2018 ANNUAL REPORT

www.cjcentury.com

CJ Century

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FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
Profitability					
Revenue (RM'000)	275,232	297,876	300,289	294,597	400,998
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	55,187	54,619	37,930	31,537	25,737
Profit before taxation (RM'000)	42,439	41,003	25,594	21,113	13,622
Profit for the year attributable to equity holders (RM'000)	33,287	31,948	20,170	15,222	9,784
BALANCE SHEET					
Share capital (RM'000)	183,096	186,818	192,367	199,184	200,043
No of shares in issue (units) ('000)	366,193	373,635	384,735	392,799	394,230
Shareholders' equity (RM'000)	270,514	288,768	301,485	319,229	322,953
FINANCIAL RATIO					
Revenue growth	7.6%	8.2%	0.8%	-1.9%	36.1%
Earnings growth	47.6%	-4.0%	-36.9%	-24.5%	-35.7%
Return on equity	12.3%	11.1%	6.7%	4.8%	3.0%
SHARE INFORMATION					
Weighted average number of ordinary shares (units) ('000)	365,019	370,067	380,705	391,281	392,933
Dividend per share (sen)	4.7	5.5	3.5	1.5	0.75
Earnings per share (sen)	9.12	8.63	5.30	3.89	2.49
Net assets per share (sen)	74	78	78	81	83

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK LEE SAY TSHIN
Independent Non-Executive Chairman

TEOW CHOO HING
Managing Director

YEAP KHOO SOON EDWIN
Executive Director

HONG SUNG YONG
Non Independent
Non-Executive Director

AHN JAE HO
Non Independent
Non-Executive Director

LEE EUI SUNG
Non Independent
Non-Executive Director

PARK CHUL MOON
Non Independent
Non-Executive Director

SARYANI BINTI CHE AB RAHMAN
Independent Non-Executive Director

WINSTON TAN KHENG HUANG
Independent Non-Executive Director

AUDIT COMMITTEE

SARYANI BINTI CHE AB RAHMAN
Chairperson

DATUK LEE SAY TSHIN
Member

WINSTON TAN KHENG HUANG
Member

HONG SUNG YONG
Member

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)

Yeow Sze Min
(MAICSA 7065735)

AUDITORS

Deloitte PLT

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel : 03 2084 9000
Fax : 03 2094 9940 /
03 2095 0292

CORPORATE OFFICE

Lot 8, Lingkaran Sultan Mohamed 1,
Bandar Sultan Suleiman,
P.O. Box 93, 42000 Port Klang,
Selangor Darul Ehsan
Tel : 03 3375 5888
Fax : 03 3375 5969
Email : info@cjcentury.com
Website : www.cjcentury.com

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur
Tel : 03 2084 9000
Fax : 03 2094 9940 /
03 2095 0292

ABOUT CJ CENTURY

CJ Century's unique model of value-added solutions encompasses warehousing and distribution services that can be scaled and customised to cater to the needs of customers based on the demands and delivery service requirements for their products. With the innovative solutions offered, CJ Century has evolved to managing the contract logistics of discerning clientele, where the value propositions is to improve operational efficiency that positively enhance the clientele and their end customers.

In 2016, Century became a member of the CJ Logistics family and completed the transformation to "CJ Century" upon the change of name tabled at the previous Annual General Meeting.

Riding on CJ Logistics' strength as the dominant parcel delivery company in Korea, the range of services was further extended to include courier services, thus expanding its offering as a leading provider of supply chain solutions to include providing last mile solutions.

CHAIRMAN'S MESSAGE

Dear Shareholders

It is my pleasure to present CJ Century Logistics Holdings Berhad's (formerly known as Century Logistics Holdings Berhad) ("CJ Century" or "Company") Annual Report for the financial year ended 31 December 2018.

INDUSTRY REVIEW

Malaysia's GDP grew by 4.7% in 2018, down from 5.9% in 2017. As demonstrated by the lower GDP growth figures, the logistics industry was similarly affected by poor business sentiment, resulting in cost and competitive pressures posing constant threat to our business.

Our Group was affected by poor market conditions during the year, where business confidence was affected by the uncertain and challenging macroeconomic conditions, resulting in competitive pressures across our business sectors.

Nevertheless, I am confident that our balance sheet strength and our dedicated employees will enable us to continue serving our discerning customers by providing excellent supply chain solutions that effectively enhance their value chain. CJ Century has been delivering trusted and reliable service while adapting and improving in tune with the changing times.

FINANCIAL REVIEW

We achieved revenue of RM401.0 million and profit after taxation of RM9.9 million in 2018, representing a jump in revenue of 36.1% while profit after taxation declined by 35.2% from the previous financial year. A more detailed discussion and analysis of our performance is contained in the Managing Director's Message of this Annual Report.

Despite the reduction in financial performance, our balance sheet remained healthy with shareholders' funds of RM323.0 million, and net assets per share of 83 sen as at 31 December 2018. Total assets increased further to RM545.0 million, driven by investment in our Courier Services as well as the ongoing construction of our new multi-storey warehouse in Bukit Raja, Klang.

CHAIRMAN'S MESSAGE
(CONT'D)

Our current net gearing is at a very manageable 0.16 times. Nevertheless, the ongoing construction of the new multi-storey warehouse as well as our expansion into courier services is expected to increase our debt level further. You can rest assured that we will continue to manage our expansion on an optimal debt-equity funding mix, without unnecessarily stressing our balance sheet.

DIVIDEND

The Board has proposed a single tier final dividend of 0.25 sen per share pending your approval at the forthcoming Annual General Meeting. We had earlier paid an interim single-tier dividend, bringing the total single-tier dividends for 2018 to 0.75 sen per share. For 2018, the total dividend quantum translates to 30% of profit after taxation.

PROSPECTS

For this year, CJ Century intends to continue leveraging on the strength of the CJ Logistics group and continue with the roll-out of the 3 core synergy plans which I have written about in my previous Chairman's Messages.

- Sales expansion via development of new multi-national and Korean customers utilizing CJ Logistics' TES (technology, engineering and system) solution and combined operational strengths.
- Profit maximisation via combined competency and cost control, which will include integration of operational and administration activities while avoiding duplication.
- Expansion into courier services as our new core activity.

The first two plans are ongoing processes that will lead towards business growth and improved efficiency. As for the third plan, CJ Century has aggressively expanded our courier services network during 2018, to ride on the momentum of the booming e-commerce industry in Malaysia. This expansion is set to continue in 2019.

As for our new multi-storey facility in Bukit Raja, it is currently at approximately 90% stage of progress and upon completion, expected by middle of this year, would result in the front-end as well as the back-room teams to be consolidated in one location, thus ensuring better communication as well as cost control.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors of CJ Century, I would like to convey our sincerest appreciation to our customers, business associates and partners for your continued support and confidence in the Company.

It gives me great pleasure to welcome Hong Sung Yong to our Board while acknowledging the contributions of Cheong Joon Kyo who had resigned because of a change in nominee director proposed by our major shareholder, CJ Logistics Corporation. I would also like to extend my appreciation to the management team, led by Teow Choo Hing, to continue the drive towards becoming Malaysia's largest logistics company.

We recognize that the continued success of the Company very much depends on your support, our esteemed shareholders, and on behalf of the Board, I would like to extend our gratitude for your unwavering confidence and belief in CJ Century. We look forward to meeting you at the forthcoming Annual General Meeting on Tuesday, 30 April 2019 at Setia City Convention Centre in Setia Alam.

DATUK LEE SAY TSHIN
Chairman

MANAGING DIRECTOR'S MESSAGE
(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS)

For the year 2018, CJ Century has been rapidly expanding its courier services infrastructure as well as continued to strengthen its position as one of Malaysia's leading logistics solutions group, with the support of its major Korean conglomerate, CJ Logistics Corporation. I now present to you our performance for year 2018.

OPERATING ENVIRONMENT

The global environment has remained uncertain and turbulent during 2018. Reflecting this, the Malaysian economy recorded a growth of 4.7% in 2018, down from 5.9% recorded in 2017. The Group was not spared and continued to be affected by a very competitive environment in its traditional sectors, resulting in lower volumes and cost pressure. It is therefore necessary for CJ Century to continue to diversify and differentiate itself to be part of the next wave of growth.

E-commerce will remain an important growth factor for CJ Century in the coming years. The Malaysian Digital Economy Corporation (MDEC) has estimated that the E-Commerce gross value added to the national economy increased to RM85.8 billion in 2017, with a year on year growth of 14.3%. The Group plans to grow in tandem with the increasing scope and scale of the e-commerce trade to provide integrated cross-border logistics and supply chain solutions for a new era of strategic commercial partners. The investment and expansion shall continue to be financed by the Group's internal resources and bank borrowings. With a solid foundation in place, the Group can be confident of maintaining sustainable growth and improved profitability.

OPERATIONAL REVIEW

The Group's business comprises 3 major segments i.e. Total Logistics Services, Procurement Logistics Services as well as Courier Services.

Under our Total Logistics Services, CJ Century offers highly customized and competitive supply chain solutions to our customers. The Group's domestic customers comprise a varied mix of customers and industries, from fast moving customer goods to electrical products. As at 31 December 2018, the Group managed a logistics facility portfolio of 2.2 million square feet, of which 1.5 million square feet were self-owned. Of this total, CJ Century manages a total of 1.3 million square feet in Port Klang, Subang and Shah Alam. Our five blocks of distribution centres in the Port of Tanjung Pelepas (PTP), with warehousing capacity totaling 860,000 square feet, create the competitive edge for domestic importers and also for the foreign entities who wish to extend their footprint into Malaysia.

The Group will expand its earnings base further from the construction of a state of the art, ramped up three-storey warehouse building of approximately 440,000 square feet in Bukit Raja, Klang. The building, expected to be completed by mid 2019, will expand the storage capacity of the Group further to more than 2.6 million square feet. The building is earmarked for our Courier Services and Contract Logistics operations. The Group will continue to monitor and review our portfolio of assets to ensure optimal utilization and operational efficiency.

CJ Century's Procurement Logistics Services offers original equipment manufacturing solutions to electrical and electronic products manufacturers and traders. With today's market requirement changing at an incredible pace, customers are outsourcing more of their supply chain to third party logistics provider to include procurement, assembly and repackaging services. The traditional practice of third party logistics providers merely handling the movement of goods has since evolved to providing increased levels of value added services. We have during the year, enlarged our customer base and diversified into new regions to expand our procurement logistics offering. This has contributed to the large increase in our income from our Procurement Logistics Services.

The Group has during the year invested and expanded the infrastructure for our Courier Services, by tapping on the expertise and systems of our major shareholder. CJ Logistics is the dominant parcel delivery company in Korea with presence in more than 50 countries globally. We are proud to say that in a short period, we have managed to build the infrastructure needed for the whole of Malaysia.

MANAGING DIRECTOR'S MESSAGE
(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)


FINANCIAL REVIEW

Revenue of the Group jumped 36.1% to a record of RM401.0 million in 2018 (2017: RM294.6 million) contributed mainly by our Procurement Logistics operation. Nevertheless, this was not reflected in the pre-tax profit of the Group, which instead declined by 35.5% to RM13.6 million (2017: RM21.1 million) mainly due to the domestic competitive environment which has resulted in the Group's operating profit to decrease. Net profit dropped in tandem by 35.2% to RM9.9 million (2017: RM15.3 million) as well as absorbing the gestation of the courier services operations.

Revenue	2018 RM'000	2017 RM'000	Variance RM'000	Percentage
Total Logistics	261,418	248,009	13,409	5.4%
Procurement Logistics	131,065	48,282	82,783	171.5%
Courier Services	11,516	–	11,516	>100.0%
Consol Adjustment	(3,001)	(1,694)	(1,307)	-77.2%
Group Results	**400,998**	**294,597**	**106,401**	**36.1%**

Earnings before Interest and Taxation (EBIT)	2018 RM'000	2017 RM'000	Variance RM'000	Percentage
Total Logistics	11,786	18,106	(6,320)	-34.9%
Procurement Logistics	9,435	3,292	6,143	186.6%
Courier Services	(6,743)	–	(6,473)	<-100.0%
Consol Adjustment	766	(45)	811	18.02%
Group Results	**15,244**	**21,353**	**(6,109)**	**-28.6%**

MANAGING DIRECTOR'S MESSAGE
(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)

ANALYSIS OF RESULTS

TOTAL LOGISTICS

Revenue for Total Logistics Services increased by 5.4% to RM261.4 million due to improved volumes handled by our Freight Forwarding and Contract Logistics activities. Nevertheless, the decline in our EBIT by 34.9% to RM11.8 million was due to lower occupancy of our warehouses in the Port of Tanjung Pelepas, Johor as well as lower volume handled by our Oil Logistics activities.

PROCUREMENT LOGISTICS

Revenue and EBIT for Procurement Logistics Services jumped by 171.5% and 186.6% respectively, as a result of higher volumes assembled. Export of electrical appliances, particularly air-conditioner and television sets, contributed to the higher volumes.

COURIER SERVICES

Revenue for Courier Services was RM11.5 million while loss before interest and tax amounted to RM6.7 million. This trend was mainly due to the costs incurred as we continue to expand our operation. As at end of year 2018, the Group has set up 18 branches and invested in 248 courier trucks solely for our Courier Services, while handling average daily volume of 10,000 parcels per day.

FINANCIAL MANAGEMENT

Most of the Group's assets and liabilities are denominated in Ringgit Malaysia. However, the Group is exposed marginally to foreign currency risk arising from trade sales and trade purchases by its subsidiaries. The currency giving rise to this risk is primarily United States dollar ("USD"). In respect of the appreciation of USD since early 2018, the net exposure in terms of its potential impact on both profitability and financial position of the Group is considered not material. For the foreign currency exposure arising from business activities, the Procurement Logistics Services operations used a mixture of forward contracts to hedge their foreign exchange exposure from trading transactions during the year. The Group will continue to closely monitor its foreign exchange position and if necessary, continue to hedge its foreign exchange exposure by entering appropriate hedging instruments. As at 31 December 2018, total foreign currency forward contracts outstanding amounted to the equivalent of RM4.2 million.

The Group has centralized financing policies and control over all its operations. With tight control on treasury operations, yields from excess funds are maximized without compromising on risks while average cost of funds for borrowings are lowered. The Group has deposits, cash and bank balances of RM79.1 million as at 31 December 2018, of which RM62.1 million is invested in money market funds which yielded returns of 3.71% to 3.85% per annum tax free. The bank loans were borrowed at floating interest rates and were not held for hedging purposes.

The Group's capital expenditures for year 2018 was RM86.3 million and future approved capital commitments of RM87.3 million which are mainly comprised of progressive construction costs of the new multi-storey warehouse in Bukit Raja, additional trucks for the courier services operation, IT system upgrades, expansion of the logistics business infrastructure and ongoing maintenance capital expenditure. The investment shall be financed by the Group's internal resources and bank borrowings.

The Board has recommended a single tier final dividend of 0.25 sen per share for the year ended 31 December 2018. The Company had earlier paid one interim single tier dividends, bringing the total dividends for 2018 to 0.75 sen per share. This translates to approximately 30% of earnings. We shall continue to manage our future declaration of dividends against our future investment needs.

MANAGING DIRECTOR'S MESSAGE
(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)

HUMAN RESOURCE MANAGEMENT

The objective of the Group's human resource management is to recognize and reward performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff are encouraged to enroll in training courses, seminars, professional and technical courses with appropriate sponsorship from the Group to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. Staff also participate in social activities organized by the Group to promote team spirit and build a cohesive workforce. As at 31 December 2018, the Group's staff force stood at 1,060 employees (2017: 784 employees) with total staff-related costs amounting to RM55.2 million (2017: RM46.6 million).

PROSPECTS

The medium and longer-term outlook for Malaysia's logistics industry remains bright. Urban middle-class consumption in Malaysia is rapidly becoming a major engine of growth for the local economy. In the shorter term however, there are challenges in the global economy. Global trade wars have escalated, resulting in uncertainties and economic turbulence. Despite these challenges, CJ Century sees opportunities for expansion and growth as there are numerous changes in manufacturing, properties and consumption across the country, which will drive demand for complex logistics solutions.

Looking ahead, e-commerce logistics is expected to play a more important part in the Group's business. Leveraging on our extensive ground network as well as the unwavering support of CJ Logistics to roll-out their innovative logistics solutions and expertise in Courier Services, CJ Century is ready to ride on the rapid growth of e-commerce and drive faster growth for the logistics business.

Our key strength is internal – our people and our culture. As our business expands, we will take in experienced industry professionals with good knowledge and skills. We also recruit management trainees of different backgrounds and disciplines. We inspire them with a corporate ethos based on meritocracy, emphasizing integrity and service to customers. By internalizing diversity within CJ Century, we help our customers to cross borders and cultural domains.

At all times, although our attention is naturally focused on cost efficiency and improving productivity, we also aim to be sustainable always. All these strategies and initiatives will eventually ensure that CJ Century remains on track to deliver solid growth and returns to our stakeholders.

CONCLUSION

I would like to take this opportunity to convey my sincerest appreciation to all customers, suppliers, bankers and staff for your continued support and confidence in the Company.

I would also like to welcome Mr Hong Sung Yong to the Board of CJ Century and express my thanks to Mr Cheong Joon Kyo for his invaluable guidance and contribution.

TEOW CHOO HING

Managing Director

BOARD OF DIRECTORS

SEATED (FROM LEFT)

TEOW CHOO HING
Managing Director

HONG SUNG YONG
Non Independent Non-Executive Director

DATUK LEE SAY TSHIN
Independent Non-Executive Chairman

SARYANI BINTI CHE AB RAHMAN
Independent Non-Executive Director

STANDING (FROM LEFT)

PARK CHUL MOON
Non Independent Non-Executive Director

LEE EUI SUNG
Non Independent Non-Executive Director

YEAP KHOO SOON EDWIN
Executive Director

WINSTON TAN KHENG HUANG
Independent Non-Executive Director

NOT IN PICTURE

AHN JAE HO
Non Independent Non-Executive Director

BOARD OF DIRECTORS
(CONT'D)

DATUK LEE SAY TSHIN

Independent Non-Executive Chairman | Male, Age 66, Malaysian | Appointed on 31 October 2016

Holds a Bachelor of Economics (Honours) from University of Malaya in 1975.

An accomplished banker with over 38 years of experience in the banking industry, his last position held in HSBC Bank Malaysia Berhad was as the Managing Director of Strategic Business Development prior to his retirement on 30 June 2013.

Appointed as Advisor to the advisory board of the Secretariat for the Advancement of Malaysian Entrepreneurs ("SAME") in the Prime Minister's Department since April 2015. Also, currently a senior advisor of HSBC Bank Malaysia Berhad.

Chairman of the Nomination Committee and member of the Audit and Remuneration Committees of CJ Century.

Sits on the Boards of IOI Properties Berhad and Pacific Mutual Fund.

Datuk Lee Say Tshin attended three (3) out of four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

TEOW CHOO HING

Managing Director | Male, Age 59, Malaysian | Appointed on 28 July 1997

Holds Bachelor and Master degrees of Science in Civil Engineering from the University of Oklahoma, USA.

Started career in 1986 as a Project Engineer for an interstate highway project in the State of Oklahoma, USA. Involvement in logistics since 1991, when he set up a bonded warehouse in Port Klang with several partners.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Teow Choo Hing had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

YEAP KHOO SOON EDWIN

Executive Director | Male, Age 48, Malaysian | Appointed on 15 January 2002

Holds a Bachelor of Science (Accounting) from Queen's University, United Kingdom, Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and member of the Malaysian Institute of Accountants (MIA).

Career in financial management and corporate finance since 1992 with a firm of accountants in London, United Kingdom and the Corporate Finance Department of an investment bank before joining CJ Century in 2000.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Yeap Khoo Soon Edwin had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

BOARD OF DIRECTORS
(CONT'D)

HONG SUNG YONG

Non-Independent Non-Executive Director | Male, Age 55, Korean | Appointed on 15 January 2019

Holds a Master of Business Administration from Korea University and Bachelor of Mechanical Engineering from Hanyang University.

Built his career with the Samsung group over a period of close to 30 years from 1988 to 2017. During that time, he has led the Samsung group in various capacities, including heading the operations in Turkey, Dubai as well as the African continent. Subsequently joined CJ Logistics Corporation and is now the Head of Overseas Division, Senior Vice President of CJ Logistics Corporation.

Chairman of the Remuneration Committee and member of the Audit Committee of CJ Century.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Hong Sung Yong did not attend any Board Meeting held in the financial year ended 31 December 2018 in view that he was appointed on 15 January 2019.

AHN JAE HO

Non Independent Non-Executive Director | Male, Age 47, Korean | Appointed on 31 October 2016

Holds a Master in International Relations, Seoul National University, Republic of Korea.

From 2011 to 2015, worked as Head of the Growth Strategy Team in CJ Logistics Corporation. Currently the Head of Strategy Planning Division, Senior Vice President of CJ Logistics Corporation.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Ahn Jae Ho had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

LEE EUI SUNG

Non-Independent Non-Executive Director | Male, Age 48, Korean | Appointed on 31 October 2016

Holds a Master of Industrial Engineering (Majoring in Logistics) from Ajou University and Bachelor of Arts in Logistics System Engineering from Korea Maritime and Ocean University, Republic of Korea.

Started his carrier in logistics since 1996. Worked as Manager in CJ Logistics Asia Pte. Ltd., Singapore from 2009 to 2010. Currently the Managing Director of CJ Korea Express Malaysia Sdn. Bhd.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Lee Eui Sung had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

PARK CHUL MOON

Non-Independent Non-Executive Director | Male, Age 44, Korean | Appointed on 27 February 2018

Holds a Bachelor of Industrial Engineering and Certificate of Logistics Management from Gyeongsan National University.

Started his career as an Associate of CJ Logistics' 3PL Business Division in year 2000. Moved on to be CJ Logistics Corporation's representative in India from year 2005 to 2006 and then progressed to be CJ Logistics Corporation's 3PL Business Division Manager from year 2007 to 2009. Then posted to be the Managing Director of CJ Logistics Indonesia from year 2010 to 2014 before being posted to CJ Logistics' Singapore Regional Headquarters from 2015 to 2016. Currently the Vice President of the SCM Business Development Division of CJ Logistics Corporation.

Member of the Nomination Committee of CJ Century.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Park Chul Moon had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

BOARD OF DIRECTORS
(CONT'D)

SARYANI BINTI CHE AB RAHMAN

Independent Non-Executive Director | Female, Age 52, Malaysian | Appointed on 31 October 2016

Holds a Diploma in Accountancy from Universiti Teknologi MARA, Bachelor of Arts in Accountancy from London Guildhall University, United Kingdom (formerly known as City of London Polytechnic) and ACCA from Emile Woolf College, London.

During the period from 1995 to 2007, worked as Audit Manager in different divisions before left Sime Darby Berhad as its Head of Group Compliance Audit in plantation division. During the period from 2007 to 2013, worked in Sime Darby Plantation Sdn. Bhd. Currently, owner of two education institutions in Denai Alam.

Chairperson of the Audit Committee and member of the Nomination and Remuneration Committees of CJ Century.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Saryani Binti Che Ab Rahman had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

WINSTON TAN KHENG HUANG

Independent Non-Executive Director | Male, Age 44, Malaysian | Appointed on 31 October 2016

Holds a LLB (Hons) from University of Newcastle-Upon-Tyne, United Kingdom, Barrister-At-Law (Lincoln's Inn), United Kingdom and Master of Business Administration from Edinburgh Business School, Heriot-Watt University. Admitted to the Bar of England and Wales in 1997, to the Malaysian Bar in 1998 and to the Singapore Bar in 2007.

Founded Valensea Law LLC as a Director in 2014. Prior to that, was a Director at Drew & Napier LLC from 2007 to 2013 and a Director at LSH Law Corporation from 2013 to 2014. Licensed to practice law in Malaysia and is currently a Partner of Mak, Ng, Shao & Kee (Advocates & Solicitors) in Malaysia.

Member of the Audit, Remuneration and Nomination Committees of CJ Century.

Does not have any directorship in other public companies and listed issuers in Malaysia.

Winston Tan Kheng Huang had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2018.

None of the Directors has :

- Any family relationship with any Director and/or major shareholder of CJ Century
- Any conflict of interest with CJ Century
- Any conviction for offences within the past five (5) years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

SENIOR MANAGEMENT TEAM

HENG MON SING

Chief Operating Officer, Procurement Logistics | Male, Age 54, Malaysian | Joined on 1 July 1996

Holds a Bachelor degree in Electrical / Electronic Engineering from University of Technology Malaysia. Joined the CJ Century Group in 1996. Held several managerial portfolios before his appointment as Chief Operating Officer in 2014.

KWAK HEE SEOK

Chief Operating Officer, Integrated Logistics | Male, Age 43, Korean | Joined on 1 December 2016

Holds a Bachelor of Science (Major in Industrial Engineering) from Kyung Hee University, Republic of Korea. Have been with CJ Logistics since 2002, before joining the CJ Century Group in 2016 as Chief Operating Officer.

LIM CHEE KHOON

Chief Operating Officer, Integrated Logistics | Male, Age 39, Malaysian | Joined on 15 March 2011

Holds a Master in Business Administration from University of New Castle, USA. Has 18 years of experience in supply chain and logistics from 3rd party logistics, pharmaceutical and fast moving consumer industries. Joined the CJ Century Group in 2011. During his tenure at CJ Century, he was assigned to various business divisions of the Group before his appointment as Chief Operating Officer in 2018.

KIM PIL YOUNG

Chief Financial Officer | Male, Age 42, Korean | Joined on 1 December 2016

Holds a Bachelor of Science (Major in Agricultural Economics) from Korea University, Republic of Korea. More than 15 years of experience in finance and accounting. Has been with CJ Logistics since 2007, before he joined the CJ Century Group in 2016 as Chief Financial Officer.

The profiles of Teow Choo Hing and Yeap Khoo Soon Edwin are disclosed in the section on Board of Directors.

None of the Senior Management staff above have :

- Any family relationship with any Director and/or major shareholder of CJ Century
- Any conflict of interest with CJ Century
- Any conviction for offences within the past five (5) years other than traffic offences
- Any directorship in other public companies and listed issuers in Malaysia

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies which involve directors' and major shareholders' interests for the financial year ended 31 December 2018 except as disclosed in Note 15 of the financial statements.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The recurrent related party transactions entered into by the Group during the financial year ended 31 December 2018 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2018 RM'000
CJ Century Forwarding Sdn. Bhd. ("CJCF") (Principal activity is freight forwarding and shipping agency)	A company in which Sabarin Bin Ibrahim, a director in CJCF and CJ Century Logistics Sdn. Bhd. ("CJCL"), has 30% equity interest	Provision of freight forwarding services to CJCL	204
CJ Korea Express Malaysia Sdn. Bhd. ("CJ Malaysia") (Principal activity is investment holding and providing total logistics solutions)	A subsidiary company of CJ Asia a substantial shareholder of the Company	Provision of :	
		- logistics services by CJCL	4,832
		- logistics services to CJCL	856
		- data management solution services by CJ Century DMS Sdn. Bhd.	15
		- acquisition of property, plant and equipment by CJCL	1,767
EC Services Enterprise Sdn. Bhd. (Principal activity is providing transport, haulage and cleaning services)	A subsidiary of CJ Malaysia	Provision of :	
		- logistics services by CJCL	374
		- logistics services to CJCL	34
CJ Logistics Asia Pte. Ltd. ("CJ Asia") (Principal activity is investment holding and providing total logistics solutions)	A major shareholder of CJ Century, holds 30.89% of CJ Century and 100% of CJ Malaysia.	Provision of :	
		- logistics services by CJCL	42
		- logistics services to CJCL	12

Audit and Non-Audit Fees

The amount of audit and non-audit fees charged for services rendered to the Group and to the Company by the external auditors and its affiliates in Malaysia for the financial year are as follows:

	Group RM'000	Company RM'000
Audit Fees	257	67
Non-Audit Fees	147	49

Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

CORPORATE STRUCTURE

CJ CENTURY TECHNOLOGY SDN BHD 100%

CENTURY LOGISTICS SDN BHD 100%

CJ CENTURY LOGISTICS SDN BHD 100%

CJ CENTURY FORWARDING SDN BHD 70%

CENTURY LOGISTICS (JOHORE) SDN BHD 100%

100% CJ Procurement Sdn Bhd
(Formerly known as CJ Century Procurement Sdn. Bhd. and Century LED Sdn. Bhd.)

100% Storewell (M) Sdn Bhd

100% Century Logistics (Sarawak) Sdn Bhd

75% Century - YES Logistics (Yichun) Co. Ltd, China

70% CJ Century DMS Sdn Bhd

SUSTAINABILITY REPORT

CJ Century Logistics Holdings Berhad (formerly known as Century Logistics Holdings Berhad) ("CJ Century" or the "Group") is proud to present our inaugural sustainability statement which has been prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In this statement which has adopted the GRI Standards (Core Option), we highlight our strategies and initiatives across the three key areas: Economic, Environmental and Social (EES).

We strive to incorporate sustainability into the various facets of our business operations to become a leading provider of sustainable supply chain solutions.

Our reporting period is from 1st January 2018 to 31st December 2018.

SCOPE AND REPORTING BOUNDARY

CJ Century's business portfolio comprises of the following entities:

INTEGRATED LOGISTICS

DATA MANAGEMENT SOLUTIONS

PROCUREMENT LOGISTICS

OIL LOGISTICS

COURIER SERVICES

For our first year of reporting, the reporting boundary is limited to the following four entities that contribute the most revenue to the Group;

- Integrated logistics;
- Oil logistics;
- Procurement logistics; and
- Courier services.

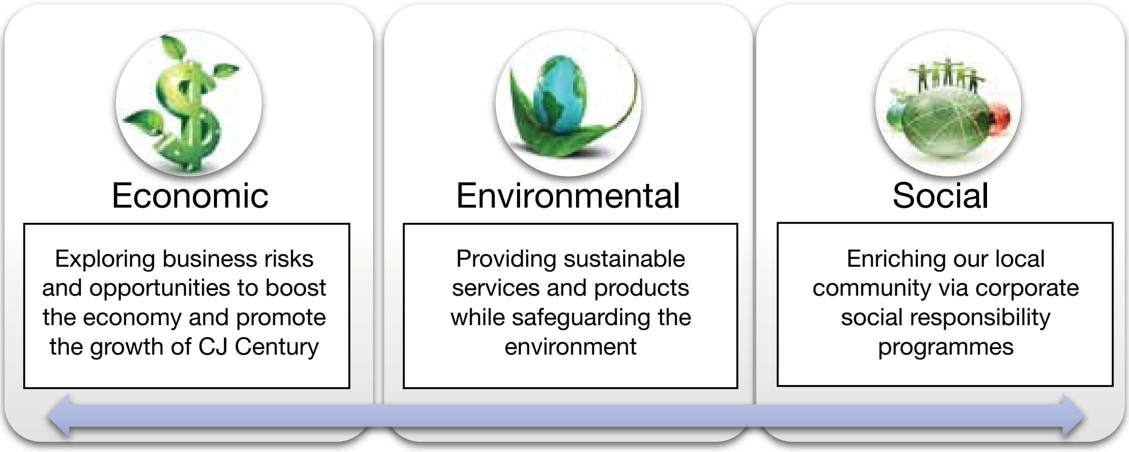
SUSTAINABILITY REPORT
(CONT'D)

SUSTAINABILITY COMMITMENT STATEMENT

As a leading provider of supply chain solutions, we recognise that building a sustainable future is essential in this industry. We are committed to providing sustainable services and products to our customers and the community.

For our first year of reporting, we continuously lay emphasis on our practices that include good governance practices, safety and health practices, product quality and the values that promote sustainability. We endeavour to adopt sustainability and corporate responsibility as we believe on the added value it brings to the Group.

Our sustainability strategy is formulated based on the three (3) pillars of sustainability; Economic, Environmental and Social.



In line with United Nations' 2030 Agenda and 17 Sustainable Development Goals (SDGs), the Group has identified three (3) SDGs which are closely aligned with our business operations;

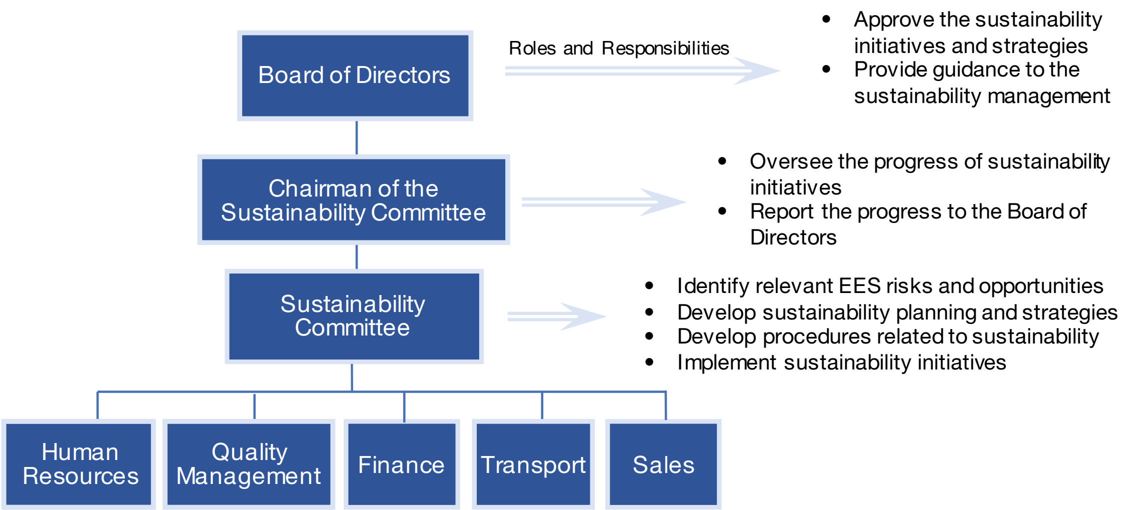
8 DECENT WORK AND ECONOMIC GROWTH	Promoting the economic growth by creating job opportunities for the people and providing decent work environment.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Providing sustainable supply chain solutions and protecting the environment via minimising air emission and waste generation resulted from our business operations.
13 CLIMATE ACTION	Combating climate change by monitoring our emissions.

Moving forward, we will map our initiatives to each of the selected SDGs.

SUSTAINABILITY REPORT
(CONT'D)

GOVERNANCE STRUCTURE

In ensuring sustainable operations and accountability, we are proud to present our formalised two-tier governance structure. We consider our sustainability committee as a driver towards becoming a sustainable logistics corporation. Our Sustainability Committee (SC) is represented by various head of departments who are involved in planning and strategising sustainability initiatives and, integrating these initiatives (as relevant) into our business. The Chairman of the Sustainability Committee reports directly to the Board of Directors that is at the apex of the governance structure.



SUSTAINABILITY REPORT
(CONT'D)

STAKEHOLDER ENGAGEMENT

At CJ Century, we believe in building a strong relationship with our stakeholders. The Group believes that it is through collaboration and partnerships that we can accelerate sustainability. We value our partnerships with numerous stakeholders as a way to not only address our sustainability issues, but to help our partners address their sustainability challenges. By establishing effective and transparent lines of communication with our stakeholders, we aim to address their concerns in a collaborative manner that meets both the stakeholders' interest and the Group's vision for sustainable growth.

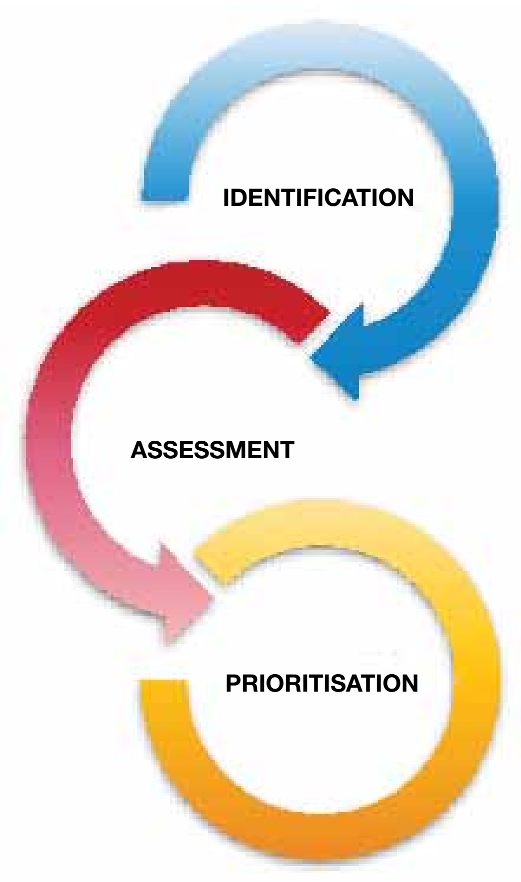
To this end, we have identified both our internal and external stakeholders which include investors and shareholders, business partners, employees, customers, regulatory authorities and statutory bodies, suppliers and local communities. The table below lists the stakeholder groups, their interests and engagement method.

Our Stakeholders	Stakeholder Interests	Engagement Method
Investors and Shareholders	• Return on investment • Transparent reporting with credible data	• Investor relations • Shareholders meeting • Annual report • Corporate website • Research reports
Business Partners	• Financial stability • Reputation • Business Cooperation	• Business exchange • Written communication
Employees	• Competitive pay and benefit • Clear communications • Work-life balance • Career growth and opportunities • Caring culture	• Training programmes and workshop • Employee engagement surveys • Town hall meetings • Company intranet
Customers	• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency • Reliable quality	• Customer feedback and surveys • E-fullfilment of transportation and storage transactions
Regulatory authorities and Statutory Bodies	• Regulatory compliances • Corporate governance • Standards and certifications • Risk management • Support for businesses	• Facility visits • Collaborative partnerships • Regular audits and inspections
Suppliers	• Timely payouts • Procurement practices • Supplier Code of Conduct • Fair and sustainable practices	• Supplier assessment • Supplier registration
Local communities	• Impact of operations on surrounding environment • Economic support • Employment opportunities	• Community engagement programmes • Website/social media

SUSTAINABILITY REPORT
(CONT'D)

SUSTAINABILITY MATTERS

Materiality assessment is crucial for us to identify and prioritise the material sustainability matters which are significant to our business operations and our stakeholders. We conducted our first materiality assessment through an internal workshop with the Sustainability Committee and members of senior management. Then, we identified and ranked the economic, environmental and social (EES) materiality matters based on their relevance to our business operations and influence on stakeholders.



Identify the material issues that are relevant to the Group's business operations.

↓

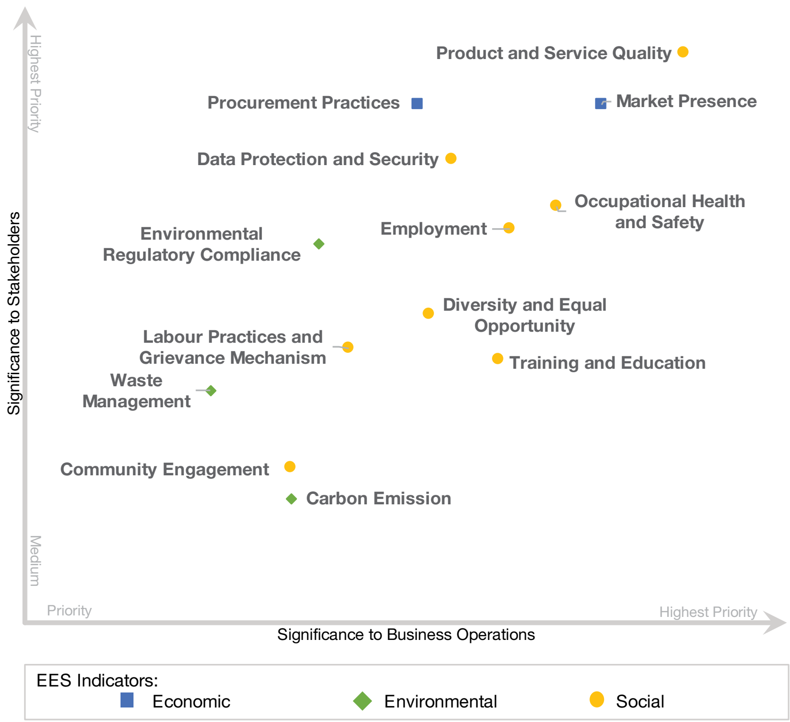
Assess the material issues from both business perspective and stakeholder perspective.

↓

Rank each material issues by prioritising according to the analysis of stakeholder impact and business impact.

In this process, we identified 13 material sustainability matters which were ranked and illustrated in the form of a materiality matrix as shown below.

SUSTAINABILITY REPORT
(CONT'D)



We have mapped our sustainability matters to the relevant stakeholders and the corresponding GRI indicators.

Material Sustainability Matter	Stakeholder Group(s)	Corresponding GRI Indicator(s)
Market Presence	Investors and Shareholders, Business partner and Employees	Market Presence
Procurement Practices	Suppliers, Regulatory Agencies and Investors	Economic Performance
Carbon Emission	Regulatory Agencies, Local Communities	Emissions
Waste Management	Regulatory Agencies	Effluent and Waste
Environmental Regulatory Compliance	Regulatory Agencies	Environmental Compliance
Occupational Health and Safety	Employees and Regulatory Agencies	Occupational Health and Safety
Labour Practices and Grievance Mechanism	Employees and Regulatory Agencies	General Disclosures
Community Engagement	Local Communities	Local Communities
Product and Service Quality	Supplier and Customer	GRI General Standard Disclosures
Data Protection and Security	Employees and Customers	Customer Protection
Diversity and Equal Opportunity	Employees	Diversity and Equal Opportunity
Training and Education	Employees	Training and Education
Employment	Employees	Employment

SUSTAINABILITY REPORT
(CONT'D)

ECONOMIC PERFORMANCE

ECONOMIC RESILIENCE

In order to be resilient in logistics industry, the Group has identified and assessed risks that may impact our business operations. The risk assessment conducted covers the risk on our business and the reasons for failure of meeting the customers' expectations. The risks identified include; loss of Ship to Ship Transfer (STS) operating license, termination of contracts by principal (STS), investment risk, service failure, inability to secure business, loss of key customers, succession planning, competency gap, Floating Storage Unit (FSU) replacement challenge and uncertainty of cargo movement/volume.

CODE OF CONDUCT AND ETHICS

In ensuring a good working relationship with our stakeholders, we cherish all our relationship (both internal and external) with mutual trust and respect. Our Code of Conduct and Ethics, is considered as the foundation and guidance of the Group's integrity in business operation. The code outlines key behavioural practices and corporate conduct that the Group expects its employees to adopt during their tenure at the organisation. Our employees are expected to practice professionalism at all times and work to provide excellent services to our customers.

We believe that all our relationship especially with our suppliers should be founded on principles of good governance such as integrity, accountability, fairness and no tolerance towards bribery and corruption.

The orientation programme developed for new employees covers awareness regarding the Group's Code of Conduct and Ethics as well as other policies.

WHISTLEBLOWING POLICY

We are committed to the highest standard of integrity and to maintain a high standard of accountability in the conduct of our operations. We believe that risk management and consolidating information on risks enable consistent decision-making across all risk categories and guides the Group to seize opportunities, stay a step ahead of uncertainty, meet stakeholder expectations and capture emerging sustainability risks. To ensure transparency and protection of our values, the Group has introduced a Whistleblowing Policy that provides a safe channel for employees to report any suspected misconduct, tackle any potential corruption incidents and promote good governance.

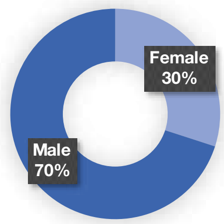
The implementation of the policy enables better transparency and accessibility to our stakeholders to report any misconduct that may occur within the Group.

MARKET PRESENCE

To signify our market presence in Malaysia, we encourage local growth by putting trust into the local talents to deliver their service and performance for the Group. 86 per cent of our senior management positions are held by Malaysians, whereas the remaining 14 per cent are expatriates. The statistics for local female representatives in our senior management category is 30 per cent.

The group defines the senior management not only per title, but taking into account the grade of the person. The senior management of our group comprised of Director, Chief Finance Officer (CFO), Chief Operating Officer (COO), General Manager, Assistant General Manager, Head of Department and Senior Manager.

Composition of Local Senior Management



SUSTAINABILITY REPORT
(CONT'D)

ENSURING PRODUCT AND SERVICE QUALITY

PROCUREMENT PRACTICES

In moving towards sustainable supply chain provider, the Group strives to prioritise local suppliers for provision of goods and services. Though we have not adopted a written policy on preferential of local suppliers, our preference is to source from local suppliers. Moving forward, we aim to adopt a local supplier policy. We are proud to announce that during our 2018 fiscal year, 99% of the goods and services of our suppliers are attained locally. However, if there is a scenario of unavailability of resources or in special case, a specific request from the client to procure from a specific foreign supplier, the requested foreign suppliers are sourced out.

We strengthen our product quality by evaluating the performance of our vendors that is carried out by our internal customer or operation team on yearly basis. The suppliers need to surpass a mark of 70% of the Vendor Performance Evaluation Form in order to be maintained in our Approved Vendor Listing.

The vendor evaluation is vital to ensure that the goods and services supplied to us meet our expectations. We believe that in ensuring sustainability, our measures need to extend beyond our business and to include our suppliers. If any vendor fails to meet our expectations, the vendor will be issued with a Corrective Action Request requesting them to state the reasons for failure in meeting the Group's needs.

PRODUCT CERTIFICATION AND REQUIREMENT

At CJ Century, we try our best in meeting the standards set by our customers that recognise the impact of their business to the people, environment and economy.

Some of our customers value and require the highest standards of working conditions with supply chains. In adherence to the customers' standards, we comply with the terms of our contractual agreements that includes but not limited to responsible product handling, child labour, business ethics, environment and waste. One such example is the requirement for an Environmental Performance Survey (EPS) to evaluate various environmental aspects of the logistics service that we provide.

Aside from meeting our clients' requests, we also strive to meet local and international standards. In ensuring our product and service quality, we are proud to present our certification as below:

Certification
ISO 9001:2015, Quality Management System (QMS)
MS 2400-2:2010, Halalan Toyyiban Assurance Pipeline – Part 2
ISO 39001:2012, Road Traffic Safety (RTS) Management System
Good Distribution Practice for Medical Device (GDPMD)
OHSAS 18001:2007, Occupational Health and Safety Management System

SUSTAINABILITY REPORT
(CONT'D)

CUSTOMER SATISFACTION

Meeting our stakeholders' expectations and needs give a competitive edge to our business. We strive to deliver the best quality and services to our customer. In ensuring their satisfaction towards our services, the Group conducts an annual customer satisfaction survey annually. In general, our customer survey covers our responsiveness on enquiry and submission, quality of our services, delivery / completion / fulfilment, management commitment, complaint handling and urgent delivery support.

DATA PROTECTION AND SECURITY

Safeguarding data protection of our customers and vendors are vital to us. In delivering the goods and services to the customers' doorstep, we ensure that all of CJ Century's employees sign a non-disclosure agreement (NDA) with the Group. This is one of our measures in ensuring the confidentiality and privacy of our customers. At CJ Century, we have developed and adopted an IT Policy that covers data protection and security. Our devices and software are equipped with state-of-the-art security features to prevent any illegal data mining by external third parties and data theft. To further strengthen our system, we have put in place an advanced software protection system which includes a powerful firewall to protect against viruses, malware exploits and any ransomware. We are proud to share that to date, we have not encountered any information loss or data leaks from our system.

OUR ENVIRONMENTAL PERFORMANCE

WASTE MANAGEMENT

As a broadly logistics and courier services company, we mainly produce general wastes resulting from packaging scraps and items used for secure transporting purposes such as pallets. During the financial year, we have generated a rough estimate of 346.5 tonnes worth of scraps.

Used oil from the maintenance of our transportation trucks is recycled as opposed to being disposed as waste. The oil is transferred to appointed workshop where the impurities and heavy metals are removed to enable the oil for reuse. Approximately 18,000 litres of engine oil from our operations is recycled every month.

Disposal of rubber tyre waste is one of the challenging environmental issue in Malaysia. Disposal of rubber tyres at landfills not only result in excess utilisation of landfill space but poses risk of breeding of Aedes mosquito and contaminate the soil and groundwater. As a responsible organisation, we recycle our tyres to protect the environment and public health.

During our regular vehicle service, we inspect the tyres of our transportation vehicles and tyres that are still in good condition, but with worn rubber casing are sent for retreading. In this process, a worn casing of a tyre that has a good structural quality is taken off and put through a process in which it gets a completely renewed tread and sidewall rubber. After that, the revamped tyre is taken forward for a curing process in which the new rubber is vulcanized to the original casing and hence, the tyre gets a newly made tread pattern.

Almost 80 per cent of these retreaded tyres are utilised by our vehicle for a period of time until it is no longer safe to use. These tyres are then sent to our designated tyre-recycling partner for recycling purposes.

Furthermore, our suppliers also reuse some of the worn-off tyres. For example, these tyres are used to replace wooden pallets for secure transportation of goods. We also recycle our automotive spare parts and scrap metals at recycling centres.

SUSTAINABILITY REPORT
(CONT'D)

REGULATORY COMPLIANCE

During the 2018 financial year, we are pleased to announce that we recorded zero cases of non-compliance and did not incur significant fines with environmental laws and regulations.

We comply to a number of environmental and occupational safety regulations enforced by Jabatan Laut Malaysia, Pusat Pemeriksaan Kenderaan Berkomputer (Puspakom) and Department of Occupational Safety and Health Malaysia (DOSH) as listed below.

Legal Acts and Regulations We Adhere To
Occupational Safety and Health Act (OSHA) 1994
Classification, Labelling and Safety Data Sheet of Hazardous Chemical (CLASS) Regulation 2013
Factories and Machinery Act (FMA) 1967
Notification, Certificate of Fitness and Inspection Regulation 1970
Safety, Health and Welfare Regulations 1970 – Revised 1983
Noise Exposure Regulation 1989
Person-in-charge Regulations (Amendments) 2014
Electric Passenger and Good Lift Regulations 1970
Steam Boiler and Unfired Pressure Vessel Regulations 1970
Environmental Quality Act (EQA) 1974
Maritime Transport Regulations Act
Road Transport Act 1987
Food Act 1983
S.P.A.D ICOP – Keselamatan Kenderaan Barangan

We acknowledge that there is significant risk for incidents of oil spills especially for our Oil Logistics operation. Therefore, we employ an external party to manage our maritime-related compliances where we have prepared an oil spill emergency response plan for our Ship-to-Ship operation since December 2018. We have also obtained an Oil Spill Response License certified by the Johor Port Authority via our external partner.

SUSTAINABILITY REPORT
(CONT'D)

CARBON EMISSION

CJ Century is actively minimising our carbon footprint in all of our operations. We have taken the initiative to utilise double-decker trucks for our Integrated Logistics operation to replace older trucks which have less storage capacity. These double-deckers trucks have the capacity of two of the small trucks, which means that each double-decker truck can carry up to 44 pallets in comparison to the usual 22-pallet load capacity. Thus, we are able to reduce our trips by half which consequently reduces our carbon emissions by half as well.

Our Integrated Logistics truck movement utilises about two million litres of diesel per annum resulting in carbon emission[1] of about 7350 tCO_2-e[2]. The diesel provision for our Courier Services in December 2018 was about 80,000 litres amounting to a total emission for that month to 210 tCO_2-e. Whereas, our Oil Logistics and Procurement Logistics operate on minimal diesel consumption.

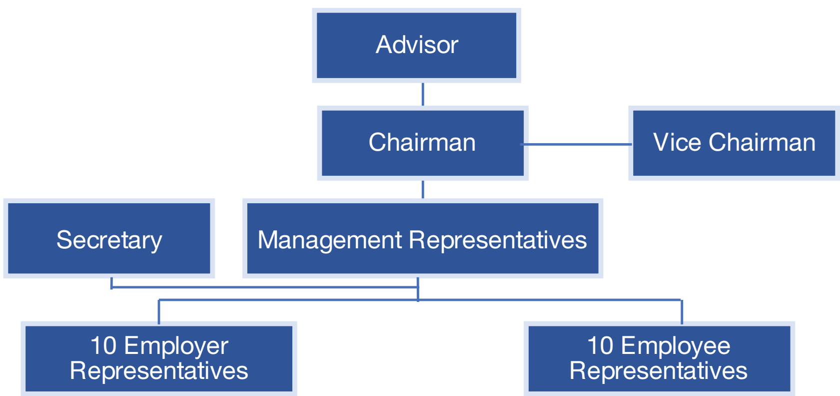
Diesel Provision for Courier Services in December 2018		
Locations of Operation	**Total Diesel Volume (Litres)**	**Total Carbon Emission (tCO_2-e)**
Alor Setar, Bangi, Batu Caves, Batu Pahat, Bayan Lepas, Cheras, Ipoh, Juru, Kuala Terengganu, Kepong, Kota Bharu, Melaka, Port Klang, Puchong, Sungai Petani, Seremban, Shah Alam, Skudai, Temerloh	80,000	210

SAFETY AT WORK

OCCUPATIONAL SAFETY AND HEALTH

We are committed to providing safety trainings, constant safety reviews to identify methods to improve the health and safety status of our workforce. We were certified under the Occupational Health and Safety Management Systems (OHSMS) scheme, OHSAS 18001:2007 since July 2012 for the provision of logistics and warehousing services.

To facilitate the management of occupational safety and health related initiatives, we have set up our own Occupational Safety and Health Committee. The committee comprises by 10 employer representatives and 10 employee representatives from various departments including Quality Management, Trucking, Commercial, Haulage and Human Resources and Administration. Illustrated below is our Safety and Health Committee Organisation Chart.



[1] Carbon footprint calculation referenced from US EPA
[2] Tonnes of carbon dioxide equivalent

SUSTAINABILITY REPORT
(CONT'D)

We conduct monthly safety briefings and meetings, and from January to December, we've conducted 65 meetings for safety and health related matters as tabulated below.

	Material Sustainability Matter
January	• Incident Recap Summary 2017
February	• Incident Summary 2017 • Materials Handling Equipment (MHE) Checklist • Safety Equipment, Recap Incident 2018, Customer Requests, Trucking System
March	• MHE Checklist • Recap Incident, Panic Button, Fleet Reputation, Summon Issues • Trucking incident, Fleet Reputation, Trucking Assessment, Maintenance Issues • Fire Safety • Working at Height • Vehicle Parking Area, Forklift Usage • Housekeeping, Other issues (firefighting equipment), Dengue
April	• Housekeeping • Incident Feb – April 2018, Emergency Response, Truck equipment, SDS requests • Forklift Incident • SDS Briefing • Working at Heights, Safety Briefing • First Aid – CPR and Choking
May	• Working at Height • First Aid – CPR and Choking
June	• First Aid – CPR and Choking • General Issues Related to Safety Requirements • Coil Distribution Safety Requirements, Do's and don'ts during Driving
July	• Driver Defensive on the Road, Safety Truck Equipment, Summon Issue
August	• General Warehouse Safety • Forklift Incident, Warehouse Safety • General Safety and Health
September	• General Warehouse Safety, WP1 Findings • Safety Awareness External Transport • Sidelifter Handling Process • Defensive Driving Procedure/Practice • Fire Safety • Visitor and Emergency video (P&G) • Chemical Management
October	• Noise Exposure and Monitoring Result • Near Miss Awareness and WP 1 Finding • Safety Equipment – fire extinguisher, Panic Button
November	• Near Miss Awareness • Visitor and Emergency Response Plan (ERP) video • MHE Checklist • Fire Safety • Forklift Safety • Leptospirosis • HQ/Lot 8 Safety and Security Rules • Hose reel, Housekeeping, Smoking
December	• Fire Drill Training • Driver Roll Call (Haulage) • Driver Roll Call (Trucking) • HQ Safety and Security Requirements

SUSTAINABILITY REPORT
(CONT'D)

Our overall safety performance for this financial year is satisfactory with only two accident cases reported respectively in April and October. The time lost due to injury (LTI) which we record in hours amounted to 136 hours lost in April and 72 hours lost in October. Therefore, out of the 167,000 and 216,432 working hours in April and October, we've only lost 0.08 and 0.03 per cent of working hours. Details of our occupational health and safety performance is illustrated in the figures.

JAN			
FEB	ZERO CASES		
MAR			
APR	1 accident	17 days / 136 hours lost	814.37 severity rate
MAY			
JUN			
JUL	ZERO CASES		
AUG			
SEP			
OCT	1 accident	9 days / 72 hours lost	332.67 severity rate
NOV	ZERO CASES		
DEC			

LABOUR PRACTICES & GRIEVANCE MECHANISM

Caring for our employees' well-being is our priority where we address it in our policy and standard procedures. In our grievance and disciplinary procedures, we communicate to our employees their rights to voice out opinions, suggestions, requests, dissatisfactions or complaints; as well as CJ Century's management action should employee expectations are not met. There was only one grievance filed by employees during the reporting period about labour practices in which the case has been addressed by higher management and achieved a resolution. Below are some of the descriptions written in CJ Century's Grievance Procedures and Disciplinary Procedures.

Grievance Procedure
We maintain an open style of communication and an open door policy. This means that any employee may approach a person of higher authority for the purpose of clarification, giving suggestions, exchanging ideas and making requests.
If an employee has any reason to believe that he/she is being discriminated, he/she is encouraged to lodge a report to the Human Resource and Administration Department. However, for work related issues the employee is encouraged to communicate directly with the immediate Supervisor (Coach).
In the event that the employee is dissatisfied with the way in which the Supervisor is handling a complaint or feels that he/she has not been given a fair hearing, he/she may appeal to a higher authority within the Company.
All employee grievances will be given a fair hearing and action will be taken based on the feasibility of the request and impact on the Company and other employees.

Disciplinary Procedure
It is our Company philosophy to coach, monitor, evaluate and counsel employees on a regular basis. Good discipline is essential to enable the Company to meet its objectives and to ensure that employees find it a good and safe place to work in.
After having been orientated, trained and coached to carry out the duties, should the employee deliberately not follow through on instructions given and make the same mistakes or continue to violate Company's policies and procedures, the Supervisor will counsel the employee. Counselling will be carried out with the intention of letting he/she know that a change in behaviour is needed. This will be documented for mutual benefit.
Although disciplinary action will only be used as a last resort, it will be intended to be more corrective rather than punitive.
In the case of serious infractions, the Company may suspend an employee for a period not exceeding fourteen (14) days for investigation. During this period of suspension an employee will be paid not less than half (1/2) their basic salary. The employee will be notified of the offence(s) allegedly committed and disciplinary action will not be taken until given an opportunity to be heard.

SUSTAINABILITY REPORT
(CONT'D)

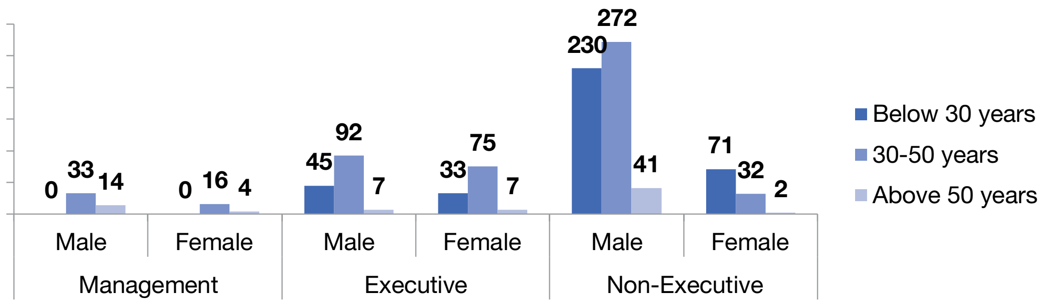
EMPLOYMENT

DIVERSITY AND EQUAL OPPORTUNITY

We believe that diverse opinions, ideas and perspectives are what fuel innovation and advancement for our company. In the spirit of valuing all people, we provide opportunities to our employees regardless of gender, race, religion and age. We foster a diverse workforce and focus primarily on professional development and involvement, skills and dedication.

The majority of our employees are aged below 50 years old; however there are a select few who stay committed to work with us even past the retirement age. We offer an extension of employment on contractual terms to employees passing retirement age, as we highly value their knowledge and experience.

The complete distribution of our employees is as shown in the graph below. Our non-executive levels make up 66 per cent of the workforce, executives at 27 per cent and management at 7 per cent. In terms of gender, 30 per cent of our management team is comprised of females. For executive positions, female employees make up 44 per cent. For non-executive positions, the workforce is 84 per cent male and 16 per cent female. This apparent imbalance is due to the nature of our work that require intensive vigour and labour.



SUSTAINABILITY REPORT
(CONT'D)

TRAINING AND EDUCATION

We provide the platform for our employees to develop their skills by offering programmes to educate, encourage and challenge all employees to learn how to improve and strengthen their skillsets. Below is the list of training programmes provided by the Group towards employee skill development.

Programme Title	
Human Resource	Employee Act 1955 and Regulations – Changes Employers Income Tax Reporting Seminar Effective Domestic Inquiry (DI) and Handling Discipline & Employee Misconduct Recruiting For Results Through Competency - Based Interviewing Skills Training Need Analysis Strategic Vendor Selection & Vendor Management
Finance and Credit Control	Finance for Non-Financial Executives & Professionals Latest Developments MFRS 15 & MFRS 16 Goods and Services Tax - Its Impact on Employee Benefits
Warehouse and Inventory Management	Inventory Reduction Strategies Workshop on Warehouse Operation Management & Training Store Management
Sales and Business Development	Sales Motivation Lead, Sell and Persuade With Stories
Quality Control	ISO 9001:2015 Appreciation & Interpretation Training ISO 28000 Certification Training ISO 45001:2018 Understanding & Implementing ISO 45001:2018 Internal Auditing ISO 45001:2018 Risk and Opportunity ACT 737 Implementation: Goods Distribution Practice Medical Device ISO 9001 :2015 Internal QMS Auditor Training Course MS 2400: 2010 Halalan-Toyyiban Assurance Pipeline - Halal Auditors Training OHSAS 18001: 2007 (Legal & Other Requirement)
Information Technology	Microsoft Excel Functions & Formulas- Basic Microsoft Excel Functions & Formulas- Intermediate Microsoft Excel Functions & Formulas - Advance Power Point Presentations
Transport	Behavioral Based Safety Training
Freight Technical Logistics	Shipping Cost Reduction INCOTERMS 2010 & Shipping Import & Export Documentation & Procedures DG General Awareness Processing Custom Documentation and Custom Clearance IMDG Code Certification
Safety and Security	Basic Occupational First Aid Forklift Training Train the Trainer for Forklift Training Developing Effective Safety & Health Committee Safe Chemical Handling and Spillage Schedule Waste Management Certified Environmental Professional in Schedule Waste Basic Occupational fire Fighting Training OHSAS 18001 :2007 Legal awareness Effective Management and Leadership Skills for New Managers Train the Trainer Program Leading High Performance Supervisory and Leadership Program Coaching to Engage Win-win Purchasing Negotiation

SUSTAINABILITY REPORT
(CONT'D)

Programme Title	
Management Skills	Handling Pressure and Managing Stress at Workplace Effective Time Management Skills at Workplace Positive Attitude Gets Powerful Results
Personal Development	Effective Time Management Skills at Workplace High Impact Presentation Skills Design Thinking Accelerating Innovation and Creativity Professional Image Grooming and Business Etiquette Workshop Working with Emotional Intelligence
Communication	Speak and Write Professionally at the Workplace Professional Business Writing Skills Business Writing for Managers
Customer Relation	Build Excellent Customer Rapport and Relationship Achieving Excellence in Customer Service Complaint Management and Customer Satisfaction

Our people drive our business. By fortifying our talent pool, we gain an advantage over our competition; increase employee growth, development, and potential; reduce voluntary turnover; and increase workplace engagement. Plus, investing in our teams improves motivation, teamwork, and effectiveness.

We invested in a total of 520 training hours for our employees. The breakdown of the training hours is as shown below.

AVERAGE TRAINING HOURS

PER EMPLOYEE

1.64 hours

BY EMPLOYMENT CATEGORY

Management: 7.64 hours

Executive: 2.98 hours

Non-Executive: 7.02 hours

BY GENDER

Female: 3.58 hours

Male: 3.04 hours

Several additional investments and benefits provided to our employees include annual leave, Group Insurance Coverage Scheme such as Group Personal Accident (GPA), Group Hospitalisation and Surgical (GHS), Group Term Life (GTL) insurance and fixed monthly allowance.

SUSTAINABILITY REPORT
(CONT'D)

OUR COMMUNITY

COMMUNITY ENGAGEMENT

Our commitment to sustainability extends to the communities live in areas where we operate. We recognise that each community has unique needs and opportunities thus we encourage our employees to allocate their time and expertise to support the local community. The table below lists out the engagement programmes we have conducted this year.

Programme	Description	Date	Main Beneficiary	Donations or Aid Provided
Visiting the Orphanage and Old Folks Home				
CJ Sweet Charity Buns	CJ Century employees baked breads and buns for distribution at the orphanage and old folks home	14 & 15 April 2018	Anak-anak Yatim Pusat Jagaan Kasih Setanggi & Pusat Jagaan Warga Nur Ehsan	RM1,800 worth of baked distributions
CJ Century Berbuka Puasa Get-Together	Berbuka Puasa (break fast) at Thistle Hotel Johor Bahru, Johor with 183 orphans from 5 centers namely: 1. Pertubuhan Kebajikan Baitul Maghfirah Johor Bahru 2. Pusat Jagaan Kasih Setanggi 3. Rumah Perlindungan Fitrah Qasih 4. Madrasah Tahfiz Al-Akhyar 5. Kawasan Rukun Tetangga Taman Sri Stulang	25 May 2018	183 orphans from 5 welfare centers	Duit raya worth RM50 and goodie bags for each orphan
Berbuka Puasa' Feast at Asrama Darul Falah	Sponsoring food for the underprivileged kids at Asrama Darul Falah to break fast during the month of Ramadhan	9 June 2018	Children in Asrama Darul Falah	RM6,760
Charity Food and Fun Fair	Organised by the Johor Bahru Cerebral Palsy Association, fun fair coupons are donated for kids at the orphanage	4 August 2018	Anak-anak Yatim Asnaf	Fun fair coupons
Supporting Educational Institutions				
Taylor's University Industry Immersion Program	Participating students will be able to gain actual experience on the challenges faced by companies	From 5 Jan 2018 (Duration 3 months)	Students of Taylor's University	Industrial experience
La Salle Games	Sponsorship to the La Salle Schools for their La Salle Games 2018 event which aims to promote excellence with sports	14 July 2018	La Salle Schools students participating in the multi-sports events	RM5,000

SUSTAINABILITY REPORT
(CONT'D)

Programme	Description	Date	Main Beneficiary	Donations or Aid Provided
Supporting Educational Institutions				
Volunteer's Event ~ Care United JB "Karnival Sains Kanak-Kanak 2018"	CJ Century employees volunteered to take care of underprivileged students from various homes attending the event	27 October 2018	Secondary school students attending the Care United JB "Karnival Sains Kanak-Kanak 2018" approximately about 100 students from various schools	Volunteered care
Annual sponsorship of students at SJK (C) Chiao Nan	Sponsoring the tuition fees and meals for underprivileged students	2018	Underprivileged students in SJK(C) Chiao Nan	RM35,208.00 (RM2,200.50 x 16 students)
Encouraging Sports with Youth				
Promotion of Sports in Youth	Sponsorship to the Malaysian Ten Pin Bowling to promote healthy lifestyle in youths	2016-2018	Malaysian Ten Pin Bowling Congress	RM100,000 (per annum)
Supporting Families and Employees				
CJ Century Bersamamu with the Poor & Destitute 2018	Donation of groceries for 65 families at Mukim Plentong, Johor for them to celebrate Hari Raya Aidilfitri	1 June 2018	65 less fortunate families	RM13,900 worth of groceries (RM213.85 x 65 families)
Contribution for the month of Ramadhan	Donation of essential foodstuffs to CJ Century employees celebrating Hari Raya.	1 June 2018	Muslim CJ Century employees that satisfy certain criteria	RM10,000 (RM100 worth of foodstuff x 100 employees)
Contribution for Deepavali Festival	Donation of food and essentials to CJ Century employees celebrating Deepavali	30 October 2018	Indian CJ Century employees that satisfy certain criteria	RM1,000 (RM100 worth of foodstuff x 10 employees)

CONCLUSION

CJ Century holds our commitment to sustainability as we acknowledge the importance to meet today's needs without compromising the needs of the future. In our way forward, we look to enhance our efforts for sustainable economic, environmental and social initiatives by seeking for smart and innovative solutions and work together as a corporation that upholds its responsibilities with pride.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of CJ Century Logistics Holdings Berhad *(formerly known as Century Logistics Holdings Berhad)* ("**CJ Century**" or "**the Company**") recognises the need to lead CJ Century to achieve high standards and excellence in corporate governance in the best interest of the Company for all its stakeholders without compromising the interest of its other stakeholders. The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board of Directors of CJ Century is pleased to present this Corporate Governance ("**CG**") Overview Statement to provide shareholders and investors with a summary of the CG practices of the Company for the financial year ended 31 December 2018 as set out in the Malaysian Code on Corporate Governance ("**MCCG**") with reference to the following three (3) key principals under the leadership of the Board:

Principle A	Principle B	Principle C
Board leadership and effectiveness	**Effective audit and risk management**	**Integrity in corporate reporting and meaningful relationship with stakeholders**
• Board responsibilities • Board composition • Remuneration	• Audit committee • Risk management and internal control	• Communication with stakeholders • Conduct of general meetings

This overview statement is prepared in compliance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and should be read together with the CG Report of the Company for the financial year ended 31 December 2018 which is available on the Company's website at www.cjcentury.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board's leadership on Objectives and Goals

1.1 The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board had governed and set the strategic direction of the Group while exercising oversight on management. The Board had ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

All the Directors of the Company had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company. During the financial year ended 31 December 2018, all the Directors of the Company except for Teow Choo Hing, Cheong Joon Kyo, Lee Eui Sung and Ahn Jae Ho had attended appropriate training / briefing programmes to update and enhance their knowledge to enable them to discharge their duties more effectively as Directors and to keep abreast of the development in the marketplace. Below are the training / briefing programmes attended by each of the Directors:

Directors	Training / briefing programmes attended
Datuk Lee Say Tshin	• HSBC Asian Outlook & BRI Forum 2018 • Corporate Governance Guide 3rd Edition: "Moving from Aspiration to Actualisation" – Unstacking the Guide for Application • China ASEAN BRI Summit • Independent Directors Programme: The Essence of Independence • 2019 Malaysia Economic & Strategic Outlook Forum

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.0 Board's leadership on Objectives and Goals (Cont'd)

Directors	Training / briefing programmes attended
Yeap Khoo Soon Edwin	• MFRS – 15 Revenue from Contracts with Customers • Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide • Deloitte Indirect Tax Talk – New Beginnings • Deloitte Southeast Asia CFO Vision 2018 • Sustainability Engagement Series for Directors/CEO • Breakfast Talk – Progress through integrated reporting • Affin Hwang Capital Conference Series 2018
Saryani Binti Che Ab Rahman	• Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide • Audit Committee Institute (ACI) Breakfast Roundtable 2018 • PowerTalk "Would a business judgment rule help directors sleep better at night?"
Winston Tan Kheng Huang	• Tax consideration Relating to IP when Expanding Overseas • Leading Practitioners Series 2018
Park Chul Moon	• Mandatory Accreditation Programme

Teow Choo Hing, Cheong Joon Kyo, Lee Eui Sung and Ahn Jae Ho were not able to attend any structured training programme during the financial period under review due to work commitments, they have not failed to gain updates through briefings by the Company Secretaries, Internal Auditors and External Auditors during the quarterly meetings, communications with other Directors, as well as daily work exposures.

The Board seeks to effectively promote the best interests of the Company with a view to add long-term value to the Company's shareholders and stakeholders. To enable the Board to discharge its responsibilities in meeting the Company's goals and objectives of the Company, the Board had among others, carried out the following as guided by the Board Charter:

No.	Responsibilities	Activity
1.	Promote good governance culture	The Board had on 27 February 2018 during the Board of Directors' Meeting discussed the gap analysis in respect of the Company's compliance with the MCCG as well as the proposed action(s) to be taken to further raise the bar of the CG standard.
2.	Supervise and assess performance of management	The Chief Financial Officer of the Company reports to the Board the Group's financial and operations performance on a quarterly basis.
3.	Sound framework for internal control and risk management	The Group had established an Enterprise Risk Management Framework to proactively identify, evaluate and manage key risks to an optimal level to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.
4.	Identification of principal risks	There is a Risk Management Committee to identify and oversee risks. The internal auditors will also table the internal audit report in relation to the identified risk to the Audit Committee ("**AC**") and Board on a quarterly basis for notation and discussion with the aim to mitigate the risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.0 Board's leadership on Objectives and Goals (Cont'd)

No.	Responsibilities	Activity
5.	Succession planning and continuing development	The Board, through the Nomination Committee ("**NC**"), is responsible for the succession planning of the Directors of the Group. The candidates for Non-Independent Non-Executive Directors are nominated by the Company's substantial shareholders, CJ Logistics Asia Pte. Ltd., and hence, there is an orderly succession planning of this position. The Board encourages the Senior Management to attend continuing development programmes to ensure that they are well equipped with the necessary skills and knowledge to discharge their duties and responsibilities.
6.	Effective communication with stakeholders	All the announcements, news and relevant updates in relation to the Company are being posted to the Company's website regularly. The stakeholders can also subscribe to the Investor Relations alerts at the Company's website to keep update with all the relevant news.
7.	Integrity of financial and non-financial reporting	The Board ensures that the stakeholders are well informed with the Company's financial performance through the issuance of the audited financial statements and the announcements in relation to the quarterly financial results as well as other announcements on significant development of the Company on a timely manner.

1.2 The Board appoints a Chairman from amongst the Directors, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. Datuk Lee Say Tshin is the Chairman of the Board. His key responsibilities include but not limited to the following:

- providing leadership for the board so that the board can perform its responsibilities effectively;
- through the Executive Director and the Company Secretary, set the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- leading board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between board and management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- leading the board in establishing and monitoring good corporate governance practices in the company.

1.3 The positions of the Chairman and Managing Director are held by two (2) different individuals to promote accountability and facilitate division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Company. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.0 Board's leadership on Objectives and Goals (Cont'd)

1.4 The Company is supported by two (2) suitably qualified and competent company secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("**MAICSA**"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries had:

- together with management, managed all Board and Board Committee meeting logistics;
- attended and recorded minutes of all Board and Board Committee meetings and facilitates Board communications;
- advised the board on its roles and responsibilities;
- briefed the Board the latest letters and circulars issues by Bursa Malaysia Berhad;
- facilitate the conduct of the assessments to be undertaken by the Board and Board Committees as well as compile the results of the assessment;
- advised the Board on corporate disclosures and compliance with company and securities regulations and listing requirements; and
- managed processes pertaining to the Twenty-First Annual General Meeting.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing chartered secretaries.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.

1.5 The Notice of the Board / Board Committee meetings is served to the Directors at least seven (7) days prior to the Board / Board Committee meetings unless there is an exceptional matter.

All meeting materials are circulated to Directors at least five (5) business days in advance of Board / Board Committee meetings via email to allow ample time for Directors to consider the relevant information.

The Minutes of Board / Board Committee meetings are circulated to the respective Chairman/Chairperson in a timely manner for review before they are confirmed. All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.0 Demarcation of Responsibilities

2.1 On 27 February 2018, the Board had reviewed and approved the amendments to the Board Charter to be in line with the MCCG. The updated Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors and management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and terms of reference of the Board, Board Committees and management. The updated Board Charter is available at the Company's website.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, AC, NC, and Remuneration Committee ("**RC**"). These Committees are entrusted with specific responsibilities to assist the Board in overseeing the Company's affairs, in accordance with their limits of authority and respective Terms of Reference, which are published on the Company's website at www.cjcentury.com together with the Board Charter. These Terms of Reference are reviewed as and when the need arises, and were recently amended to reflect the latest compliance requirements as a result of changes in the regulatory framework. The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairman / Chairperson, at Board meetings.

AC

Details on the AC are contained in the AC Report in this Annual Report.

RC

Details on the RC are contained in the Corporate Governance Report.

NC

During the financial year ended 31 December 2018, the NC comprised three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

Name	Designation	Directorship
Datuk Lee Say Tshin	Chairman	Independent Non-Executive Director
Winston Tan Kheng Huang	Member	Independent Non-Executive Director
Saryani Binti Che Ab Rahman	Member	Independent Non-Executive Director
Park Chul Moon (Appointed on 27 February 2018)	Member	Non-Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2.0 Demarcation of Responsibilities (Cont'd)

Activities of the NC

During the financial year ended 31 December 2018, the NC had met once and performed the following activities in the discharge of its duties:

- Recommended the re-election of the directors who are to retire by rotation at the Twenty-First Annual General Meeting
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system
- Reviewed the required mix of skills and experience and other qualities of the Board
- Evaluated the performance of the Board and the Board committees
- Assessed the independence of the Independent Directors of the Company
- Reviewed the term of office of the AC and assessed its effectiveness as a whole
- Reviewed training programmes for year 2018 for the Board

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

The attendance of Directors who are members of Board committees during the financial year ended 31 December 2018 is set out below:

Director	Designation	AC	NC	RC
Datuk Lee Say Tshin	Independent Non-Executive Director	3/4	1/1	1/1
Winston Tan Kheng Huang	Independent Non-Executive Director	4/4	1/1	1/1
Saryani Binti Che Ab Rahman	Independent Non-Executive Director	4/4	1/1	1/1
Cheong Joon Kyo (resigned on 15 January 2019)	Non-Independent Non-Executive Director	4/4	Not member	1/1
Park Chul Moon (appointed on 27 February 2018)	Non-Independent Non-Executive Director	Not member	1/1	Not member

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3.0 Good business Conduct and Healthy Corporate Culture

3.1 The Board had adopted a Code of Conduct and Ethics in order to maintain the highest level of integrity and ethical conduct of the Board, Management and employees of the Group and to provide guidance to ensure the upholding of ethical conduct in the Board and / or employees daily work.

The Code of Conduct and Ethics covers the following:

- conflict of interest
- confidentiality of information
- grievance procedure
- disciplinary procedure
- absenteeism and tardiness
- misconduct
- dress code
- corruption
- whistleblowing

A copy of the Code of Conduct and Ethics is available at the Company's website.

Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and misconduct.

3.2 The Company had in place a formalised whistleblowing policy which was incorporated in the aforementioned Code of Conduct and Ethics. If an employee has information or proof of any cases of corruption or malpractice, he /she may bring the issue to the attention of the following:

- Managing Director: Steven Teow Choo Hing
- Executive Director: Yeap Khoo Soon Edwin
- Head of Group Human Resource and Administration

For the financial year ended 31 December 2018, no whistleblowing report has been received by any of the persons.

4.0 Board Composition

4.1 For the financial year ended 31 December 2018, the Board comprises 9 members, of which seven (7) members are Non-Executive Directors and two (2) members are Executive Directors. Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.

4.2 The NC assessed the independence of the Independent Directors and monitors their tenure annually.

None of the Independent Directors has exceeded a cumulative term of nine (9) years in the Company as at 31 December 2018.

4.3 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

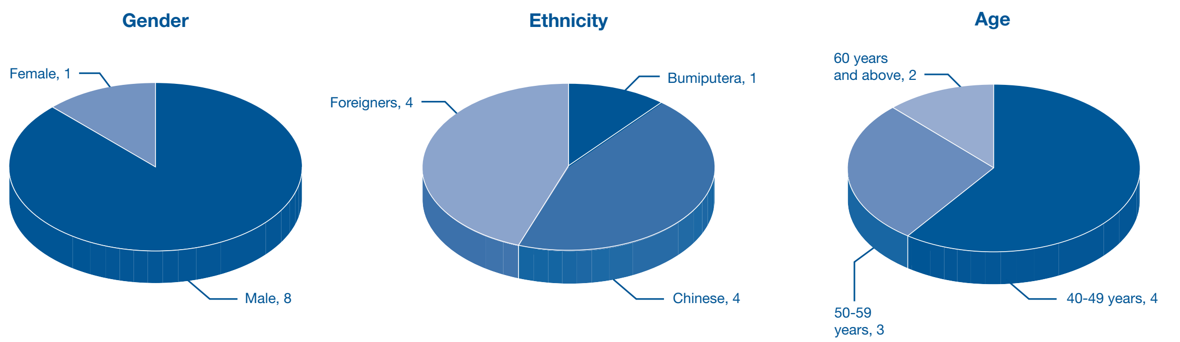
4.0 Board Composition (Cont'd)

4.4 The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to non-diverse board.

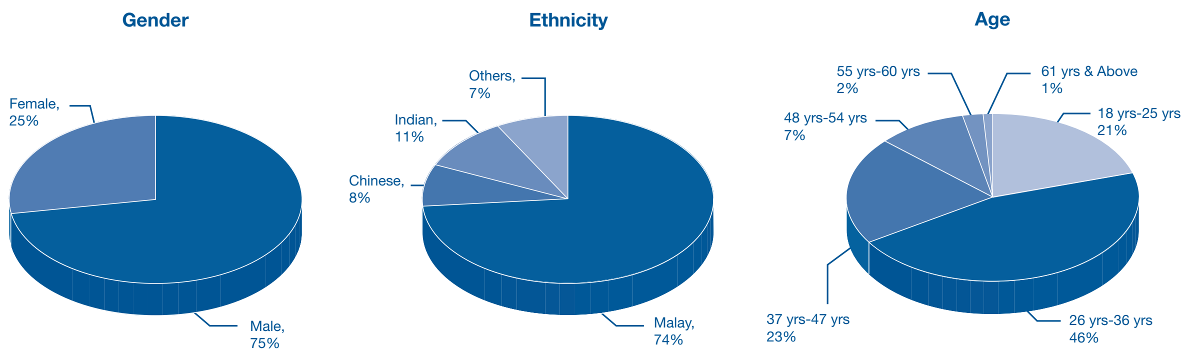
The Board practices no discrimination in term of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.

For the financial year ended 31 December 2018, there is one (1) female Director on the Board.

Gender, Ethnicity and Age Diversities in the Board



Gender, Ethnicity and Age Diversities in the Workforce



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

4.0 Board Composition (Cont'd)

4.5 Where and when appropriate, the Board will prioritize the appointment of more female Directors to the Board and senior management.

4.6 CJ Logistics Asia Pte Ltd., the substantial shareholder of the Company had nominated Park Chul Moon to be appointed as a Non-Independent Non-Executive Director, in place of Lee Jae Jin who resigned on 17 January 2018. Park Chul Moon was appointed to the Board on 27 February 2018.

CJ Logistics Asia Pte Ltd., also nominated Hong Sung Yong to be appointed as a Non-Independent Non-Executive Director, in place of Cheong Joon Kyo who resigned on 15 January 2019. Hong Sung Yong was appointed to the Board on 15 January 2019.

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors.

The Board is allowed by the Board Charter to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.

4.7 The NC is chaired by Datuk Lee Say Tshin, the Senior Independent Director appointed by the Board, who is also the Chairman of the Board. The NC Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

5.0 Overall Effectiveness of the Board

5.1 The Board has, through the NC, conducted the following annual assessments in the financial year ended 31 December 2018:

- Directors' self-assessment;
- Evaluation on the effectiveness of the Board as a whole and Board Committees;
- Assessment of Independent Directors; and
- Review of the term of office and performance of AC and each of its members.

Based on the outcome of the evaluation, the NC was:

- Satisfied with the performance all Directors;
- Satisfied with the effectiveness of the Board and Board Committees;
- Satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company; and
- Satisfied with the performance of the AC and each of its members.

The Board will consider engaging a professional, experienced and independent party to lend greater objectivity to the assessments as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

6.0 Level and composition of Remuneration

6.1 The Board believes that competitive remuneration is important to attract, retain and motivate Directors with necessary calibre, expertise and experience to lead the Group in the long term. The Board had adopted policies and procedures to determine the remuneration of Directors and Senior Management which takes into account the demands, complexities and performance of the Company as well as skills and experience required to determine the remuneration of Directors and Senior Management.

6.2 The RC comprises only Non-Executive Directors and a majority of them are Independent Directors.

7.0 Remuneration of Directors and Senior Management

7.1 The breakdown of the remuneration of each individual director is as follows:

Managing Director and Executive Director (from the Company)

Director	Salary (RM)	Bonus (RM)	EPF (RM)	Other benefits (RM)	Total (RM)
Teow Choo Hing	1,440,000	600,000	326,400	28,000	2,394,400
Yeap Khoo Soon Edwin	480,000	200,000	108,800	17,400	806,200

The Managing Director and Executive Director do not receive any other form of remuneration from the Company or the Group, other than their respective entitlements of the Company's Employee Share Option Scheme.

Independent Non-Executive Directors

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Datuk Lee Say Tshin	120,000	5,000	125,000
Saryani binti Che Ab Rahman	96,000	6,000	102,000
Winston Tan Kheng Huang	72,000	6,000	78,000

The Independent Non-Executive Directors are also entitled to the Company's Hospital and Surgical Plan.

Non-Independent Non-Executive Directors

The four (4) Non-Independent Non-Executive Directors, namely Lee Eui Sung, Park Chul Moon, Ahn Jae Ho and Cheong Joon Kyo (resigned on 15 January 2019) do not receive any fees or any other form of remuneration from the Company or the Group for the financial year ended 31 December 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7.0 Remuneration of Directors and Senior Management (Cont'd)

7.2 The top five (5) Senior Management's remuneration for the financial year ended 31 December 2018, in bands of RM50,000 is as follows:

Senior Management	Total Remuneration (RM)
Teow Choo Hing	2,350,001 – 2,400,000
Yeap Khoo Soon Edwin	800,001 – 850,000
Third Highest	600,001 – 650,000
Fourth Highest	350,001 – 400,000
Fifth Highest	350,001 – 400,000

The Senior Management do not receive any other form of remuneration from the Company or the Group, other than their respective entitlements of the Company's Employee Share Option Scheme.

7.3 The Company is of the view that the disclosure of the detailed remuneration of each member of Senior Management on a named basis would not derive any tangible benefits to the stakeholders.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

8.0 Effective and Independent AC

8.1 The AC is chaired by Puan Saryani Binti Che Ab Rahman, an Independent Non-Executive Director, which is a separate person from the chair of the Board.

She is responsible to ensure the overall effectiveness and independence of the AC. Together with other members of the AC, she had ensured among others that:

- the AC is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
- the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- the AC's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and
- there is co-ordination between internal and external auditors.

8.2 Before appointing a former key audit partner of the Company's External Auditors as a member of the AC, the AC has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC. This is to safeguard the independence of the audit and preparation of the Company's financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

8.0 Effective and Independent AC (Cont'd)

8.3 The AC has established policies and procedures to assess the suitability, objectivity and independence of external auditors and such assessment would be carried out annually.

The AC was of the view that Messrs. Deloitte PLT, the external auditors, is suitable, objective and independent to be re-appointed based on the following:

- Messrs. Deloitte PLT's active communication with the AC
- Presentation of a comprehensive audit plan and audit findings report
- Messrs. Deloitte PLT had provided the necessary quality of services required
- Messrs. Deloitte PLT had sufficient resources to carry out the audit

Messrs. Deloitte PLT provides its written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with the By-Laws of the Malaysian Institute of Accountants.

8.4 The AC comprises a majority of Independent Directors, which is in compliance with the Main Market Listing Requirements.

8.5 As promulgated by the MCCG, collectively the AC should possess a wide range of necessary skills to discharge its duties, and that all members should be financially literate and are able to understand matters under the purview of the AC including the financial reporting process. The Board regards that the members of the AC collectively possess the accounting and related financial management expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

9.0 Risk Management and Internal Control

9.1 The Board is supported by the Risk Management Committee to identify, assess and monitor the key business risks of the Company in order to safeguard shareholders' investment and Company's assets.

The member of the Risk Management Committee comprises the Managing Director, an Advisor, the Executive Director, the Chief Financial Officer, the Chief Operating Officers and selected Heads of Business Divisions.

The Risk Manager is assumed by the Executive Director, and additional resources or manpower would be identified to facilitate the coordination and monitoring process as and when required.

9.2 The Internal Auditors were engaged to prepare and present an Enterprise Risk Management Report which summarised the results of risk re-assessment, revised risk profiles and the top ten (10) risks identified during the risk re-assessment process of the Company and Group in October 2018. The risk re-assessment was carried out on the active business units of the Company covering contracts logistics, oil & gas logistics, freight forwarding, haulage & trucking, procurement logistics, courier services, data management solutions and corporate functions.

The deliverables included in the Internal Auditor's report had been discussed with the Senior Management of the Group. The results of the risk re-assessment represent management's views on the critical focus areas of the Group. The on-going identification and management of risks remain the responsibility of the Board of Directors and management of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

9.0 Risk Management and Internal Control (Cont'd)

The Company also engages the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.

The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and periodic testing of the Group's internal control and risk management framework are conducted as and when required.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

9.3 There is a Risk Management Committee, although it does not comprise a majority of independent directors, to oversee the company's risk management framework and policies.

10.0 Effective Governance, Risk Management and Internal Control Framework

10.1 The internal audit function of the Company is carried out by an outsourced professional service firm that assists the AC and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to both the AC and the Board.

The Internal Auditors has and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the AC Report of this Annual Report.

10.2 The internal audit function is outsourced to Axcelasia Columbus Sdn. Bhd. and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The Engagement Partner has a diverse professional experience in internal audit, risk management and corporate governance advisory.

The internal audit was conducted using a risk based approach and was guided by the International Professional Practice Framework (IPPF).

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

11.0 Continuous Communication between the Company and Stakeholders

11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. The shareholders and other stakeholders can subscribe to the Company's Investor Relations alerts via its website which will enable subscribers to be alerted whenever new announcements or updates are posted to its website. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.

11.2 The Company is not categorised as "Large companies" and hence, have not adopted integrated reporting based on a globally recognised framework.

12.0 Continuous Communication between the Company and Stakeholders

12.1 The Notice of the Twenty-First Annual General Meeting held on 27 April 2018 was issued more than 28 days prior to the meeting. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

The Notice of General Meeting provides further explanation beyond the minimum contents stipulated in the Main Market Listing Requirements for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

12.2 All the Directors of the Company attended the Twenty-First Annual General Meeting of the Company held on 27 April 2018, save and except for Ahn Jae Ho, due to medical illness. Ahn Jae Ho is not a chair of the AC, NC, RC or other committees. All the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the AC, NC, RC and other committees will provide meaningful responses to questions addressed to them.

12.3 The Company had conducted its voting on all resolutions at the Twenty-First Annual General Meeting of the Company held on 27 April 2018 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.

Prior to implementing the voting in absentia and remote shareholders' participation at general meetings as encouraged by the MCCG, the Board noted several factors and conditions that needed to be fulfilled prior to making such considerations:

- Relevant amendments to the Articles of Association of the Company to outline the procedures for enabling such voting and participation;
- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing or locating at particular remote locations; and
- Age profile of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

12.0 Continuous Communication between the Company and Stakeholders (Cont'd)

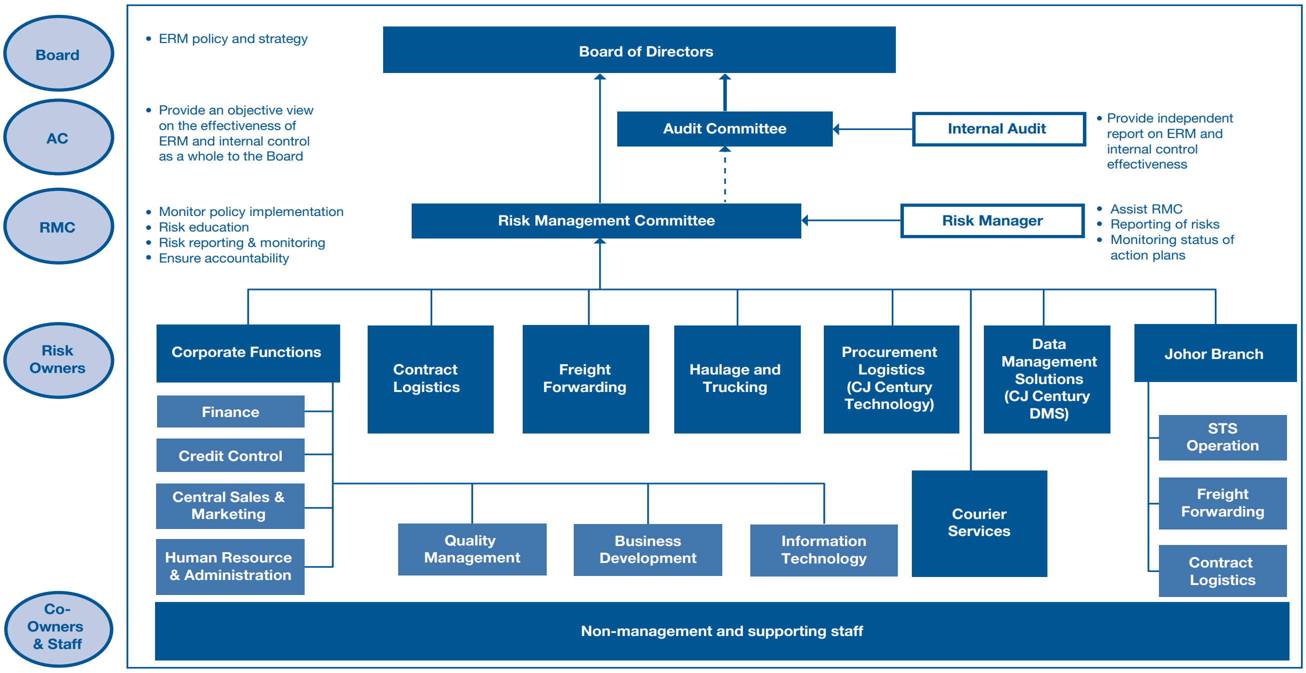
In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 5,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming Twenty-Second Annual General Meeting of the Company.

Nonetheless, the Company will carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation at the appropriate time.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 27 February 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Reporting Structure



INTRODUCTION

The Malaysian Code on Corporate Governance ("MCCG") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board on the Group is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the MCCG and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal controls practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system, in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control systems are described below.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT

The Group established an Enterprise Risk Management ("ERM") Framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is guided by ISO 31000:2009, Risk management – Principles and guidelines, mainly promoting the risk ownership and continuous monitoring of key risks identified.

The Group has established a formal database of risks and controls where information is captured in the form of risk registers. Key risks of major business units are identified, assessed and analysed taking into consideration of their source of risk, existing key controls, risk impacts and the likelihood of occurrence. Risk profiles for the major business units are presented to the Risk Management Working Committee and Board for deliberation and approval for adoption. Comprehensive action plans to address key risks are continuously being developed by the respective risk owners.

The risk profile of the major business units of the Group are monitored by its respective Senior Management. The risks identified for the Group were considered in formulating the strategies and plans that were approved and adopted by the Board. The strategies and plans are monitored and revised as the need arises. These processes are embedded within the Group's overall business operations and guided by the documented policies and procedures.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a comprehensive budgeting system that requires preparation of the annual budget by all major business units. The annual budget which contains financial, operating targets and performance indicators are reviewed and approved by the Executive Directors together with the Senior Management before being presented to the Board. The budgets are further reviewed and revised, if necessary, during the middle of the year in order to reflect changes in operating conditions affecting the Group.

Issues relating to the business operations are highlighted to the Board's attention during Board meetings. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's systems of internal controls are as follows:

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Defined organisation structure and delegation of responsibilities;
- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised and made available to guide staff in their daily operations;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- An ISO 9001 Quality Management System Committee reviews processes and documentation. Surveillance audits are conducted by assessors of the ISO certification bodies on a yearly basis to ensure that the system is adequately implemented. Areas for improvement are highlighted and the implementation of its recommendations is monitored;
- A structured recruitment process, a performance appraisal system and a wide variety of training and development programs are in place to maintain staff competency; and
- A Code of Conduct and Ethics is communicated to all employees of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL AUDIT

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to an external consultant, as part of its efforts in ensuring that the Group's systems of internal controls are adequate and effective. The internal audit activities of the Group are carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on key risks identified. The internal audit provides an assessment of the adequacy and effectiveness of the Group's system of internal controls, as well as recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments are reported periodically to the Audit Committee.

The internal audit reports are reviewed by the Audit Committee and forwarded to Senior Management so that recommended corrective actions could be implemented. The Senior Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are made within the required time frame.

A total cost of RM57,000 was spent on internal audit activities in 2018.

REVIEW BY BOARD

The Board's review of risk management and internal control effectiveness is based on information from:

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system; and
- The work by the internal audit function which submits reports to the Audit Committee together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment.

The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the risk and internal controls framework.

The Board also received assurance from the Executive Directors that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects based on the risk management and internal control systems of the Group.

In addition, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system was satisfactory and has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

The above statement is made in accordance with a resolution of the Board made on 27 February 2019.

AUDIT COMMITTEE REPORT

MEMBERS

Composition of the Audit Committee and details of attendance at the Audit Committee Meeting during the financial year ended 31 December 2018, where a total of four (4) meetings were held, are as follows:

	Number of Meetings Attended
Saryani Binti Che Ab Rahman *(Chairperson / Independent Non-Executive Director)*	4/4
Datuk Lee Say Tshin *(Member / Independent Non-Executive Director)*	3/4
Cheong Joon Kyo *(Member / Non-Independent Non-Executive Director)*	4/4
Winston Tan Kheng Huang *(Member / Independent Non-Executive Director)*	4/4

The terms of reference of the Audit Committee is available on the Company's website at www.cjcentury.com.

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The activities of the Audit Committee as stipulated in Duties and Responsibilities were undertaken by the Audit Committee during the financial year ended 31 December 2018. The Audit Committee had also undertaken the following activities during the year:

(a) Reviewed the audit plan of the external auditors, in terms of the nature of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements;
(b) Reviewed the year-end external auditors' reports in relation to their audit findings and the accounting issues arising from the audit of the Company's annual financial results;
(c) Reviewed the recovery of major long outstanding debts;
(d) Reviewed the unaudited quarterly reports on the consolidated results and financial statements and financial results prior to tabling of the same to the Board for approval;
(e) Reviewed the recurrent related party transactions of a revenue or trading nature of the Company; and
(f) Assessed the suitability, objectivity and independence of the external auditors.

A summary of the activities of the Audit Committee for the financial year ended 31 December 2018 is as follows:

(a) The Audit Committee had reviewed the unaudited quarterly financial results as well as the annual audited financial statements of the Group. The review covers, amongst others, an assessment on the appropriateness of the accounting policies applied. The Audit Committee had sought explanations and additional information from the Executive Director and Chief Financial Officer on the reasons for the variances/fluctuations in the financial performance of the Group, including the key income and operating expenses;
(b) For the review of the annual financial results of the Group, the Audit Committee communicated with the external auditor, Messrs. Deloitte PLT ("Deloitte") with particular focus on significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements;
(c) The Audit Committee reviewed and evaluated Deloitte's audit plan for the financial year ended 31 December 2018. Deloitte's audit plan covered its engagement team, concept of materiality, independence and objectivity, and the areas of audit emphasis. The Audit Committee also reviewed key audit issues raised by Deloitte from its annual audit in its management letter, including Management's responses/actions taken on the resolution of such issues;

AUDIT COMMITTEE REPORT
(CONT'D)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE (CONT'D)

(d) The Audit Committee had assessed the independence and objectivity of Deloitte prior to the appointment of Deloitte for non-audit services. Based on the assessment, the Audit Committee is satisfied that there is no conflict of interest situation. In addition, the accumulated fees quoted for non-audit services are within the allowable threshold set;

(e) In its oversight over the Internal Audit function, the Audit Committee approved the internal audit plan and enterprise risk management services to ensure adequate scope and comprehensive coverage over the activities of the Group; and

(f) The Audit Committee reviewed recurrent related party transactions to ensure that they are comparable to market price and that the transactions are entered on arm's length basis and benefits the Group in terms of revenue, efficiency, improvement of profile and increase in customer base.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Plan, setting out the internal audit work expected to be carried out for a period of two (2) years, is tabled to the Audit Committee at the beginning of the two (2) years term.

The internal audit function was performed by external consultants during the year to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations were monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

A summary of the activities of the internal audit function for the financial year ended 31 December 2018 is as follows:

(a) Performed audit work in accordance with the pre-approved internal audit plan, which focused on key auditable areas including oil and gas logistics, courier services, freight forwarding, contract logistics, transportation, data management solutions and procurement logistics;

(b) Carried out reviews on the systems of internal control of the Group in ensuring proper safeguarding of assets, maintenance of accurate records and transactions, monitoring the quality of assets, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;

(c) Internal audit adopts a risk-based approach to prioritise the audit work and to scope the audits on high risk auditable areas. Internal audit's assurance provides a comprehensive review on the established controls to determine if they are appropriate, effectively applied and consistent with the Group's risk management policies. Audit recommendations for improvements to the existing system of internal controls and work processes are made to the Management for resolutions where necessary;

(d) Reviewed and commented on the effectiveness and adequacy of the existing internal control policies and procedures; and

(e) Provided recommendations, if any, for the improvement of the internal control policies and procedures.

EMPLOYEES' SHARE OPTION SCHEME

The Company established and implemented the Employees' Share Option Scheme ("**ESOS**") on 8 January 2015.

There was no options pursuant to the ESOS which was granted to Datuk Lee Say Tshin, Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung, Park Chul Moon, Saryani Binti Che Ab Rahman and Winston Tan Kheng Huang as at 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are required under the provisions of the Companies Act 2016 to prepare financial statements which gives a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and their results and cash flows for each financial year. The Directors are of the view that they have adopted suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent, as well as ensured that all applicable accounting standards have been followed. The financial statements are prepared on the going concern basis and the directors have ensured that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and are kept in accordance with the Companies Act 2016. The Directors also have general responsibilities for taking the necessary and reasonable steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** *(formerly known as Century Logistics Holdings Berhad)* have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the Company's subsidiary companies are disclosed in Note 15 to the Financial Statements.

CHANGE OF NAME

On 4 May 2018, the Company changed its name from Century Logistics Holdings Berhad to CJ Century Logistics Holdings Berhad.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	13,622	1,138
Tax expense	(3,740)	(277)
Profit for the year	9,882	861
Attributable to:		
Owners of the Company	9,784	
Non-controlling interests	98	
	9,882	

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

REPORT OF THE DIRECTORS
(CONT'D)

DIVIDENDS

Since the end of the previous financial year, the following dividends were paid by the Company:

(a) A single tier final dividend of 1.0 sen per ordinary share, amounting to RM3,942,299, in respect of the previous financial year were paid on 31 May 2018; and

(b) A single tier interim dividend of 0.5 sen per ordinary share, amounting to RM1,959,810, in respect of the current financial year were paid on 28 September 2018.

The directors propose a single tier final dividend of 0.25 sen per ordinary share in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital by the issuance of 1,431,000 new ordinary shares at the issue price of RM0.60 per share pursuant to the Company's Employees' Share Option Scheme. The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company did not issue any new debentures during the financial year.

TREASURY SHARES

During the current financial year, the Company bought back 3,968,900 of its issued ordinary shares from the open market at average price of RM0.63 per share. The total consideration paid for the purchase was RM2,505,819.

The Company held as treasury shares a total of 3,968,900 of its 394,229,890 issued ordinary shares. The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM2,505,819 as disclosed in Note 22 to the Financial Statements.

REPORT OF THE DIRECTORS
(CONT'D)

SHARE OPTIONS

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6 January 2015. The ESOS was implemented on 8 January 2015 and will be in force for a maximum period of 5 years from the effective date.

Salient features of the ESOS are disclosed in Note 34 to the Financial Statements.

Movements in the Company's ESOS during the financial year are as follows:

	Number of options to subscribe for ordinary shares					
Grant date	**Balance as of 1.1.2018**	**Granted**	**Exercised**	**Cancelled**	**Balance as of 31.12.2018**	**Exercise price per share (RM)**
8.1.2015	15,669,000	–	(1,431,000)	(266,000)	13,972,000	0.60
16.4.2015	480,000	–	–	–	480,000	0.73

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

REPORT OF THE DIRECTORS
(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

As of the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Teow Choo Hing
Yeap Khoo Soon Edwin
Datuk Lee Say Tshin
Ahn Jae Ho
Lee Eui Sung
Park Chul Moon
Winston Tan Kheng Huang
Saryani Binti Che Ab Rahman
Hong Sung Yong (appointed on 15 January 2019)
Cheong Joon Kyo (resigned on 15 January 2019)

The directors of the subsidiary companies in office during the financial year and during the period from the end of the financial year to the date of this report are:

Teow Choo Hing
Yeap Khoo Soon Edwin
Albert Soo Boon Hock
Heng Mon Sing
Sabarin Bin Ibrahim
Wan Salleh @ Wan Ahmad Bin Wan Abdullah
Wan Zanil Hairiz Bin Harun

REPORT OF THE DIRECTORS (CONT'D)

DIRECTORS' INTERESTS

The interest in shares in the Company and its related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares			
	Balance as of 1.1.2018	Bought	Sold	Balance as of 31.12.2018
Shares in the Company				
Direct interest				
Teow Choo Hing	43,724,294	–	–	43,724,294
Yeap Khoo Soon Edwin	2,360,000	250,000	–	2,610,000
Indirect interest				
Teow Choo Hing	2,224,416	–	–	2,224,416
Datuk Lee Say Tshin	70,000	–	–	70,000
Lee Eui Sung	311,000	89,000	–	400,000

	Number of options over ordinary shares			
	Balance as of 1.1.2018	Granted	Exercised	Balance as of 31.12.2018
Options pursuant to ESOS of the Company				
Direct interest				
Teow Choo Hing	2,160,000	–	–	2,160,000
Yeap Khoo Soon Edwin	2,740,000	–	–	2,740,000

By virtue of the above directors' interests in the shares of the Company, they are also deemed to have an interest in the shares of all the subsidiary companies of the Company to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had any beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

REPORT OF THE DIRECTORS
(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 8 to the Financial Statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those as disclosed in Note 15 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than options pursuant to ESOS of the Company as disclosed under "Directors' Interests" above.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a directors and officers' liability insurance throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance premium paid during the financial year amounted to RM13,000.

No indemnity was given to or insurance effected for auditors of the Company and the Group during the financial year.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2018 is as disclosed in Note 10 to the Financial Statements.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
27 February 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD

(Formerly known as Century Logistics Holdings Berhad) (Incorporated in Malaysia)

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** *(formerly known as Century Logistics Holdings Berhad)*, which comprise the statements of financial position as of 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The risk

The timing of revenue recognition for total logistics operations, particularly with respect to freight forwarding and transportation services, has been identified as a critical area in relation to revenue recognition due to the lead time between rendering of services and receipt of proof of delivery of services to trigger the billing process.

The accounting policies for revenue recognition are set out in Note 3 to the Financial Statements and the different revenue streams for the Group have been disclosed in Note 5 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Formerly known as Century Logistics Holdings Berhad) (Incorporated in Malaysia) (CONT'D)

Revenue Recognition (Cont'd)

Our audit response

We obtained update on our understanding of revenue recognition process and evaluated the business process controls surrounding revenue recognition.

We tested a selected samples of recorded revenue before and after year end, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue are recognised during the period in which control over the promised services have been transferred to customers.

We reviewed management's basis in computing accrued revenue in respect of unbilled services rendered before year-end, and verified against the underlying proof of delivery to ascertain whether control over the promised services have been transferred to customers during the period of revenue recognition.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Report of the Directors, Financial Highlights, Management Discussion and Analysis and List of Properties (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Chairman's Message and Analysis of Shareholdings which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Formerly known as Century Logistics Holdings Berhad) (Incorporated in Malaysia) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Formerly known as Century Logistics Holdings Berhad) (Incorporated in Malaysia) (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 15 to the Financial Statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

MARK EVELYN THOMSON
Partner - 03080/06/2019 J
Chartered Accountant

27 February 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	5	400,998	294,597	–	15,000
Cost of sales	6 (a)	(341,165)	(224,319)	–	–
Gross profit		59,833	70,278	–	15,000
Other income		3,973	1,665	5,592	5,400
Interest income	9 (a)	2,723	2,405	–	–
Administrative expenses		(38,069)	(40,406)	(4,454)	(6,885)
Finance costs	9 (b)	(4,345)	(2,645)	–	–
Depreciation of property, plant and equipment	14	(10,493)	(10,184)	–	–
Profit before tax	10	13,622	21,113	1,138	13,515
Tax (expense)/credit	11	(3,740)	(5,855)	(277)	120
Profit for the year		9,882	15,258	861	13,635
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss - Exchange differences on translating foreign operations		18	21	–	–
Other comprehensive income for the year, net of tax		18	21	–	–
Total comprehensive income for the year		9,900	15,279	861	13,635
Profit attributable to:					
Owners of the Company		9,784	15,222	861	13,635
Non-controlling interests		98	36	–	–
		9,882	15,258	861	13,635
Total comprehensive income attributable to:					
Owners of the Company		9,802	15,243	861	13,635
Non-controlling interests		98	36	–	–
		9,900	15,279	861	13,635
Earnings per ordinary share					
Basic (sen)	12	2.49	3.89		
Diluted (sen)	12	2.48	3.82		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Company 2018 RM'000	The Company 2017 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	14	335,035	260,042	–	–
Investment in subsidiary companies	15	–	–	11,521	11,521
Goodwill on consolidation	16	1,443	1,443	–	–
Deferred tax assets	26	5	120	2	120
Total Non-current Assets		336,483	261,605	11,523	11,641
Current Assets					
Inventories	17	18,854	7,884	–	–
Trade receivables	18	75,650	67,844	–	–
Other receivables, deposits and prepaid expenses	19	28,244	20,303	28	10
Amount owing by subsidiary companies	15	–	–	210,380	215,614
Amount owing by affiliated companies	15	4,443	113	–	–
Tax recoverable		2,244	347	78	80
Investment in money market funds	20	62,060	49,357	–	–
Deposits, cash and bank balances	20	17,028	22,318	155	285
Total Current Assets		208,523	168,166	210,641	215,989
Total Assets		545,006	429,771	222,164	227,630

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2018 (CONT'D)

	Note	The Group 2018 RM'000	The Group 2017 RM'000	The Company 2018 RM'000	The Company 2017 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	21	200,043	199,184	200,043	199,184
Treasury shares	22	(2,506)	–	(2,506)	–
Reserves	23	125,416	120,045	21,684	25,141
Equity attributable to owners of the Company		322,953	319,229	219,221	224,325
Non-controlling interests		955	1,082	–	–
Total Equity		323,908	320,311	219,221	224,325
Non-current and Deferred Liabilities					
Hire-purchase payables	24	11,305	2,720	–	–
Long-term borrowings	25	99,191	31,163	–	–
Deferred tax liabilities	26	8,967	7,398	–	–
Total Non-current and Deferred Liabilities		119,463	41,281	–	–
Current Liabilities					
Trade payables	27	35,987	20,833	–	–
Other payables and accrued expenses	28	41,149	32,093	1,233	1,410
Amount owing to subsidiary companies	15	–	–	1,710	1,895
Amount owing to an affiliated company	15	2,862	1	–	–
Hire-purchase payables	24	5,151	2,389	–	–
Short-term borrowings	29	16,318	11,592	–	–
Tax liabilities		168	1,271	–	–
Total Current Liabilities		101,635	68,179	2,943	3,305
Total Liabilities		221,098	109,460	2,943	3,305
Total Equity and Liabilities		545,006	429,771	222,164	227,630

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

The Group

		← Non-distributable reserves →				Distributable reserve -			
	Note	**Issued capital RM'000**	**Share premium RM'000**	**Translation reserve RM'000**	**Equity-settled employees' benefits reserve RM'000**	**Retained earnings RM'000**	**Attributable to equity holders of the Company RM'000**	**Non-controlling interests RM'000**	**Total RM'000**
Balance as of 1 January 2017		192,367	1,948	705	14	106,451	301,485	1,046	302,531
Share-based payments	34	–	–	–	1,538	–	1,538	–	1,538
Issue of shares pursuant to exercise of ESOS	21	4,869	–	–	18	–	4,887	–	4,887
Transfer to retained earnings upon exercise of ESOS		–	–	–	(1,469)	1,469	–	–	–
Transfer arising from "no par value" regime of the Companies Act 2016		1,948	(1,948)	–	–	–	–	–	–
Profit for the year		–	–	–	–	15,222	15,222	36	15,258
Other comprehensive income for the year		–	–	21	–	–	21	–	21
Total comprehensive income for the year		–	–	21	–	15,222	15,243	36	15,279
Dividends paid to shareholders of the Company	13	–	–	–	–	(3,924)	(3,924)	–	(3,924)
Balance as of 31 December 2017		199,184	–	726	101	119,218	319,229	1,082	320,311

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT'D)

The Group

	Note	Issued capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
			← Non-distributable reserves		→	Distributable reserve -			
Balance as of 1 January 2018									
As previous stated		199,184	–	726	101	119,218	319,229	1,082	320,311
Impact of adoption of MFRS 9	2&18	–	–	–	–	(142)	(142)	–	(142)
Impact of adoption of MFRS 15	2	–	–	–	–	29	29	–	29
As restated		199,184	–	726	101	119,105	319,116	1,082	320,198
Share-based payments	34	–	–	–	1,602	–	1,602	–	1,602
Issue of shares pursuant to exercise of ESOS	21	859	–	–	(18)	–	841	–	841
Transfer to retained earnings upon exercise of ESOS		–	–	–	(261)	261	–	–	–
Purchase of treasury shares	22	–	(2,506)	–	–	–	(2,506)	–	(2,506)
Profit for the year		–	–	–	–	9,784	9,784	98	9,882
Other comprehensive income for the year		–	–	18	–	–	18	–	18
Total comprehensive income for the year		–	–	18	–	9,784	9,802	98	9,900
Dividends paid to shareholders of the Company	13	–	–	–	–	(5,902)	(5,902)	–	(5,902)
Dividends paid to minority shareholder of subsidiary company		–	–	–	–	–	–	(225)	(225)
Balance as of 31 December 2018		200,043	(2,506)	744	1,424	123,248	322,953	955	323,908

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT'D)

The Company

			Non-distributable reserves			Distributable reserve -	
	Note	**Issued capital RM'000**	**Treasury shares RM'000**	**Share premium RM'000**	**Equity-settled employees' benefits reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
Balance as of 1 January 2017		192,367	–	1,948	14	13,860	208,189
Share-based payments	34	–	–	–	1,538	–	1,538
Issue of shares pursuant to exercise of ESOS	21	4,869	–	–	18	–	4,887
Transfer to retained earnings upon exercise of ESOS		–	–	–	(1,469)	1,469	–
Transfer arising from "no par value" regime of the Companies Act 2016		1,948	–	(1,948)	–	–	–
Profit for the year/Total comprehensive income for the year		–	–	–	–	13,635	13,635
Dividends paid	13	–	–	–	–	(3,924)	(3,924)
Balance as of 31 December 2017		199,184	–	–	101	25,040	224,325
Balance as of 1 January 2018		199,184	–	–	101	25,040	224,325
Share-based payments	34	–	–	–	1,602	–	1,602
Issue of shares pursuant to exercise of ESOS	21	859	–	–	(18)	–	841
Transfer to retained earnings upon exercise of ESOS		–	–	–	(261)	261	–
Purchase of treasury shares	22	–	(2,506)	–	–	–	(2,506)
Profit for the year/Total comprehensive income for the year		–	–	–	–	861	861
Dividends paid	13	–	–	–	–	(5,902)	(5,902)
Balance as of 31 December 2018		200,043	(2,506)	–	1,424	20,260	219,221

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows From/(Used In) Operating Activities				
Profit before tax	13,622	21,113	1,138	13,515
Adjustments for:				
Depreciation of property, plant and equipment	10,493	10,184	–	–
Finance costs	4,345	2,645	–	–
Share-based payments expenses	1,602	1,538	549	517
Allowance for doubtful debts	148	583	–	–
Impairment loss on investment in subsidiary companies	–	–	–	49
Interest income	(2,723)	(2,405)	–	–
Gain on disposal of property, plant and equipment	(992)	(89)	–	–
Unrealised (gain)/loss on foreign exchange (net)	(378)	289	–	–
Allowance for doubtful debts no longer required	(284)	(423)	–	–
Dividend income	–	–	–	(15,000)
Operating Profit/(Loss) Before Working Capital Changes	25,833	33,435	1,687	(919)
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(10,970)	(3,615)	–	–
Trade receivables	(7,390)	(7,726)	–	–
Other receivables, deposits and prepaid expenses	(7,941)	(1,694)	(18)	(2)
Amount owing by subsidiary companies	–	–	6,287	(7,176)
Amount owing by affiliated companies	(4,330)	(113)	–	–
Increase/(Decrease) in:				
Trade payables	15,154	2,820	–	–
Other payables and accrued expenses	9,056	(4,167)	(177)	(1,647)
Amount owing to subsidiary companies	–	–	(185)	(2,096)
Amount owing to an affiliated company	2,861	(113)	–	–
Cash Generated From/(Used In) Operations	22,273	18,827	7,594	(11,840)
Tax (paid)/refunded	(5,053)	(5,825)	(157)	206
Net Cash From/(Used In) Operating Activities	17,220	13,002	7,437	(11,634)
Cash Flows From/(Used In) Investing Activities				
Interest received	2,723	2,405	–	–
Proceeds from disposal of property, plant and equipment	1,778	89	–	–
Dividend received	–	–	–	15,000
Additions of property, plant and equipment (Note 1 below)	(70,555)	(9,895)	–	–
(Increase)/Decrease in investment in money market funds	(12,703)	15,074	–	–
Decrease/(Increase) in deposits with maturities exceeding 3 months	–	89	–	–
Net Cash (Used In)/From Investing Activities	(78,757)	7,762	–	15,000

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows From/(Used In) Financing Activities				
Proceeds from bank borrowings	84,297	–	–	–
Proceeds from issuance of shares	841	4,887	841	4,887
Repayment of bank borrowings	(11,543)	(20,886)	–	–
Dividends paid to shareholders of the Company	(5,902)	(3,924)	(5,902)	(3,924)
Repayment of hire-purchase payables	(4,370)	(2,998)	–	–
Finance costs paid	(4,345)	(2,645)	–	–
Purchase of treasury shares	(2,506)	–	(2,506)	–
Dividends paid to minority shareholder of subsidiary company	(225)	–	–	–
Subscription of shares issued by a subsidiary company	–	–	–	(4,500)
Net Cash From/(Used In) Financing Activities	56,247	(25,566)	(7,567)	(3,537)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,290)	(4,802)	(130)	(171)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,318	27,120	285	456
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 30)	17,028	22,318	155	285

Note 1

Cash outflow on acquisition of property, plant and equipment of the Group is as follows:

		The Group	
	Note	2018 RM'000	2017 RM'000
Additions during the year	14	86,272	12,279
Less: Acquisition under hire-purchase arrangements		(15,717)	(2,384)
Cash outflows		70,555	9,895

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally an investment holding company. The principal activities of the Company's subsidiary companies are disclosed in Note 15.

On 4 May 2018, the Company changed its name from Century Logistics Holdings Berhad to CJ Century Logistics Holdings Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 8, Lingkaran Sultan Mohamed 1, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 February 2019.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and revised MFRSs

During the current financial year, the Group and the Company adopted a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2018 and relevant to their operations, as follows:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle

The adoption of the above new and revised MFRSs did not have any material effect on the financial performance or position of the Group and the Company, except for the following:

MFRS 9 Financial Instruments

The adoption of this new Standard resulted in changes in accounting policies and adjustments to the financial statements. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated and the financial impact on the application of this Standard is recognised in retained earnings as of 1 January 2018.

Financial assets

There is no impact on the classification and measurement of the Group's and the Company's financial assets except for a change in classification of investment in money market funds from "loans and receivables" to "financial assets at fair value through profit or loss" (Note 31) as the cash flows from this financial asset are not solely payment of principal and interest ("SPPI").

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Adoption of new and revised MFRSs (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impairment of financial assets

MFRS 9 *Financial Instruments* requirements impairment assessments to be based on an expected credit loss ("ECL") model, replacing the incurred loss model under MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Trade receivables

For all trade receivables, the Group applies the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life. Additional loss allowance of RM142,000 (Note 18) is recognised upon application of MFRS 9.

(b) Other receivables and amount owing by affiliated companies

Other receivables and amount owing by affiliated companies are classified as amortised cost in the Group's and the Company's financial statements because the Group's and the Company's business model is to hold and collect the contractual cash flows and those cash flows are SPPI. The Group and the Company conclude that no loss allowance is recognised on other receivables and amount owing by affiliated companies upon application of MFRS 9.

(c) Amount owing by subsidiary companies

Amount owing by subsidiary companies, which is interest-free and repayable on demand, is classified as amortised cost as the Company's business model is to hold and collect the contractual cash flows and those cash flows are SPPI. The Company concludes that no additional loss allowance is recognised on amount owing by subsidiary companies upon application of MFRS 9 as the Company could fully recover the outstanding balance.

Financial liabilities

There is no impact on the classification and measurement of the Group's and the Company's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

This new Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard resulted in changes in accounting policies for revenue recognition, and an adjustment of RM29,000 has been made to the retained earnings of the Group upon initial application as of 1 January 2018. The Group has adopted the modified retrospective method by recognising the cumulative effect of initially applying this Standard at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

Standards and Interpretations in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Interpretation ("IC Int.") which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 16	Leases [1]
MFRS 17	Insurance Contracts [3]
Amendments to MFRS 3	Definition of a Business [2]
Amendments to MFRS 9	Prepayment Features with Negative Compensation [1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
Amendments to MFRS 101 and MFRS 108	Definition of Material [2]
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures [4]
IC Interpretation 23	Uncertainty over Income Tax Payments [1]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle [1]

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted
3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted
4 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned new and revised Standards and Interpretation will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Interpretation will have no material impact on the financial statements of the Group and the Company in the period of initial application, except as discussed below:

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

As of 31 December 2018, the Group has operating lease commitments of RM7,912,000 [Note 33(b)]. Presently MFRS 117 does not require the recognition of any right-of-use asset or liability for future payments for these leases. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of MFRS 16 on 1 January 2019. The new requirement to recognise a right-of-use asset and a related liability is expected to have a significant impact on the amounts recognised in the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies and Basis of Consolidation (Cont'd)

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiary companies

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, gain or loss recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any subsidiary company and any non-controlling interests and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiary companies

Investment in subsidiary companies which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payments of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal group) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1 January 2011.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill on Consolidation

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue

Revenue of the Group comprises income earned from provision of total logistics services, courier services and procurement logistics services. Revenue of the Company represents gross dividend income from subsidiary companies.

The core principle of MFRS 15 *Revenue from Contracts with Customers* is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue of the Group and the Company is recognised on the following basis:

(i) Revenue from sale of goods and services

Revenue is recognised as a performance obligation in the contract with customer is satisfied, i.e., when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value of the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

(i) Revenue from sale of goods and services (Cont'd)

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(iii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee Benefits

(i) Short-term Benefits

Salaries, wages, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Defined Contribution Plan

The Group and its eligible employees are required by law to make monthly contributions to Employees Provident Fund ("EPF"), a statutory defined contribution plan, at certain prescribed rates based on the employees' salaries. The Group's and the Company's contributions to EPF are charged to profit or loss. Once the contributions have been paid, there are no further payment obligations.

Other than as disclosed above, the Group and the Company do not make contribution to other employee retirement plans.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

(iii) Share-based Payments

Equity-settled share-based payments to eligible employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Foreign Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entities operate (the functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using the exchange rate prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current Tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred Tax

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting date. Deferred tax is charged or credited to profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes by same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Freehold land has unlimited life and therefore is not depreciated. Capital assets in-progress are not depreciated as these assets are not available for use. All other property, plant and equipment are depreciated on a straight-line method at the following annual rates/period based on the estimated useful lives of the various assets:

Leasehold land	44 to 96 years
Buildings	2% - 10%
Improvements and renovations	10%
Motor vehicles	10% - 20%
Warehouse, office and other equipment	10% - 33%
Furniture, fixtures and fittings	10% - 15%

The estimated useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

Assets Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are recorded as liabilities. Finance charges are allocated to profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Asset held under hire-purchase are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant hire-purchase.

Inventories

Inventories are valued at the lower of cost (determined principally on the "first in, first out" basis) and net realisable value. The cost of assembling parts and trading merchandise comprises the original cost of purchase plus the cost of bringing the inventories to their present location. The cost of assembled products includes the cost of assembling parts and consumables, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs.

Operating Leases and Rental Income Recognition

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are reviewed by the directors at each reporting date and adjusted to reflect the current best estimate.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Upon adoption of MFRS 9 *Financial Instruments* for the financial year ended 31 December 2018, financial assets of the Group and the Company are classified as "financial assets at fair value through profit or loss" ("FVTPL") and "financial assets at amortised cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Under the previous MFRS 139 *Financial Instruments: Recognition and Measurement*, all financial assets of the Group and the Company are classified as "loans and receivables".

(a) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

(b) Financial assets at FVTPL

Financial assets that do not meet the criteria for amortised cost or "fair value through other comprehensive income" are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period in which the changes arise.

(c) Financial assets at amortised cost (2017: Loans and receivables)

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(d) Impairment of financial assets

The Group and the Company apply the impairment requirements for financial assets under MFRS 9 *Financial Instruments* for the financial year ended 31 December 2018. The 2017 comparatives were not restated whereby the impairment requirements under the previous MFRS 139 *Financial Instruments: Recognition and Measurement* were still applied.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment based on expected credit loss ("ECL") model in the financial year ended 31 December 2018

The Group and the Company assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the remaining life of the financial assets.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort as of the reporting date about past events, current conditions and forecasts of future economic conditions.

Simplified approach for trade receivables

The Group and the Company apply the MFRS 9 simplified approach, which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life, for all trade receivables.

General 3 stage-approach for other receivables, amounts owing by affiliated companies and subsidiary companies

As of each reporting date, the Group and the Company measure ECL through loss allowance at amount equal to 12 month-ECL if credit risk on a financial asset or a group of financial assets has not increased significantly since initial recognition. For all other financial assets, a loss allowance at an amount equal to lifetime ECL is required.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(d) Impairment of financial assets (Cont'd)

Impairment based on incurred loss model in the financial year ended 31 December 2017

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

(e) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group and the Company

(a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments issued by the Group and the Company (Cont'd)

(c) Financial guarantee contract liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(d) Financial liabilities

Financial liabilities of the Group and the Company are classified as "other financial liabilities".

(e) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(f) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of foreign exchange forward contracts are disclosed in Note 31.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is realised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash and bank balances, term deposits and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

Allowance for doubtful debts

Allowance for doubtful debts measured based on expected credit loss model in 2018 is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates as of the end of the reporting period.

Allowance for doubtful debts measured based on incurred loss model in 2017 was made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement was required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance might be required.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the reporting date was RM1,443,000 (2017: RM1,443,000).

Estimated useful lives of property, plant and equipment

The cost of property, plant and equipment, except for freehold land and capital assets-in-progress, is depreciated on a straight line basis over the assets' estimated useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumption of the economic benefits that embodies in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. REVENUE

Segment revenue:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total logistics services	258,526	246,315	–	–
Procurement logistics services	130,956	48,282	–	–
Courier services	11,516	–	–	–
Dividend income from subsidiary companies	–	–	–	15,000
	400,998	294,597	–	15,000

Timing of revenue recognition:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Over time:				
Total logistics services				
Freight forwarding	98,906	80,168	–	–
Warehousing	83,172	76,114	–	–
Oil and gas logistics	43,095	53,525	–	–
Transportation	33,100	36,287	–	–
Data management services	253	221	–	–
Procurement logistics services				
Assembling	113,866	40,777	–	–
Courier Services	11,516	–	–	–
At a point in time:				
Procurement logistics services				
Assembling	17,090	7,505	–	–
Other				
Dividend income from subsidiary companies	–	–	–	15,000
	400,998	294,597	–	15,000

As of 31 December 2018, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of service agreements relating to warehousing operations, which generally cover a contract period of 2 years. As the Group has right to invoice the customers based on the storage space occupied by the customers and volume of goods to be handled by the Group, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. COST OF SALES AND EXPENSES CLASSIFIED BY NATURE

(a) Cost of sales comprise:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Direct operating costs	307,311	199,180	–	–
Direct staff costs	33,854	25,139	–	–
	341,165	224,319	–	–

(b) Expenses classified by nature are as follows:

	Note	The Group		The Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Direct operating costs		307,311	199,180	–	–
Staff costs, included under:					
Cost of sales		33,854	25,139	–	–
Administrative expenses		21,393	21,412	4,025	5,119
	7	55,247	46,551	4,025	5,119
Depreciation of property, plant and equipment	14	10,493	10,184	–	–
Finance costs	9 (b)	4,345	2,645	–	–
Other expenses		16,676	18,994	429	1,766
		394,072	277,554	4,454	6,885

7. STAFF COSTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	46,403	38,353	3,008	3,990
Contributions to defined contribution plan	4,923	4,576	435	615
Share-based payment expenses	1,602	1,538	549	517
Short-term accumulating compensated absences	(67)	192	(22)	(21)
Other staff related expenses	2,386	1,892	55	18
	55,247	46,551	4,025	5,119

Included in staff costs of the Group and of the Company is directors' remuneration as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive directors:				
Salaries and other emoluments	2,720	2,466	2,720	2,466
Share-based payment expenses	549	517	549	517
Contributions to defined contribution plan	435	395	435	395
	3,704	3,378	3,704	3,378
Non-executive directors:				
Fees	288	144	288	144
	3,992	3,522	3,992	3,522
Directors of subsidiary companies				
Executive directors:				
Salaries and other emoluments	1,093	984	–	–
Share-based payment expenses	246	240	–	–
Contributions to defined contribution plan	167	149	–	–
	1,506	1,373	–	–
Total	5,498	4,895	3,992	3,522

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group and the Company amounted to RM77,362 (2017: RM80,400) and RM 45,400 (2017: RM45,400) respectively.

A breakdown of directors' remuneration for the financial year by category and in bands of RM50,000 are as follows:

	Number of directors	
	2018	2017
Executive directors:		
RM700,001 - RM750,000	–	1
RM800,001 - RM850,000	1	–
RM2,150,001 - RM2,200,000	–	1
RM2,350,001 - RM2,400,000	1	–
	2	2
Non-executive directors:		
RM50,000 and below	4	6
RM50,001 - RM100,000	2	1
RM100,001 - RM150,000	1	–
	9	9

There is no other key management personnel other than the directors of which their remuneration has been disclosed above.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. INTEREST INCOME AND FINANCE COSTS

(a) Interest income

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income on short-term deposits	2,723	2,405	–	–

(b) Finance costs

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Term loans	3,760	2,379	–	–
Hire-purchase payables	585	266	–	–
	4,345	2,645	–	–

10. PROFIT BEFORE TAX

In addition to the transactions detailed elsewhere in the financial statements, profit before tax is arrived at:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
After charging:				
Rental of:				
Premises	12,246	11,136	–	–
Motor vehicles and equipment	4,858	3,869	–	–
Audit fees:				
Statutory audit	257	240	67	62
Other services	55	46	9	7
Allowance for doubtful debts (Note 18)	148	583	–	–
Loss on foreign exchange:				
Unrealised	42	293	–	–
Realised	23	20	–	–
Impairment loss on investment in subsidiary companies	–	–	–	49
And crediting:				
Gain on foreign exchange:				
Realised	2,249	1,040	–	–
Unrealised	420	4	–	–
Gain on disposal of property, plant and equipment	992	89	–	–
Allowance for doubtful debts no longer required (Note 18)	284	423	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current year:				
Income tax	(2,167)	(6,123)	(159)	–
Deferred tax (Note 26)	(1,143)	(221)	(261)	120
	(3,310)	(6,344)	(420)	120
Over/(Under)provision in prior years:				
Income Tax	111	498	–	–
Deferred tax (Note 26)	(541)	(9)	143	–
	(430)	489	143	–
	(3,740)	(5,855)	(277)	120

A numerical reconciliation of tax expense applicable to profit before tax at the applicable statutory income tax rate to the tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	13,622	21,113	1,138	13,515
Tax at the applicable tax rate of 24% (2017: 24%)	3,269	5,067	273	3,244
Tax effects of:				
Expenses not deductible for tax purposes	1,886	1,918	193	236
Income not subject to tax	(407)	(663)	(46)	(3,600)
Increased export allowance	(1,461)	–	–	–
Deferred tax assets not recognised	23	22	–	–
(Over)/Underprovision in prior years:				
Estimated tax payable	(111)	(498)	–	–
Deferred tax	541	9	(143)	–
Tax charged/(credited) to profit or loss	3,740	5,855	277	(120)

12. EARNINGS PER ORDINARY SHARE

Basic

The basic earnings per share ("EPS") is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group 2018	The Group 2017
Profit attributable to ordinary equity holders of the Company (RM'000)	9,784	15,222
Weighted average number of ordinary shares in issue ('000)	392,933	391,281
Basic earnings per share (sen)	2.49	3.89

Diluted

Diluted earnings per share has been calculated by dividing profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares that would have been in issue assuming full exercise of the share options granted under the ESOS of the Company, adjusted by the number of such ordinary shares that would have been issued at fair value, as follows:

	The Group 2018	The Group 2017
Profit attributable to ordinary equity holders of the Company (RM'000)	9,784	15,222
Weighted average number of ordinary shares in issue ('000)	392,933	391,281
Effect of share options dilution ('000)	1,755	7,322
Adjusted weighted average number of ordinary shares in issue ('000)	394,688	398,603
Diluted earnings per share (sen)	2.48	3.82

13. DIVIDENDS

	The Company 2018 RM	The Company 2017 RM
Single tier final dividend of 1.0 sen per ordinary share in respect of 2017 (2017: 0.5 sen per ordinary share in respect of 2016)	3,942,299	1,960,354
Single tier interim dividend of 0.5 sen per ordinary share in respect of 2018 (2017: 0.5 sen per ordinary share in respect of 2017)	1,959,810	1,963,694
	5,902,109	3,924,048

The directors propose a single tier final dividend of 0.25 sen per ordinary share in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Cost									
As of 1 January 2017	39,849	62,435	157,678	9,532	58,443	27,543	2,568	564	358,612
Additions	–	–	–	90	2,486	1,007	8	8,688	12,279
Disposals and write-offs	–	–	–	–	(369)	(772)	–	–	(1,141)
Reclassification	–	–	–	339	–	–	–	(339)	–
As of 31 December 2017	39,849	62,435	157,678	9,961	60,560	27,778	2,576	8,913	369,750
As of 1 January 2018	39,849	62,435	157,678	9,961	60,560	27,778	2,576	8,913	369,750
Additions	–	–	–	428	18,059	2,659	119	65,007	86,272
Disposals and write-offs	–	–	–	–	(10,138)	(1,882)	(19)	–	(12,039)
As of 31 December 2018	39,849	62,435	157,678	10,389	68,481	28,555	2,676	73,920	443,983
Accumulated Depreciation									
As of 1 January 2017	–	4,246	19,041	5,284	44,732	23,535	2,091	–	98,929
Charge for the year	–	1,249	3,587	776	2,931	1,444	197	–	10,184
Disposals and write-offs	–	–	–	–	(369)	(772)	–	–	(1,141)
As of 31 December 2017	–	5,495	22,628	6,060	47,294	24,207	2,288	–	107,972
As of 1 January 2018	–	5,495	22,628	6,060	47,294	24,207	2,288	–	107,972
Charge for the year	–	1,249	3,588	753	3,462	1,311	130	–	10,493
Disposals and write-offs	–	–	–	–	(9,367)	(1,868)	(18)	–	(11,253)
As of 31 December 2018	–	6,744	26,216	6,813	41,389	23,650	2,400	–	107,212

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Accumulated Impairment									
As of 1 January 2017/ 31 December 2017/ 1 January 2018/ 31 December 2018	–	1,736	–	–	–	–	–	–	1,736
Net Carrying Amount									
As of 31 December 2017	39,849	55,204	135,050	3,901	13,266	3,571	288	8,913	260,042
As of 31 December 2018	39,849	53,955	131,462	3,576	27,092	4,905	276	73,920	335,035

(a) Property, plant and equipment with carrying amount totalling RM122,939,769 (2017: RM126,310,473) were charged to financial institutions as securities for credit facilities granted to the Group (Note 25).

(b) Carrying amount of motor vehicles acquired under hire-purchase arrangements amounted to RM22,938,845 (2017: RM10,279,023).

(c) Leasehold land as of 31 December 2018 relate to:

(i) Lease of land for the Group's warehouse with office buildings erected thereon located in Port Klang, Selangor with lease term expiring in the year of 2087;

(ii) Sub-leases of land from a third party for the Group's warehouses with office buildings erected thereon located in Port of Tanjung Pelepas, Johor with lease term expiring in year of 2055; and

(iii) Lease of land for the Group's warehouse with assembling facility erected thereon located in Port Klang, Selangor with lease term expiring in the year of 2105.

The Group does not have an option to purchase the land under lease upon the expiry of the lease period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. INVESTMENT IN SUBSIDIARY COMPANIES, AMOUNT OWING BY/TO SUBSIDIARY AND AFFILIATED COMPANIES

Investment in subsidiary companies comprises:

	The Company	
	2018 RM'000	2017 RM'000
Unquoted shares - at cost	22,232	22,232
Accumulated impairment losses	(10,711)	(10,711)
Net	11,521	11,521

The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

	Proportion of ownership interest and voting power 2018 %	2017 %	Principal Activities
Direct Subsidiary Companies			
CJ Century Logistics Sdn. Bhd.	100	100	Total logistics and courier services
CJ Century Technology Sdn. Bhd.	100	100	Procurement logistics services
Century Logistics Sdn. Bhd.	100	100	Investment holding
Century Logistics (Johore) Sdn. Bhd.	100	100	Dormant
CJ Century Forwarding Sdn. Bhd.	70	70	Freight forwarding and shipping agency
Indirect Subsidiary Companies			
Storewell (M) Sdn. Bhd.	100	100	Bonded warehousing
CJ Century DMS Sdn. Bhd.	70	70	Data management solutions
Century Logistics (Sarawak) Sdn. Bhd.	100	100	Dormant
CJ Procurement Sdn. Bhd. (formerly known as CJ Century Procurement Sdn. Bhd. and Century LED Sdn. Bhd.)	100	100	Procurement logistics services
Century Logistics (S'pore) Pte. Ltd. * (Incorporated in Singapore)	–	100	Dormant
Century-YES Logistics (Yichun) Co. Ltd.^ (Incorporated in the People's Republic of China)	75	75	Dormant

* This company has been struck off from the register of Singapore Accounting and Corporate Regulatory Authority on 4 December 2018.

^ The financial statements of this company were not subject to audit.

15. INVESTMENT IN SUBSIDIARY COMPANIES, AMOUNT OWING BY/TO SUBSIDIARY AND AFFILIATED COMPANIES (CONT'D)

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operations	Number of wholly-owned subsidiary companies	
		2018	2017
Total logistics and courier services	Malaysia	1	1
Procurement logistics services	Malaysia	2	2
Investment holding	Malaysia	1	1
Bonded warehousing	Malaysia	1	1
Dormant	Malaysia	2	2
Dormant	Singapore	1	1

Principal activity	Place of incorporation and operations	Number of non-wholly-owned subsidiary companies	
		2018	2017
Freight forwarding and shipping agency	Malaysia	1	1
Data management solutions	Malaysia	1	1
Dormant	People's Republic of China	1	1

As of 31 December 2018 and 2017, none of the Company's non-wholly owned subsidiary companies has material non-controlling interests.

Amount owing by/to subsidiary companies, which arose mainly from management fee income and expenses paid on behalf, is unsecured, interest-free and repayable on demand.

Affiliated companies refer to group of companies within CJ Corporation, the ultimate holding company of CJ Logistics Asia Pte. Ltd., a substantial shareholder of the Company. Amount owing by/to affiliated companies, which arose mainly from trade transactions, is unsecured, interest-free and repayable within the credit period of 30 days.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. INVESTMENT IN SUBSIDIARY COMPANIES, AMOUNT OWING BY/TO SUBSIDIARY AND AFFILIATED COMPANIES (CONT'D)

Composition of the Group (Cont'd)

During the financial year, significant transactions with subsidiary companies which are determined on a basis negotiated between the said parties are as follows:

	The Company	
	2018 RM'000	2017 RM'000
CJ Century Logistics Sdn. Bhd. ("CJCL")		
Management fee income	4,680	4,680
CJ Century Technology Sdn. Bhd.		
Management fee income	576	576
CJ Century DMS Sdn. Bhd. ("CJCD")		
Management fee income	144	144

Related parties and relationship are as follows:

Name of related parties	Relationship
CJ Logistics Asia Pte. Ltd.	A substantial shareholder of the Company
CJ Century Forwarding Sdn. Bhd. ("CJCF")	A company in which Sabarin Bin Ibrahim, a director in CJCF and CJCL, has 30% equity interest
CJ Korea Express Malaysia Sdn. Bhd.	A subsidiary company of CJ Logistics Asia Pte. Ltd., a substantial shareholder of the Company
EC Services Enterprise Sdn. Bhd.	A subsidiary company of CJ Korea Express Malaysia Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. INVESTMENT IN SUBSIDIARY COMPANIES, AMOUNT OWING BY/TO SUBSIDIARY AND AFFILIATED COMPANIES (CONT'D)

Composition of the Group (Cont'd)

During the financial year, significant transactions with related parties, which are determined on a basis as negotiated between the said parties are as follows:

	The Group	
	2018 RM'000	**2017 RM'000**
CJ Logistics Asia Pte. Ltd.		
Provision of logistics services by CJCL	42	–
Provision of logistics services to CJCL	12	–
CJ Century Forwarding Sdn. Bhd.		
Provision of freight forwarding services to CJCL	204	193
CJ Korea Express Malaysia Sdn. Bhd.		
Provision of logistics services by CJCL	4,832	99
Acquisition of property, plant and equipment by CJCL	1,767	–
Provision of logistics services to CJCL	856	79
Provision of data management solution services by CJCD	15	5
Provision of consultation services to CJCL	–	750
EC Services Enterprise Sdn. Bhd.		
Provision of logistics services by CJCL	374	757
Provision of logistics services to CJCL	34	10

16. GOODWILL ON CONSOLIDATION

	The Group	
	2018 RM'000	**2017 RM'000**
At beginning and end of year	1,443	1,443

Goodwill on consolidation of the Group arose from the acquisition of certain subsidiary companies of which their underlying assets and operations were subsequently transferred to another subsidiary company, CJ Century Logistics Sdn. Bhd. ("CJCL"), to enable CJCL to operate as a total logistics service provider. Accordingly, goodwill on consolidation has been allocated to cash generating units ("CGUs") within CJCL that benefited from the business combination. As of 31 December 2018 and 2017, CGUs to which the carrying value of goodwill related to are ship-to-ship transfer operations and Lot 8 General Warehouse.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. GOODWILL ON CONSOLIDATION (CONT'D)

Key assumptions used in value in use calculations

The recoverable amount of the CGUs is determined from a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to pricing and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in service rates and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a three-year period based on growth rates consistent with the long-term average growth rate for the industry. The rate used to discount the forecasted cash flows of 5.05% (2017: 4.78%) reflects specific risks and expected returns relating to the industry. Management determined budgeted gross margin based on past performance and its expectations of market development.

17. INVENTORIES

	The Group	
	2018 RM'000	2017 RM'000
Assembled products	9,797	4,460
Assembling parts	7,465	2,994
Trading merchandise	1,592	430
	18,854	7,884

18. TRADE RECEIVABLES

	The Group	
	2018 RM'000	2017 RM'000
Trade receivables	76,461	68,979
Less: Allowance for doubtful debts	(811)	(1,135)
Net	75,650	67,844

The credit terms of the Group range from 3 to 120 days (2017: 3 to 60 days).

Included in the Group's trade receivables are debtors with a carrying amount of RM30,868,275 (2017: RM19,726,376) which are past due at the reporting date for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. TRADE RECEIVABLES (CONT'D)

Ageing of past due but not impaired receivables is as follows:

	The Group	
	2018 RM'000	2017 RM'000
1-30 days	13,220	12,738
31-60 days	11,108	3,957
61-90 days	4,936	1,393
More than 90 days	1,604	1,638
Total	30,868	19,726

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2018 RM'000	2017 RM'000
At beginning of year		
As previously stated	1,135	1,105
Impact of adoption of MFRS 9	142	–
As restated	1,277	1,105
Allowance for doubtful debts (Note 10)	148	583
Allowance for doubtful debts no longer required (Note 10)	(284)	(423)
Write-off against trade receivables	(330)	(130)
At end of year	811	1,135

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The directors believe that no further write down is required in excess of the allowance for doubtful debts.

As of the end of the reporting period, amount owing by ten (10) major customers of the Group, which transacted with a subsidiary company principally involved in the provision of total logistics and courier services and another subsidiary company principally involved in the provision of procurement logistics services, accounted for 44% (2017: 53%) of the Group's trade and other receivables. The extension of credit to and repayments from these customers are closely monitored by management to ensure that they adhere to the agreed credit terms and policies.

The currency profile of trade receivables is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	74,056	66,027
United States Dollar	2,405	2,952
	76,461	68,979

19. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other receivables	16,892	12,413	–	–
Refundable deposits	5,390	4,617	2	2
Prepaid expenses	2,359	2,801	4	8
Goods and Services tax recoverable	3,603	472	22	–
	28,244	20,303	28	10

Included in other receivables of the Group are amounts recoverable from customers of a subsidiary company engaged in procurement logistics services for purchases of raw materials and consumables inventories made on their behalf totalling RM5,606,599 (2017: RM9,811,006).

The currency profile of the Group's other receivables, deposits and prepaid expenses is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	25,685	17,396
United States Dollar	2,557	2,905
Others	2	2
	28,244	20,303

The Company's other receivables, deposits and prepaid expenses are predominantly denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Investment in money market funds	62,060	49,357	–	–

Investment in money market funds of the Group are managed by two (2) licensed fund management companies of which amounts deposited can be withdrawn at the discretion of the Group given a two (2) days-notice period.

Investment in money market funds of the Group are predominantly denominated in Ringgit Malaysia.

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	15,723	19,466	155	285
Deposits with licensed banks	1,305	2,852	–	–
	17,028	22,318	155	285

Included in cash and bank balances of the Group is bank balance amounting to RM1,459,068 (2017: RM Nil) representing cash collected on behalf of the customers as part of the Group's courier services operations, which are to be remitted to the customers within 1 week from the date of collection.

The weighted average interest rate of deposits with licensed bank is 3.20% (2017: 3.03%) per annum. The maturity periods of deposits of the Group range from 1 to 14 days (2017: 1 to 14 days).

The currency profile of the Group's deposits, cash and bank balances is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	13,744	14,316
United States Dollar	2,139	6,809
Chinese Renminbi	1,139	1,177
Others	6	16
	17,028	22,318

The Company's deposits, cash and bank balances are predominantly denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. SHARE CAPITAL

	The Company			
	No. of Shares			
	2018	2017	2018 RM'000	2017 RM'000
Issued and fully paid:				
At beginning of year	392,798,890	384,734,890	199,184	192,367
Exercise of ESOS shares (Note 34)	1,431,000	8,064,000	859	4,869
Transfer arising from "no par value" regime of the Companies Act 2016	–	–	–	1,948
At end of year	394,229,890	392,798,890	200,043	199,184

In accordance with the transitional provisions of the Companies Act 2016 ("the Act") which came into operation on 31 January 2017, the amount standing to the credit of the Company's share premium account as of the said date became part of the Company's share capital. This change did not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders. Included in issued capital as of 31 December 2018 is an amount of RM1,948,000 (2017: RM1,948,000) transferred from share premium on 31 January 2017, which can be utilised in a manner as specified by the Act during the 24 month-transitional period.

During the financial year, the Company increased its issued and paid-up ordinary share capital by the issuance of 1,431,000 new ordinary shares at the issue price of RM0.60 per share (2017: issuance of 7,824,000 new ordinary shares at the issue price of RM0.60 per share and 240,000 new ordinary shares at the issue price of RM0.73 per share) pursuant to the Company's Employees' Share Option Scheme. The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

22. TREASURY SHARES

During the current financial year, the Company bought back 3,968,900 of its issued ordinary shares from the open market at average price of RM0.63 per share. The total consideration paid for the purchase was RM2,505,819.

As of 31 December 2018, the Company held as treasury shares a total of 3,968,900 of its 394,229,890 issued ordinary shares. The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM2,505,819.

23. RESERVES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Equity-settled employees' benefits reserve	1,424	101	1,424	101
Translation reserve	744	726	–	–
Retained earnings	123,248	119,218	20,260	25,040
	125,416	120,045	21,684	25,141

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. RESERVES (CONT'D)

Equity-Settled Employees' Benefits Reserve

The equity-settled employees' benefits reserve relates to share options granted by the Company to employees of the Group under the ESOS. Further information about share-based payments to employees is set out in Note 34.

Translation Reserve

Translation reserve represents the exchange differences arising from the translation of financial statements of the foreign operations where functional currencies are different from that of the presentation currency of the consolidated financial statements.

Retained Earnings

The Company's retained earnings as of 31 December 2018 are distributable as dividends under the single tier income tax system.

24. HIRE-PURCHASE PAYABLES

	The Group	
	2018 RM'000	2017 RM'000
Total outstanding	17,964	5,501
Less: Interest-in-suspense	(1,508)	(392)
Principal outstanding	16,456	5,109
Less: Portion due within the next 12 months (shown under current liabilities)	(5,151)	(2,389)
Non-current portion	11,305	2,720

The non-current portion is repayable as follows:

	The Group	
	2018 RM'000	2017 RM'000
Within 1 to 2 years	4,889	1,338
Within 2 to 5 years	6,416	1,382
	11,305	2,720

The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range from 4.56% to 5.16% (2017: 4.68% to 5.16%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

The hire-purchase payables of the Group are secured by the financial institutions' charge over the assets under hire-purchase.

Hire-purchase payables are predominantly denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. LONG-TERM BORROWINGS

	The Group	
	2018 RM'000	2017 RM'000
Secured:		
Principal outstanding	115,509	42,755
Portion due within the next 12 months (Note 29)	(16,318)	(11,592)
Non-current portion	99,191	31,163

The non-current portion of the long-term loans is repayable as follows:

	The Group	
	2018 RM'000	2017 RM'000
Within 1 to 2 years	24,088	12,030
Within 2 to 5 years	47,348	18,677
5 years and thereafter	27,755	456
	99,191	31,163

The weighted average effective interest rate of the above long-term loans is 5.05% (2017: 4.78%) per annum.

Long-term loans pertaining to a subsidiary company are secured by:

(i) a deed of assignment by a subsidiary company in favour of the bank over all areas of certain sub-leases of land and buildings (Note 14);
(ii) a specific debenture over a sub-lease of land and building together with fixture and fittings now or from time to time on the said building (Note 14);
(iii) a specific debenture over certain sub-leases of land (Note 14);
(iv) assignment of rental proceeds; and
(v) corporate guarantee by the Company amounting to RM186,443,000 (2017: RM92,750,000).

The Group's borrowings are denominated in Ringgit Malaysia.

26. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets	(5)	(120)	(2)	(120)
Deferred tax liabilities	8,967	7,398	–	–
	8,962	7,278	(2)	(120)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets and current liabilities and when the deferred taxes relate to the same tax authority.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The Group

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of year RM'000
2018			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	7,310	1,705	9,015
Others	398	82	480
	7,708	1,787	9,495
Offsetting:			
Deferred tax asset			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(284)	(20)	(304)
Others	(146)	(83)	(229)
	(430)	(103)	(533)
Deferred tax liabilities (after offsetting)	7,278	1,684	8,962
2017			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	7,073	237	7,310
Others	405	(7)	398
	7,478	230	7,708
Offsetting:			
Deferred tax asset			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(407)	123	(284)
Others	(23)	(123)	(146)
	(430)	–	(430)
Deferred tax liabilities (after offsetting)	7,048	230	7,278

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The Company

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of year RM'000
2018			
Deferred tax assets			
Tax effect of temporary differences arising from:			
- Other payables and accrued expenses	–	(2)	(2)
- Unused tax losses	(120)	120	–
	(120)	118	(2)
2017			
Deferred tax assets			
Tax effect of unused tax losses	–	(120)	(120)

Details of unused capital allowances and tax losses which have not been recognised in the financial statements due to uncertainty of realisation are as follows:

	The Group 2018 RM'000	2017 RM'000
Unused capital allowances and tax losses	524	429

The unused capital allowances and tax losses, are available for offset against future taxable income until the year of assessment 2025.

27. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit terms of the Group for trade payables are granted on a case-by-case basis.

The currency profile of trade payables is as follows:

	The Group 2018 RM'000	2017 RM'000
Ringgit Malaysia	25,408	17,846
United States Dollar	10,557	2,876
Others	22	111
	35,987	20,833

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other payables	20,029	16,100	–	6
Accrued expenses	17,162	13,766	1,233	1,375
Refundable deposits	1,991	1,884	–	–
Goods and Services tax payable	1,967	343	–	29
	41,149	32,093	1,233	1,410

Included in other payables of the Group are:

(a) Amount payable to building contractor pertaining to the construction of a multi-storey warehouse of RM11,245,165 (2017: RM Nil); and
(b) Amount payable to designated suppliers of raw materials and consumables of customers, which engaged a subsidiary company to provide procurement logistics services, amounting to RM4,330,763 (2017: RM13,026,519).

The currency profile of the Group's other payables and accrued expenses is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Ringgit Malaysia	37,526	18,113
United States Dollar	3,584	13,933
Others	39	47
	41,149	32,093

The Company's other payables and accrued expenses are predominantly denominated in Ringgit Malaysia.

29. SHORT-TERM BORROWINGS

	The Group	
	2018 RM'000	2017 RM'000
Secured:		
Portion of long-term loans due within the next 12 months (Note 25)	16,318	11,592

The Group has term loans, bank overdrafts and revolving credit facilities amounting to RM192.4 million (2017: RM98.8 million) obtained from various financial institutions.

The Group's short-term borrowings are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances (Note 20)	15,723	19,466	155	285
Deposits with licensed banks (Note 20)	1,305	2,852	–	–
	17,028	22,318	155	285

31. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 24, 25 and 29) offset by cash and bank balances and equity of the Group (comprising issued capital, reserves and non-controlling interests as detailed in Notes 21 and 23).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period is as follows:

	The Group	
	2018 RM'000	2017 RM'000
Debts, comprising:		
Borrowings (Note 25)	115,509	42,755
Hire-purchase payables (Note 24)	16,456	5,109
	131,965	47,864
Investment in money market funds	(62,060)	(49,357)
Deposits, cash and bank balances	(17,028)	(22,318)
Net debt/(cash)	52,877	(23,811)
Shareholders' equity	323,908	320,311
Net debt to equity ratio	16%	N/A

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Categories of financial instruments

	The Group	
	2018 RM'000	**2017 RM'000**
Financial assets		
Fair value through profit or loss		
Investment in money market funds	62,060	–
Amoritised cost (2017: Loans and receivables)		
Trade receivables	75,650	67,844
Other receivables and refundable deposits (Note 19)	22,282	17,030
Amount owing by affiliated companies	4,443	113
Deposits, cash and bank balances	17,028	71,675
	119,403	156,662
Financial liabilities at amortised cost		
Trade payables	35,987	20,833
Other payables and accrued expenses	39,182	31,750
Amount owing to an affiliated company	2,862	1
Total borrowings (Note 25)	115,509	42,755
Hire-purchase payables (Note 24)	16,456	5,109
	209,996	100,448

	The Company	
	2018 RM'000	**2017 RM'000**
Financial assets		
Amortised cost (2017: Loans and receivables)		
Other receivables and refundable deposits (Note 19)	2	2
Amount owing by subsidiary companies	210,380	215,614
Deposits, cash and bank balances	155	285
	210,537	215,901
Financial liabilities at amortised cost		
Other payables and accrued expenses	1,233	1,381
Amount owing to subsidiary companies	1,710	1,895
	2,943	3,276

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

Fair value of the Group's investment in money market funds, which is measured based on quoted net asset value of the underlying funds, is categorised under Level 1 fair value hierarchy.

The directors consider the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, including long-term borrowings which are subjected to floating interest rates.

Financial risk management objectives

The Company's shared services function provides services to the entities within the Group, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks.

Foreign currency risk management

The Group is exposed to foreign currency risk arising from trade sales and trade purchases denominated in currencies other than the functional currency of the operating entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

The Group hedges majority of USD denominated purchase transactions by foreign currency ("FC") forward contracts as well as maintaining USD denominated bank accounts. The following table details the FC forward contracts outstanding at the end of the reporting period:

Outstanding contracts	Range of exchange rates	Foreign currency USD'000	Notional value RM'000	Fair value (loss)/gain RM'000
2018				
Buy USD				
Less than 3 months	4.17 - 4.20	1,307	5,471	44
Sell USD				
Less than 1 month	4.18	300	1,253	(7)
2017				
Buy USD				
Less than 3 months	4.05 - 4.25	1,261	5,237	(128)

Fair values of the abovementioned FC forward contracts, which are categorised into Level 2 of the fair value hierarchy, have been determined based on discounted cashflow analysis. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

In respect of USD denominated monetary assets and liabilities not covered by FC forward exchange contracts, if USD were to change 5% against Ringgit Malaysia, profit and equity will increase/decrease by approximately RM141,000 (2017: RM55,000).

31. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management

The Group's interest rate risk relates to interest-bearing debts. The Group manages its interest rate risk by actively reviewing its debt portfolio. This strategy will allow the Group to capitalise on more favourable funding in a low interest rate environment and hence, to achieve a certain level of protection against interest rate hikes.

The Group is mainly exposed to interest rate risk through long-term loans, with the underlying weighted average effective interest rate of 5.05% (2017: 4.78%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would decrease or increase by RM77,000 (2017: RM49,000).

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent search agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate the major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limits that are reviewed and approved by the Managing Director, Executive Director or Head of Department depending on the threshold of credit limit.

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Other than those disclosed in Note 18, the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's expected maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

The Group	Weighted average effective interest rate %	Less than 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2018						
Hire-purchase payables	4.56-5.16	5,905	5,368	6,691	–	17,964
Borrowings	5.05	21,939	29,211	61,384	42,654	155,188
		27,844	34,579	68,075	42,654	173,152
2017						
Hire-purchase payables	4.68- 5.16	2,602	1,454	1,445	–	5,501
Borrowings	4.78	13,415	13,415	20,894	565	48,289
		16,017	14,869	22,339	565	53,790

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by them. The maximum exposure to credit risk amounted to RM257.7 million (2017: RM124.1 million) representing the banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 25.

32. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- Total logistics services
- Procurement logistics services
- Courier services

Inter-segment sales comprises provision of total logistics services to other business segment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SEGMENTAL INFORMATION (CONT'D)

Segment Revenue and Results

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2018					
REVENUE					
External sales	258,526	130,956	11,516	–	400,998
Inter-segment sales	2,892	109	–	(3,001)	–
Total revenue	261,418	131,065	11,516	(3,001)	400,998
RESULTS					
Segment results	11,786	9,435	(6,743)	766	15,244
Interest income	2,599	126	–	(2)	2,723
Profit/(Loss) from operations	14,385	9,561	(6,743)	764	17,967
Finance costs	(3,891)	(14)	(440)	–	(4,345)
Income tax expense	(3,029)	(711)	–	–	(3,740)
Profit/(Loss) for the year	7,465	8,836	(7,183)	764	9,882

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2017					
REVENUE					
External sales	246,315	48,282	–	–	294,597
Inter-segment sales	1,694	–	–	(1,694)	–
Total revenue	248,009	48,282	–	(1,694)	294,597
RESULTS					
Segment results	18,106	3,292	–	(45)	21,353
Interest income	1,592	813	–	–	2,405
Profit from operations	19,698	4,105	–	(45)	23,758
Finance costs	(2,480)	(165)	–	–	(2,645)
Income tax expense	(5,021)	(834)	–	–	(5,855)
Profit for the year	12,197	3,106	–	(45)	15,258

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SEGMENTAL INFORMATION (CONT'D)

Segment Assets and Liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one period.

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2018					
SEGMENT ASSETS					
Segment assets	668,389	82,796	27,093	(233,272)	545,006
Consolidated total assets					545,006
SEGMENT LIABILITIES					
Segment liabilities	369,515	52,661	19,306	(220,384)	221,098
Consolidated total liabilities					221,098
2017					
SEGMENT ASSETS					
Segment assets	598,346	74,704	–	(243,279)	429,771
Consolidated total assets					429,771
SEGMENT LIABILITIES					
Segment liabilities	285,196	53,365	–	(229,101)	109,460
Consolidated total liabilities					109,460
OTHER SEGMENT INFORMATION					
2018					
Capital expenditure	81,289	841	4,142	–	86,272
Depreciation	8,389	1,081	1,023	–	10,493
2017					
Capital expenditure	12,234	45	–	–	12,279
Depreciation	9,079	1,105	–	–	10,184

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. COMMITMENTS

(a) Capital commitments

As of the end of the financial year, the Group has the following capital commitments in respect of purchase of property, plant and equipment:

	The Group	
	2018 **RM'000**	**2017** **RM'000**
Approved and contracted for	71,483	118,538
Approved but not contracted for	15,812	804

(b) Lease commitments

As of the end of the financial year, the Group has the following commitments in respect of rental of premises pertaining to a subsidiary company:

	The Group Future minimum lease payments	
	2018 **RM'000**	**2017** **RM'000**
Financial years ending 31 December:		
2018	–	7,931
2019	6,360	2,415
2020	1,552	–
	7,912	10,346

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. SHARE-BASED PAYMENTS

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6 January 2015. The ESOS was implemented on 8 January 2015 and will be in force for a maximum period of 5 years from the effective date.

The maximum number of the Company's shares under the ESOS should not exceed 15% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the duration of the scheme.

Other salient features of the ESOS are as follows:

(i) The employees eligible to participate in the ESOS must have attained the age of 18 years, is not an undischarged bankrupt or subject to any bankruptcy proceedings, is a Malaysian citizen and has been confirmed in service and in permanent employment of the Group.

(ii) The actual entitlement of an eligible employee shall essentially be based on the seniority of job position and work performance. Notwithstanding the foregoing, not more than 10% of the shares under ESOS shall be allocated to any eligible employee who, either singly or collectively, through persons connected to him, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company.

(iii) The price of which the grantee is entitled to subscribe for shares under ESOS shall be the higher of:

  (a) The volume weighted average market price of the shares for the 5 market days immediately preceding the date of offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give; or

  (b) The par value of the shares.

(iv) The option granted to a grantee under the ESOS is exercisable only by the grantee during his employment within the Group and within the option period subject to the by-laws.

(v) The shares to be allotted upon the exercise of the option shall, upon issue and allotment, rank pari passu in all respects with the existing issued and paid-up share capital of the Company, except that such shares will not be entitled for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders which record date thereof precedes the date of allotment of the shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

(vi) Upon acceptance of the offer, eligible employees at the commencement of the scheme may exercise their options at a maximum percentage of 20% each year over the option period. Persons who become eligible after the commencement of the scheme may exercise their options in equal percentage for each of the remaining years of the scheme.

Options granted pursuant to ESOS during 2015, which are vested and exercisable over a period of 5 years, are as follows:

Option series	Grant date	Number of options	Expiry date	Exercise price RM	Fair value per option at grant date RM
Grant 1	8.1.2015	53,090,000	7.1.2020	0.60	0.1927
Grant 2	16.4.2015	1,800,000	7.1.2020	0.73	0.2398

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options granted in the year

Fair value of the share options granted during 2015 was valued using the Black-Scholes Valuation model. Inputs into the valuation model are as follows:

	Grant 1	Grant 2
Share price at grant date	RM0.665	RM0.810
Exercise price	RM0.600	RM0.730
Dividend yield	2.3%	2.3%
Expected life	5 years	5 years
Risk-free interest rate	3.86%	3.86%
Volatility	27.4%	27.4%

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	At 1 January 2018 RM'000	Cash Flows RM'000	New Hire-Purchase Arrangements RM'000	At 31 December 2018 RM'000
The Group				
Hire-purchase payables (Note 24)	5,109	(4,370)	15,717	16,456
Long-term borrowings (Note 25)	42,755	72,754	–	115,509

	At 1 January 2017 RM'000	Cash Flows RM'000	New Hire-Purchase Arrangements RM'000	At 31 December 2017 RM'000
The Group				
Hire-purchase payables (Note 24)	5,723	(2,998)	2,384	5,109
Long-term borrowings (Note 25)	63,641	(20,886)	–	42,755

STATEMENT BY DIRECTORS

The Directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** *(formerly known as Century Logistics Holdings Berhad)* state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2018 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf on the Board in accordance with a resolution of the Directors,

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
27 February 2019

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **KIM PIL YOUNG**, the Chief Financial Officer primarily responsible for the financial management of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** *(formerly known as Century Logistics Holdings Berhad)*, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the requirements of the Statutory Declarations Act, 1960.

KIM PIL YOUNG

Subscribed and solemnly declared by the above named **KIM PIL YOUNG** at **SELANGOR** this 27th day of February, 2019.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

AS AT 31 DECEMBER 2018

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2018 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	17 years	558,647	Leasehold Expiry: 29 March 2087	30,593,679
Plot D16 & D18, Jalan Tanjung A/3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2008*	12 years	335,412	Sub Lease Expiry: 23 March 2055	25,529,384
Plot D12, Jalan Tanjung A/2 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2007	11 years	321,037	Sub Lease Expiry: 23 March 2055	21,189,069
Plot D14, Jalan Tanjung A/3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2009	9 years	156,511	Sub Lease Expiry: 23 March 2055	14,118,699
Plot D28-B, D28-C & D28-D Jalan DPB 3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	2 single storey warehouses	2014*	6 years	653,400	Sub Lease Expiry: 23 March 2055	76,221,316
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	20 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	17,762,108
Lot No. PT77522 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Triple storey warehouse with office building	2015	Currently under construction	358,105	Freehold	39,848,882
						225,263,137

ANALYSIS OF SHAREHOLDINGS
AS AT 5 MARCH 2019

Total Number of Issued Shares	:	394,229,890 (including the treasury shares of 3,968,900)
Paid-Up Share Capital	:	RM200,043,445.00 (including the treasury shares of RM2,505,818.87)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Holdings	%
1 – 99	125	2.52	4,612	0.00
100 – 1,000	379	7.64	238,617	0.06
1,001 – 10,000	2,440	49.17	14,273,562	3.66
10,001 – 100,000	1,749	35.25	57,136,148	14.64
100,001 – 19,513,048 (less than 5% of issued holdings)	268	5.40	198,063,815	50.75
19,513,049 and above (5% and above of issued holdings)	1	0.02	120,544,236	30.89
TOTAL	**4,962**	**100.00**	**390,260,990**	**100.00**

2. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of CJ Century Logistics Holdings Berhad (formerly known as Century Logistics Holdings Berhad) based on the Register of Directors' Shareholdings are as follows:-

		No. of Ordinary Shares Held			
No.		Direct	%*	Indirect	%*
1.	Datuk Lee Say Tshin	–	–	70,000 [(a)]	0.02
2.	Teow Choo Hing	44,024,294	11.28	2,224,416 [(b)]	0.57
3.	Yeap Khoo Soon Edwin	2,610,000	0.67	–	–
4.	Hong Sung Yong	–	–	–	–
5.	Ahn Jae Ho	–	–	–	–
6.	Lee Eui Sung	–	–	400,000 [(b)]	0.10
7.	Park Chul Moon	–	–	–	–
8.	Saryani Binti Che Ab Rahman	–	–	–	–
9.	Winston Tan Kheng Huang	–	–	–	–

Notes:

* Calculated based on 390,260,990 ordinary shares
(a) Deemed interested through his wife and son
(b) Deemed interested through his wife

ANALYSIS OF SHAREHOLDINGS
AS AT 5 MARCH 2019 (CONT'D)

3. LIST OF SUBSTANTIAL SHAREHOLDERS

The Substantial Shareholders of CJ Century Logistics Holdings Berhad (formerly known as Century Logistics Holdings Berhad) based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows:-

No.		No. of Ordinary Shares Held Direct	%*	Indirect	%*
1.	CJ Logistics Asia Pte. Ltd.	120,544,236	30.89	–	–
2.	Teow Choo Hing	44,024,294	11.28	2,224,416 [a]	0.57

Notes:

* Calculated based on 390,260,990 ordinary shares
[a] Deemed interested through his wife

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%
1	CJ Logistics Asia Pte. Ltd.	120,544,236	30.89
2	Kenanga Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Teow Choo Hing	17,332,016	4.44
3	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,176,018	3.63
4	Optimum Shine Sdn. Bhd.	13,051,738	3.34
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Teow Choo Hing	13,024,782	3.34
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB Bank For Teow Choo Hing	8,560,064	2.19
7	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Lim Soon Foo	5,346,056	1.37
8	Amanahraya Trustees Berhad – PB Islamic Smallcap Fund	5,339,700	1.37
9	Teow Choo Hing	5,107,432	1.31
10	Maybank Nominees (Tempatan) Sdn. Bhd. – Etiqa Life Insurance Berhad (Life Non Par)	3,722,800	0.95
11	Konsortium Ara Aramani Sdn. Bhd.	3,717,856	0.95
12	HSBC Nominees (Asing) Sdn. Bhd. – Exempt An For Credit Suisse	3,562,472	0.91

ANALYSIS OF SHAREHOLDINGS
AS AT 5 MARCH 2019 (CONT'D)

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Names	Shareholdings	%
13	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt An For AIA Bhd.	3,343,500	0.86
14	Nurmala Binti Abdul Hafiz	3,000,000	0.77
15	UOB Kay Hian Nominees (Asing) Sdn. Bhd. – Exempt An For UOB Kay Hian Pte. Ltd.	2,673,000	0.68
16	Yeap Khoo Soon Edwin	2,610,000	0.67
17	HSBC Nominees (Tempatan) Sdn. Bhd. – HSBC (M) Trustee Bhd For Singular Value Fund	2,366,900	0.61
18	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Cheah Bee Tin	2,224,416	0.57
19	Amanahraya Trustees Berhad – Public Islamic Opportunities Fund	2,107,000	0.54
20	Thong Weng Kin	2,095,928	0.54
21	RHB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Chen Hong Eng	1,763,648	0.45
22	Cartaban Nominees (Tempatan) Sdn. Bhd. – SSBT AIFM Fund SAFP For Lembaga Tabung Haji	1,716,600	0.44
23	Lim Pay Kaon	1,620,000	0.42
24	Foo Loke Weng	1,600,000	0.41
25	Thong Weng Kin	1,431,144	0.37
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Dato' Gan Boon Sin	1,420,000	0.36
27	Lee Meng Chang	1,414,500	0.36
28	Fariz Bin Jaafar	1,357,100	0.35
29	Farhanah Binti Jaafar	1,350,000	0.35
30	Lim Pei Tiam @ Liam Ahat Kiat	1,320,000	0.34
TOTAL		**248,898,906**	**63.78**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting ("**AGM**") of the Company will be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 April 2019 at 10:00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon. ***(Note 1)***

2. To approve the declaration and payment of a single-tier final dividend of 0.25 sen per share for the financial year ended 31 December 2018. ***(Resolution 1)***

3. 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 2019 and thereafter. ***(Resolution 2)***

4. To approve the payment of Directors' benefits to the Directors up to RM18,000 from 1 May 2019 until the Twenty-Third AGM of the Company. ***(Resolution 3)***

5. To re-elect the following Directors who are due to retire pursuant to Article 82 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   (a) Teow Choo Hing ***(Resolution 4)***
   (b) Puan Saryani Binti Che Ab Rahman ***(Resolution 5)***
   (c) Ahn Jae Ho ***(Resolution 6)***

6. To re-elect Hong Sung Yong who is due to retire pursuant to Article 85 of the Company's Articles of Association and being eligible, has offered himself for re-election. ***(Resolution 7)***

7. To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***(Resolution 8)***

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary and Special Resolutions:

8. **Ordinary Resolution** ***(Resolution 9)***
   - **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements, a shareholders' mandate be and is hereby granted to the Company and its subsidiary companies to enter into the Recurrent Related Party Transactions as described in the Circular/Statement to Shareholders dated 29 March 2019 with the related parties mentioned therein **PROVIDED THAT**:

   (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

   (ii) disclosure is made in the annual report of a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting, at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Ordinary Resolution** ***(Resolution 10)***
- **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, a shareholders' mandate be and is hereby granted to the Company and its subsidiary companies to enter into the Recurrent Related Party Transactions as described in the Circular/Statement to Shareholders dated 29 March 2019 with the related parties mentioned therein **PROVIDED THAT**:

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report of a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting, at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

10. **Ordinary Resolution** *(Resolution 11)*

- Proposed Renewal of Share Buy-Back Authority of Up to 10% of the total number issued shares of the Company

"**THAT** subject to the compliance with Section 127 of the Companies Act 2016 ("**the Act**") and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase, upon such terms and conditions as set out in the Circular/Statement to Shareholders dated 29 March 2019.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion to cancel all the shares so purchased; and/or retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or retain part thereof as treasury shares and cancel the remainder; or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of the Company's shares."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

11. **Ordinary Resolution** *(Resolution 12)*
    - Authority to Issue Shares pursuant to the Companies Act 2016

    "**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

    AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

12. **Special Resolution** *(Resolution 13)*
    - Proposed Adoption of a New Constitution of the Company

    "**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new constitution as set out in Appendix II of the Circular/Statement to Shareholders dated 29 March 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

    AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of a New Constitution of the Company ("**Proposed Adoption**") with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

13. To transact any other ordinary business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Single-Tier Final Dividend of 0.25 sen per share in respect of financial year ended 31 December 2018, will be payable on 7 June 2019 to depositors who are registered in the Record of Depositors at the close of business on 10 May 2019, if approved by shareholders at the forthcoming Twenty-Second Annual General Meeting on Tuesday, 30 April 2019.

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 May 2019 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
YEOW SZE MIN (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
29 March 2019

Notes:

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 April 2019 shall be eligible to attend the Meeting.

3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

4. Where a holder appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.

6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

Explanatory Notes To Special Business:

1. **Resolution 2 and Resolution 3**

   Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

   In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the Twenty-Second AGM in two (2) separate resolutions as below:

   - **Resolution 2** on 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 2019 and thereafter; and

   - **Resolution 3** on payment of Directors' benefits of up to RM18,000 in respect of meeting allowances payable for attendance of Board and/or Board Committee Meetings and AGM by the Non-Executive Directors with effect from 1 May 2019 up to the next AGM.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes To Special Business: (Cont'd)

2. **Resolution 9**

The proposed adoption of Resolution 9 is to obtain New Shareholders' Mandate for Recurrent Related Party Transactions. The New Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

3. **Resolution 10**

The proposed Resolution 10, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

4. **Resolution 11**

The proposed Resolution 11 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

5. **Resolution 12**

The proposed Resolution 12 is intended to renew the authority granted to the Directors of the Company at the Twenty-First Annual General Meeting of the Company held on 27 April 2018 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**Authority to Issue Shares**").

The Authority to Issue Shares granted by the shareholders at the Twenty-First AGM of the Company had not been utilised and hence no proceeds were raised therefrom.

The new Authority to Issue Shares will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

6. **Resolution 13**

The proposed Resolution 13 is undertaken primarily to streamline the existing Memorandum and Articles of Association ("**M&A**") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption of a New Constitution is also to align the existing M&A with the Main Market Listing Requirements issued by Bursa Securities Malaysia Berhad on 29 November 2017, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

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CJ CENTURY LOGISTICS HOLDINGS BERHAD
(formerly known as Century Logistics Holdings Berhad)
(Company No. 424341-A)
(Incorporated in Malaysia)

PROXY FORM

*I/We .... (NRIC / Company No. ....)
of .... being a *Member/Members of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** *(formerly known as Century Logistics Holdings Berhad)* ("Company"), do hereby appoint
.... (NRIC No. ....)
of ....
or failing *him/her, ... (NRIC No. ....)
of ....
or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to vote and act for *me/us, and on *my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 30 April 2019 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

No	Agenda		
1	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.		
		For	**Against**
2	To approve the declaration and payment of a single-tier final dividend of 0.25 sen per share for the financial year ended 31 December 2018. (Resolution 1)		
3	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 2019 and thereafter. (Resolution 2)		
4	To approve the payment of Directors' benefits to the Directors up to RM18,000 from 1 May 2019 until the Twenty-Third AGM of the Company. (Resolution 3)		
5	To re-elect Teow Choo Hing who is due to retire pursuant to Article 82 of the Company's Articles of Association. (Resolution 4)		
6	To re-elect Puan Saryani Binti Che Ab Rahman who is due to retire pursuant to Article 82 of the Company's Articles of Association. (Resolution 5)		
7	To re-elect Ahn Jae Ho who is due to retire pursuant to Article 82 of the Company's Articles of Association. (Resolution 6)		
8	To re-elect Hong Sung Yong who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 7)		
9	To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 8)		
Special Business			
10	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9)		
11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 10)		
12	Proposed Renewal of Share Buy-Back Authority of Up to 10% of the total number issued shares of the Company. (Resolution 11)		
13	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 12)		
14	Proposed Adoption of a New Constitution. (Resolution 13)		

* Strike out whichever not applicable.

As witness my/our hand this .... day of .... 2019.

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

....
Signature of Member/Common Seal

Fold this flap for sealing

Notes:

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 ("**the Act**") does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 April 2019 shall be eligible to attend the Meeting.
3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. Where a holder appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.
6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

Then fold here

AFFIX
STAMP

COMPANY SECRETARY
CJ CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)
(formerly known as Century Logistics Holdings Berhad)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

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CJ Century

CJ CENTURY LOGISTICS HOLDINGS BERHAD (424341-A)
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