, in regard to the token of appreciation for the shareholders who have attended the virtual AGM, the Board needs to consider such a matter separately.</p> <p>Thirdly, the printed hard copy of the company Annual Report can be obtained by simply filling out the form on the Company's website, in the investor relations section, and it will be dispatch out within 3 days with CJ Century Courier.</p>
<p>12. Could you share on the Company's outlook? Is there any Dividend for FY21?</p>	<p>The Company is currently undergoing a massive restructuring. The Company wishes to stamp out losses in the courier business first. In any year when a dividend is considered, the priority would be the profitability and would also consult HQ being its parent company. The Company has to balance between the expansion and the cash flow and the health of the Company is the first priority.</p> <p>The other major exercise that the Company is currently looking at is making the entire Company lean and mean backed by HQ's positive feedback on this move. Therefore, the chances of dividend is high in FY2022 but the Company will have to do the recovery first.</p>

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<p>13. Performance result Year on Year on latest quarter i.e., Quarter 4 of FY2020 report.</p> <p>Q1. Total Logistics Services are doing pretty well. Can sustain in coming quarters?</p> <p>Q2. Procurement Logistics Services are weaker. Dropped 50% in segment results number (6.1mil vs 11.5mil). What is the reason and how to improve?</p> <p>Q3. Courier Services are bleeding badly (-31million vs 16.8million). How soon will this segment be able to break even? Quarter 4 of FY2020 started to show profitability, is this expected to maintain in coming quarters?</p>	<p>1. In answering Question 1, the Management affirmed that the Company is doing everything possible to ensure that the Company continues to grow the total logistics services. The Management assumes that the Company should be able to do better than what it did in the Quarter 4 of FY2020. Further, total logistics is doing well and will be sustainable as the Company has brought in a COO to work together with Deputy CEO to strengthen the entire operation.</p> <p>2. In regards to Question 2, Procurement logistics suffered because:-</p> <ul style="list-style-type: none">• The Company was required to shut down its operations for a couple of weeks because of MCO which had impacted the Company's capacity. As the world suffers from the global pandemic, there was very little movement and purchases and it had affected the procurement logistics operations. Moving forward for 2021, the Company is optimistic about the procurement logistics services and anticipates that it would grow approximately 20% in this sector.• To add, procurement goes up and down partly due to it being cyclical. The direction of growth for procurement logistics is always about a new product, new customers and new region. The new region is actually in Vietnam and it is cyclical because their mainly comprises air condition, as sales goes up during summer time. Procurement logistics is one of our stable businesses that had consistently showed a profit. <p>3. Moving on to Question 3, if the Company's measures such as the proposal for the courier base rate gets approval from the Government, it will give the Company a relief. For the time being, the Company anticipates that this sector would not be much better or worse off in 2021 compared to 2020.</p>
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	<p>In regard to profitability, the Company actually recorded pre-tax loss for the year 2020. It became after-tax profit because of tax write-backs. The Company is optimistic the business for the year 2021 that it should be able to perform better.</p>
<p>14. Q1. Could you please provide a briefing on how different is CJEN in logistic business compared with other competitors? Strength in competition and weaknesses for improvement.</p> <p>Q2. MOU with UML</p> <p>a. what is the potential contribution to topline and bottom-line. Maybe a rough estimation in %?</p> <p>b. Expected timeframe to close the deal?</p>	<p>1. To answer Question 1, each company operates in a slightly different segment of the logistics industry. In fact, the Company operates in the total logistics as well as procurement logistics sphere where it provides a slightly differentiated solution as compared to its competitors and peers. The Company also has the strength of the Korean HQ with its research centre and technology. In addition to that, the Korean HQ would always be pushing for technology. Hence the reason why the Company is not just providing warehouse and transport services but also providing technological solutions.</p> <p>2. Pertaining to Question 2, as a result of the MOU entered into with UML, the Company had submitted various proposals to government agencies for the potential distribution of covid-19 vaccines and is currently waiting for response from the government. The Company does not have any figure at the moment as it depends very much on the proposals with the government and what portion of the vaccine distribution the Government can potentially allocate to the Company.</p> <p>Apart from that, the Company is expecting to close up the deal within the next couple of weeks. Anticipating that with the urgency of the distribution of vaccines, the government will definitely have to enlist logistics service providers to support the distribution of vaccines.</p>
<p>15. Has the warehouse in Kemaman, Terengganu started to be operational?</p>	<p>The warehouse had already operated from 16 March 2021 onwards and it is 100% fully occupied. So, this is another business opportunity in Kemaman area and this is a stepping stone for the Company to penetrate into the east coast business.</p>

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<p>16. Q1. How Covid-19 had impacted business and what is the latest condition for the impact right now?</p> <p>Q2. Any big CAPEX in 2021 and 2022?</p> <p>Q3. No dividend for 2020. How about in 2021?</p>	<p>1. Firstly, the Company had been practising the Business Continuity Plan (“BCP”), with observance of all the SOPs to avoid lost productivity or time. As we can see during the Covid-19 shutdown, the procurement logistics was not able to operate and this had affected the topline.</p> <p>2. For Question 2, there is something in plan for 2022 but at the moment, the Company wants to reorganise and make money first.</p> <p>3. Thirdly, as mentioned earlier, the Board shall decide on this.</p>
<p>17. The shipping freight costs are rising aggressively. Will and how serious does the cost impact the bottom-line of the Company’s business?</p>	<p>The main reason for the freight going up is because of Covid-19. During the pandemic, the e-commerce industry was increasing but the shipping industry had the same number of ships. That is why there is an imbalance in supply and demand. So as a result of that, the freight cost would continue to go up unless e-commerce demand and number of ships is balanced. So as for seriousness, shippers would be impacted but it doesn’t really affect our business.</p>

6. VOTING RESULTS

Having addressed all questions raised, the following ordinary resolutions tabled at the Meeting were duly passed by way of poll, the results of which had been announced to Bursa Malaysia Securities Berhad on 22 April 2021:-

Resolution	
1	To approve the payment of Directors’ fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2021 and thereafter.
2	To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 23 April 2021 until the Twenty-Fifth AGM of the Company.
3	To re-elect Jonathon Park as a Director of the Company in accordance with Clause 118 of the Company’s Constitution.
4	To re-elect Winston Tan Kheng Huang as a Director of the Company in accordance with Clause 119 of the Company’s Constitution.
5	To re-elect Lee Eui Sung as a Director of the Company in accordance with Clause

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	119 of the Company's Constitution.
6	To re-elect Hong Sung Yong as a Director of the Company in accordance with Clause 119 of the Company's Constitution.
7	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.
8	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
9	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.
10	Proposed Renewal of Share Buy-Back Authority.
11	Authority to Issue Shares pursuant to the Companies Act 2016.

There being no other business to be transacted, Datuk Chairman concluded the Meeting at 11:30 a.m. and thanked all present for their participation.