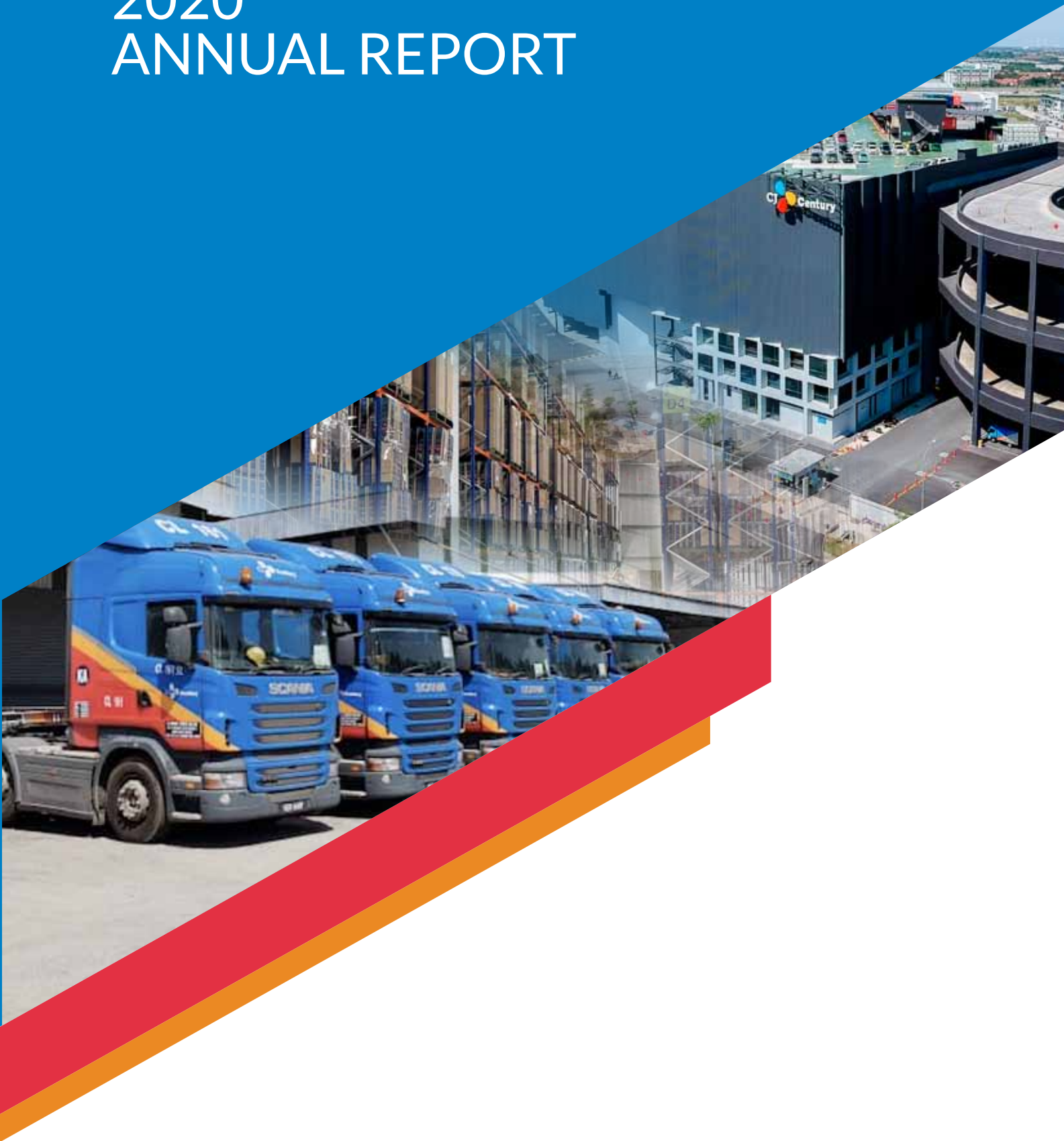


# 2020 ANNUAL REPORT

[www.cjcentury.com](http://www.cjcentury.com)



# Business Ethics

During the beginning of year 2020, we launched our refreshed Business Ethics

**Our Business Ethics underpin everything we do** – the services we deliver and how we behave and communicate with each other as well as with our customers and suppliers.

## Safety

**Be safe and well**

Everyone in our community should feel safe and well in the course of their day with us. We support and care for each other.

## Integrity

**Do the right things**

Various stakeholders rely on us. We have the courage to be honest and take responsibility for our actions.

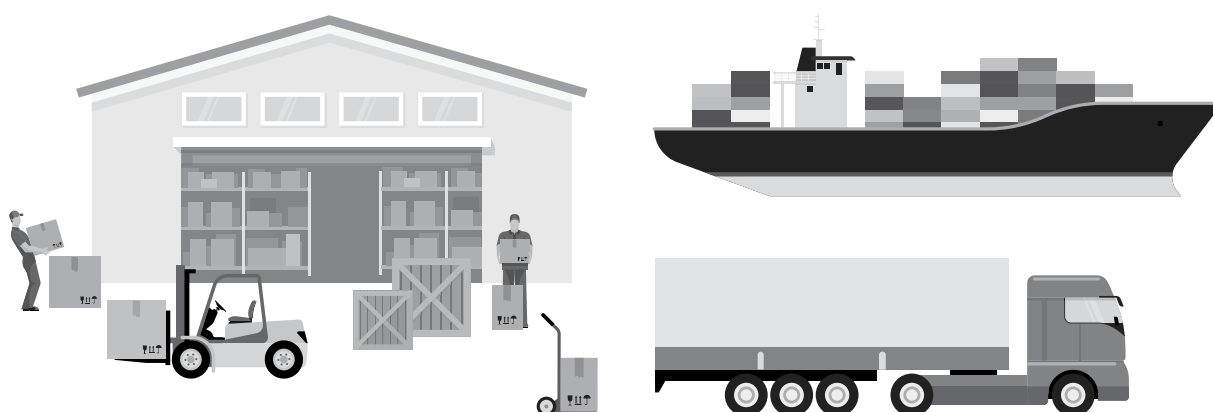


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## FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
<b>PROFITABILITY</b>					
Revenue (RM'000)	300,289	294,597	400,998	491,985	<b>635,707</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	37,930	31,537	25,737	20,420	<b>35,300</b>
Profit/(Loss) before taxation (RM'000)	25,594	21,113	13,622	(4,553)	<b>(4,971)</b>
Profit/(Loss) for the year attributable to equity holders (RM'000)	20,170	15,222	9,784	(7,531)	<b>922</b>
<b>BALANCE SHEET</b>					
Share capital (RM'000)	192,367	199,184	200,043	200,043	<b>300,043</b>
No of shares in issue (units) ('000)	384,735	392,799	394,230	394,230	<b>594,230</b>
Shareholders' equity (RM'000)	301,485	319,229	322,953	315,864	<b>415,905</b>
<b>FINANCIAL RATIO</b>					
Revenue growth	0.8%	-1.9%	36.1%	22.7%	<b>29.2%</b>
Earnings growth	-36.9%	-24.5%	-35.7%	-177.0%	<b>112.2%</b>
Return on equity	6.7%	4.8%	3.0%	-2.4%	<b>0.2%</b>
<b>SHARE INFORMATION</b>					
Weighted average number of ordinary shares (units) ('000)	380,705	391,281	392,933	390,261	<b>498,168</b>
Dividend per share (sen)	3.50	1.50	0.75	-	<b>-</b>
Earnings/(Loss) per share (sen)	5.30	3.89	2.49	(1.93)	<b>0.19</b>
Net assets per share (sen)	78	81	83	81	<b>71</b>



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**DATUK LEE SAY TSHIN**

Independent Non-Executive  
Chairman

**TEOW CHOO HING**

Chief Executive Officer

**LEE EUI SUNG**

Deputy Chief Executive Officer

**YEAP KHOO SOON EDWIN**

Executive Director

**HONG SUNG YONG**

Non-Independent  
Non-Executive Director

**JONATHAN PARK**

Non-Independent  
Non-Executive Director

**PARK CHUL MOON**

Non-Independent  
Non-Executive Director

**SARYANI BINTI CHE AB RAHMAN**

Independent Non-Executive Director

**WINSTON TAN KHEUNG HUANG**

Independent Non-Executive Director

### AUDIT COMMITTEE

**SARYANI BINTI CHE AB RAHMAN**

Chairperson

**DATUK LEE SAY TSHIN**

Member

**WINSTON TAN KHEUNG HUANG**

Member

**HONG SUNG YONG**

Member

### COMPANY SECRETARIES

**Chua Siew Chuan**

(MAICSA 0777689)  
SSM PC No: 201908002648

**Yeow Sze Min**

(MAICSA 7065735)  
SSM PC No: 201908003120

### AUDITORS

Ernst & Young 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

No.12, Persiaran Astana / KU2,  
Bandar Bukit Raja, 41050 Klang,  
Selangor Darul Ehsan  
Tel : 03 3385 5888  
Fax : 03 3385 6000  
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 manages the contract logistics of discerning clientele, where the value propositions are to improve operational efficiency that positively enhance the clientele and their end customers.

In 2016, Century became a member of the CJ Logistics family. 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 Valued Shareholders,**

*It is my pleasure to present CJ Century Logistics Holdings Berhad's ("CJ Century" or "Company") Annual Report for the financial year ended 31 December 2020.*

*We remained resilient in the face of the pandemic that has crippled the World.*



## CHAIRMAN'S MESSAGE (CONT'D)

### INDUSTRY REVIEW

Malaysia's GDP shrank by 5.6% in 2020, from a growth of 4.3% in 2019. The decline represented the biggest contraction since the 1998 Asian Financial Crisis. Although the logistics industry was not directly affected by the poor business environment, the resultant cost and competitive pressures posed serious threats to our business.

Subsequent to the financial year end, new challenges have emerged resulting from the recovery of global trade especially those originating from China. Due to this trade imbalance, a critical shortage of containers is driving up shipping costs and delays for goods purchased from China.

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 RM635.7 million and profit after taxation of RM1.05 million in FY 2020, representing a jump in revenue of 29.2% and reversal of the loss recorded in the previous financial year. A more detailed discussion and analysis of our performance is contained in the Chief Executive Officer's Message of this Annual Report.

Despite the reduction in financial performance, our balance sheet remained healthy with shareholders' funds of RM417.0 million, and net assets per share of 71 sen as at 31 December 2020. Total assets increased further to RM824.0 million, driven by the consolidation of the results of CJ Korea Express Malaysia Sdn Bhd ("CJKX").

Our current net gearing has improved slightly to 0.42 times and we will continue to manage our expansion on an optimal debt-equity funding mix, without unnecessarily stressing our balance sheet.

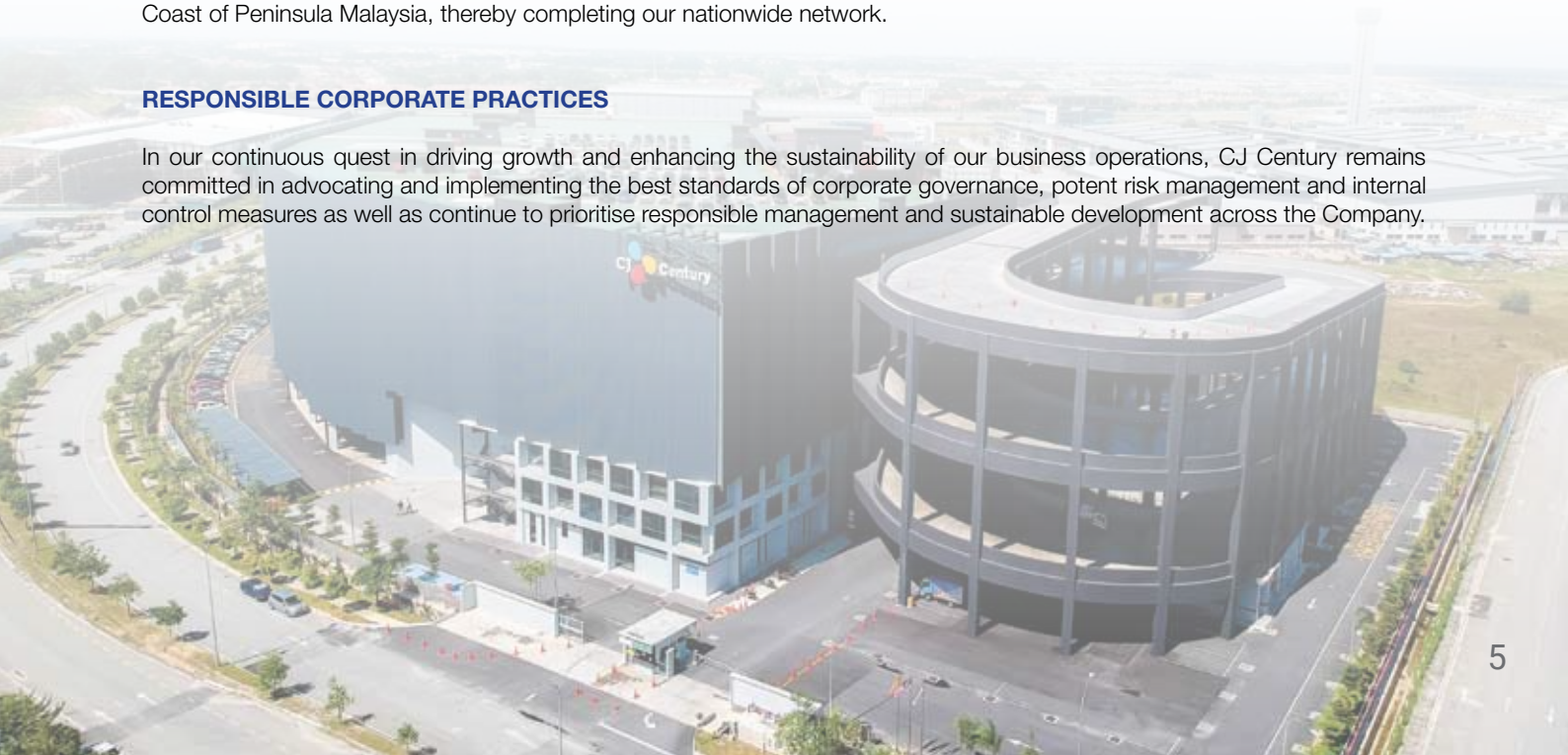
### INVESTING FOR GROWTH

The acquisition of 100% equity interest in CJKX was completed on 30 June 2020. CJKX became a wholly owned subsidiary of CJ Century and the financial results have been consolidated from that date.

The acquisition enabled CJ Century to further strengthen our total logistics chain through the sharing of key logistics hub and networks. By streamlining the logistics business of CJKX under CJ Century, we were able to enhance operational synergies between CJ Century and CJKX. At a stroke, we were also able to expand our domestic footprint to the Northern region and East Coast of Peninsula Malaysia, thereby completing our nationwide network.

### RESPONSIBLE CORPORATE PRACTICES

In our continuous quest in driving growth and enhancing the sustainability of our business operations, CJ Century remains committed in advocating and implementing the best standards of corporate governance, potent risk management and internal control measures as well as continue to prioritise responsible management and sustainable development across the Company.



## CHAIRMAN'S MESSAGE (CONT'D)

While the nation continues in its fight against Covid-19, I am pleased that CJ Century has adjusted to the new normal successfully and rapidly with all business divisions operating as usual, along with the implementation of strict operating procedures to ensure an uninterrupted process workflow for continued sustainability and revenue generation. Given our modestly successful efforts in mitigating the impact of the pandemic, both economically and socially, I must commend all our business segments for responding well to this new environment, particularly safeguarding the well-being of our employees and their families.



Aligned with our broader business priorities, the Company also recognises that we have a responsibility in supporting the communities which we are a part of. During the financial year, the Company has contributed financially to various educational institutions, community associations and charitable organisations. Additionally, we have also supported our employees by distributing face masks to all employees as well as personal protective equipment ("PPE") to all our frontline employees. Donations were also made to assist our local communities towards the purchase of PPEs, essential medical supplies, and participating in food aid programmes for the marginalised.

Moving forward, we are committed to continuously improve our best practices in sustainability by proactively tracking and analysing our sustainability measures and its progress, while striving towards our goals of creating the right balance between economic growth, the well-being of society and the environment.

### LOOKING AHEAD

Even as our country grapples with yet another round of MCO in a renewed bid to control a new wave of Covid-19 infections, we acknowledge that this disruption is a necessary part of the new normal moving forward. As the government continues to manage the delicate balance between lives and livelihoods, we will do our part in maintaining strict SOPs, having emerged from 2020 better equipped with digital acceleration and innovation. With Covid-19 vaccines being made available worldwide, we can look forward with optimism that the storm is expected to pass and it can only get better in 2021.

### THANK YOU

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.

I would also like to extend my appreciation to the CJ Century team, led by Teow Choo Hing, who we are counting on 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. As a reflection of the changing times, we look forward to meeting you virtually at the forthcoming Annual General Meeting on Thursday, 22 April 2021.

**DATUK LEE SAY TSHIN**  
Chairman



## CHIEF EXECUTIVE OFFICER'S MESSAGE

(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS)



*The global Covid-19 pandemic has wreaked havoc across all sectors and the well-being of most industries are very dependent on the speed of Vaccine roll-out to get to the new normal. Fortunately, we were relatively unscathed by the downturn due to our services being essentially required. I now present to you our performance for year 2020.*

### OPERATING ENVIRONMENT

During the year, we had completed the acquisition of CJ Korea Express Malaysia Sdn Bhd ("CJKX") which enabled us to expand further the existing logistics business of CJ Century, where CJKX is similarly involved in total logistics services, including freight forwarding, warehousing and distribution, as well as transportation. It also allowed CJ Century to further strengthen its total logistics offerings as well as expansion via the sharing of key logistics hubs and networks across the whole of Malaysia, whereby prior to the acquisition, CJ Century was under-served in the North as well as East Coast of Peninsula Malaysia.

With the combined strength and the backing of the "CJ" name, this opened up new opportunities to CJ Century, particularly in the course of tendering and servicing multi-national contracts. Furthermore, the Company envisions to improve operational efficiency and enhance operational synergies within CJ Century. This is achieved by leveraging on each other's resources, expertise and experience, as well as operational consolidation to achieve greater scale in operation and market presence not only locally but regionally.

## CHIEF EXECUTIVE OFFICER'S MESSAGE (INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)

It goes without saying that our fortunes are very much dependent on the fortunes of our customers. As some of our customers suffered declines during the year as a result of the pandemic and the following lockdowns, others have seen marked improvements in their operational performance, especially those involved in fast moving consumer goods ("FMCG"), gloves as well as last mile delivery. It is this wide customer mix which has enabled us to continue growing despite the pandemic.

### OPERATIONAL REVIEW

The Group's business comprises 3 major segments namely 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 Company's domestic clientele base comprises of a varied mix of customers and industries, from FMCG to electrical products. As at 31 December 2020, the Company managed a logistics facility portfolio of 4.5 million square feet, of which 1.9 million square feet were self-owned.

We are currently constructing a 58,900 square feet warehouse on a 5 acres land in Kemaman, Terengganu for the handling of raw sugar on a dedicated basis for CJ Bio Malaysia Sdn. Bhd., a related company of CJ Century. This warehouse is expected to be operational by April 2021.

Our state-of-the-art, ramped up three-storey warehouse building with net lettable square feet of more than 440,000 square feet in Bukit Raja, Klang is now fully occupied, with the ground floor being utilized as the parcel sorting hub for CJ Century. We will continue to expand our portfolio of assets to ensure sustainable growth and operational efficiency.

CJ Century's Procurement Logistics Services offers original equipment manufacturing solutions to electrical and electronic products distributors. 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. This business segment saw a decline in operations due largely to the lockdown as well as social distancing requirements at various stages of the pandemic. Similarly, our export markets were also affected due to varying phases of lockdowns in the affected countries.

The Company continued to expand its courier services coverage and business scale across Malaysia with the number of branches increasing to 44 subs from 25 subs as at end FY 2019. The pandemic and ensuing lockdown has seen an explosion of E-commerce transactions and adoption of online shopping has resulted in a jump in parcel volume, with the courier companies in Malaysia handling more than 2 million parcels per day during the peak season. However, the large volume of parcels has resulted in a price war amongst the courier companies, with the courier companies being pressured to lower delivery prices. This was similarly experienced by us, whereby we adopted a loss leader strategy to charge lower prices in most deliveries which we carry out for better business continuity, resulting in the loss in this segment.



## CHIEF EXECUTIVE OFFICER'S MESSAGE (INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)

### FINANCIAL REVIEW

Revenue of the Group jumped 29.2% to a record of RM635.7 million in FY 2020 (FY 2019: RM492.0 million) contributed mainly by our Total Logistics operations. Nevertheless, this was not reflected in the pre-tax profit of the Group, which instead declined by 9.2% to pre-tax loss of RM5.0 million (FY 2019: pre-tax loss of RM4.6 million) mainly due to the domestic competitive environment as well as the loss in the courier services operations. Profitability of the Group improved to net profit of RM1.0 million (FY 2019: net loss of RM7.4 million) due mainly to the over provision of taxation in respect of prior years and deferred taxation assets recognised during the year.

Revenue	FY 2020 RM'000	FY 2019 RM'000	Variance RM'000	Percentage
Total Logistics	431,429	256,462	174,967	68.2%
Procurement Logistics	164,265	210,011	(45,746)	-21.8%
Courier Services	45,857	30,044	15,813	52.6%
Consol Adjustment	(5,844)	(4,532)	(1,312)	-28.9%
<b>Group Results</b>	<b>635,707</b>	<b>491,985</b>	<b>143,722</b>	<b>29.2%</b>

Earnings before Interest and Taxation (EBIT)	FY 2020 RM'000	FY 2019 RM'000	Variance RM'000	Percentage
Total Logistics	28,645	5,721	22,924	>100.0%
Procurement Logistics	6,153	11,547	(5,394)	-46.7%
Courier Services	(31,046)	(16,875)	(14,171)	-84.0%
Consol Adjustment	(117)	(97)	(20)	-20.6%
<b>Group Results</b>	<b>3,635</b>	<b>296</b>	<b>3,339</b>	<b>&gt;100.0%</b>

### ANALYSIS OF RESULTS

#### Total Logistics

Segment revenue and profit generated from the Total Logistics Services increased by RM175.0 million and RM22.9 million respectively as compared to the previous financial year mainly due to the contributions from CJKX as well as higher volumes handled by our Oil Logistics activities. The results of CJKX were consolidated from 30 June 2020.

#### Procurement Logistics

Revenue and EBIT for Procurement Logistics Services decreased by 21.8% and 46.7% respectively mainly due to the restricted operations as a result of the Movement Control Order in response to the spread of Covid-19.

#### Courier Services

Revenue for Courier Services was RM45.9 million while loss before interest and tax amounted to RM31.0 million. This trend was mainly due to the costs incurred as we continued to expand our operations. As at end of FY 2020, the Group has set up 44 branches and invested in 377 courier trucks for our Courier Services.



## CHIEF EXECUTIVE OFFICER'S MESSAGE (INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)



### FINANCIAL MANAGEMENT

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 RM60.2 million as at 31 December 2020, of which RM16.5 million was invested in money market funds which yielded a total effective annualised return in year 2020 of 2.47% per annum tax free. The bank loans were borrowed at floating interest rates and were not held for hedging purposes.

CJ Century's capital expenditures for FY 2020 was RM38.8 million and future approved capital commitments of RM9.5 million which are mainly comprised of construction costs for the warehouse in Kemaman, additional trucks for the transport operation, IT system upgrades, expansion of the logistics business infrastructure and ongoing maintenance capital expenditure. The investments shall be financed by the Group's internal resources and bank borrowings.

### OUR PEOPLE

The health and safety of our employees always come first. One of our key priorities during the current pandemic is to safeguard our employees' well-being where we have embraced the use of digital media and video conferencing to replace physical meetings. We adopted flexible work arrangements for office-based employees and encouraged our employees to work from home, particularly in compliance with Government standard operating procedures ("SOPs"). We also ensured that strict hygiene and SOPs are adhered to in our workplaces. These include enhanced cleaning of work-stations and common areas after every shift, regular chemical sanitisation, daily temperature monitoring of employees working on site, and social distancing practices. As part of the CJ Group's philosophy, we have ensured that salaries and benefits remained intact during the entire pandemic period to-date.



## CHIEF EXECUTIVE OFFICER'S MESSAGE (INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS) (CONT'D)

Despite the pandemic, staff are still encouraged to enrol in training courses, seminars, professional and technical courses albeit all carried out online, to continuously update their awareness of the market developments, and to improve their management and business skills. As at 31 December 2020, the Company's staff force continued to grow to 1,763 employees (FY 2019: 1,230 employees) with total staff-related costs amounting to RM91.6 million (FY 2019: RM70.6 million). This growth in staff force is predominantly due to the expansion of our Courier Services segment as well as the inclusion of CJKX employees.

### OUTLOOK

Given the extent of the Covid-19 outbreak as well as domestic and global uncertainties, the outlook is very much driven by the hope that the vaccine will eventually lead us into a new normal once herd immunity has been achieved.

The pandemic has brought about positive opportunities to us as it has provided us a chance to relook at ourselves and reset our business strategies towards targeting new areas for growth. We recognize the important of technology being the key disruptor in the logistics industry and have always kept up with development of the latest innovations to propel our businesses into the digital age. While adapting to new changes including being more mobile, we will continue to invest heavily to improve our systems and technology required in freight, contract logistics and e-commerce management, in order to remain at the forefront of the logistics industry in Malaysia.

We see opportunities amid the changing markets, and never stop intensifying our business footprint. As part of our expansion strategy, the acquisition of CJKX came at a very opportune time and it has enabled CJ Century to build up our size and presence in all the logistics hubs in Malaysia. Together, with our extensive ground network as well as the support of CJ Logistics to roll-out their innovative logistics solutions, CJ Century is primed and ready to ride the growth expected in the logistics industry as we move towards the new normal.

Our key strength continues to be our people. We will continue to inspire them to perform at their best with a culture of caring and inclusiveness. We share our joys and sorrows, and our people recognizes the relationship similar to a big extended family. Our corporate ethos enshrines the concept of meritocracy, emphasizing integrity and service to customers.

We uphold the believe that our customers' success is the growth engine for our business, and our well-being depends very much on the well-being of our customers. Towards this end, we focused on creating sustainable business relationship with our customers and develop a strong ecosystem of partners across the customer value chain, and beyond.

At all times, although our attention is naturally focused on cost efficiency and improving productivity, we also strive for strategic nimbleness and aim to be sustainable always. We are optimistic about our capabilities and business potential for growth in the coming years. All these strategies and initiatives will eventually ensure that CJ Century remains on track to continue delivering solid growth and returns to our stakeholders.

*We constantly challenge ourselves by asking "What more can we do better?"*

### ACKNOWLEDGEMENTS

As the Covid-19 pandemic continues to affect all our stakeholders, I would like to take this opportunity to thank everyone for rising to the challenges during such unprecedented times. Your continued support has enabled us to continue our journey of growth.

**TEOW CHOO HING**  
Chief Executive Officer

## BOARD OF DIRECTORS

### DATUK LEE SAY TSHIN

---

- Independent Non-Executive Chairman
- Male, Age 68, Malaysian
- Appointed on 31 October 2016

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

An accomplished banker with over 45 years of experience in the banking industry. Held various positions in HSBC Bank Malaysia Berhad, including Managing Director of Strategic Business Development and currently the Vice Chairman, Strategic Initiatives for HSBC Bank Malaysia Berhad.

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

Also sits on the Board of IOI Properties Group Berhad.

Council Member of the Malaysia-China Business Council (since October 2020).

Attended all five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

### TEOW CHOO HING

---

- Chief Executive Officer
- Male, Age 61, 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.

Attended all five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

### LEE EUI SUNG

---

- Deputy Chief Executive Officer
- Male, Age 50, 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 career 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.

Attended four (4) of the five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

### YEAP KHOO SOON EDWIN

---

- Executive Director
- Male, Age 50, 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.

Council member of the Malaysian Employers Federation as well as the Association of Malaysian Express Carriers.

Attended all five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

## BOARD OF DIRECTORS (CONT'D)

### HONG SUNG YONG

- Non-Independent Non-Executive Director
- Male, Age 57, 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.

Attended three (3) of the five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

### JONATHAN PARK

- Non-Independent Non-Executive Director
- Male, Age 50, Korean
- Appointed on 1 June 2020

Holds a Degree in Accounting from Binghamton University, New York.

Has over 20 years of cumulative corporate finance and Mergers & Acquisitions ("M&A") advisory experience from various investment banks such as Morgan Stanley, JP Morgan, Macquarie Securities and most recently MiraeAsset Daewoo Securities where he was head of M&A advisory. He started his career at Arthur Andersen in New York as an auditor and currently is in charge of M&A and Global Integration at CJ Logistics Corporation.

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

Attended both Board Meetings of the Company held in the financial year ended 31 December 2020 during his term of appointment as Non-Independent Non-Executive Director of the Company since 1 June 2020.

### PARK CHUL MOON

- Non-Independent Non-Executive Director
- Male, Age 46, 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.

Attended four (4) of the five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

### SARYANI BINTI CHE AB RAHMAN

- Independent Non-Executive Director
- Female, Age 54, Malaysian
- Appointed on 31 October 2016

Holds a Diploma in Accountancy from University Teknologi MARA, Bachelor of Arts in Accountancy from London Guildhall University, United Kingdom and ACCA from Emile Woolf College, London.

Started career in HRM/Aurthur Andersen in 1987. Joined Sime Darby Group in 1995 and had 12 years of audit experience in various industries within the Group. Held post as Head of Group Compliance Audit in Malaysia Region, Power Division, Property Division and Plantation Division from 1997 to 2007 and progressed to the Business Development and Finance Department before leaving the Group in 2013.

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.

Attended all five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

## BOARD OF DIRECTORS (CONT'D)

### WINSTON TAN KHENG HUANG

---

- Independent Non-Executive Director
- Male, Age 46, 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 practise 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.

Attended all five (5) Board Meetings of the Company held in the financial year ended 31 December 2020.

None of the Directors has :

- Any family relationship with any Director and/or major shareholder of the 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 56, Malaysian
- Appointed 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.

### KIM PIL YOUNG

- Chief Financial Officer
- Male, Age 44, Korean
- Appointed 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.

### WILLIAM YIN THIN WOOL

- Chief Operating Officer, Contract Logistics
- Male, Age 50, Malaysian
- Appointed on 2 February 2021

Holds a Professional Degree with the Chartered Institute of Transport (MCLIT). More than 30 years of experience in total logistics and transportation. Held several senior managerial positions with multi-national companies and local set up prior to joining the CJ Century Group.

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

None of the Senior Management Personnel above have :

- Any family relationship with any Director and/or major shareholder of the CJ Century
- Any conflict of interest with CJ Century
- Any conviction for offences within the past 5 years other than traffic offences
- Any directorship in other public companies 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 2020 except as disclosed in Note 20 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 2020 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2020 RM'000
CJ Logistics Corporation ("CJ Logistics") (Principal activity is land and marine transportation, stevedoring and warehousing)	Holding company of CJ Asia	Provision of : - information technology services to CJ Century Logistics Sdn Bhd ("CJCL") - logistics services to CJCL - logistics services to CJKX - consultancy services to CJKX - recovery cost & guarantee fees to CJKX - courier services by CJCL - logistics services by CJKX	339 265 4,320 146 155 11 1,300
CJ Korea Express Forwarding Malaysia Sdn. Bhd. (Principal activity is forwarding and its related services)	A subsidiary of CJKX	Provision of : - rental by CJCL	18
CJ Logistics Asia Pte. Ltd. ("CJ Asia") (Principal activity is investment holding and providing total logistics solutions)	Immediate holding company of CJ Century	Provision of : - information technology services to CJCL - logistics services to CJKX - loan interest to CJKX - courier services by CJCL - logistics services by CJCL - logistics services by CJKX	321 4 282 220 186 307
CJ Korea Express Malaysia Sdn. Bhd. ("CJKX") (Principal activity is investment holding and providing total logistics solution)	A wholly owned subsidiary of CJ Century	Provision of : - logistics services to CJCL - logistics services by CJCL - courier services by CJCL - data management solution services by CJ Century DMS Sdn. Bhd.	526 484 16 15
WOWSHOP Sdn. Bhd. (formerly known as MP CJ ENM Sdn. Bhd.) (Principal activity is home shopping)	An associate of CJ Corporation	Provision of : - courier services by CJCL - logistics services by CJCL	12,193 6,078

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2020 RM'000
Shanghai Smart Cargo Supply Chain Management Co., Ltd. ("Shanghai Smart") (Principal activity is logistics services)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services by CJCL - logistics services by CJKX	10 1
CJ Logistics PH Corp. (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJCL - logistics services by CJCL - logistics services by CJKX	602 83 3
CJ Bio Malaysia Sdn. Bhd. (Principal activity is feed manufacturing)	An associate of CJ Corporation	Provision of : - logistics services to CJKX - logistics services by CJKX	1 45,457
CJ Logistics (Thailand) Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJKX	49 42
CJ Korea Express Freight Vietnam Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJCL - logistics services by CJKX	9 17 44
Korea Express Shanghai Co., Ltd. (Principal activity is freight transportation)	A subsidiary of CJ Logistics	Provision of : - logistics services to CJKX - logistics services by CJKX	290 319
CJ Smart Cargo Hong Kong Limited (Principal activity is logistics services)	Subsidiary of Shanghai Smart	Provision of : - logistics services by CJKX	153
CJ Olivenetworks Co., Ltd. (Principal activity is comprehensive total information technology services)	Subsidiary of CJ Corporation	Provision of : - information technology services to CJKX	131
PT. CJ Logistics Indonesia (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJKX	17 1

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2020 RM'000
CJ Korea Express Qingdao Co., Ltd. (Principal activity is logistics services)	A subsidiary of CJ Logistics	Provision of : - logistics services to CJKX - logistics services by CJKX	11 2
CJ Korea Express Tianjin Co., Ltd. (Principal activity is storage, brokerage of forwarding transportation)	A subsidiary of CJ Logistics	Provision of : - logistics services to CJKX - logistics services by CJKX	15 1
CJ Logistics Europe GMBH (Principal activity is storage, brokerage of forwarding transportation)	A subsidiary of CJ Logistics	Provision of : - logistics services to CJKX	6
CJ Korea Express Shenzhen Co., Ltd (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJKX	1 1
CJ Logistics Japan Corporation (Principal activity is forwarding services)	A subsidiary of CJ Logistics	Provision of : - logistics services by CJKX	2
CJ Logistics America, LLC (Principal activity is storage, brokerage of forwarding transportation)	A subsidiary of CJ Logistics	Provision of : - logistics services by CJKX	4

### 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:-

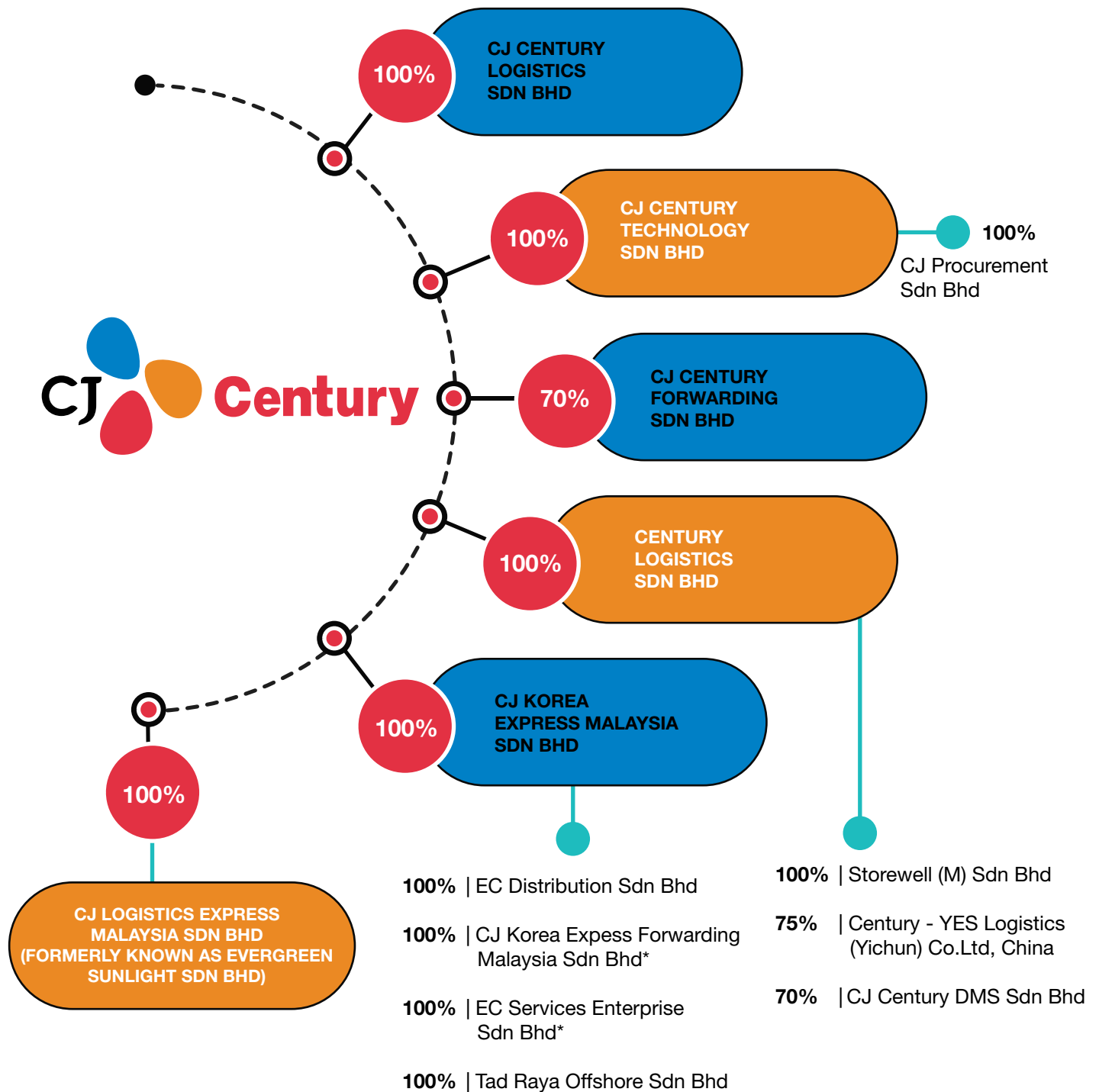
	Group RM'000	Company RM'000
Audit Fees	525	100
Non-Audit Fees	130	130

### Utilisation of Proceeds

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



## CORPORATE STRUCTURE



\* CJKX holds call option on 51% shareholdings.

# SUSTAINABILITY STATEMENT

**CJ Century Logistics Holdings Berhad** ("CJ Century or the Company") has embarked on a journey towards corporate sustainability as part of its efforts to build and maintain a sustainable future for the next generation. By incorporating sustainability considerations into our business and corporate activities, the Company undertakes a commitment to maximise the positive benefits and at the same time minimise the negative impact of our operations.

## Our Commitment to Business Sustainability

The external business environment in 2020 was challenging, exemplified by unprecedented volatilities and cyclical uncertainties from a pandemic, political landscape and global environment events ranging from the United States - China trade war to suppressed oil prices. We responded with a refined operational agility and a stronger focus on sustainability, both operationally and financially.

Sustainability is rapidly evolving where material issues change, requiring us to adapt our reporting to meet the expectations of our stakeholders. The chapters of the report are consolidated based on their relevance, covering topics that are material to our business and operational performance in 2020. Definitions of the various terms and abbreviations used in this report can be found in the relevant paragraphs.

This Sustainability Statement (the "Statement") summarises our strategic responses in delivering CJ Century's sustainability aspirations, drawing upon our experience and learning in 2020.

## Scope

(GRI 102-2, 102-4, 102-5, 102-46)

The Statement covers sustainability performance of CJ Century and a review of our existing Sustainability Matters determined in previous year. The reporting encompasses the operations, activities and practices of the Company and its subsidiaries.

## Reporting Framework

(GRI 102-54)

This statement is prepared in accordance with the Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("the Exchange"). Other reporting frameworks we use include Global Reporting Initiative ("GRI") and United Nation Sustainability Development Goals ("UNSDG").

We enhanced our reporting to include the requirement of GRI Core Option Guidelines 4.0. We are pleased to share with you our economic, environmental, social risks and opportunities considered material to our business and to inform our stakeholders' activities we have taken to improve our policies, processes, procedures and sustainability matters in the FY 2020.

## Reporting Period

(GRI 102-50, 102-52)

The Sustainability Statement covers the period from 1 January to 31 December 2020 as part of the Company's annual review and updates on corporate sustainability.













## Feedback

(GRI 102-53)

We invite you to read about our sustainability performance in more detail in the following chapters and look forward to receiving your feedback and insights on the Company's sustainable practices to assist us in improving our sustainability efforts and reporting.

# SUSTAINABILITY STATEMENT (CONT'D)

## Sustainability Key Highlights

Economic		
 <p><b>Financial Performance</b></p> <p>Revenue: <b>RM635</b> million</p>	 <p><b>Vendor Management</b></p> <p>Almost <b>100%</b> local purchases for office supplies, vehicle maintenance and packaging materials.</p> <p><b>99%</b> overseas purchases for original equipment components from electrical and electronics manufacturer and traders.</p>	 <p><b>Customer</b></p> <p>Customer Satisfaction Index: <b>89%</b></p>
Environment		
 <p><b>Packaging materials and industrial waste</b></p> <p><b>12.55</b> tonnes</p>	 <p><b>Used Engine oil re-processes</b></p> <p><b>24,108</b> litres</p>	 <p><b>Carbon Emission</b></p> <p>Carbon emission: <b>11,300</b> tCO<sub>2</sub>e</p>
Social		
 <p><b>Diversity &amp; Equal Opportunity</b></p> <p>CJ Century emphasizes on equal opportunity and diversity of people in the working environment.</p>	 <p><b>Training &amp; Education</b></p> <p>Total number of trainings: <b>77</b> programmes</p> <p>Total training hours: <b>6,768</b> hours</p>	 <p><b>Labour Management</b></p> <p><b>0</b> complaint on suspected corrupt or unethical behaviour of our employees</p>
 <p><b>Community Engagement</b></p> <p><b>RM247,680</b> donated to non-profit organisations and community groups</p>	 <p>CJ Graduate Development Programme to develop our future talents</p>	 <p><b>Occupational Health and Safety</b></p> <p><b>0</b> case of workplace fatalities, major illness and occupational illness</p>

## SUSTAINABILITY STATEMENT (CONT'D)




### Sustainability Governance

(GRI 102-18, 102-20, 102-22, 102-23, 102-24, 102-26)

CJ Century strives to maintain high standards of corporate governance best suited to the needs and interests of CJ Century. Our Board of Directors has the ultimate responsibility and provides an oversight role in all the Company's sustainability efforts and performance.

We have a dedicated committee – Sustainability Committee (“SC”) tasked with actions to embed responsible decision-making and identify risks and opportunities related to sustainability factors. We also have a network of subject matter experts who work together to shape our approach to sustainable business opportunities, risk and community investment. Members of the SC comprises seven (7) key Heads of Departments (“HODs”) headed by a Chairman, whose tasks include setting of objectives, strategies, performance, and stakeholder's engagement.

Although the strategy, performance and stakeholder engagements are overseen by the SC, sustainability is the responsibility of everybody, from the boardroom, to the financial advisor, to our customers and suppliers. We look at sustainability holistically and recognise that sustainability expertise and hotspots are to be found across the whole organisation, both geographically and through our country offices and also in the nature of the services we provide to our clients.

	<b>Board of Directors</b> Ultimate responsibility and oversight role.
	<b>Chairman, Sustainability Committee</b> Leads and reviews the objectives, strategies, action plans, initiatives, performance and stakeholders' engagement. Report to the Board on the status of sustainability activities.
	<b>Sustainability Committee Members</b> Sets the objectives, strategies, action plans, initiatives, performance and stakeholders' engagement.

### Stakeholders' Engagement

(GRI 102-21, 102-40, 102-42, 102-43, 102-44)

We believe that businesses benefit from effective stakeholder management. Over the years, our solid alliances with our stakeholders have enabled us to grow from strength to strength. We are committed to meet stakeholders' expectations, and ongoing communication with them is essential. The Company engages with stakeholders in a variety of ways, which may vary from cluster to cluster.

In our mission to create and deliver sustainable value to all our stakeholders, we strive to foster a high quality of working relationship with local authorities, investors, financial institutions, suppliers, contractors, and agencies. This is done at both the business units and Group levels through formal or informal engagement activities. We take an integrated approach towards stakeholder engagement; we have an on-going dialogue about our contribution to the society, our products and services, our business performance and other issues.

Key Stakeholders	Description
<b>Investors</b>	Investors provide the Company with the financial capacity for business operation and growth. The key to engage with the shareholders is to ensure they understand the Company's operations, strategies and business growth.
<b>Business Partners or Suppliers</b>	Business partners and suppliers provide the required products and services for our businesses and operations.
<b>Customers</b>	Meeting customers' requirements with high quality products & services and strengthen the relationship with clientele.
<b>Employees</b>	The key to our operations is our people. They help us to achieve our corporate and business objective.
<b>Local Authorities/Regulators/Government Ministries</b>	The Government authorities administrate the governing legislation and statutory requirements of business to operate lawfully. They also support industry's efforts to grow the economy of the country.
<b>Community</b>	Continuous support and fund CSR activities.



## SUSTAINABILITY STATEMENT (CONT'D)

Key Stakeholders	Concern Raised	Communication Channels	Frequency of Engagement
<b>Investors</b>	<ul style="list-style-type: none"> <li>Financial and operation performance</li> <li>Compliance</li> <li>Corporate governance and ethical management</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Investor relations</li> <li>Shareholders meeting</li> <li>Annual report</li> <li>Corporate website</li> <li>Research reports</li> <li>Company announcements and press releases</li> </ul>	<ul style="list-style-type: none"> <li>As and when announcements are required in Bursa Malaysia</li> <li>Quarterly</li> <li>Annually</li> </ul>
<b>Business Partners or Suppliers</b>	<ul style="list-style-type: none"> <li>Sustainable supply chain management</li> <li>Contract terms and conditions</li> <li>Future business dealings</li> </ul>	<ul style="list-style-type: none"> <li>Business exchange</li> <li>Written communication</li> <li>Supplier evaluations and registration</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Annually</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Protection of customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback and surveys</li> <li>E-fulfilment of transportation and storage transactions</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Compensation, welfare, and employee care</li> <li>Work environmental safety and labour health protection</li> <li>Performance development</li> <li>Career enhancements</li> </ul>	<ul style="list-style-type: none"> <li>Training programmes and workshop</li> <li>Employee engagement surveys</li> <li>Town hall meetings</li> <li>Company intranet</li> <li>Performance evaluations</li> <li>Compensations and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> <li>Annually</li> </ul>
<b>Local Authorities/Regulators/Government Ministries</b>	<ul style="list-style-type: none"> <li>Regulatory requirements</li> <li>Economic issues</li> <li>Environment issues</li> <li>Bursa listing requirements</li> <li>Abide by health and safety regulations including prevention of Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>Facility visits</li> <li>Collaborative partnerships</li> <li>Regular audits and inspections</li> <li>Industry-related initiatives and events</li> </ul>	<ul style="list-style-type: none"> <li>Periodic</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Environmental impact from operation</li> <li>Emissions and management</li> <li>Talents recruitment and training</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement programmes</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> </ul>

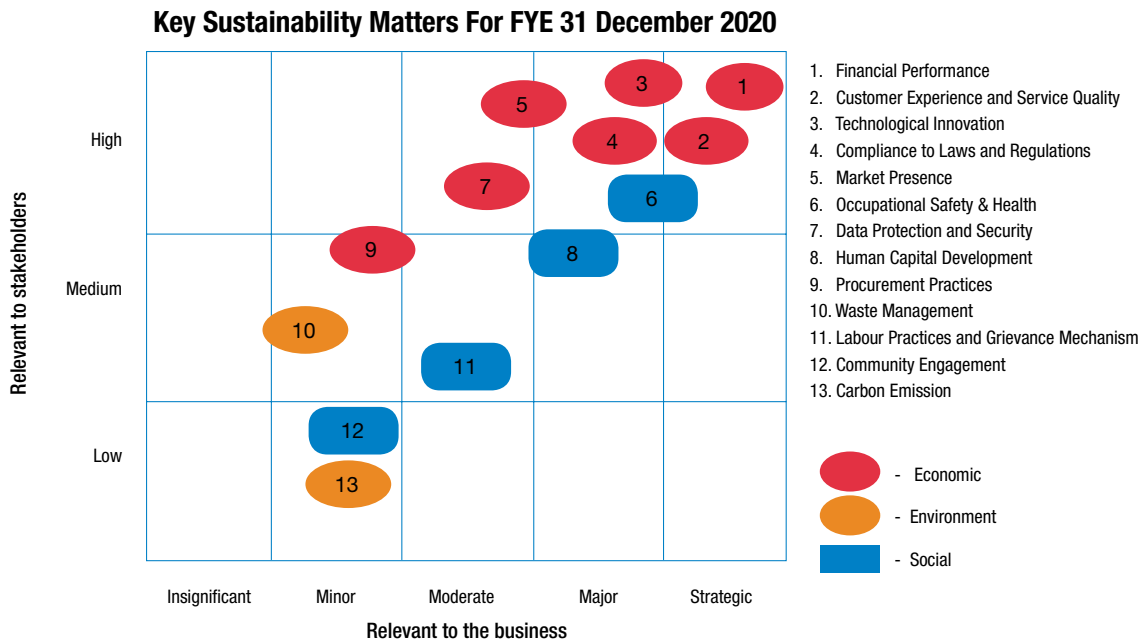
### Materiality Assessment and Key Sustainability Matters

(GRI 102-21, 102-29, 102-30, 102-31, 102-33, 102-34)

We identified our materiality matters in the FY 2018. Subsequently, during the year, the SC conducted detailed discussions and reviews to assess the applicability and relevance of previously identified material sustainability matters to our business operation and our stakeholders. The SC reviewed the Company's business operations, risk areas and feedbacks were obtained from the Board of Directors and Senior Management.

## SUSTAINABILITY STATEMENT (CONT'D)

These sustainability matters were assessed based on its impact to the Company and our stakeholders. As a result of these activities, we revised thirteen (13) key sustainability matters outlined in the graph below:



Each of this key sustainability matters are explained in more details in subsequent section of this statement.

### United Nations Sustainable Development Goals

The United Nations (“UN”) has outlined seventeen (17) Sustainable Development Goals (“SDGs”) to improve the lives of “everyone, everywhere” in the present and future. The UNSDGs address the global challenges of poverty, inequality, climate change, environmental degradation, peace and justice among others with the target of achieving its 2030 Agenda for sustainable development.

Based on the top thirteen (13) material sustainability matters identified, CJ Century had reviewed and adopted the UNSDGs which are relevant and aligned to our policies and agendas. The table below shown the mapping of the sustainability matters to UNSDGs.

Economic	
1. Financial Performance 2. Customer Experience and Service Quality 3. Technological Innovation 4. Compliance to Laws and Regulations 5. Market Presence 6. Procurement Practices 7. Data Protection and Security	
Environment	
1. Waste Management 2. Carbon Emission	
Social	
1. Occupational Health and Safety 2. Human Capital Development 3. Labour Practices and Grievance Mechanism 4. Community Engagement	

## SUSTAINABILITY STATEMENT (CONT'D)

### Key Performance Indicators (KPI), Action Plans and Reporting Regime

(GRI 102-31, 102-33, 102-34)

As part of the sustainability initiative, we established KPIs, identified action plans for the key materiality matters and assigned responsibility to specific departments and individuals to track progress and compile results.

Sustainability Pillar	Materiality Matter	KPI	Action Plan	Responsibility
Economic	Procurement practices	- Vendor Performance scores at least 70%	- Perform Annual Vendor Performance Evaluation	Human Resources and Administration Department
Economic	Product and Services Quality	- To achieve 70% in customer satisfaction survey - To achieve customer complaint less than 1%	- Conduct annual customer satisfaction survey and identify areas of improvement - Keep track record of customer complaint and comply with Customer Complaint Management SOP	Customer Service Department and Quality Management Department
Economic	Code of Conduct / Anti-Bribery and Anti-Corruption Policy	- Implementation of Code of Ethics Policy	- Establish Anti-Bribery and Anti-Corruption policy and Whistleblowing policy which align with Code of Business Ethics	Human Resources and Administration Department
Environment	Compliance with Laws and Regulations	- Zero incident on non compliance with laws and regulations	- Provide trainings and awareness to employee - Develop policy and procedures that clearly stating responsibility and obligation of each employee	Quality Management Department
Environment	Waste Management	- Proper handling on disposal of waste - 100% compliance with Department of Environment's laws and regulation when handling disposal of waste	- To hire license schedule waste disposer and collector - Proper signage and facility for waste storage - Record all waste generated in Waste register	Occupational Safety and Health Committee
Environment	Carbon Emission	- Reduce fuel consumption in the next 3 years	- To explore environmental friendly diesel - To monitor fuel consumption via GPS system	Transport Department and Courier Department
Environment	Energy Savings	- Reduce electricity consumption in the next 3 years	- To install LED lightings in all our warehouse and offices	Maintenance Department
Social	Employment	- Succession planning	- To establish succession planning framework and identify potential successor	Human Resources and Administration Department
Social	Training and Education	- Increase employee growth and development - Reduce voluntary turnover - Increase employee engagement	- Perform Training Needs Analysis - Conduct employee engagement activities within the Company	Human Resources and Administration Department
Social	Occupational Safety and Health	- Zero fatality, major injury, and occupational illness cases - Decrease incident rate as compared to previous year - Compliance to traffic and road laws and regulations	- Provide health and safety trainings to all employees - Ensure all drivers follow the road safety guidance as stipulated in Drivers' Handbook	Occupational Safety and Health Committee

## SUSTAINABILITY STATEMENT (CONT'D)

### A. Economic

#### **Financial Performance**

(GRI Reference: GRI 201-1, 201-2)

Economic sustainability is the ability of the Company to continue operating at an effective and sustainable economic level over a longer term.

The economic impacts of the Covid-19 pandemic are inevitable. Nevertheless, we constantly tweaking the logistics solutions to meet ever changing demands and implement strategic management initiatives to drive continuous customer and revenue growth.

The Senior Management monitors the Company's financial performance through weekly HODs meetings and monthly management meeting and look into business opportunities to ensure business continuity. The Company's financial review and outlooks are discussed in the Management Discussion and Analysis section of this annual report.

CJ Century is committed to increasing sustainable and responsible corporate governance performance, creating the conditions that ensure the needs and expectations of all stakeholders are met.

#### **Market Presence**

(GRI Reference: GRI 202-2)

Through the years, we have been constantly evolving to stay relevant and improving ourselves to harness challenges around us. In pursuit of sustainability, we strategically leverage both our financial and non-monetary capitals to actively establish our market share, evidenced by our long-standing position as one of the leading logistics service providers in the country.

With the successful acquisition of CJ Korea Express Malaysia Sdn Bhd ("CJKX") in FY 2020, CJ Century is unified to devotedly localise its brand presence across Malaysia and make the bold move to achieve our goal of being a leading logistics network in the Southeast Asian region.

As we continue our journey of growth, we plan and deploy responsible stakeholders' engagement and promotion activities to communicate with the targeted stakeholders through various platforms, both internally and externally, to upkeep our corporate brand and strengthen our presence in the industry.

#### **Technological Innovation**

(GRI Reference: GRI 103-2 and 201-2)

The logistics industry is rapidly evolving with disruptive technologies, increasing competition, and changing customer expectation. Technology and innovation are the critical success factor for increased market competitiveness and maintain product quality. CJ Century's ability to deliver innovative and comprehensive services and solutions and allow us to remain compatible in the logistics industry.

Our Integrated Logistics Division provides a comprehensive solution for our customers to meet all levels of complexity in supply chain management. This will drive forward customer service level, cost savings in supply chain, and real time visibility of supply chain through our online Warehouse Management System.

The Procurement Logistics Division provides assembly services for wide range of electrical and electronics home appliances. We invested advanced machines, equipment and manufacturing facilities to constantly improve production efficiency and reduce faulty products.

Meanwhile for our courier services, we invested a web-based track and trace system via GNEXS parcel system to enable our customers to access real time shipment status at any time. We are aware the heightened cybersecurity risk during the journey of digitalisation. As such, we further enhanced our IT cybersecurity systems through data encryption, access control and anti-virus application.

In keeping with the paradigm shift, CJ Century continues driving towards the era of digitalisation to improve our services quality, customer experiences and operation efficiency.

## SUSTAINABILITY STATEMENT (CONT'D)

### **Procurement Practices**

(GRI Reference: GRI 204)

We engaged with numerous suppliers including packaging material and vehicle spare parts for maintenance to consistently provide products and services that meet our customers' needs. We emphasise on credibility and traceability in our operational activities by ensuring responsible sourcing from our supply chain, in addition to encouraging a diverse and ethical supplier base.

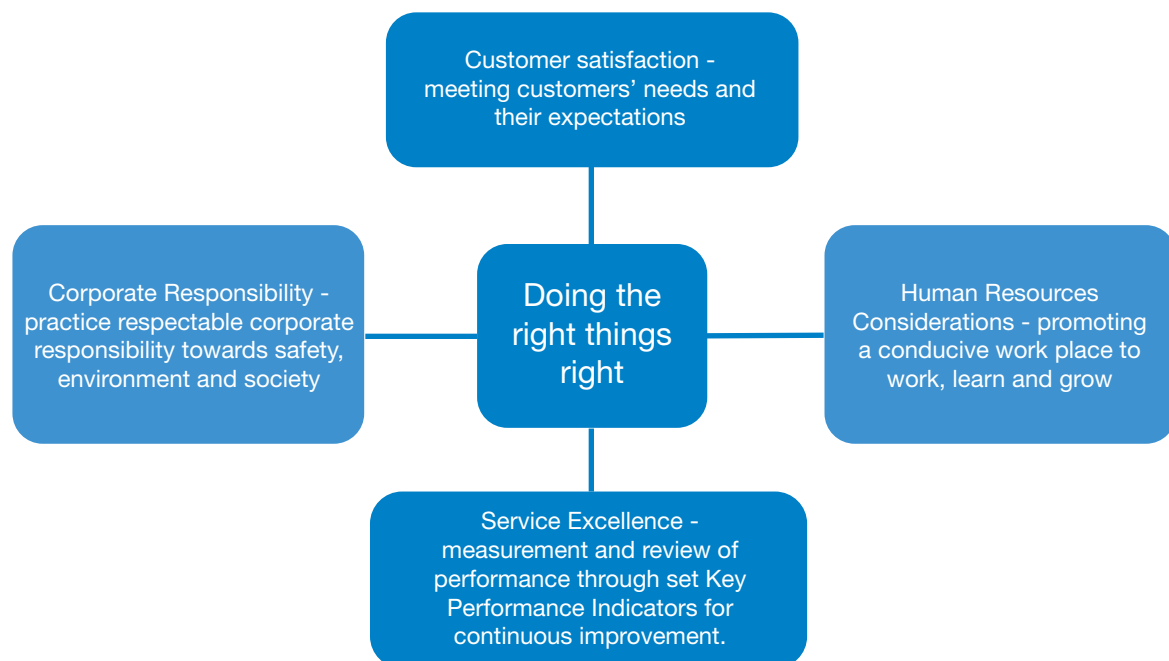
Our Company's procurement policy and procedures set out the requirements that acquisition of products and services are at fair and reasonable price. As part of our efforts in creating shared economic prosperity in the community, we support local businesses and prioritise local suppliers that able to meet CJ Century's business requirement, which cover areas including human rights, labour practices and business integrity.

In order to ensure consistency of quality of products and services, new and existing suppliers are required to undergo performance assessment. A set of preferred criteria for assessing the suppliers' performance covering quality, timeliness of delivery, complaint management, pricing and compliance to safety requirement. Suppliers who fail in the performance assessment will be suspended and de-registered from the Master Approved Vendor List.

### **Customer Experience and Service Quality**

(GRI Reference: GRI-416)

The customer is of paramount importance, and meeting their needs always our utmost priority. We place importance on our quality management, which is embedded into our core values and integrated as part of our Quality Policy. The core values serve as the guiding principles, consist of, customer satisfaction, human resources consideration, service excellence and corporate responsibility.



Source: Quality Policy

We have a dedicated Quality Management Team which are guided by our Quality Policy to uphold our quality management system and maintain accreditation of ISO 9001:2015 Quality Management System. We have taken initiatives to improve our products and services quality through new management system, ISO 28000:2007 Supply Chain Security Management System to fulfil customer demand and enhance security control, establishment of customer complaint procedure for better handling of customer complaint, in-plant key account team to serve our customer and provide value added service to our customers.



## SUSTAINABILITY STATEMENT (CONT'D)

For continuous improvements on our products and services quality, we conduct annual customer satisfaction survey to gauge the level of satisfaction on services and overall experiences. The customer satisfaction survey covers the areas in respect with responsiveness on enquiry and submission, quality of service, fulfilment of delivery, management commitment on every task undertaken, handling of complaints and urgent delivery support. In FY 2020, 68 customers have participated in our survey to identify areas requiring further improvement. The survey findings reveal that customer satisfaction achieved a level of 89% (FY 2019 : 85%).

Our focus is on delivering quality services, through this, we conform to the requirements of certification bodies ensuring that we meet the best-in-class standards of our product and service quality. We communicate to all our staff that they are jointly responsible for implementing and complying with all procedures detailed within these applicable standards. We are proud to be awarded the following certifications:

### **Certifications:**

- ISO 9001:2015, Quality Management System ("QMS")
- MS 2400-2:2010, Halal Certification
- ISO 39001:2012, Road Traffic Safety ("RTS") Management System
- ISO 28000:2007 Supply Chain Security Management System
- Good Distribution Practices for Medical Device ("GDPMD")
- ISO 45001:2018: Occupational Health and Safety Management System

### **Data Protection and Security**

(GRI Reference: GRI 418)

Safeguarding our customers' and vendors' data has been significantly brought to our attention due to increasing of cybersecurity threats. The Company processes significant quantity of personal and sensitive data due to the nature of business. Consequently, all CJ Century's employees and vendors / contractors are required to sign a confidentiality agreement, ensuring data confidentiality and privacy including complying with the Personal Data Protection Act ("PDPA") 2010.

A PDPA Policy has been established to serve as an integral guidance to the Company to ensure that necessary data protection steps are taken and appropriately assessed. Our policy lists clear guidelines governing the collection, use, protection and disclosures of individuals' personal data and their personal data is protected through encryption or passwords.

Additionally, the Company established an IT Policy and User Access Management Policy as guideline to all users, including, but not limited to, administrative officials, staff, and independent contractors in managing our IT resources and application that covers data protection and security.

To strengthen our system, we enhanced our IT security features which includes firewall and antivirus to protect against viruses, malware exploits and any ransomware, all data protected through encryption and decryption, and staff who working from home shall use Virtual Private Network ("VPN") to access our systems. In FY 2020, we have spent RM793,360 (FY 2019: RM3.5 million) as our continuous commitment to safeguard data privacy and security of our suppliers, employees, and customers.



### **Compliance with Laws and Regulations, including Environmental Compliance**

(GRI Reference: GRI-307)

CJ Century stringently adheres to all applicable laws, regulations and standards related to the environment. We develop policies and procedures, clearly stating the responsibilities and obligations of all individuals, within the Company.

In FY 2020, there was no material breach of relevant local laws and regulations (FY 2019: Nil). We will provide trainings on the changes of laws and regulations to all employees.

## SUSTAINABILITY STATEMENT (CONT'D)

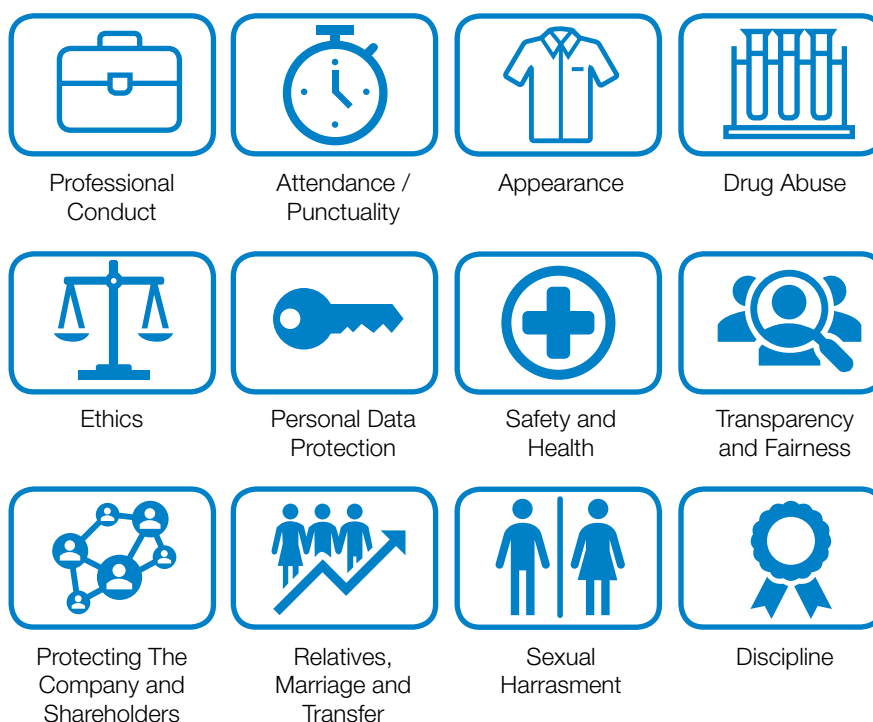
### **Code of conduct / Anti-Bribery and Anti-Corruption Policy**

(GRI Reference: GRI 102-17, 205-2)

We are committed to deliver goods and services that protect the best interest of our stakeholders. Therefore, we established our ethical standards through the Code on Insider Trading and Code of Conduct as guidance of the Company's business integrity. The Code of Conduct and Business Ethics Policy outlines key behavioural practices and corporate conduct and is stipulated in the Company's employee handbook. Therefore, employees are expected to practice professionalism at all times and work to provide excellent services to our customers.

With the introduction of the Corporate Liabilities under Section 17A (1) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, we established an Anti-Bribery and Anti-Corruption Policy which outlines adequate framework and procedures and aligned with the Company's Code of Conduct and Business Ethics Policy. Training and awareness sessions on anti-bribery and anti-corruption were provided to our employees. Both policies are available on our corporate website [www.cjcentury.com](http://www.cjcentury.com).

In FY 2020, we have received zero complaint on suspected corrupt or unethical behaviour of our employees (FY 2019: Nil).



Source: Code of Conduct and Business Ethics Policy

### **Whistleblowing Policy**

(GRI Reference: GRI 205-3)

A whistleblowing policy is also in place as a safe channel for employees and other persons to report potential or actual improprieties in financial and operational matters. Complaints can be made verbally or in writing to the Chief Executive Officer, Deputy Chief Executive Officer, the Executive Director and/or the General Manager, Group Human Resources and Administration as stipulated in the Code of Conduct and Business Ethics Policy. The identities of the whistleblower(s) are kept in confidential to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions.

We monitor our whistleblowing and other policies regularly, ensuring these policies are updated to prevent and avoid any improprieties such as corruption and money laundering activities.

## SUSTAINABILITY STATEMENT (CONT'D)

### B. Environmental

#### Waste Management

(GRI Reference: GRI 306-2)

We recognise the potential impact of our business on the environment, as well as the potential impact of the environment on our business. As a sustainable business, we are committed to play our part in environmental care in responding to climate change, pollution and resources depletion.

Our efforts in protecting the environment include implementing various initiatives to minimise waste generated through reduce, recycle and reuse. Among our efforts are:



#### Scraps

- i. Packaging material, pallets, industrial waste, and general waste approximately **12.55 tonnes**. (FY 2019: **19 tonnes**)
- ii. Sales of carton boxes and stretch film approximately **RM74,978.10** to recycling centres (FY 2019: Not applicable)
- iii. Scrap metals approximately **19.98 tonnes**. (FY 2019: Not applicable)



#### Used Engine oil

- i. Recycled approximate **24,108 litres** to appointed workshops. Impurities and heavy metals are removed for reused. (FY 2019: **27,200 litres**)



#### Rubber tyre

- i. Worn rubber casing sent for retread
- ii. Retreaded tyres sent to approved recycling vendor for recycle

#### Carbon Emission

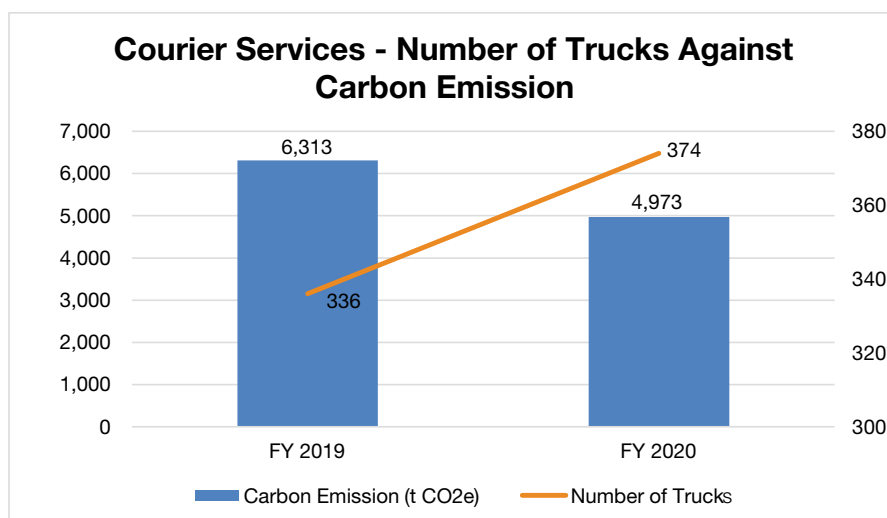
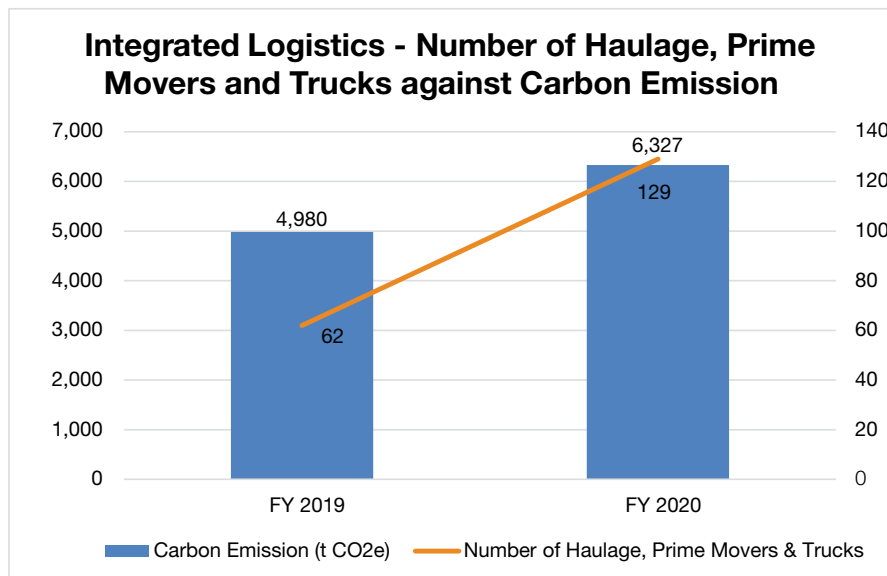
(GRI Reference: GRI 305)

CJ Century ensures emission control for all our activities by complying with the Environmental Quality (Clean Air) Regulations 1978 under the Department of Environment. Through our business activities, diesel and petrol consumption significantly impacted the environment. The computation of carbon emissions, diesel and petrol consumption shown in the table below:

Financial Year	Integrated Logistics		Courier Services	
	Diesel and Petrol Consumption (Litre)	Carbon Emission Generated <sup>1</sup> (t CO2e)	Diesel and Petrol Consumption (Litre)	Carbon Emission Generated <sup>1</sup> (t CO2e)
2019	1,853,383	4,980	2,355,840	6,313
2020	1,984,509	6,327	2,306,654	4,973

In FY 2020, diesel and petrol consumption increased for Integrated Logistics Division due to increased number of haulage, prime movers and trucks resulted by acquisition of CJKX in June 2020. The number has increased from 62 to 129 units, as shown in the graph below. On the other hand, there was decrease of carbon emission generated in Courier Services Division despite increased number of trucks owned. The operation team practices engine off for the trucks during idle mode and we monitor through GPS system to ensure the practice is in place. Moving forward, we are studying the use of B20 diesel, which is more environmental-friendly, in order to continue reduction in carbon emission.

## SUSTAINABILITY STATEMENT (CONT'D)



<sup>1</sup>Fuel Emission Factor used in FY 2020 – 2.68787 CO<sub>2</sub>e/ litre for diesel and 2.31467 CO<sub>2</sub>e/litre for petrol as per UK Government GHG Reporting Conversion Factors for Company Year 2020.

In managing our fleet of vehicles, we installed a monitoring system on fuel consumption and vehicle tracking that analyses the driving behaviour and vehicle performance; with the ultimate objective to reduce carbon emission and related operation costs.

### Energy Savings

Across most of our warehouses and office premises, we have replaced lightings with Light Emitting Diodes (“LED”) lights and installed Variable Refrigerant Volume (“VRV”) air-conditioning system. Through these initiatives, our electricity consumption is expected to reduce and increase energy efficiency.

## SUSTAINABILITY STATEMENT (CONT'D)

### C. Social

#### ***Talent Retention and Succession Planning***

GRI Reference: GRI 401-2)

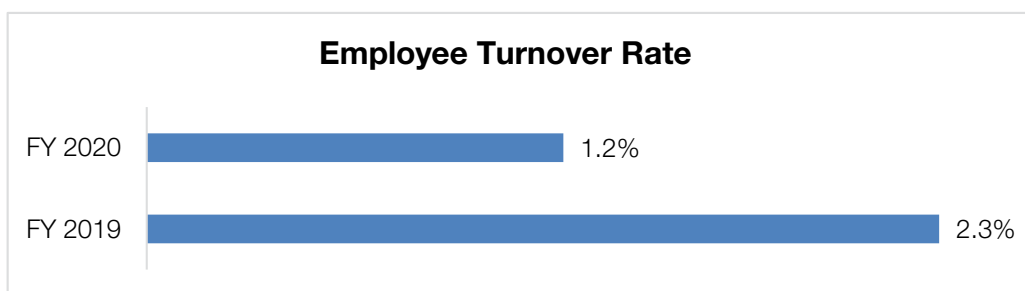


CJ Century strongly believes that maintaining a good working environment is the key to retain talents and enhance their sense of belonging. To this end, we strive to establish an inclusive and engaging working environment for our employees by providing them with competitive compensation and benefits.

Attracting and retaining the right employees is essential to achieving our business goals and maintaining a competitive edge. Our employee benefits are in compliance with the Employment Act 1955 and also offer beyond the compliance such as car allowance, medical claims, insurance, annual medical check-up, maternity allowance and meal subsidy programme. We review our employee benefits and reward programmes periodically, ensuring that like-minded candidates are drawn to CJ Century and existing employees remain productive.

In FY 2020, our employee turnover rate is at 1.2% which was a sharp reduction as compared to the preceding year in 2019 at 2.3%. In FY 2019, a divestment in one of business units under Transport Division resulted in a number of employees transferred to another company. Additionally, higher employee turnover rate was from resignation of employees under non-executive level.

As the nation is grappling with the repercussions of widespread furloughed and layoffs, we understand that our employees too have different family situations, living arrangements, and socioeconomic circumstances to deal with. To help our team members feel secure, stable, and cared for, we have carried out various employee engagement activities and re-evaluated our employee benefits packages by offering new ways for employees to leverage their existing benefits.



Succession plans are put in place for key positions to ensure sustainability in terms of continuous effective and efficient operations within the Company, in addition to cultivating a healthy leadership pipeline.



## SUSTAINABILITY STATEMENT (CONT'D)

### **Diversity and Equal Opportunity**

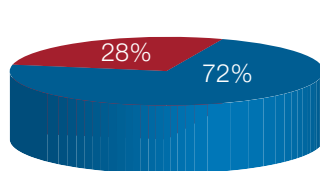
(GRI Reference: GRI 405-1)

CJ Century values and recognises the benefits of diversity in people, ideas and cultures. Accordingly, we are committed to providing equal employment opportunities and a working environment free from unlawful discrimination for all employees. The Company recruits, trains and promotes employees at all levels without regard to an individual's age, gender, race and religion.

In FY 2020, 89% of our senior management positions are held by Malaysians, whereas the remaining 11% are Korean expatriates. We believe in local talents able to deliver their excellent service and performance for the Company, hence we will continue to prioritise locals for employment.

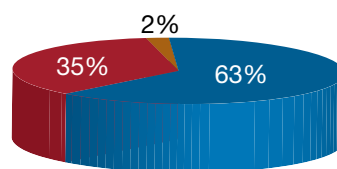
#### Employee Profile for FY 2020

**Gender Profile**



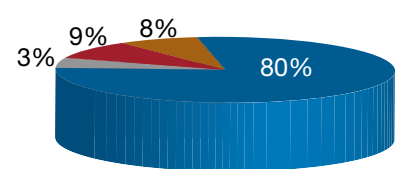
■ Male ■ Female

**Age Profile**



■ Under 36 years old  
■ 36 to 56 years old  
■ Above 56 years old

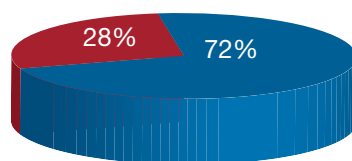
**Ethnicity Profile**



■ Bumiputera  
■ Chinese  
■ Indian  
■ Foreigners

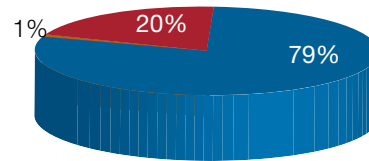
#### New Hire Profile for FY 2020

**Gender Profile**



■ Male ■ Female

**Age Profile**



■ Under 36 years old  
■ 36 - 56 years old  
■ above 56 years old

## SUSTAINABILITY STATEMENT (CONT'D)

### ***Training & Education***

(GRI Reference: GRI 404-1, 404-2)



We believe that empowering employees is conducive for increased efficiency and productivity. To better adapt to the rapidly changing business environment, we strive to promote a continuous learning culture and provide our employees the flexibility to explore their career aspirations through on-the-job trainings offered across our business divisions.

We identify our workforce training needs through our performance appraisal system and discussions with HODs. During the performance appraisal, the respective heads discuss with their reports on skills gaps and weaknesses, and challenges faced during job and develop training programmes to address those challenges. We provide equal opportunities of personal and career enhancement within the Company, and strongly encourage employees to participate in internal or external training programs such as certificate courses and seminars.

## SUSTAINABILITY STATEMENT (CONT'D)

Reflecting our commitment to cultivating a strong talent pool, we invested approximately RM132,263 in training and development programmes in FY 2020 (FY 2019: RM189,135)<sup>1</sup> with a total of 6,768 training hours provided to our employees. Lower training and development programmes for FY 2020 were mainly due to limitations of having in-person training during the movement control period. As we strive to bridge connections and digitalise communications with our employees, we continue to provide myriad ways to upskill our employees while keeping them safe by making their learning experiences accessible remotely. We will continue to enhance the training system and provide better programs for employees.

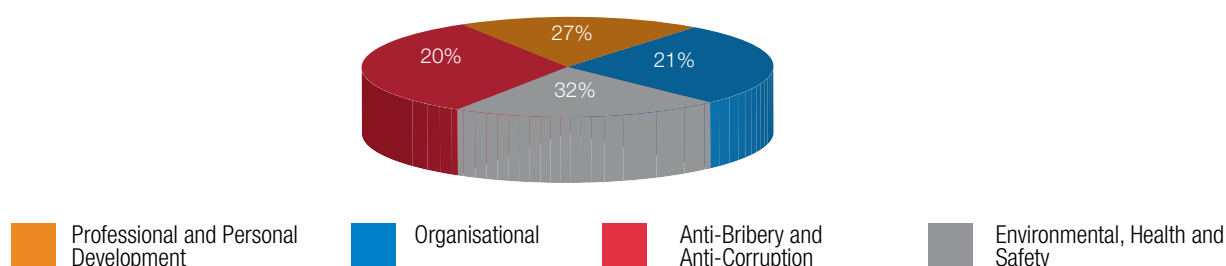
<sup>1</sup>The cost of training and development programmes amounted at RM153,409 was reported up to September 2019 in the Annual Report Year 2019. Hence, the amount has been reinstated up to December 2019 in this report.

Training Approach	Total Training Hours	Total Cost (RM)
Internal	5,676	103,141
External	485	19,340
Online	607	9,782
<b>Total</b>	<b>6,768</b>	<b>132,263</b>

# RM132,263

invested on employees learning and development programmes in FY 2020

### Types of Training Programme Conducted for FY 2020.



### CJ Graduate Development Programme

CJ Century developed the CJ Graduate Development Programme to nurture young Malaysian talents to be well balanced leader with both technical and management capabilities in the Company. This programme plays a part of our Corporate Social Responsibilities to the local community and provides a platform for the growth of next generation leaders. It is designed for a duration of 16 months to train new talents in operation divisions within CJ Century such as Contract Logistics, Freight Forwarding, and Transport on rotation basis.

### Labour Practices and Grievance Mechanism

(GRI Reference: GRI 406)

CJ Century is committed to maintain collaborative relationship with our employees through the terms and conditions set out in all policies and procedures. CJ Century's Employee Handbook and Code of Conduct and Business Ethics Policy were developed to communicate to employees on the Company's policies and procedures relating to their employment privileges and obligations.

Staying true to our founding philosophy of pursuing rational management, we hold people-oriented strategy high in regard within the company. We have formulated organisational culture and management principles that adopt an open style of communication, open door policy, trust and mutual respect across from management team to employees. Employees are encouraged to raise their concerns to their immediate superior, heads of department, senior management or to the Human Resources & Administration Department, for a fair review and prompt response in addressing work-related issues, harassment, discrimination, grievance handling, and whistle-blowing matters. For further details, please refer to the previous section regarding the Code of Conduct and Whistleblowing Policy.

Good discipline is essential to enable the Company to meet its objectives and to ensure a good and safe working environment for our employees. It is our philosophy to coach, monitor, evaluate and counsel employees on a regular basis to maintain good discipline with them.

## SUSTAINABILITY STATEMENT (CONT'D)

### **Occupational, safety and health**

(GRI Reference: GRI 403-1, 403-3, 403-4, 403-5, 403-7, 403-9, 403-10)



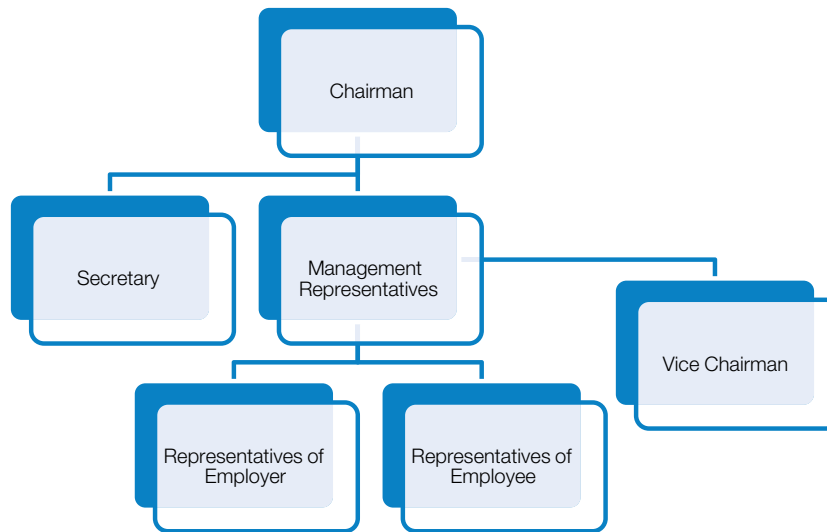
We emphasize on promoting a safe and healthy working environment for all our employees and contractors to protect them from serious occupational hazards and encouraging them to adopt safety and health practices. We have established the Occupational Safety and Health Committee ("OSHC") and Occupational Health and Safety Management System ("OHSMS") in accordance with ISO 45001:2018 Occupational Health and Safety Management System that is recognised globally for managing occupational safety and health risk and opportunities.



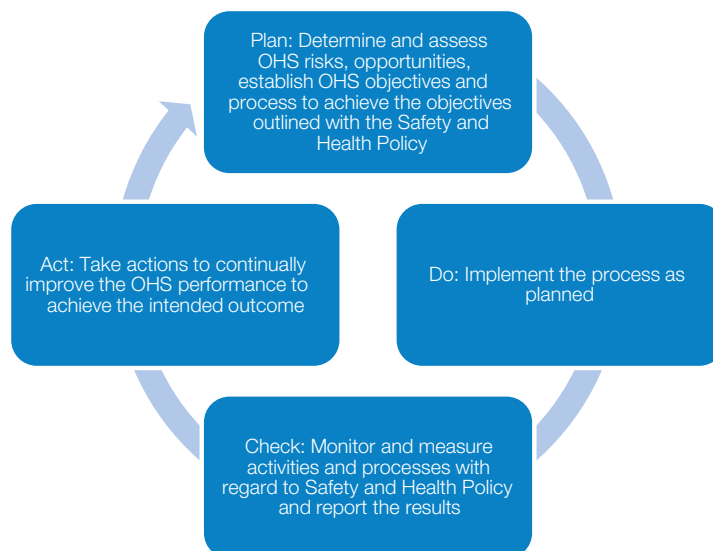
## SUSTAINABILITY STATEMENT (CONT'D)

The OSHC oversees on the safety and health matters, review adequacy of Safety and Health policy and practices, and address regulatory compliance issues through meetings on a quarterly basis.

The OSHC is headed by a Chairman and its members comprising employees and management representatives as per illustration below.



Our OHSMS uses Plan-Do-Check-Act ("PDCA") approach to achieve our Safety and Health objectives as illustrated below:

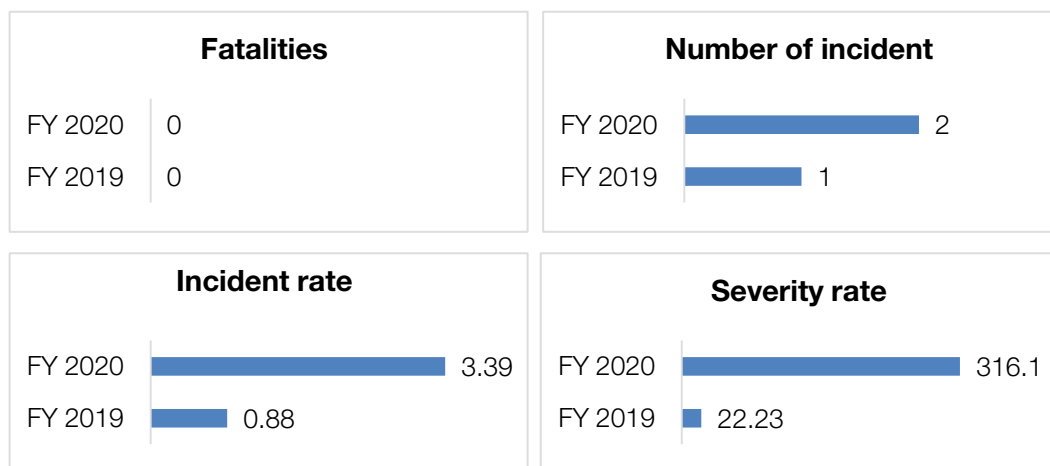


Source: Occupational Health and Safety Management System Manual



## SUSTAINABILITY STATEMENT (CONT'D)

### Our Safety and Health Performance



Note: The calculation of incident rate and severity rate are based on JKPP Form 8 by Department of Occupational Health and Safety.

Incident rate = (Number of incident / Average number of employees) x 1,000

Severity rate = (Number of workday loss / Total manhours worked) x 1,000,000

We continued to strengthen our safety culture, our achievements include maintaining zero (0) fatalities, major injury and occupational illness. We are committed to reduce our incident rate by intensifying safety training programmes to all employees and tighten our controls on safety and health processes.

### Covid-19 response

The Covid-19 pandemic has necessitated sudden changes in business operations, and we have responded quickly to put in place measures to safeguard safety and health of our employees during this extraordinary time.

We enforced the Work From Home ("WFH") Guidelines for all employees during the implementation of Movement Control Order ("MCO") period issued by the Government of Malaysia on 18 March 2020. In addition to the mandatory instruction to WFH, we suspended business travels and events to keep our employees safe and as a proactive initiative to curb any potential spread of Covid-19 in the community.

The following measures throughout the period of Covid-19 pandemic were introduced:

1. Invested on IT software, hardware and laptops for our employees to WFH whilst ensuring business continuity, security and confidentiality;
2. Provide continuous learning by organising online training programmes for our employees;
3. Encourage all meetings to be conducted via virtual meeting application such as Microsoft Teams and Zoom.

CJ Century has established Covid-19 preventive measures and guidelines in workplace in managing the return of our employees to work, and in adapting to the new normal to curb the spread of Covid-19.

The following measures were undertaken to help prevent the spread of infections in our workplace:

1. Ensured physical distancing and mandatory wear face mask at all times;
2. Promote hygiene and regular sanitisation in the workplace and our fleet of vehicles;
3. Enforced mandatory screening pre-entry, measure body temperature, masks and hand sanitisers; and
4. All employees and visitors are compulsory to scan with Mysejahtera application prior entering to our premise.

Despite the quick transition to the WFH model in the face of Covid-19, we enforced WFH on rotation basis for all employees as per outlined in our WFH Guidelines. We continue to take necessary precautions on Covid-19 to address the health and safety of our employees at all times.

## SUSTAINABILITY STATEMENT (CONT'D)

### Community Engagement

(GRI Reference: GRI 413-1)

Building and maintaining strong relationships with communities where the company operates is close to CJ Century's heart. Our sustainability commitment extends to the local communities through various community-based programmes that address challenges and issues faced by the communities, as well as to improve the wellbeing of disadvantaged people.

In FY 2020, the Company disbursed RM247,680 (FY 2019: RM168,625) in the community engagement that supported a total of 22 beneficiaries including local education institutions, community-based organisations and non-profit organisations.

To bring and secure positive economic impacts to the local communities, we adopt a philosophy of shared prosperity with our neighbouring communities by providing local communities with both employment and business opportunities.

Concerned with pressing community needs since the Covid-19 outbreak, we donated medical face masks and personal protective equipment to the frontliners in Klang Valley and Sabah. Additionally, we had also provided monetary support to help setting up virus detection laboratory at Bintulu Hospital as well as provision of daily living necessities for unfortunate families who were severely affected during the time of MCO.

Upholding the believe of inclusivity, quality education has a profound positive impact on the society, we continue to support education for the underprivileged community and employees with the provision of education aid or access to better learning environment towards academic excellence.



**RM247,680**  
contributed  
for social causes in FY 2020  
43% for community engagement initiatives  
13% for academic enhancement activities  
44% for Covid-19 relief programmes

Total **22** non-profit  
organisations and  
community groups

across Klang Valley, Sabah,  
Sarawak, Johor and  
Negeri Sembilan benefited

Sponsored **90** sets of  
school necessity

**RM159,000** worth  
of materials donated  
in support of Covid-19 relief including PPEs  
and setting up virus detection laboratory

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of CJ 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 interests 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 2020 as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) with reference to the following three (3) key principles under the leadership of the Board:

Principle A	Principle B	Principle C
<b>Board leadership and effectiveness</b>	<b>Effective audit and risk management</b>	<b>Integrity in corporate reporting and meaningful relationship with stakeholders</b>
<ul style="list-style-type: none"> <li>Board responsibilities</li> <li>Board composition</li> <li>Remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Audit committee</li> <li>Risk management and internal control</li> </ul>	<ul style="list-style-type: none"> <li>Communication with stakeholders</li> <li>Conduct of general meetings</li> </ul>

This overview statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read together with the CG Report of the Company for the financial year ended 31 December 2020 which is available on the Company's website at [www.cjcentury.com](http://www.cjcentury.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board's leadership on Objectives and Goals

- 1.1 The Board of the Company strives to ensure that all the Company's strategic objectives are well-conveyed throughout the Company in order to achieve both short and long term goals of the Company as a fundamental part of discharging its responsibilities to protect and enhance value for all stakeholders and raise the performance of the Company. The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 (“**CA 2016**”), the Main Market Listing Requirements (“**MMLR**”), MCCG as well as the Company's Constitution and the Board Charter in discharging its fiduciary duties and responsibilities. The Board had ensured that it 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 2020, all the Directors of the Company 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	<ul style="list-style-type: none"> <li>HSBC x MDEC: Digital Transformation for Malaysian Corporates</li> <li>Virtual Sales Success: Remote Working, Inside Sales &amp; Social Prospecting</li> <li>Talk Show - Why Diversity and Inclusivity needs to be the Backbone of Performance Reviews</li> <li>HSBC WPB Awards Night – Virtual Edition</li> <li>HSBC Mental Health Webinar – Mental Health is a Balancing Act</li> <li>Webinar on Being Inclusive</li> <li>Changing Male Stereotypes - International Men's Day 2020</li> </ul>

## 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	<ul style="list-style-type: none"> <li>Zooming in on business continuity and crisis management</li> <li>Aggressive M&amp;A in times of crisis</li> <li>Deloitte Webinar: Business Operations Efficiency and Flexibility</li> <li>Sustainability Reporting Workshops for Practitioners</li> <li>Malaysia Budget 2021 - Market and Sectoral Outlook webinar</li> <li>Malaysia Budget 2021 webinar</li> </ul>
Saryani Binti Che Ab Rahman	<ul style="list-style-type: none"> <li>Business Foresight Forum (BFF): Evolutionary Change to Revolutionary Impact - Reimagining a new world post Covid-19</li> </ul>
Winston Tan Kheng Huang	<ul style="list-style-type: none"> <li>Globalisation 4.0 – Are You Ready?</li> <li>Covid-19 Business Tech Solutions</li> <li>What Coronavirus means for the global economy</li> <li>Coronavirus, and Australian Bushfires: Business Continuity Resources on Practical Law and Westlaw Asia</li> </ul>
Jonathan Park (appointed on 1 June 2020)	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme</li> </ul>

Teow Choo Hing, Lee Eui Sung, Ahn Jae Ho (resigned on 1 June 2020), Hong Sung Yong and Park Chul Moon did not attend any structured training programmes during the financial year under review but they have continuously kept themselves abreast of the relevant developments in the marketplace through the updates and briefings by the Company Secretaries such as the 2020 CG Monitor Report released by the Securities Commission of Malaysia, as well as briefings by the Internal Auditors and External Auditors, communications with other Directors, as well as daily work exposures throughout the year.

The Board promotes the best interests of the Company with a view to add long-term value to the Company's shares, shareholders and other 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:

- Promoted good governance culture;
- Supervised and assessed performance of management;
- Ensured a sound framework for internal control and risk management;
- Identified principal risks;
- Looked into succession planning and continuing development of Directors;
- Ensured effective communication with stakeholders; and
- Ensured the integrity of financial and non-financial reporting.

#### 1.2 The Chairman of the Board, had during the year:

- provided leadership to the board so that the Board can perform its responsibilities effectively;
- through the Company Secretary, set the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- led board meeting discussions;
- encouraged active participation and allowed dissenting views to be freely expressed;
- managed the interface between board and management;
- ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole; and
- led the Board in establishing and monitoring good corporate governance practices in the Company.

## 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)

- 1.3 The positions of the Chairman and Chief Executive Officer ("**CEO**") 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 CEO focuses on the business and day-to-day management of the Company. The distinct and separate roles of the Chairman and CEO, 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.
- 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, or together with their representatives, had during the year:

- 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 proceedings pertaining to the Twenty-Third 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 Meeting is served to the Directors at least seven (7) days prior to the Board Meeting unless there is an exceptional case.

All meeting materials are circulated to Directors at least seven (7) 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 The Board has a Board Charter that is 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 on the Company's website at [www.cjcentury.com](http://www.cjcentury.com).

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, Audit Committee ("**AC**"), Nomination Committee ("**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](http://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 2020 Corporate Governance Report.*

#### **NC**

During the financial year ended 31 December 2020, 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	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 2020, the NC had met once and performed the following activities in the discharge of its duties:

- Recommended the appointment of a Non-Independent Non-Executive Director and another Executive Director nominated by CJ Logistics Asia Pte. Ltd., the substantial shareholder of the Company
- Recommended the redesignation of the Executive Director appointed during the year to Deputy Chief Executive Officer
- Recommended the re-election of the directors who are to retire by rotation at the Twenty-Third Annual General Meeting of the Company
- 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 2020 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 2020 is set out below:

Director	Designation	AC	NC	RC
Datuk Lee Say Tshin	Independent Non-Executive Director	5/5	1/1	1/1
Winston Tan Kheng Huang	Independent Non-Executive Director	5/5	1/1	1/1
Saryani Binti Che Ab Rahman	Independent Non-Executive Director	5/5	1/1	1/1
Hong Sung Yong	Non-Independent Non-Executive Director	3/5	Not member	0/1
Park Chul Moon	Non-Independent Non-Executive Director	Not member	0/1	Not member

All other Directors do not sit on Board Committees.

## 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 strive to uphold the ethical conduct in the Board and / or employees daily.

The Code of Conduct and Ethics covered this 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 on the Company's website at [www.cjcentury.com](http://www.cjcentury.com).

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

- 3.2 The Company has in place a formalised whistleblowing policy which is incorporated in the Code of Conduct and Ethics. If an employee has information or proof of any cases of corruption, fraud or malpractice, he /she is encouraged to bring the issue to the attention of the Whistleblowing Committee.

For the financial year ended 31 December 2020, no whistleblowing report has been received.

#### 4.0 Board Composition

- 4.1 For the financial year ended 31 December 2020, the Board comprises nine (9) members, of which three (3) of them are Independent Non-Executive Directors, three (3) of them are Non-Independent Non-Executive Directors and three (3) of them 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 9 years in the Company as at 31 December 2020.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

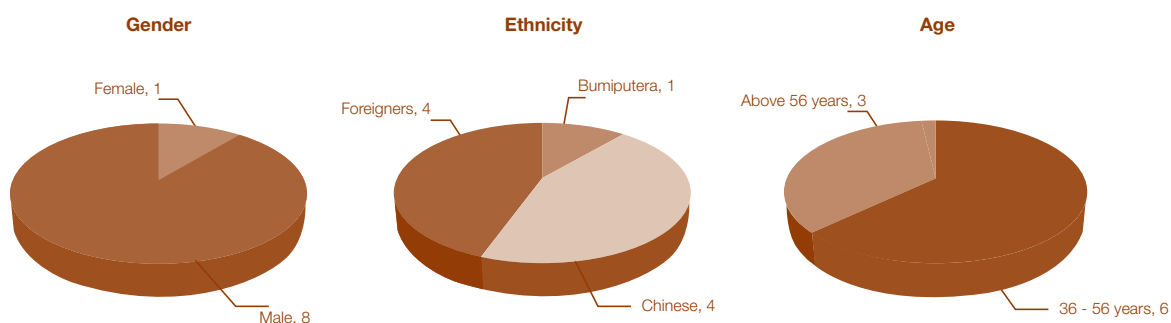
#### 4.0 Board Composition (Cont'd)

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

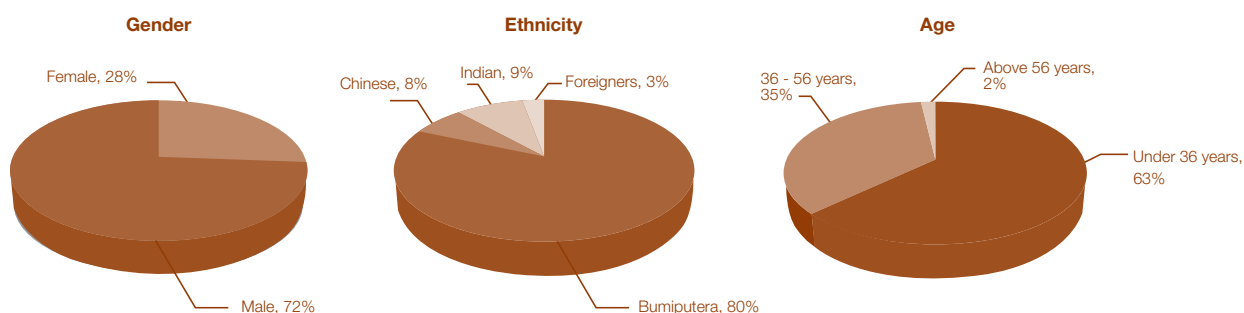
The Board practices no discrimination in term of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.

For the financial year ended 31 December 2020, 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 prioritise the appointment of more female Directors to the Board and senior management, based on needs and merits.
- 4.6 CJ Logistics Asia Pte. Ltd., the substantial shareholder of the Company had nominated Jonathan Park to be appointed as the Non-Independent Non-Executive Director, in place of Ahn Jae Ho who resigned on 1 June 2020. Jonathan Park was appointed to the Board on 1 June 2020.

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, but trust that the nomination has its merits. The Nomination Committee and the Board reviewed Jonathan Park's credentials and believe that he is suitably qualified to be appointed in replacement of Ahn Jae Ho as a Director of the Company, particularly as the Company embarked on an exercise to acquire CJ Korea Express Malaysia Sdn. Bhd. and Jonathan Park carries with him more than 20 years' of valuable and extensive experience in Mergers and Acquisitions.

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, and will consider independent sources as and when required.

- 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 2020:
- 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 is:

- Satisfied with the performance of the individual Director;
- 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.

#### 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### 7.0 Remuneration of Directors and Senior Management

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

##### *Executive Directors (from the Company and Group)*

Director	Salary, Bonus & EPF (RM)	Other benefits (RM)	Total (RM)
Teow Choo Hing	2,740,575	22,672	2,763,247
Yeap Khoo Soon Edwin	873,808	21,101	894,909

##### *Executive Director (from the Group)*

Director	Salary, Bonus & EPF (RM)	Other benefits (RM)	Total (RM)
Lee Eui Sung	980,691	121,706	1,102,397

The abovementioned Executive Directors did not receive any other form of remuneration from the Company or the Group, save as disclosed above.

##### *Independent Non-Executive Directors*

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Datuk Lee Say Tshin	120,000	7,000	127,000
Saryani binti Che Ab Rahman	96,000	7,000	103,000
Winston Tan Kheng Huang	72,000	7,000	79,000

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

##### *Non-Independent Non-Executive Directors*

The three (3) Non-Independent Non-Executive Directors, namely Hong Sung Yong, Park Chul Moon, Jonathan Park (from 1 June 2020) and Ahn Jae Ho (to 1 June 2020) did not receive any fees or any other form of remuneration from the Company or the Group during the financial year ended 31 December 2020.

- 7.2 The Board has opted not to disclose the top five senior management's remuneration for the best interest of the Group by virtue that the information is subject to the Personal Data Protection Act 2010, that requires written consent from the respective Senior Management personnel for disclosure of their personal data to the public at large, and taking into consideration the sensitivity, security, and issue of staff morale.
- 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 8.0 Effective and Independent AC

- 8.1 The AC is chaired by Saryani Binti Che Ab Rahman, an Independent Non-Executive Director, which is a separate person from the Chairman 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 auditors; and
- there is coordination 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 will adopt 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.

- 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.

During the financial year ended 31 December 2020, the AC and the Board proposed and recommended that Messrs. Deloitte PLT be re-appointed as the external auditors of the Company and this was approved by the shareholders of the Company at the Twenty-Third Annual General Meeting of the Company. However, in view that Messrs. Deloitte PLT had been the external auditor of the Company since year 2004, the AC and the Board subsequently reconsidered and decided to change the external auditors for independence purposes. The AC was of the view that Messrs. Ernst & Young PLT, the new external auditors of the Company appointed by the Board on 15 October 2020 is suitable, objective and independent to be appointed based on the credentials and resources of Messrs. Ernst & Young PLT, as well as their communications with the AC.

Messrs. Ernst & Young PLT also provided its written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with 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, the AC should collectively 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### 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 members of the Risk Management Committee comprises the CEO, Deputy CEO, an Advisor, the Executive Director, the Chief Financial Officer, and selected Heads of Business Divisions.

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 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.

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, 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 Tricor Axcelasia Sdn. Bhd. (formerly known as 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 ensures 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. 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-Third Annual General Meeting for the Twenty-Third Annual General Meeting that was scheduled to be held on 22 April 2020 was issued more than 28 days prior to the meeting. This is to ensure that shareholders were given sufficient time to read and consider the resolutions to be resolved. However, due to the Covid-19 pandemic and the Movement Control Order in Malaysia, the Company had postponed the Twenty-Third Annual General Meeting which was held on 28 May 2020. The Notice of the Postponed Twenty-Third Annual General Meeting was issued at least twenty-one (21) days before 28 May 2020, but there was no change to the agenda items.

The Notice of General Meeting provides explanation beyond the minimum content stipulated in the Main Market Listing Requirements for the resolutions 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 Postponed Twenty-Third Annual General Meeting of the Company held on 28 May 2020, on a fully virtual basis to engage with shareholders and proxies proactively.

The said AGM included an avenue for questions by and answers to shareholders and proxies. The Chairman had invited shareholders and proxies to raise their questions on the Company's financial statements and other items for approval at the said AGM via Securities Services e-Portal.

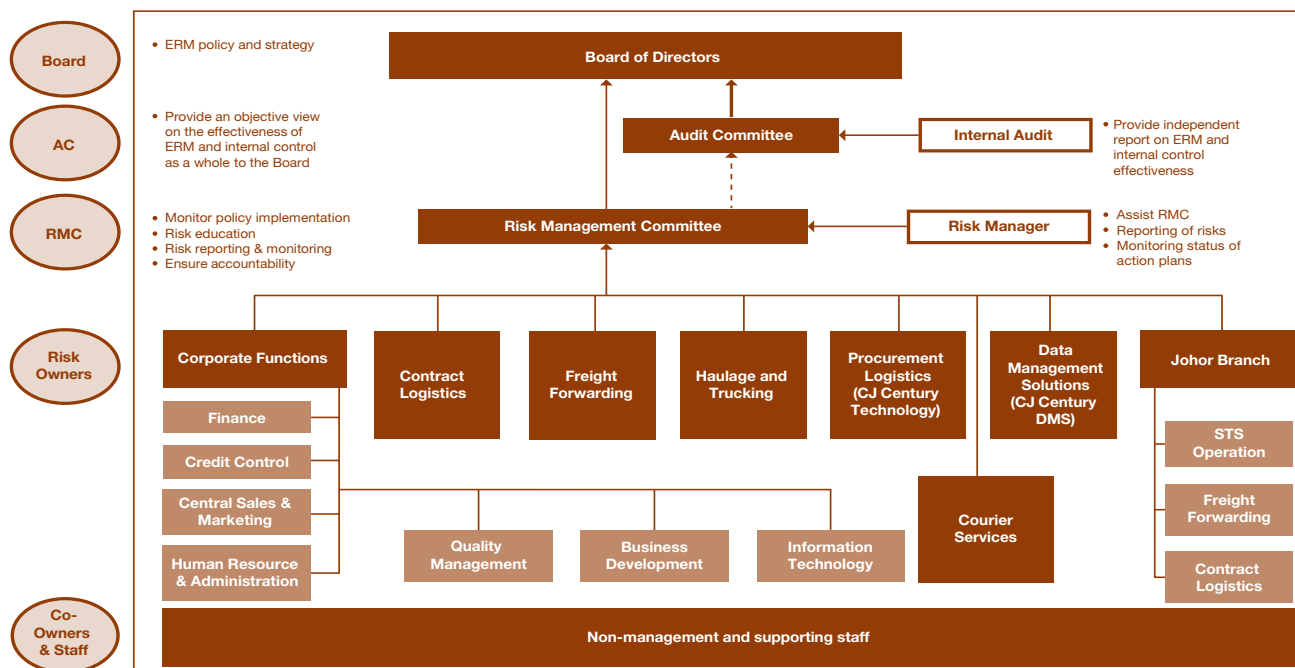
The Chairman of the Board ensured that sufficient opportunities were given to shareholders and proxies to raise questions relating to the affairs of the Company and that adequate responses were given.

- 12.3 In view of the current Covid-19 pandemic and the implementation of the Movement Control Order by the Malaysia Government from 18 March 2020 and in compliance with the Guidance Notes on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company had conducted its voting on all resolutions at the fully virtual Postponed Twenty-Third Annual General Meeting of the Company held on 28 May 2020 by online live polling to provide remote voting and immediate poll results. The Company had engaged SS E Solutions Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling services, while Commercial Quest Sdn. Bhd. was the appointed independent scrutineer to verify the poll results.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 25 February 2021.

# 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 RM63,000 was spent on internal audit activities in 2020.

### 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 discusses with 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 25 February 2021.



# 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 2020, where a total of five (5) meetings were held, are as follows:

	Number of Meetings Attended
Saryani Binti Che Ab Rahman (Chairperson / Independent Non-Executive Director)	5/5
Datuk Lee Say Tshin (Member / Independent Non-Executive Director)	5/5
Hong Sung Yong (Member / Non-Independent Non-Executive Director)	3/5
Winston Tan Kheng Huang (Member / Independent Non-Executive Director)	5/5

The terms of reference of the Audit Committee is available for reference on the company's website at [www.cjcentury.com](http://www.cjcentury.com).

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

The following summarises the work of the Audit Committee in the discharge of its functions and duties during the financial year ended 31 December 2020 and how it has met its responsibilities in line with the Duties and Responsibilities as stipulated in its Terms of Reference:

- (a) reviewed the unaudited quarterly reports on the consolidated results of the Group for all the relevant financial quarters prior to recommending the same for the Board's approval;
- (b) reviewed and discussed the relevant business and financial updates from management, including enquiring on management's plans and strategies, every quarter;
- (c) reviewed the recurrent related party transactions of a revenue or trading nature of the Group every quarter;
- (d) reviewed the trade receivables of the Group every quarter;
- (e) reviewed the status of litigations concerning the Group every quarter;
- (f) reviewed and confirmed the minutes of the Audit Committee meetings every quarter;
- (g) reviewed and received internal audit reports by the internal auditors every quarter;
- (h) reviewed the annual audited financial statements of the Group while engaging actively with the external auditor prior to recommending the same for the Board's approval, taking into consideration significant risks and areas of audit focus, contingent liability, and compliance with the applicable approved accounting standards in Malaysia and other legal and regulatory requirements;
- (i) reviewed the external audit reports and assessed the auditor's findings and management's responses thereto in respect of the audit in respect of the financial year ended 31 December 2019;
- (j) reviewed and approved the external audit plan in respect of the financial year ended 31 December 2020;
- (k) met privately twice with the external auditors without the presence of the executive directors and management during Audit Committee meetings to enquire on whether there were any issues to be highlighted to the Audit Committee, awareness of fraud concerning the Group, if any, and/or management cooperation level, as well as to share the Audit Committee's expectations of the external auditors;
- (l) reviewed and evaluated with the external and internal auditors, the adequacy of the internal control and risk management systems of the Group;
- (m) reviewed the suitability, objectivity and independence of the previous external auditor, namely Deloitte PLT, in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the Twenty-Third Annual General Meeting of the Company;
- (n) reviewed the suitability, objectivity and independence of the current external auditor, namely Ernst & Young PLT, in order to recommend their appointment to the Board after Deloitte PLT's resignation as external auditor during the year;
- (o) reviewed the external audit fees prior to recommending the same for the Board's approval;

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

- (p) reviewed and approved the internal audit plan, including changes as necessary during the financial year ended 31 December 2020;
- (q) assessed the performance of the internal auditors;
- (r) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Company's 2019 Annual Report;
- (s) reviewed the Circular to Shareholders dated 31 March 2020 in relation to the Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Shares;
- (t) reviewed and considered the evaluation of the Independent Adviser on the proposed acquisition of the entire issued share capital of CJ Korea Express Malaysia Sdn. Bhd. from CJ Logistics Asia Pte. Ltd. ("**CJ Asia**") and proposed exemption from the obligation to undertake a mandatory take-over offer under Paragraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisition for CJ Asia; and
- (u) reported to the Board on the proceedings of each Audit Committee meeting (through the Audit Committee Chairperson).

### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the internal control system of the Group is satisfactory and operating effectively. The internal auditors adopted 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.

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 work of the internal audit function for the financial year ended 31 December 2020 is as follows:

- (a) Performed internal audit work in accordance with the pre-approved internal audit plan, focusing on contract logistics, transportation, corporate function, freight forwarding and procurement logistics;
- (b) Followed up on the implementation of agreed action plans for past internal audits;
- (c) 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;
- (d) Presented the internal audit reports to the Audit Committee every quarter;
- (e) Discussed with the Audit Committee on the adequacy of the internal control and risk management systems of the Group; and
- (f) Presented and discussed with the Audit Committee on the internal audit plan, including changes as necessary during the financial year ended 31 December 2020.

The internal auditors adopted 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.

## 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.

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## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activity during the financial year.

### RESULTS

	The Group RM'000	The Company RM'000
Profit/(loss), net of tax	1,046	(635)
Attributable to:		
Owners of the Company	922	(635)
Non-controlling interests	124	–
	1,046	(635)

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

In the opinion of the directors, the results of the 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, other than effect arising from the acquisition of subsidiaries during the year.

### DIVIDENDS

Since the end of the previous financial year, no dividend has been paid or declared by the Company.

The directors do not recommend the payment of any dividend in respect of the current financial year.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Lee Say Tshin  
Teow Choo Hing  
Yeap Khoo Soon Edwin  
Lee Eui Sung  
Park Chul Moon  
Winston Tan Kheng Huang  
Saryani Binti Che Ab Rahman  
Hong Sung Yong  
Jonathan Park (appointed on 1 June 2020)  
Ahn Jae Ho (resigned on 1 June 2020)

The names of the directors of the Company's subsidiaries in office since the beginning 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 Zanil Hairiz Bin Harun  
Lee Eui Sung \*  
Kim Pil Young \*  
Hong Sung Yong \*  
Fadil Bin Saharudin \*  
Zurkarnain Bin Aziddin \*  
Lee Hyo Hee (appointed on 31 October 2020) \*  
Wan Salleh @ Wan Ahmad Bin Wan Abdullah (resigned on 18 May 2020)  
Sim Jae Hun (resigned on 30 September 2020) \*

*\* By virtue of CJ Korea Express Malaysia Sdn Bhd becoming a subsidiary of the Group*

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 20 to the financial statements.

### INDEMNITY TO DIRECTORS

The Company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") of RM10,000,000 in respect of liabilities arising from civil claims against the directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Group and the Company. The total amount of insurance premium paid for the D&O Insurance as at financial year end was RM13,000.



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year are as follows:

	Balance as at 1.1.2020	Number of ordinary shares		Balance as at 31.12.2020
		Bought	Sold	
Shares in the Company				
Direct interest				
Teow Choo Hing	45,389,394	1,984,800	–	47,374,194
Yeap Khoo Soon Edwin	2,610,000	352,300	–	2,962,300
Indirect interest				
Teow Choo Hing *	2,224,416	–	–	2,224,416
Datuk Lee Say Tshin *	80,000	–	–	80,000
Lee Eui Sung *	500,000	–	–	500,000

\* Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016.

	Balance as at 1.1.2020	Number of options over ordinary shares			Balance as at 31.12.2020
		Granted	Exercised	Lapsed	
Options pursuant to Employees' Share Option Scheme ("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 subsidiaries 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 corporations during the financial year.

### ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM200,043,445 to RM300,043,445 by the issuance of 200,000,000 new ordinary shares at fair value of RM0.50 per share, as discharge of purchase consideration for the acquisition of 100% equity interest in CJ Korea Express Malaysia Sdn. Bhd. on 30 June 2020. The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

## DIRECTORS' REPORT (CONT'D)

### TREASURY SHARES

During the financial year, the Company bought back 2,234,100 of its issued ordinary shares from the open market at average price of RM0.39 per share. The total consideration paid for the purchase was RM862,000.

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM3,368,346.

### 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 was in force for a maximum period of 5 years from the effective date.

Salient features of the ESOS are disclosed in Note 30 to the financial statements.

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

	Number of options over ordinary shares				Exercise price per share RM
	Balance as at 1.1.2020	Granted	Exercised	Lapsed	Balance as at 31.12.2020
<b>Grant date</b>					
08.01.2015	13,083,000	—	—	(13,083,000)	—
16.04.2015	480,000	—	—	(480,000)	—

The ESOS has expired on 7 January 2020.

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate allowance for expected credit loss had been made for receivables; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for expected credit loss in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) 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 liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) 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 will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - (ii) 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 the operations of the Group and of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 15 to the financial statements.

### HOLDING COMPANIES

The immediate holding company is CJ Logistics Asia Pte. Ltd. which is incorporated in Singapore. The intermediate holding companies are CJ Logistics Corporation and CJ CheilJedang Corporation. The ultimate holding company is CJ Corporation, a company listed in the Korean Exchange. All of these companies are incorporated in South Korea.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

## DIRECTORS' REPORT (CONT'D)

### AUDITORS' REMUNERATION

The remuneration of the auditors of the Group and of the Company is disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 February 2021.

**TEOW CHOO HING**

**LEE EUI SUNG**

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT 2016

We, Teow Choo Hing and Lee Eui Sung, being two of the directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 70 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of its financial performance and the cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 February 2021.

**TEOW CHOO HING**

**LEE EUI SUNG**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1) (B) OF THE COMPANIES ACT 2016

I, Kim Pil Young, being the Chief Financial Officer primarily responsible for the financial management of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 70 to 138 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Kim Pil Young  
at Selangor on 25 February 2021.

**KIM PIL YOUNG**

Before me,

**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Opinion**

We have audited the financial statements of CJ CENTURY LOGISTICS HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of 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 70 to 138.

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 at 31 December 2020, and of its financial performance and 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

### **Total logistics services revenue recognition**

The Group's revenue is mainly derived from total logistics services rendered. Revenue recognised by the Group during the year from logistics services amounted to RM425.6 million, representing 67% of the Group's revenue for the year ended 31 December 2020.

Revenue arising from total logistics services is recognised over the period of service delivery. Given the nature of the operations of the Group, we have identified revenue recognition in respect of total logistics services to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.



## INDEPENDENT AUDITORS' REPORT (CONT'D)

### **Key audit matters (Cont'd)**

#### **Total logistics services revenue recognition (Cont'd)**

To address this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the Group's internal controls over the timing and amount of revenue recognised;
- We involved our information technology specialists to test the operating effectiveness of the automated controls over timing and amount of revenue recognised;
- We tested the non-automated controls over completeness and measurement of revenue recognised;
- We read, on a sampling basis, the sales contracts entered into with customers to obtain an understanding of the specific terms and conditions;
- We performed correlation analysis between revenue, trade receivables and cash and bank balances using data analytics; and
- We tested samples of transactions close to the year end, to establish whether the transactions were recorded in the correct accounting period.

#### **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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon which is expected to be made available to us after the date of this auditors' report.

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, 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.

#### **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.

#### **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.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### ***Auditors' responsibilities for the audit of the financial statements (Cont'd)***

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 and 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, actions taken to eliminate threats or safeguards applied.

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 (CONT'D)

### **Other matters**

The comparative figures of the Group and of the Company were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 26 February 2020.

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.

**Ernst & Young PLT**  
**202006000003 (LLP0022760-LCA) & AF 0039**  
**Chartered Accountants**

**Nurida Salwa Binti Mohd Muhili**  
**No. 03371/06/2022 J**  
**Chartered Accountant**

**Kuala Lumpur, Malaysia**  
**25 February 2021**

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	635,707	491,985	–	–
Cost of sales	5(a)	(549,967)	(430,933)	–	–
Gross profit		85,740	61,052	–	–
Other income		4,224	3,059	5,400	5,400
Interest income	9(a)	1,297	1,685	–	–
Administrative expenses		(54,664)	(43,691)	(5,587)	(4,994)
Finance costs	9(b)	(9,903)	(6,534)	–	–
Depreciation of property, plant and equipment	12	(19,052)	(13,381)	–	–
Depreciation of right-of-use assets	14	(12,613)	(6,743)	–	–
<b>(Loss)/profit before tax</b>	6	(4,971)	(4,553)	(187)	406
Taxation	10	6,017	(2,857)	(448)	(300)
<b>Profit/(loss) for the year</b>		1,046	(7,410)	(635)	106
<b>Other comprehensive (loss)/income:</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(19)	11	–	–
Other comprehensive (loss)/income for the year, net of tax		(19)	11	–	–
Total comprehensive income/(loss) for the year		1,027	(7,399)	(635)	106
Profit/(loss) attributable to:					
Owners of the Company		922	(7,531)	(635)	106
Non-controlling interests		124	121	–	–
		1,046	(7,410)	(635)	106
Total comprehensive income/(loss) attributable to:					
Owners of the Company		903	(7,520)	(635)	106
Non-controlling interests		124	121	–	–
		1,027	(7,399)	(635)	106
<b>Earnings/(loss) per ordinary share</b>					
Basic (sen)	11	0.19	(1.93)		
Diluted (sen)	11	0.19	(1.93)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	462,018	385,451	–	–
Other investment	13	60	–	–	–
Right-of-use assets	14	22,011	9,926	–	–
Investment in subsidiaries	15	–	–	112,278	11,275
Goodwill on consolidation	16	23,166	1,443	–	–
Deferred tax assets	17	3	5	–	2
<b>Total non-current assets</b>		<b>507,258</b>	<b>396,825</b>	<b>112,278</b>	<b>11,277</b>
<b>Current assets</b>					
Inventories	18	36,434	9,539	–	–
Trade receivables	19(a)	138,680	94,713	–	–
Other receivables, deposits and prepaid expenses	19(b)	46,631	31,858	21	40
Amount owing by subsidiaries	20	–	–	208,707	209,793
Amount owing by related parties	20	12,089	–	–	–
Amount owing by immediate holding company	20	745	–	–	–
Amount owing by intermediate holding company	20	560	–	–	–
Amount owing by affiliated companies	20	–	7,455	–	–
Contract assets	21	15,944	4,747	–	–
Tax recoverable		5,469	2,786	–	–
Investment in money market funds	22	16,489	41,953	–	–
Deposits, cash and bank balances	22	43,716	23,046	208	63
<b>Total current assets</b>		<b>316,757</b>	<b>216,097</b>	<b>208,936</b>	<b>209,896</b>
<b>Total assets</b>		<b>824,015</b>	<b>612,922</b>	<b>321,214</b>	<b>221,173</b>

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	23	300,043	200,043	300,043	200,043
Treasury shares	24	(3,368)	(2,506)	(3,368)	(2,506)
Reserves	25	119,230	118,327	21,586	22,221
Equity attributable to owners of the Company		415,905	315,864	318,261	219,758
Non-controlling interests		1,053	929	–	–
<b>Total equity</b>		<b>416,958</b>	<b>316,793</b>	<b>318,261</b>	<b>219,758</b>
<b>Non-current liabilities</b>					
Hire-purchase payables	26	10,483	14,605	–	–
Lease liabilities	14	10,287	2,855	–	–
Long-term borrowings	27	138,220	144,553	–	–
Deferred tax liabilities	17	5,903	8,560	–	–
<b>Total non-current liabilities</b>		<b>164,893</b>	<b>170,573</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade payables	28(a)	52,880	29,332	–	–
Other payables and accrued expenses	28(b)	79,117	52,930	1,152	1,351
Amount owing to subsidiaries	20	–	–	1,698	–
Amount owing to related parties	20	279	–	–	–
Amount owing to immediate holding company	20	25,181	–	–	–
Amount owing to intermediate holding company	20	7,094	–	–	–
Amount owing to affiliated companies	20	–	703	–	–
Hire-purchase payables	26	9,459	5,668	–	–
Lease liabilities	14	12,212	7,229	–	–
Short-term borrowings	29	52,673	26,760	–	–
Contract liabilities	21	2,437	503	–	–
Tax liabilities		832	2,431	103	64
<b>Total current liabilities</b>		<b>242,164</b>	<b>125,556</b>	<b>2,953</b>	<b>1,415</b>
<b>Total liabilities</b>		<b>407,057</b>	<b>296,129</b>	<b>2,953</b>	<b>1,415</b>
<b>Total equity and liabilities</b>		<b>824,015</b>	<b>612,922</b>	<b>321,214</b>	<b>221,173</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Non-distributable reserves					Distributable reserve			
		Equity-settled employees' benefits reserve			Attributable to equity holders of the Company		Non-controlling interests		Total	
Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	Company RM'000	Non-controlling interests RM'000	RM'000	RM'000	RM'000
<b>The Group</b>										
As at 1 January 2019	200,043	(2,506)	744	1,424	123,248	322,953	955	323,908		
Share-based payments	30	-	-	1,407	-	1,407	-	1,407		
(Loss)/profit for the year	-	-	-	-	(7,531)	(7,531)	121	(7,410)		
Other comprehensive income for the year	-	-	11	-	-	11	-	11		
Total comprehensive income/(loss) for the year	-	-	11	-	(7,531)	(7,520)	121	(7,399)		
Dividends paid to shareholders of the Company	31	-	-	-	(976)	(976)	-	(976)		
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	(147)	(147)		
As at 31 December 2019	200,043	(2,506)	755	2,831	114,741	315,864	929	316,793		
As at 1 January 2020	200,043	(2,506)	755	2,831	114,741	315,864	929	316,793		
Issuance of shares in relation to acquisition of subsidiaries	23	100,000	-	-	-	100,000	-	100,000		
Purchase of treasury shares	24	-	(862)	-	-	(862)	-	(862)		
Transfer to retained earnings upon expiry of Employees' Share Option Scheme ("ESOS")	30	-	-	-	(2,831)	2,831	-	-		
Profit for the year	-	-	-	-	922	922	124	1,046		
Other comprehensive loss for the year	-	-	(19)	-	-	(19)	-	(19)		
Total comprehensive (loss)/income for the year	-	-	(19)	-	922	903	124	1,027		
As at 31 December 2020	300,043	(3,368)	736	-	118,494	415,905	1,053	416,958		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	← Non-distributable reserves →				Distributable
		Share capital RM'000	Treasury shares RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	reserve
The Company						
As at 1 January 2019		200,043	(2,506)	1,424	20,260	219,221
Share-based payments	30	-	-	1,407	-	1,407
Total comprehensive income for the year		-	-	-	106	106
Dividends paid	31	-	-	-	(976)	(976)
As at 31 December 2019		200,043	(2,506)	2,831	19,390	219,758
As at 1 January 2020		200,043	(2,506)	2,831	19,390	219,758
Issuance of shares in relation to acquisition of subsidiaries	23	100,000	-	-	-	100,000
Purchase of treasury shares	24	-	(862)	-	-	(862)
Transfer to retained earnings upon expiry of ESOS	30	-	-	(2,831)	2,831	-
Total comprehensive loss for the year		-	-	-	(635)	(635)
As at 31 December 2020		300,043	(3,368)	-	21,586	318,261

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/profit before tax		(4,971)	(4,553)	(187)	406
Adjustments for:					
Depreciation of property, plant and equipment	12	19,052	13,381	—	—
Depreciation of right-of-use assets	14	12,613	6,743	—	—
Interest expense	9(b)	9,903	6,534	—	—
Share-based payments expenses		—	1,407	—	516
Property, plant and equipment written off	6	249	—	—	—
Allowance for expected credit loss	6	2,876	578	—	—
Impairment loss on investment in subsidiaries	6	—	—	—	246
Interest income	9(a)	(1,297)	(1,685)	—	—
Net gain on disposal of property, plant and equipment	6	(395)	(546)	—	—
Gain on termination of leases	6	(2)	—	—	—
Net unrealised gain on foreign exchange	6	(1,883)	(203)	—	—
Write back of allowance for expected credit loss	6	(281)	(93)	—	—
<b>Operating profit/(loss) before working capital changes</b>		35,864	21,563	(187)	1,168
Movement in working capital:					
(Increase)/decrease in inventories		(21,198)	9,315	—	—
(Increase)/decrease in receivables		(34,477)	(27,703)	19	(12)
Changes in related companies balances		5,133	(5,171)	—	—
Changes in subsidiaries balances		—	—	2,785	(232)
Increase in cash held on behalf of customers		(1,376)	(640)	—	—
Increase/(decrease) in payables		26,690	5,640	(200)	118
<b>Cash generated from operations</b>		10,636	3,004	2,417	1,042
Tax paid		(5,297)	(1,543)	(407)	(158)
<b>Net cash generated from operating activities</b>		5,339	1,461	2,010	884

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries		32,298	—	—	—
Increase in investment in subsidiary		—	—	(1,003)	—
Interest received		1,297	1,685	—	—
Proceeds from disposal of property, plant and equipment		1,135	1,895	—	—
Additions of property, plant and equipment (Note 1 below)		(30,104)	(53,697)	—	—
Placement of deposits with tenure more than 3 months		(99)	—	—	—
Placement of deposits pledged as securities		(1,211)	—	—	—
Decrease in investment in money market funds		25,464	20,107	—	—
<b>Net cash generated from/(used in) investing activities</b>		28,780	(30,010)	(1,003)	—
<b>Cash flows from financing activities</b>					
Drawdown of bank borrowings		29,000	71,696	—	—
Repayment of bank borrowings		(14,135)	(15,892)	—	—
Dividends paid to shareholders of the Company		—	(976)	—	(976)
Interest paid		(8,585)	(6,534)	—	—
Repayment of hire-purchase payables		(9,070)	(7,632)	—	—
Repayment of principal portion of lease liabilities		(12,483)	(6,588)	—	—
Purchase of treasury shares		(862)	—	(862)	—
Dividends paid to non-controlling interest		—	(147)	—	—
<b>Net cash (used in)/generated from financing activities</b>		(16,135)	33,927	(862)	(976)
<b>Net increase/(decrease) in cash and cash equivalents</b>		17,984	5,378	145	(92)
<b>Cash and cash equivalents at beginning of year</b>		20,947	15,569	63	155
<b>Cash and cash equivalents at end of year</b>		38,931	20,947	208	63

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise of:				
Cash and bank balances	33,605	15,776	208	63
Deposits with licensed banks	10,111	7,270	–	–
	43,716	23,046	208	63
Less: Cash held on behalf of customers	(3,475)	(2,099)	–	–
Less: Deposits with tenure more than 3 months	(99)	–	–	–
Less: Deposits pledged as securities	(1,211)	–	–	–
	38,931	20,947	208	63

#### **Note 1**

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

		<b>The Group</b>	
		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Additions during the year	12	38,843	65,146
Less: Acquisition under hire-purchase arrangements		(8,739)	(11,449)
Cash outflows		30,104	53,697

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 1. CORPORATE 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 subsidiaries are disclosed in Note 15.

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 No 12, Persiaran Astana/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan, Malaysia.

The immediate holding company is CJ Logistics Asia Pte. Ltd. which is incorporated in Singapore. The intermediate holding companies are CJ Logistics Corporation and CJ CheilJedang Corporation. The ultimate holding company is CJ Corporation, a company listed in the Korean Exchange. All of these companies are incorporated in South Korea.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 25 February 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of 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.

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations (Definition of Business)	1 January 2020
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosure (Interest Rate Benchmark Reform)	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
Amendment to MFRS 16 Leases (Covid-19-Related Rent Concessions)	1 June 2020

The initial adoption of abovementioned pronouncements did not have any material impact to the financial statements of the Group and the Company.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Standards and interpretations issued but not yet effective

The standards, amendments, and interpretations that are issued but not yet effective up to the date of issuance of the Group's consolidated financial statements and Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosure, MFRS 4 Insurance Contracts and MFRS 16 Leases (Interest Rate Benchmark Reform - Phase 2)	1 January 2021
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)	1 January 2022
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Basis of consolidation (Cont'd)

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the company and to 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 subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### 2.5 Summary of significant accounting policies

##### (a) Business combinations and goodwill

###### (i) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (a) Business combinations and goodwill (Cont'd)

##### (ii) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### (b) Revenue recognition from contracts with customers

Revenue is recognised when or 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 and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

A contract with customer exists when the contract has commercial substance, the Group and their customers have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, 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 or 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (b) Revenue recognition from contracts with customers (Cont'd)

The 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:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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.

Performance obligations are as follows:

##### Total logistics services

Performance obligations within this revenue segment include freight forwarding services, warehousing services, oil and gas logistics services, road transportation services and data management services. As the customer simultaneously receive and consume the benefits of these services provided by the Group as the Group performs, revenue is recognised over time based on output method.

##### Procurement logistics services

Performance obligations within this revenue segment include contract manufacturing of electrical products and assembling services.

Revenue from contract manufacturing of electrical products are recognised at a point in time when control of goods has been transferred to the customers, being at the point the manufactured products are placed at the disposal of the customers based on the agreed-upon shipping term.

For revenue from assembling services, the Group has contract with customers to assemble electrical products, on their behalf. Under these contracts, the Group provides procurement and assembly services. The Group does not have control of the goods before it is being transferred to the customer. The Group is acting as an agent and recognises revenue at the net amount that is retained for these arrangements. Revenue is recognised at a point in time because this is when the customer benefits from the Group's services.

##### Courier services

The Group recognises revenue of express delivery at a point in time as and when the services are rendered and goods are delivered to customers.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (c) Employee benefits

###### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

###### (ii) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

###### (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 30.

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 employees' benefits reserve.

##### (d) Income tax

###### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

###### (ii) Deferred tax

Deferred tax is provided for using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (d) Income tax (Cont'd)

##### (ii) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

##### (iii) Sales and service tax ("SST")

Revenue is recognised net of SST charged to customers. Expenses and assets are recognised inclusive of SST. The amount payable to taxation authority is included as payables in the statement of financial position.

##### (e) Foreign currencies

##### (i) Functional and presentation currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (e) Foreign currencies (Cont'd)

##### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in OCI and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

On consolidation, the assets and liabilities of foreign operations are translated at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of foreign operation, the components of OCI relating to that particular foreign operation are reclassified in profit or loss.

##### (f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and capital work in progress are not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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%

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (f) Property, plant and equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

##### (g) 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 goods 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.

##### (h) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, deposits with licensed banks and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

##### (i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments (Cont'd)

##### (i) Financial assets (Cont'd)

##### Initial recognition and measurement (Cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For the purpose of subsequent measurement, financial assets of the Group and of the Company are classified in three categories:

##### (i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and Company's financial assets at amortised cost include trade receivables, other receivables and deposits, amount owing by subsidiaries, amount owing by related parties, amount owing by immediate and intermediate holding companies and deposits, cash and bank balances.

##### (ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with the net changes in fair value recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments (Cont'd)

##### (i) Financial assets (Cont'd)

##### Subsequent measurement (Cont'd)

##### (iii) Financial assets at fair value through other comprehensive income (no recycling)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments (Cont'd)

##### (i) Financial assets (Cont'd)

##### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows held by the Group.

##### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statements of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (i) Financial instruments (Cont'd)

##### (ii) Financial liabilities (Cont'd)

##### Subsequent measurement (Cont'd)

##### (ii) Financial liabilities at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade payables, other payables and accrued expenses, amount owing to subsidiaries, amount owing to related parties, amount owing to immediate and intermediate holding companies, borrowings, hire-purchase payables and lease liabilities.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

##### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### (j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. For the purpose of assessing impairment, recoverable amount is determined for an individual asset. Unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (j) Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

##### (k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

##### (l) Fair value measurement

The Group measures financial instruments such as derivative and certain non-financial assets such as other investments at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (l) Fair value measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

##### (m) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (m) Current versus non-current classification (Cont'd)

A liability is classified as current when:

- (i) it is expected to be settled in the normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

##### (n) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (o) Leases

###### (i) Definition of leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset which this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (o) Leases (Cont'd)

##### (ii) Recognition and initial measurement

###### As a lessee

The Group recognises right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Summary of significant accounting policies (Cont'd)

##### (o) Leases (Cont'd)

##### (iii) Subsequent measurement

###### As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

##### (p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### (q) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the contract.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying accounting policies that have significant effect on the amount recognised in the financial statements during the current financial year.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Allowance for expected credit loss of trade receivable

Allowance for expected credit loss is measured based on expected credit loss is model based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting 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.

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets.

##### (ii) 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 is disclosed in Note 16.

##### (iii) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total logistics services	425,622	251,930	—	—
Procurement logistics services	164,228	210,011	—	—
Courier services	45,857	30,044	—	—
	635,707	491,985	—	—

#### Timing of revenue recognition:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Over time:</b>				
<u>Total logistics services</u>				
Freight forwarding	231,455	100,857	—	—
Warehousing	101,825	82,296	—	—
Oil and gas logistics	59,260	36,501	—	—
Transportation	32,844	31,999	—	—
Data management services	238	240	—	—
Property	—	37	—	—
<u>Procurement logistics services</u>				
Warehousing	5,027	3,007	—	—
<b>At a point in time:</b>				
<u>Courier services</u>				
Courier services	45,857	30,044	—	—
<u>Procurement logistics services</u>				
Assembling services	9,307	7,457	—	—
Contract manufacturing	149,894	199,547	—	—
	635,707	491,985	—	—



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. DIRECT OPERATING COSTS

(a) Cost of sales comprise:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Direct operating costs	486,581	385,440	—	—
Direct staff costs	63,386	45,493	—	—
	549,967	430,933	—	—

(b) Expenses classified by nature are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Direct operating costs	486,581	385,440	—	—
Staff costs, included under:				
Cost of sales	63,386	45,493	—	—
Administrative expenses	28,252	25,097	3,937	4,051
	91,638	70,590	3,937	4,051
Depreciation of property, plant and equipment	19,052	13,381	—	—
Depreciation of right-of-use assets	12,613	6,743	—	—
Finance costs	9,903	6,534	—	—
Other expenses	26,412	18,594	1,650	943
	646,199	501,282	5,587	4,994

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. (LOSS)/PROFIT BEFORE TAX

Included in (loss)/profit before tax are the following charges/credits:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Rental expenses of:				
- premises	7,569	6,887	—	—
- motor vehicles and equipment	5,274	4,459	—	—
Allowance for expected credit loss (Note 19(a))	2,876	578	—	—
Auditors' remuneration:				
- statutory audit	525	274	100	69
- other services	130	20	130	9
Property, plant and equipment written off	249	—	—	—
Impairment loss on investment in a subsidiary	—	—	—	246
<b>And crediting:</b>				
Gain on foreign exchange:				
- realised	1,871	1,879	—	—
- unrealised	1,883	203	—	—
Net gain on disposal of property, plant and equipment	395	546	—	—
Gain on termination of lease	2	—	—	—
Write back of allowance for expected credit loss (Note 19(a))	281	93	—	—

### 7. STAFF COSTS

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	78,366	59,179	3,316	3,018
Defined contribution plans	9,190	6,649	586	436
Share-based payment expenses (Note 30)	—	1,407	—	516
Other staff related expenses	4,082	3,355	35	81
	91,638	70,590	3,937	4,051

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Directors of the Company</b>				
Executive directors:				
Salaries and other emoluments	3,116	2,730	3,116	2,730
Share-based payment expenses (Note 30)	–	516	–	516
Defined contribution plans	499	437	499	437
	3,615	3,683	3,615	3,683
Non-executive directors:				
Fees	288	288	288	288
	3,903	3,971	3,903	3,971
<b>Directors of subsidiaries</b>				
Executive directors:				
Salaries and other emoluments	1,708	983	–	–
Defined contribution plans	165	149	–	–
	1,873	1,132	–	–
<b>Total</b>	<b>5,776</b>	<b>5,103</b>	<b>3,903</b>	<b>3,971</b>

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 RM133,786 (2019: RM71,600) and RM43,774 (2019: RM45,400) respectively.

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of directors	
	2020	2019
<b>Executive directors:</b>		
RM500,001 - RM550,000	1	–
RM750,001 - RM800,000	–	1
RM850,001 - RM900,000	1	–
RM2,400,001 - RM2,450,000	–	1
RM2,700,001 - RM2,750,000	1	–
	3	2
<b>Non-executive directors:</b>		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1
<b>Total</b>	<b>6</b>	<b>5</b>

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income on short-term deposits	1,297	1,685	—	—

#### (b) Finance costs

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loan	6,745	7,382	—	—
Hire-purchase payables	1,207	1,142	—	—
Bank guarantee	181	122	—	—
Bank overdraft	—	23	—	—
Revolving credit	894	—	—	—
Lease liabilities (Note 14)	876	483	—	—
	9,903	9,152	—	—
Capitalised in:				
Property, plant and equipment (Note 12)	—	(2,618)	—	—
	9,903	6,534	—	—

### 10. TAXATION

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Current income tax</b>				
Current year	3,610	3,702	327	300
(Over)/under provision in prior years	(2,120)	(438)	119	—
	1,490	3,264	446	300
<b>Deferred income tax</b>				
Relating to origination and reversal of temporary differences	(5,107)	(2,219)	—	—
(Over)/under provision in prior years	(2,400)	1,812	2	—
	(7,507)	(407)	2	—
Tax charged to profit or loss	(6,017)	2,857	448	300

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable (loss)/profit for the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit before tax	(4,971)	(4,553)	(187)	406
Tax at the statutory tax rate of 24% (2019: 24%)	(1,193)	(1,093)	(45)	97
Expenses that are not deductible	1,833	2,962	372	203
Income not subject to tax	(1,872)	(417)	—	—
Deferred tax assets not recognised	50	31	—	—
Utilisation of deferred tax assets not recognised	(315)	—	—	—
(Over)/under provision in prior years:				
Income tax	(2,120)	(438)	119	—
Deferred tax	(2,400)	1,812	2	—
Taxation	(6,017)	2,857	448	300

### 11. EARNINGS/(LOSS) PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	The Group	
	2020 RM'000	2019 RM'000
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	922	(7,531)
Weighted average number of ordinary shares in issue ('000)	498,168	390,261
Basic earnings/(loss) per share (sen)	0.19	(1.93)
Diluted earnings/(loss) per share (sen)	0.19	(1.93)

In the prior year, the diluted loss per share is equal to the basic loss per share due to the share options under ESOS are anti-dilutive. For the current year, given the ESOS has expired, the Group's basic and diluted earnings per share are the same.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 12. 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
<b>Cost</b>									
As at 1 January 2019	39,849	62,435	157,678	10,389	68,481	28,555	2,676	73,920	443,983
Additions	-	-	2,693	142	11,461	3,918	-	46,932	65,146
Disposals	-	-	-	(20)	(7,787)	(576)	-	(30)	(8,413)
Reclassification	-	-	104,709	4,804	(1,228)	15,128	(2,676)	(120,737)	-
As at 31 December 2019/1 January 2020	39,849	62,435	265,080	15,315	70,927	47,025	-	85	500,716
Additions	-	-	11,222	2,298	6,868	5,808	-	12,647	38,843
Disposals	-	-	-	-	(3,766)	(655)	-	-	(4,421)
Write-offs	-	-	-	(39)	-	(1,515)	-	-	(1,554)
Acquisition of subsidiaries	38,500	2,793	14,000	282	137	2,052	-	-	57,764
Reclassification	-	-	-	-	-	85	-	(85)	-
As at 31 December 2020	78,349	65,228	290,302	17,856	74,166	52,800	-	12,647	591,348
<b>Accumulated depreciation</b>									
As at 1 January 2019	-	6,744	26,216	6,813	41,389	23,650	2,400	-	107,212
Charge for the year	-	1,254	3,791	803	5,652	1,881	-	-	13,381
Disposals	-	-	-	(2)	(6,799)	(263)	-	-	(7,064)
Reclassification	-	-	-	2,394	(840)	846	(2,400)	-	-
As at 31 December 2019/1 January 2020	-	7,998	30,007	10,008	39,402	26,114	-	-	113,529
Charge for the year	-	1,262	6,143	1,426	5,732	4,489	-	-	19,052
Disposals	-	-	-	-	(3,039)	(643)	-	-	(3,682)
Write-offs	-	-	-	(8)	-	(1,297)	-	-	(1,305)
As at 31 December 2020	-	9,260	36,150	11,426	42,095	28,663	-	-	127,594

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. 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
<b>Accumulated impairment</b>									
As at 1 January 2019/ 31 December 2019/ 1 January 2020/ 31 December 2020	-	1,736	-	-	-	-	-	-	1,736
<b>Net carrying amount</b>									
As at 31 December 2019	39,849	52,701	235,073	5,307	31,525	20,911	-	85	385,451
As at 31 December 2020	78,349	54,232	254,152	6,430	32,071	24,137	-	12,647	462,018

(a) Property, plant and equipment with carrying amount totalling RM324,336,153 (2019: RM266,544,578) were charged to financial institutions as securities for term loans of the Group (Note 27).

(b) Net carrying amount of motor vehicles acquired under hire-purchase arrangements amounted to RM29,763,470 (2019: RM28,688,971). These motor vehicles have been charged to local licensed financial institutions for hire-purchase payables as described in Note 26.

(c) During the financial year, interest expense of a term loan obtained for the purpose of financing the construction of a building amounting to RM Nil (2019: RM2,618,294) was capitalised.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. OTHER INVESTMENT

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value through profit or loss</b>		
Transferable club membership	60	–

### 14. LEASES

#### Group as a lessee

The Group has lease contracts for various items of leasehold land and premises and equipment used in its operations. Leases of premises and equipment generally have lease ranges from 2 to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>The Group</b>
	<b>RM'000</b>
<b>Cost</b>	
As at 1 January 2019	–
Effect of adoption of MFRS 16	4,990
Additions	11,750
Disposal	(139)
As at 31 December 2019/1 January 2020	16,601
Additions	17,041
Acquisition of subsidiaries	7,934
Termination	(301)
As at 31 December 2020	41,275
<b>Accumulated depreciation</b>	
As at 1 January 2019	–
Charge for the year	6,743
Disposal	(68)
As at 31 December 2019/1 January 2020	6,675
Charge for the year	12,613
Termination	(24)
As at 31 December 2020	19,264
<b>Carrying amount</b>	
As at 31 December 2019	9,926
As at 31 December 2020	22,011

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. LEASES (CONT'D)

#### Group as a lessee (Cont'd)

During the financial year, the Group recognised an amount of RM11,118,682 and RM1,724,490 (2019: RM10,185,243 and RM1,160,742) of short-term leases and leases of low value assets on a straight-line basis as expenses, respectively.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	10,084	–
Effect of adoption of MFRS 16	–	4,990
Additions	17,041	11,682
Acquisition of subsidiaries	8,136	–
Termination	(279)	–
Interest expenses (Note 9)	876	483
Payment of lease rental	(13,359)	(7,071)
As at 31 December	22,499	10,084
<b>Analysed into</b>		
Non-current	10,287	2,855
Current	12,212	7,229
	22,499	10,084

The minimum lease payments for the lease liabilities are payable as follows:

	<b>Future minimum lease payments RM'000</b>	<b>Interest RM'000</b>	<b>Present value of minimum lease payments RM'000</b>
<b>2019</b>			
<b>Group</b>			
Current	7,408	(179)	7,229
Non-current	3,080	(225)	2,855
	10,488	(404)	10,084
<b>2020</b>			
Current	12,516	(304)	12,212
Non-current	11,309	(1,022)	10,287
	23,825	(1,326)	22,499

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. INVESTMENT IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares	121,851	22,232
Less: Accumulated impairment losses	(9,573)	(10,957)
	112,278	11,275

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

	<b>Effective interest</b>		
	<b>2020</b>	<b>2019</b>	
	<b>%</b>	<b>%</b>	<b>Principal Activities</b>
<b>Direct subsidiaries</b>			
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. <sup>β</sup>	–	100	Dormant
CJ Century Forwarding Sdn. Bhd. <sup># @</sup>	70	70	Freight forwarding and shipping agency
CJ Korea Express Malaysia Sdn. Bhd.	100	–	Investment holding and total logistics solutions provider
CJ Logistics Express Malaysia Sdn. Bhd. (formerly known as Evergreen Sunlight Sdn. Bhd.)	100	–	Courier and express services

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Effective interest		Principal Activities
	2020 %	2019 %	
<u>Subsidiaries of Century Logistics Sdn. Bhd.</u>			
Storewell (M) Sdn. Bhd.	100	100	Bonded warehousing
CJ Century DMS Sdn. Bhd. <sup>#</sup>	70	70	Data management solution
Century Logistics (Sarawak) Sdn. Bhd. <sup>β</sup>	–	100	Dormant
Century-YES Logistics (Yichun) Co. Ltd. <sup>^</sup> <sup>#</sup> <i>(Incorporated in the People’s Republic of China)</i>	75	75	Dormant
<u>Subsidiary of CJ Century Technology Sdn. Bhd.</u>			
CJ Procurement Sdn. Bhd.	100	100	Procurement logistics services
<u>Subsidiaries of CJ Korea Express Malaysia Sdn. Bhd.</u>			
CJ Korea Express Forwarding Malaysia Sdn. Bhd.*	100	–	Forwarding agent
EC Services Enterprise Sdn. Bhd. <sup>*</sup>	100	–	Transport, haulage and cleaning services
EC Distribution Sdn. Bhd.	100	–	Warehousing services
Tad Raya OffShore Sdn. Bhd.	100	–	Warehousing and storage services and other related activities

<sup>β</sup> The winding-up of these companies were completed during the year.

\* The Company holds call option on 51% shareholdings.

<sup>^</sup> The financial statements of this subsidiary were not subject to audit.

@ A director of the Company's subsidiary has 30% equity interest in this subsidiary. During the financial year, this subsidiary has provided freight forwarding services amounting to RM217,600 (2019: RM203,000) to CJ Century Logistics Sdn. Bhd.

# As at year end, none of the non-wholly-owned subsidiaries has material non-controlling interests.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (i) Acquisition of subsidiaries

##### CJ Korea Express Malaysia Sdn. Bhd. and its subsidiaries

On 30 June 2020, the Company completed the acquisition of 100% equity interest in CJ Korea Express Malaysia Sdn. Bhd. and its subsidiaries ("CJKX Group") satisfied via the issuance of 200,000,000 new ordinary shares of the Company at fair value of RM0.50 per share resulting in the fair value of the consideration transferred to be RM100,000,000. The following summarises the major classes of consideration transferred, and the fair value of assets acquired and liabilities assumed at the acquisition date.

	<b>The Group RM'000</b>
<b>Fair value of consideration transferred</b>	
Equity instruments issued (200,000,000 new ordinary shares)	100,000
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	57,764
Other investment	60
Right-of-use assets	7,934
Inventories	5,697
Trade and other receivables	45,314
Tax recoverable	1,511
Deposits, cash and bank balances	33,304
Lease liabilities	(8,136)
Borrowings	(4,715)
Deferred tax liabilities	(4,852)
Trade and other payables	(54,872)
Tax payable	(372)
<b>Total identifiable net assets at fair value</b>	<b>78,277</b>

The fair value of intangible assets, if any has yet to be determined pending completion of the Purchase Price Allocation ("PPA") exercise. In accordance with MFRS 3 *Business Combinations*, the Group will have 12 months from the date of acquisition to complete the PPA.

#### **Acquisition-related costs**

The Company incurred acquisition-related costs of RM1,006,414 which have been charged to the Company's profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (i) Acquisition of subsidiaries (Cont'd)

CJ Korea Express Malaysia Sdn. Bhd. and its subsidiaries (Cont'd)

##### Effect of acquisition

During the financial year, CJKX Group contributed revenue and profit after tax of RM137,752,290 and RM15,083,887 respectively for the period from the acquisition date to 31 December 2020.

	The Group RM'000
<b>Net cash inflow arising from acquisition of subsidiary</b>	
Purchase consideration settled in cash and cash equivalents, including the acquisition-related cost	(1,006)
Cash and cash equivalents acquired	33,304
	32,298

	The Group RM'000
<b>Goodwill on consolidation</b>	
Goodwill on consolidation was recognised as a result of the acquisition is as follows:	
Total consideration transferred	100,000
Fair value of identifiable net assets	(78,277)
	21,723

CJ Logistics Express Malaysia Sdn. Bhd. (formerly known as Evergreen Sunlight Sdn. Bhd.)

During the year, the Company also acquired a new dormant company, CJ Logistics Express Malaysia Sdn. Bhd. (formerly known as Evergreen Sunlight Sdn. Bhd.) ("CJLEM") for a total consideration of RM3,000. Subsequently, the Company subscribed to additional 999,999 ordinary shares in CJLEM at issue price of RM1 per share for a total consideration of RM999,999.

#### (ii) Liquidation of subsidiary

During the year, the Company completed the winding-up of its directly owned subsidiary, Century Logistics (Johore) Sdn. Bhd.. Accordingly, the cost and accumulated impairment loss of the subsidiary amounting to RM1,384,000 was derecognised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. GOODWILL ON CONSOLIDATION

Goodwill on consolidation of the Group arose from the acquisition of certain subsidiaries to enable the Group to operate as a total logistics service provider. The carrying amount of the goodwill is as follows:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,443	1,443
Acquisition of subsidiaries (Note 15(i))	21,723	–
At 31 December	23,166	1,443

The Group tests goodwill annually for impairment. The Group determines the recoverable amounts based on the value-in-use calculation using cash flows projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to the cash flows projections and the forecasted growth rates used to extrapolate cash flows beyond the three-year period are 6.50% (2019: 6.50%) and 2% (2019: 2%) respectively.

The calculation of value-in-use for the CGUs are most sensitive to the following assumptions:

Pre-tax discount rates	-	Discount rates reflect the current market assessment of the time value of money and the risk specific to the CGUs.
Growth rates	-	Growth rates are based on industry growth forecasts.
Budgeted gross margins	-	Gross margins are based on past performance and its expectations of market development.

### 17. DEFERRED TAX (ASSETS)/LIABILITIES

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	8,555	8,962	(2)	(2)
Recognised in profit or loss (Note 10)	(7,507)	(407)	2	–
Acquisition of subsidiaries	4,852	–	–	–
At 31 December	5,900	8,555	–	(2)
Presented as follows:				
Deferred tax assets	(3)	(5)	–	(2)
Deferred tax liabilities	5,903	8,560	–	–
	5,900	8,555	–	(2)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

#### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2020	14,625	1,048	15,673
Recognised in profit or loss	274	(1,033)	(759)
Acquisition of subsidiaries	4,852	–	4,852
At 31 December 2020	19,751	15	19,766
At 1 January 2019	9,015	480	9,495
Recognised in profit or loss	5,610	568	6,178
At 31 December 2019	14,625	1,048	15,673

#### Deferred tax assets of the Group

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Other payables and accrued expenses RM'000	Others RM'000	Total RM'000
At 1 January 2020	(6,398)	(105)	(615)	–	(7,118)
Recognised in profit or loss	(3,884)	(2,851)	(13)	–	(6,748)
Acquisition of subsidiaries	–	–	–	–	–
At 31 December 2020	(10,282)	(2,956)	(628)	–	(13,866)
At 1 January 2019	–	–	(304)	(229)	(533)
Recognised in profit or loss	(6,398)	(105)	(311)	229	(6,585)
At 31 December 2019	(6,398)	(105)	(615)	–	(7,118)

Details of unused tax losses and other deductible temporary differences which have not been recognised in the statements of financial position are as follows:

	The Group	
	2020 RM'000	2019 RM'000
Unused tax losses	3,280	3,039
Other deductible temporary differences	1,654	2,998
	4,934	6,037

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The availability of the unused tax losses for offsetting against future taxable profits of the Group is subject to no substantial changes in shareholdings of the respective companies under the Income Tax Act 1967, and guidelines issued by the tax authority. Effective from year of assessment 2019, unused tax losses are allowed to be carried forward for a maximum period of seven years.

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available in the Company and certain subsidiaries against which the Group can utilise the benefits.

### 18. INVENTORIES

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>		
Assembled products	9,190	4,545
Assembling parts	7,040	2,458
Trading goods	10,621	50
Goods in transit	9,583	2,486
	36,434	9,539

The cost of inventories held for sale recognised as cost of sales during the year amounted to RM153,513,561 (2019: RM173,763,946).

### 19. TRADE AND OTHER RECEIVABLES

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	142,415	95,902
Less: Allowance for expected credit loss	(3,735)	(1,189)
Net	138,680	94,713

#### (a) Trade receivables

The Group's credit terms range from 3 to 120 days (2019: 3 to 120 days).

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 Group has applied a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The Group estimated the loss allowance on trade receivables by applying an ECL rate at each reporting date. The ECL rate is computed based on estimated irrecoverable amounts determined by reference to past default experience of the Group and an analysis of the counterparty's current financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (a) Trade receivables (Cont'd)

The ageing analysis of the Group's trade receivables is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	91,902	62,561
1 - 30 days past due not impaired	27,122	16,986
31 - 60 days past due not impaired	11,918	7,919
61 - 90 days past due not impaired	3,226	3,171
More than 90 days past due not impaired	4,512	4,076
Past due but not impaired	46,778	32,152
Impaired	3,735	1,189
	142,415	95,902

Movement in the allowance for expected credit loss is as follows:

	The Group	
	2020 RM'000	2019 RM'000
At 1 January	1,189	811
Allowance for expected credit loss (Note 6)	2,876	578
Write back of allowance for expected credit loss (Note 6)	(281)	(93)
Write-off against trade receivables	(49)	(107)
At 31 December	3,735	1,189

As at the end of the reporting period, amount owing by ten major customers of the Group, which transacted with a subsidiary principally involved in the provision of total logistics and courier services and another subsidiary principally involved in the provision of procurement logistics services, accounted for 33% (2019: 58%) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (a) Trade receivables (Cont'd)

The currency profile of trade receivables is as follows:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	140,805	85,042
United States Dollar	1,610	10,860
	142,415	95,902

#### (b) Other receivables, deposits and prepaid expenses

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	26,250	20,280	–	–
Refundable deposits	9,306	6,198	–	2
Prepaid expenses	11,075	4,454	21	16
Goods and Services Tax recoverable	–	926	–	22
	46,631	31,858	21	40

Included in other receivables of the Group are amounts recoverable from customers of a subsidiary engaged in procurement logistics services for purchases of assembling parts made on their behalf totalling RM23,750,702 (2019: RM19,989,636).

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

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	41,096	31,854
United States Dollar	5,533	2
Others	2	2
	46,631	31,858

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, AFFILIATED COMPANIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES

	The Group		The Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Amounts owing by:</b>				
<u>Non-trade</u>				
Subsidiaries	—	—	208,707	209,793
<u>Trade</u>				
Related parties	12,089	—	—	—
Affiliated companies	—	7,455	—	—
Immediate holding company	745	—	—	—
Intermediate holding company	560	—	—	—
	13,394	7,455	208,707	209,793
<b>Amounts owing to:</b>				
<u>Non-trade</u>				
Subsidiaries	—	—	1,698	—
<u>Trade</u>				
Related parties	279	—	—	—
Affiliated companies	—	703	—	—
Immediate holding company	25,181	—	—	—
Intermediate holding company	7,094	—	—	—
	32,554	703	1,698	—

The non-trade balances are unsecured, interest-free and repayable on demand.

The trade balances are subject to a normal credit term of 30 days (2019: 30 days), unsecured, interest-free and repayable on demand.

In the prior year, 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.

Related parties refer to:

- Directors and key management personnel having authority and representation for planning, directing and controlling the activities of the Group and of the Company and their close family members; and
- Subsidiaries, related parties, immediate holding and intermediate holding companies of the Company and their subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, AFFILIATED COMPANIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)

#### 2020

##### Name of related parties

##### Relationship

##### Related parties

WOWSHOP Sdn. Bhd. (formerly known as MP CJ ENM Sdn. Bhd.)

An associate of CJ Corporation

Ibrakom Cargo LLC

An associate of CJ Logistics Corporation

Shanghai Smart Cargo Supply Chain Management Co., Ltd.

A wholly owned subsidiary of CJ Logistics Corporation

CJ Logistics PH Corp.

A subsidiary of CJ Logistics Asia Pte. Ltd.

CJ Bio Malaysia Sdn Bhd

An associate of CJ Corporation

PT. CJ Logistics Indonesia

A subsidiary of CJ Logistics Asia Pte. Ltd.

CJ Logistics (Thailand) Co., Ltd.

An associate of CJ Logistics Asia Pte. Ltd.

CJ Korea Express Freight Vietnam Co., Ltd.

An associate of CJ Logistics Asia Pte. Ltd.

CJ Korea Express Shenzhen Co., Ltd.

A subsidiary of CJ Logistics Asia Pte. Ltd.

CJ Korea Express Qingdao Co., Ltd.

A subsidiary of CJ Logistics Corporation

CJ Korea Express Tianjin Co., Ltd.

A subsidiary of CJ Logistics Corporation

CJ Logistics Japan Corporation

A subsidiary of CJ Logistics Corporation

CJ Logistics America, LLC

A subsidiary of CJ Logistics Corporation

CJ Logistics Europe GMBH

A subsidiary of CJ Logistics Corporation

Korea Express Shanghai Co., Ltd.

A subsidiary of CJ Logistics Corporation

CJ Smart Cargo Hong Kong Limited

Subsidiary of Shanghai Smart Cargo Supply Chain Management Co.,Ltd.

CJ Olivenetworks Co., Ltd.

Subsidiary of CJ Corporation

##### Immediate holding company

CJ Logistics Asia Pte. Ltd.

Holding company of the Company

##### Intermediate holding company

CJ Logistics Corporation

Holding company of CJ Logistics Asia Pte. Ltd.

##### Ultimate holding company

CJ Corporation

Holding company of CJ Logistics Corporation

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, AFFILIATED COMPANIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)

#### 2019

Name of related parties	Relationship
<u>Affiliated companies</u>	
CJ Logistics Asia Pte. Ltd.	A substantial shareholder of the Company
CJ Korea Express Malaysia Sdn. Bhd.	A subsidiary of CJ Logistics Asia Pte. Ltd., a substantial shareholder of the Company
EC Services Enterprise Sdn. Bhd.	A subsidiary of CJ Korea Express Malaysia Sdn. Bhd.
MP CJ ENM Sdn. Bhd.	An associate of CJ Corporation.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	The Group	
	2020	2019
	RM'000	RM'000
<b>CJ Logistics Corporation</b>		
Provision of information technology services to CJ Century Logistics Sdn. Bhd. ("CJCL")	339	—
Provision of logistics services to CJCL	265	—
Provision of courier services by CJCL	11	—
Provision of logistics services by CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")	1,300	—
Provision of logistics services to CJKX	4,320	—
Provision of consultancy fees to CJKX	146	—
Provision of recovery cost and guarantee fees to CJKX	155	—
<b>CJ Logistics Asia Pte. Ltd.</b>		
Provision of information technology services to CJCL	321	1,738
Provision of courier services by CJCL	220	331
Provision of logistics services by CJCL	186	159
Provision of logistics services by CJKX	307	—
Provision of logistics services to CJKX	4	—
Provision of loan interest to CJKX	282	—

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, AFFILIATED COMPANIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)

	The Group	
	2020 RM'000	2019 RM'000
<b>CJ Korea Express Malaysia Sdn. Bhd.</b>		
Provision of logistics services to CJCL	526	1,880
Provision of logistics services by CJCL	484	852
Provision of courier services by CJCL	16	24
Provision of data management solution services by CJ Century DMS Sdn. Bhd.	15	18
<b>CJ Korea Express Forwarding Malaysia Sdn. Bhd.</b>		
Provision of rental by CJCL	18	—
<b>EC Services Enterprise Sdn. Bhd.</b>		
Provision of logistics services to CJCL	—	85
Provision of logistics services by CJCL	—	16
<b>WOWSHOP Sdn. Bhd. (formerly known as MP CJ ENM Sdn. Bhd.)</b>		
Provision of courier services by CJCL	12,193	16,102
Provision of logistics services by CJCL	6,078	3,391
<b>Shanghai Smart Cargo Supply Chain Management Co., Ltd</b>		
Provision of logistics services by CJCL	10	—
Provision of logistics services by CJKX	1	—
<b>CJ Logistics PH Corp.</b>		
Provision of logistics services by CJCL	83	—
Provision of logistics services to CJCL	602	—
Provision of logistics services by CJKX	3	—
<b>CJ Bio Malaysia Sdn Bhd</b>		
Provision of logistics services by CJKX	45,457	—
Provision of logistics services to CJKX	1	—
<b>PT. CJ Logistics Indonesia</b>		
Provision of logistics services by CJKX	1	—
Provision of logistics services to CJKX	17	—
<b>CJ Logistics (Thailand) Co., Ltd.</b>		
Provision of logistics services by CJKX	42	—
Provision of logistics services to CJKX	49	—
<b>CJ Korea Express Shenzhen Co., Ltd.</b>		
Provision of logistics services by CJKX	1	—
Provision of logistics services to CJKX	1	—



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, AFFILIATED COMPANIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)

	The Group	
	2020 RM'000	2019 RM'000
<b>CJ Korea Express Qingdao Co., Ltd.</b>		
Provision of logistics services by CJKX	2	—
Provision of logistics services to CJKX	11	—
<b>CJ Korea Express Freight Vietnam Co., Ltd.</b>		
Provision of logistics services by CJCL	17	—
Provision of logistics services by CJKX	44	—
Provision of logistics services to CJKX	9	—
<b>CJ Korea Express Tianjin Co., Ltd.</b>		
Provision of logistics services by CJKX	1	—
Provision of logistics services to CJKX	15	—
<b>CJ Logistics Japan Corporation</b>		
Provision of logistics services by CJKX	2	—
<b>CJ Logistics America, LLC</b>		
Provision of logistics services by CJKX	4	—
<b>CJ Logistics Europe GMBH</b>		
Provision of logistics services to CJKX	6	—
<b>Korea Express Shanghai Co., Ltd.</b>		
Provision of logistics services by CJKX	319	—
Provision of logistics services to CJKX	290	—
<b>CJ Smart Cargo Hong Kong Limited</b>		
Provision of logistics services by CJKX	153	—
<b>CJ Olivenetworks Co., Ltd.</b>		
Provision of information technology services to CJKX	131	—
	The Company	
	2020 RM'000	2019 RM'000
<b>CJ Century Logistics Sdn. Bhd.</b>		
Management fee income	4,680	4,680
<b>CJ Century Technology Sdn. Bhd.</b>		
Management fee income	600	588
<b>CJ Century DMS Sdn. Bhd.</b>		
Management fee income	120	132

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2020 RM'000	2019 RM'000
<b>Contract assets</b>		
Accrued billings in respect of revenue from total logistics services (Note a)	15,944	4,747
<b>Contract liabilities</b>		
Deferred income (Note b)	(2,437)	(503)

Set out below is the amount of revenue recognised from:

	The Group	
	2020 RM'000	2019 RM'000
Amounts included in contract liabilities at the beginning of the year	503	—

**(a)** Revenue arising from total logistics services

Accrued billings is in respect to revenue from on-going total logistics services recognised over time as at the reporting date.

The increase in accrued billings is due to the higher volume of transactions during the year.

**(b)** Deferred income

Deferred income relates to advance billings received for total logistics services.

The increase in deferred income is due to higher advance billings received in line with the higher volume of transactions during the year.

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment in money market funds	16,489	41,953	—	—

Investment in money market funds of the Group are managed by one (2019: two) licensed fund management companies of which amounts deposited can be withdrawn at the discretion of the Group given a two days-notice period.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. INVESTMENT IN MONEY MARKET FUNDS, DEPOSITS, CASH AND BANK BALANCES (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	33,605	15,776	208	63
Deposits with licensed banks	10,111	7,270	–	–
	43,716	23,046	208	63

Included in cash and bank balances of the Group is bank balance amounting to RM3,475,410 (2019: RM2,098,580) 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 banks is 1.69% (2019: 3.00%) per annum. The maturity periods of deposits of the Group range from 1 to 365 days (2019: 1 to 14 days).

The deposits with licensed banks of the Group totalling RM1,211,000 (2019: RM Nil) have been pledged to licensed banks to secure against financing facilities from the banks.

The currency profile of the deposits, cash and bank balances is as follows (the Company's deposits, cash and bank balances are denominated in Ringgit Malaysia):

	The Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	42,304	21,877
Chinese Renminbi	1,160	1,109
United States Dollar	238	52
Others	14	8
	43,716	23,046

### 23. SHARE CAPITAL

	The Company		Amount	
	Number of Shares 2020	2019	2020 RM'000	2019 RM'000
<b>Issued and fully paid:</b>				
At 1 January	394,229,890	394,229,890	200,043	200,043
Issuance of shares in relation to acquisition of subsidiaries	200,000,000	–	100,000	–
At 31 December	594,229,890	394,229,890	300,043	200,043

During the financial year, the Company increased its issued and paid-up ordinary share capital by the issuance of 200,000,000 new ordinary shares at fair value of RM0.50 per share, being the purchase consideration for the acquisition of 100% equity interest in CJ Korea Express Malaysia Sdn. Bhd. and its subsidiaries ("CJKX Group") on 30 June 2020. The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

The holders of ordinary shares (other than treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. TREASURY SHARES

	The Company		Amount	
	Number of Shares 2020	2019	2020 RM'000	2019 RM'000
At 1 January	3,968,900	3,968,900	2,506	2,506
Shares bought back during the year	2,234,100	–	862	–
At 31 December	6,203,000	3,968,900	3,368	2,506

During the financial year, the Company bought back 2,234,100 of its issued ordinary shares from the open market at average price of RM0.39 per share. The total consideration paid for the purchase was RM862,000.

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM3,368,346.

### 25. RESERVES

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity-settled employees' benefits reserve	–	2,831	–	2,831
Translation reserve	736	755	–	–
Retained earnings	118,494	114,741	21,586	19,390
	119,230	118,327	21,586	22,221

#### 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 30.

#### Translation reserve

Translation reserves represent 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 these consolidated financial statements.

#### Retained earnings

The Company's retained earnings as of 31 December 2020 are distributable as dividends under the single tier income tax system.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. HIRE-PURCHASE PAYABLES

	The Group	
	2020 RM'000	2019 RM'000
Total outstanding	21,294	21,833
Less: Interest-in-suspense	(1,352)	(1,560)
Principal outstanding	19,942	20,273
Less: Portion due within the next 12 months (shown under current liabilities)	(9,459)	(5,668)
Non-current portion	10,483	14,605

The non-current portion is repayable as follows:

	The Group	
	2020 RM'000	2019 RM'000
Within 1 to 2 years	7,029	5,542
Within 2 to 5 years	3,454	9,063
	10,483	14,605

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 is 5.10% (2019: 5.12%) 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 as disclosed in Note 12.

Hire-purchase payables are denominated in Ringgit Malaysia.

### 27. LONG-TERM BORROWINGS

	The Group	
	2020 RM'000	2019 RM'000
<b>Secured:</b>		
Revolving credit	31,000	—
Term loan	159,893	171,313
	190,893	171,313
Less: Portion due within the next 12 months (Note 29)		
Revolving credit	(31,000)	—
Term loan	(21,673)	(26,760)
	(52,673)	(26,760)
Non-current portion	138,220	144,553

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. LONG-TERM BORROWINGS (CONT'D)

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

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Within 1 to 2 years	17,639	24,471
Within 2 to 5 years	49,878	61,572
5 years and thereafter	70,703	58,510
	138,220	144,553

The weighted average effective interest rate of the above long-term loans is 4.12% (2019: 4.92%) per annum.

Term loan of the Group is secured by:

- (i) deed of assignment and specific debenture in favour of the lender over certain land and buildings (Note 12);
- (ii) assignment of rental proceeds; and
- (iii) corporate guarantee by the Company.

The Group's borrowings are denominated in Ringgit Malaysia.

### 28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

#### (a) Trade payables

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

The currency profile of trade payables is as follows:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	39,712	18,077
United States Dollar	13,109	11,194
Others	59	61
	52,880	29,332

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 28. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

#### (b) Other payables and accrued expenses

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables	46,272	25,060	14	–
Accrued expenses	27,636	22,401	1,138	1,351
Refundable deposits	813	1,418	–	–
Sales and Service tax payable	4,396	4,051	–	–
	79,117	52,930	1,152	1,351

Included in other payables of the Group is amount payable to designated suppliers of assembling parts by customers, which engaged a subsidiary to provide procurement logistics services, amounting to RM20,557,221 (2019: RM18,299,335).

The currency profile of other payables and accrued expenses is as follows:

	The Group	
	2020 RM'000	2019 RM'000
Ringgit Malaysia	55,190	34,592
United States Dollar	23,883	18,299
Others	44	39
	79,117	52,930

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

### 29. SHORT-TERM BORROWINGS

	The Group	
	2020 RM'000	2019 RM'000
<b>Secured:</b>		
Revolving credit	31,000	–
Term loan	21,673	26,760
Portion of borrowings due within the next 12 months (Note 27)	52,673	26,760

The Group also has bank guarantees, trade facilities, unutilised bank overdrafts and revolving credit facilities amounting to RM111.7 million (2019: RM71.3 million) obtained from various financial institutions.

The revolving credit bears interest at rates ranging from 3.30% to 5.16% per annum.

Revolving credit of the Group is secured by corporate guarantee by the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. 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)

### 30. SHARE-BASED PAYMENTS (CONT'D)

#### Fair value of share options granted

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%

The ESOS has expired on 7 January 2020.

### 31. DIVIDENDS

	The Company	
	2020	2019
	RM'000	RM'000
<b>In respect of financial year ended 31 December 2018</b>		
Final single tier dividend of 0.25 sen per share on 390,260,990 ordinary shares paid on 7 June 2019	—	976

Since the end of the previous financial year, no dividend has been paid by the Company.

The directors do not recommend any dividend payment in respect of the current financial year.

### 32. CAPITAL COMMITMENTS

As of the end of the financial year, the Group has the following capital commitments:

	The Group	
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
- Buildings	1,082	20,112
- Improvements and renovation	216	839
- Motor vehicles	2,014	3,744
- Warehouse, office and other equipment	3,180	2,265
	6,492	26,960
Approved but not contracted for:		
- Improvements and renovation	986	5,173
- Warehouse, office and other equipment	2,011	958
	9,489	33,091

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 33. CAPITAL 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 2019.

The capital structure of the Group consists of net debt (lease liabilities, hire-purchase payables and borrowings as detailed in Notes 14, 26, 27 and 29) offset by cash and bank balances and money market funds and equity of the Group (comprising share capital, treasury shares, reserves and non-controlling interests as detailed in Notes 23, 24 and 25).

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:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Debts, comprising:		
Lease liabilities (Note 14)	22,499	10,084
Hire-purchase payables (Note 26)	19,942	20,273
Borrowings (Notes 27 and 29)	190,893	171,313
	233,334	201,670
Less: Investment in money market funds (Note 22)	(16,489)	(41,953)
Deposits, cash and bank balances (Note 22)	(43,716)	(23,046)
Add: Cash held on behalf of customers (Note 22)	3,475	2,099
Net debt	176,604	138,770
Equity	416,958	316,793
Net debt to equity ratio	42%	44%

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 34. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group	
	2020	2019
	RM'000	RM'000
<b>Financial assets</b>		
<b>Fair value through profit or loss:</b>		
Other investment (Note 13)	60	—
Investment in money market funds (Note 22)	16,489	41,953
<b>Amortised cost:</b>		
Trade receivables (Note 19(a))	138,680	94,713
Other receivables and refundable deposits (Note 19(b))	35,556	26,478
Amount owing by related parties (Note 20)	12,089	—
Amount owing by affiliated companies (Note 20)	—	7,455
Amount owing by immediate holding company (Note 20)	745	—
Amount owing by intermediate holding company (Note 20)	560	—
Deposits, cash and bank balances (Note 22)	43,716	23,046

	The Group	
	2020	2019
	RM'000	RM'000
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Trade payables (Note 28(a))	52,880	29,332
Other payables and accrued expenses (Note 28(b))	74,721	48,879
Amount owing to related parties (Note 20)	279	—
Amount owing to affiliated companies (Note 20)	—	703
Amount owing to immediate holding company (Note 20)	25,181	—
Amount owing to intermediate holding company (Note 20)	7,094	—
Borrowings (Notes 27 and 29)	190,893	171,313
Hire-purchase payables (Note 26)	19,942	20,273
Lease liabilities (Note 14)	22,499	10,084

	The Company	
	2020	2019
	RM'000	RM'000
<b>Financial assets</b>		
<b>Amortised cost:</b>		
Other receivables and refundable deposits (Note 19(b))	—	2
Amount owing by subsidiaries (Note 20)	208,707	209,793
Deposits, cash and bank balances (Note 22)	208	63
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Other payables and accrued expenses (Note 28(b))	1,152	1,351

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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.

#### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The foreign currency risk exposure is mainly in United States Dollar ("USD").

Material foreign currency exposures are hedged via forward exchange contracts by using foreign exchange facilities maintained with leading banks in Malaysia. As at 31 December 2020, the Group has entered into USD forward exchange contracts with a nominal value of RM4,457,000 (2019: RM12,837,000) and the net loss arising from the fair value changes of the USD forward exchange contracts is RM111,000 (2019: RM202,000).

The table below demonstrates the sensitivity of the Group's profit/(loss) after tax as at year end to a possible reasonable change in the USD exchange rates against Ringgit Malaysia with all other variables held constant:

		Effect on profit/(loss) after tax	
		2020 RM'000	2019 RM'000
USD	+5%	(1,258)	(287)
	-5%	1,258	287

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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.

At the reporting date, if interest rates had been 25 basis points higher or lower and all other variables were held constant, the Group's profit/(loss) for the year ended 31 December 2020 would decrease or increase by RM410,000 (2019: RM307,000), arising mainly as a result of higher or lower interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (iii) Credit risk

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

Other than those disclosed in Note 19(a), 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 of the Group's other financial assets, which comprise of other receivables and refundable deposits, amount owing by subsidiaries, amount owing by related parties, amount owing by immediate and intermediate holding companies, amount owing by affiliated companies, investment in money market funds, and deposits, cash and bank balances, arises from potential default of the counterparty.

The Group monitors the credit risks of other receivables and refundable deposits, amount owing by subsidiaries, amount owing by related parties, amount owing by affiliated companies, amount owing by immediate and intermediate holding companies on a regular basis and the Group does not expect any counterparty to fail to meet its obligations. The credit risk on investment in money market funds, deposits, cash and bank balances are 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.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The board of directors 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)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (iv) Liquidity risk (Cont'd)

##### The Group

	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
<b>2020</b>					
Trade payables	52,880	—	—	—	52,880
Other payables and accrued expenses	79,117	—	—	—	79,117
Amount owing to related parties	279	—	—	—	279
Amount owing to immediate holding company	25,181	—	—	—	25,181
Amount owing to intermediate holding company	7,094	—	—	—	7,094
Hire-purchase payables	10,282	7,409	3,603	—	21,294
Lease liabilities	12,521	7,434	3,870	—	23,825
Borrowings	26,956	22,763	65,170	91,295	206,184
	214,310	37,606	72,643	91,295	415,854
<b>2019</b>					
Trade payables	29,332	—	—	—	29,332
Other payables and accrued expenses	52,930	—	—	—	52,930
Amount owing to affiliated companies	703	—	—	—	703
Hire-purchase payables	6,554	6,042	9,237	—	21,833
Lease liabilities	7,408	3,080	—	—	10,488
Borrowings	34,630	33,293	84,387	80,042	232,352
	131,557	42,415	93,624	80,042	347,638

##### The Company

<b>2020</b>					
Other payables and accrued expenses	1,152	—	—	—	1,152
Amount owing to subsidiaries	1,698	—	—	—	1,698
	2,850	—	—	—	2,850
<b>2019</b>					
Other payables and accrued expenses	1,351	—	—	—	1,351

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (v) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them. The maximum exposure to credit risk amounted to RM302.7 million (2019: RM302.7 million) representing the banking facilities of the subsidiaries 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 subsidiaries' borrowings in view of the securities pledged by the subsidiaries as disclosed in Note 27.

### 36. SEGMENT 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.

#### 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
<b>2020</b>					
<b>Revenue</b>					
External sales	425,622	164,228	45,857	–	635,707
Inter-segment sales	5,807	37	–	(5,844)	–
	431,429	164,265	45,857	(5,844)	635,707
<b>Results</b>					
Segment results	28,645	6,153	(31,046)	(117)	3,635
Interest income	1,103	194	–	–	1,297
Profit/(loss) from operations	29,748	6,347	(31,046)	(117)	4,932
Finance costs	(8,729)	(12)	(1,162)	–	(9,903)
Income tax credit/(expense)	8,822	(2,832)	–	27	6,017
Profit/(loss) for the year	29,841	3,503	(32,208)	(90)	1,046

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 36. SEGMENT INFORMATION (CONT'D)

#### Segment revenue and results (Cont'd)

The Group	Total logistics services RM'000	Procurement logistics services RM'000	Courier services RM'000	Elimination RM'000	Consolidated RM'000
<b>2019</b>					
<b>Revenue</b>					
External sales	251,930	210,011	30,044	–	491,985
Inter-segment sales	4,532	–	–	(4,532)	–
	256,462	210,011	30,044	(4,532)	491,985
<b>Results</b>					
Segment results	5,721	11,547	(16,875)	(97)	296
Interest income	1,548	137	–	–	1,685
Profit/(loss) from operations	7,269	11,684	(16,875)	(97)	1,981
Finance costs	(5,379)	(37)	(1,118)	–	(6,534)
Income tax credit/(expense)	707	(3,564)	–	–	(2,857)
Profit/(loss) for the year	2,597	8,083	(17,993)	(97)	(7,410)

#### 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
<b>2020</b>					
Segment assets	967,678	114,387	44,717	(302,767)	824,015
Segment liabilities	542,538	72,667	21,840	(229,988)	407,057
<b>2019</b>					
Segment assets	705,093	105,702	33,160	(231,033)	612,922
Segment liabilities	420,586	67,484	26,450	(218,391)	296,129



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 36. SEGMENT INFORMATION (CONT'D)

#### Segment Information (Cont'd)

#### Other segment information

The Group	Total logistics services RM'000	Procurement logistics services RM'000	Courier services RM'000	Elimination RM'000	Consolidated RM'000
<b>2020</b>					
Capital expenditure	32,871	198	5,774	—	38,843
Depreciation	23,709	1,154	6,802	—	31,665
<b>2019</b>					
Capital expenditure	45,241	447	19,458	—	65,146
Depreciation	14,654	1,158	4,312	—	20,124

As at 31 December 2020 and 2019, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

### 37. FAIR VALUE OF ASSETS AND LIABILITIES

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2020</b>				
<u>Assets for which fair values are disclosed</u>				
Other investment	—	60	—	60
Investment in money market funds	16,489	—	—	16,489
<b>2019</b>				
<u>Assets for which fair values are disclosed</u>				
Investment in money market funds	41,953	—	—	41,953

During the year, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

#### Level 1 fair value measurements

The following is a description of the valuation techniques and inputs used in fair value measurement for assets and liabilities that are categorised within Level 1 of the fair value hierarchy:

#### Investment in money market funds

Fair value is measured based on quoted net asset value of the underlying funds.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 37. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

#### Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

#### Other investment

Fair value of the other investment is determined by reference to comparable market value of similar investment.

#### **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	<b>Note</b>
Trade receivables	19(a)
Other receivables and refundable deposits	19(b)
Amount owing by related parties	20
Amount owing by immediate holding company	20
Amount owing by intermediate holding company	20
Amount owing by affiliated companies	20
Deposits, cash and bank balances	22
Trade payables	28(a)
Other payables and accrued expenses	28(b)
Amount owing to related parties	20
Amount owing to immediate holding company	20
Amount owing to intermediate holding company	20
Amount owing to affiliated companies	20
Borrowings	27, 29
Hire-purchase payables	26
Lease liabilities	14

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 38. 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.

	Hire-purchase payables RM'000	Lease liabilities RM'000	Borrowings RM'000	Total RM'000
At 1 January 2020	20,273	10,084	171,313	201,670
Net changes from financing cash flows:				
Payments for the principal portion of hire-purchase/lease	(9,070)	(12,483)	–	(21,553)
Drawdown of bank borrowings	–	–	29,000	29,000
Finance costs paid	(1,207)	(876)	–	(2,083)
Repayment of bank borrowings	–	–	(14,135)	(14,135)
Total net changes from financing cash flows	(10,277)	(13,359)	14,865	(8,771)
Other changes:				
Finance costs payable	1,207	876	–	2,083
Acquisition of subsidiaries	–	8,136	4,715	12,851
New hire purchase/lease	8,739	17,041	–	25,780
Termination	–	(279)	–	(279)
Total other changes	9,946	25,774	4,715	40,435
At 31 December 2020	19,942	22,499	190,893	233,334
At 1 January 2019	16,456	–	115,509	131,965
Effect of adoption of MFRS 16	–	4,990	–	4,990
	16,456	4,990	115,509	136,955
Net changes from financing cash flows:				
Payments for the principal portion of hire-purchase/lease	(7,632)	(6,588)	–	(14,220)
Drawdown of bank borrowings	–	–	71,696	71,696
Finance costs paid	(1,142)	(483)	–	(1,625)
Repayment of bank borrowings	–	–	(15,892)	(15,892)
Total net changes from financing cash flows	(8,774)	(7,071)	55,804	39,959
Other changes:				
Finance costs payable	1,142	483	–	1,625
New hire-purchase/lease	11,449	11,682	–	23,131
Total other changes	12,591	12,165	–	24,756
At 31 December 2019	20,273	10,084	171,313	201,670

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2020

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2020 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	19 years	558,647	Leasehold Expiry: 29 March 2087	29,142,967
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*	14 years	335,412	Sub Lease Expiry: 23 March 2055	24,117,621
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	13 years	321,037	Sub Lease Expiry: 23 March 2055	20,017,323
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	11 years	156,511	Sub Lease Expiry: 23 March 2055	13,337,941
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*	8 years	653,400	Sub Lease Expiry: 23 March 2055	72,016,002
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	22 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	17,129,505
No.12, Persiaran Astana/KU2 Bandar Bukit Raja 41050 Klang Selangor Darul Ehsan	Three storey warehouse with office building	2019	1 year	358,105	Freehold	155,881,955
No.4, Jalan Jenjarum 28/39 Seksyen 28 40400 Shah Alam Selangor Darul Ehsan	Single storey warehouse with office building	2020*	14 years	296,825	Freehold	52,303,252
PT 10633, Kawasan Perindustrian Teluk Kalung Kemaman Terengganu Darul Iman	Single storey warehouse with office building	2020*	Currently under construction	215,278	Leasehold Expiry: 7 July 2079	2,785,130
						386,731,696

# ANALYSIS OF SHAREHOLDINGS

AS AT 3 MARCH 2021

Total Number of Issued Shares	:	594,229,890 (including the treasury shares of 7,325,800)
Paid-Up Share Capital	:	RM300,043,445.00 (including the treasury shares of RM3,844,462.85)
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	138	3.36	5,086	0.00
100 – 1,000	383	9.34	227,674	0.04
1,001 – 10,000	1,938	47.23	11,179,069	1.90
10,001 – 100,000	1,366	33.29	46,163,508	7.87
100,001 – 29,345,203 (less than 5% of issued holdings)	277	6.75	208,784,517	35.57
29,345,204 and above (5% and above of issued holdings)	1	0.03	320,544,236	54.62
<b>TOTAL</b>	<b>4,103</b>	<b>100.00</b>	<b>586,904,090</b>	<b>100.00</b>

## 2. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of CJ Century Logistics Holdings Berhad based on the Register of Directors' Shareholdings are as follows:

No.	Direct	No. of Ordinary Shares Held %*	Indirect	%*
1. Datuk Lee Say Tshin	–	–	80,000 <sup>(a)</sup>	0.01
2. Teow Choo Hing	47,374,194	8.07	2,224,416 <sup>(b)</sup>	0.38
3. Yeap Khoo Soon Edwin	2,962,300	0.50	–	–
4. Hong Sung Yong	–	–	–	–
5. Jonathan Park	–	–	–	–
6. Lee Eui Sung	–	–	500,000 <sup>(b)</sup>	0.09
7. Park Chul Moon	–	–	–	–
8. Saryani Binti Che Ab Rahman	–	–	–	–
9. Winston Tan Kheng Huang	–	–	–	–

### Notes:

\* Calculated based on 586,904,090 ordinary share

(a) Deemed interested through his wife and son

(b) Deemed interested through his wife

## ANALYSIS OF SHAREHOLDINGS

### AS AT 3 MARCH 2021 (CONT'D)

### 3. LIST OF SUBSTANTIAL SHAREHOLDERS

The Substantial Shareholders of CJ Century Logistics Holdings Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows:

No.		Direct	No. of Ordinary Shares Held		%*
			%*	Indirect	
1.	CJ Logistics Asia Pte.Ltd	320,544,236	54.62	—	—
2.	Teow Choo Hing	47,374,194	8.07	2,224,416 <sup>(a)</sup>	0.38

**Notes:**

\* Calculated based on 586,904,090 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.	320,544,236	54.62
2	Teow Choo Hing	22,799,448	3.88
3	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,056,018	2.39
4	Optimum Shine Sdn. Bhd.	13,051,738	2.22
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Teow Choo Hing	13,024,782	2.22
6	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Teow Choo Hing	11,549,964	1.97
7	UOB Kay Hian Nominees (Asing) Sdn Bhd – Exempt AN For UOB Kay Hian Pte. Ltd.	10,260,000	1.75
8	Konsortium Ara Aramani Sdn. Bhd.	6,176,756	1.05
9	Malaysia Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Lim Soon Foo	5,346,056	0.91
10	Fariz Bin Jaafar	4,906,000	0.84
11	Nurmala Binti Abdul Hafiz	3,000,000	0.51
12	Farhanah Binti Jaafar	2,850,000	0.49
13	Woon Yen Siang	2,640,000	0.45
14	Yeap Khoo Soon Edwin	2,610,000	0.44

## ANALYSIS OF SHAREHOLDINGS AS AT 3 MARCH 2021 (CONT'D)

### 4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Names	Shareholdings	%
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Cheah Bee Tin	2,224,416	0.38
16	Lee Li Choo	2,200,000	0.37
17	CIMB Group Nominees (Asing) Sdn. Bhd. – Exempt AN For DBS Bank Ltd.	2,125,000	0.36
18	Thong Weng Kin	2,095,928	0.36
19	HSBC Nominees (Asing) Sdn. Bhd. – Exempt AN For Credit Suisse	2,000,000	0.34
20	RHB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Chen Hong Eng	1,763,648	0.30
21	Foo Loke Weng	1,600,000	0.27
22	Thong Weng Kin	1,431,144	0.24
23	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Kong Kok Choy	1,400,000	0.24
24	Lee Meng Chang	1,240,000	0.21
25	RHB Nominees (Asing) Sdn. Bhd. – Exempt AN For Phillip Securities Pte. Ltd.	1,213,048	0.21
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Dato' Gan Boon Sin	1,120,000	0.19
27	Santraprise Sdn. Bhd.	1,119,174	0.19
28	RHB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Koon Poh Tat	1,072,200	0.18
29	HSBC Nominees (Asing) Sdn. Bhd. – Exempt AN For CACEIS Bank	1,051,000	0.18
30	Cimsec Nominees (Tempatan) Sdn. Bhd. – CIMB For Shamsudin @ Samad Bin Kassim	1,012,000	0.17
<b>TOTAL</b>		<b>457,482,556</b>	<b>77.95</b>

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Fourth Annual General Meeting (“**AGM**”) of the Company will be held on a **fully virtual basis** at the broadcast venue at The Conference Room, No. 12, Persiaran Astana / KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan, Malaysia on Thursday, 22 April 2021 at 10:00 a.m. for the following purposes:

### **AGENDA**

- |    |  |                       |
|----|--|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon.   | <b>(Note 1)</b>       |
| 2. | To approve the payment of Directors’ fees for the Independent Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2021 and thereafter. | <b>(Resolution 1)</b> |
| 3. | To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 23 April 2021 until the date of the next AGM of the Company.   | <b>(Resolution 2)</b> |
| 4. | To re-elect Jonathan Park as a Director of the Company in accordance with Clause 118 of the Company’s Constitution.  | <b>(Resolution 3)</b> |
| 5. | To re-elect the following Directors of the Company in accordance with Clause 119 of the Company’s Constitution:  |                       |
|    | (a) Winston Tan Kheng Huang;   | <b>(Resolution 4)</b> |
|    | (b) Lee Eui Sung; and  | <b>(Resolution 5)</b> |
|    | (c) Hong Sung Yong   | <b>(Resolution 6)</b> |
| 6. | To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.   | <b>(Resolution 7)</b> |

### **As Special Business**

To consider and, if thought fit, with or without any modification, to pass the following resolutions:

- |    |   |                       |
|----|---|-----------------------|
| 7. | <b>Ordinary Resolution</b>  | <b>(Resolution 8)</b> |
|    | <b>- Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</b>   |                       |
|    | <p>“<b>THAT</b> subject to the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into the existing recurrent related party transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in Part A of the Circular/Statement to Shareholders dated 30 March 2021 provided that such transactions are:</p> |                       |
|    | (i) recurrent transactions of a revenue or trading nature;  |                       |
|    | (ii) necessary for day-to-day operations;   |                       |
|    | (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public; and   |                       |
|    | (iv) not to the detriment of the minority shareholders of the Company   |                       |
|    | (the “ <b>Proposed Renewal of Existing Shareholders’ Mandate</b> ”);  |                       |



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**THAT** the authority for the Proposed Renewal of Existing Shareholders' Mandate shall continue to be in force until the earlier of:

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) is revoked or varied by resolution passed by the shareholders of the Company in a general meeting before the next AGM;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and to 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 Proposed Renewal of Existing Shareholders' Mandate."

### 8. Ordinary Resolution

**(Resolution 9)**

#### - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

**"THAT** subject to the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries to enter into the new recurrent related party transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in Part A of the Circular/Statement to Shareholders dated 30 March 2021 provided that such transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public; and
- (iv) not to the detriment of the minority shareholders of the Company

**("Proposed New Shareholders' Mandate")**;

**THAT** the authority for the Proposed New Shareholders' Mandate shall continue to be in force until the earlier of:

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) is revoked or varied by resolution passed by the shareholders of the Company in a general meeting before the next AGM;

**AND THAT** the Directors of the Company be authorised to complete and to 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 Proposed New Shareholders' Mandate."

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 9. Ordinary Resolution

**(Resolution 10)**

#### **- Proposed Renewal of Share Buy-Back Authority**

**“THAT** subject to the Companies Act 2016, Bursa Malaysia Securities Berhad (**“Bursa Securities”**) Main Market Listing Requirements, the Constitution of the Company, and all other applicable laws, rules and regulations, approval be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company (**“Proposed Share Buy-Back”**), 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;

**THAT** the authority conferred by this resolution shall continue to be in force until the earlier of:

- (i) the conclusion of the next Annual General Meeting (**“AGM”**) of the Company following this AGM at which this resolution was passed, at which time the said authority shall lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

**THAT** upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:

- (a) cancel all the ordinary shares so purchased;
- (b) retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees’ share scheme and/or transfer as purchase consideration; or
- (c) retain part thereof as treasury shares and cancel the remainder;

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Board may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 10. Ordinary Resolution

(Resolution 11)

#### - Authority to Issue Shares pursuant to the Companies Act 2016

**"THAT** subject always to the Companies Act 2016 (**"the Act"**), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and any other relevant governmental and/or regulatory authorities, the Directors of the Company 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 of the Company may in their absolute discretion deem fit provided always that until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers, the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being and provided further that the aggregate number of shares issued thereafter pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the **"General Mandate"**);

**AND THAT** the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation on Bursa Securities for the additional shares so issued pursuant to the General Mandate;

**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."

11. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689) / SSM PC NO.: 201908002648**

**YEOW SZE MIN (MAICSA 7065735) / SSM PC NO.: 201908003120**

Company Secretaries

Kuala Lumpur

30 March 2021

### 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. *As part of the initiatives to curb the spread of Covid-19, the Twenty-Fourth AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting (**"RPV"**) facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my/login.aspx>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.*

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Notes (Cont'd) :

3. *The Broadcast Venue, which is the main venue of the Twenty-Fourth AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 79 of the Company's Constitution, which require the Chairman to be present at the main venue of the Twenty-Fourth AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the Twenty-Fourth AGM.*

*With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Twenty-Fourth AGM.*

*As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Twenty-Fourth AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Twenty-Fourth AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Twenty-Fourth AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.*

4. *In respect of depositories securities, only members whose names appear in the Record of Depositors on 15 April 2021 (General Meeting Record of Depositors) shall be eligible to participate, speak and vote at the meeting.*
5. *A member of the Company entitled to participate and vote at the meeting is entitled to appoint one (1) or more proxies to exercise all or any of his rights to attend, participate, speak and vote in his stead, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
6. *A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.*
7. *The instrument appointing a proxy shall be in writing under the hand of the member/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
8. *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.*
9. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/login.aspx> not later than forty-eight (48) hours before the time set for holding the Twenty-Fourth AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the Twenty-Fourth AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Twenty-Fourth AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.*

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes to Special Business:

#### 1. **Resolutions 8 and 9**

The proposed Resolutions 8 and 9 are intended to enable the Company and/or its subsidiaries (“**the Group**”) to enter into recurrent related party transactions or a revenue or trading nature which are necessary for the Group’s day-to-day operations to facilitate transactions in the normal course of business of the Group with the specified classes of related party(ies), provided that they are carried out on an arms’ length basis and on normal commercial terms and are not prejudicial to the shareholders and on terms not more favourable to the related party(ies) than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to Part A of the Circular/Statement to Shareholders dated 30 March 2021 for further information.

#### 2. **Resolution 10**

The proposed Resolution 10 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.

Please refer to Part B of the Circular/Statement to Shareholders dated 30 March 2021 for further information.

#### 3. **Resolution 11**

The proposed Resolution 11 is intended to renew the authority granted to the Directors of the Company at the Postponed Twenty-Third Annual General Meeting of the Company held on 28 May 2020 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:

- i. twenty percent (20%) of the total number of issued shares of the Company for the time being (for issuance and allotment until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad’s letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers); and
- ii. ten percent (10%) of the total number of issued shares of the Company for the time being (for issuance and allotment after 31 December 2021 as stipulated under Paragraph 6.03(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements).

The authority to issue shares granted by the members at the Postponed Twenty-Third AGM of the Company had not been utilised and hence no proceeds were raised therefrom.

The renewed 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.

**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]

Incorporated in Malaysia

CDS Account No.	Mobile / contact number

**PROXY FORM**

\*I/We (full name), \_\_\_\_\_

bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member of CJ Century Logistics Holdings Berhad ("the Company") hereby appoint:-

**First Proxy "A"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
			%

\* and

**\* Second Proxy "B"**

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
			%

# to put on a separate sheet where there are more than two (2) proxies

\*failing which the CHAIRMAN OF THE MEETING, as \*my / our proxy to attend and vote for \*me / us and on \*my / our behalf at the Twenty-Fourth Annual General Meeting ("AGM") of CJ Century Logistics Holdings Berhad to be held on a fully virtual basis at the broadcast venue at The Conference Room, No. 12, Persiaran Astana / KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan, Malaysia on Thursday, 22 April 2021 at 10:00 a.m. or any adjournment thereof.

(Please indicate with an "X" in the space provided below how you wish your proxy to vote. 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 2020 together with the Reports of the Directors and the Auditors thereon. <div>(Note 1)</div>		
		<b>For</b>	<b>Against</b>
2	To approve the payment of Directors' fees for the Independent Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2021 and thereafter. <div>(Resolution 1)</div>		
3	To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 23 April 2021 until the date of the next AGM of the Company. <div>(Resolution 2)</div>		
4	To re-elect Jonathan Park as a Director of the Company in accordance with Clause 118 of the Company's Constitution. <div>(Resolution 3)</div>		



No.	Agenda		
5(a)	To re-elect Winston Tan Kheng Huang as a Director of the Company in accordance with Clause 119 of the Company's Constitution. (Resolution 4)		
5(b)	To re-elect Lee Eui Sung as a Director of the Company in accordance with Clause 119 of the Company's Constitution. (Resolution 5)		
5(c)	To re-elect Hong Sung Yong as a Director of the Company in accordance with Clause 119 of the Company's Constitution. (Resolution 6)		
6	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)		
<b>Special Business</b>			
7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 8)		
8	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9)		
9	Proposed Renewal of Share Buy-Back Authority. Resolution 10)		
10	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 11)		

\* Strike out whichever not applicable.

As witness my/our hand this ..... day of ..... 2021.

.....  
Signature of Member/Common Seal

#### 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. As part of the initiatives to curb the spread of Covid-19, the Twenty-Fourth AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my/login.aspx>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
3. The Broadcast Venue, which is the main venue of the Twenty-Fourth AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 79 of the Company's Constitution, which require the Chairman to be present at the main venue of the Twenty-Fourth AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the Twenty-Fourth AGM.  
  
With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Twenty-Fourth AGM.  
  
As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Twenty-Fourth AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Twenty-Fourth AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Twenty-Fourth AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.
4. In respect of depositories securities, only members whose names appear in the Record of Depositors on 15 April 2021 (General Meeting Record of Depositors) shall be eligible to participate, speak and vote at the meeting.
5. A member of the Company entitled to participate and vote at the meeting is entitled to appoint one (1) or more proxies to exercise all or any of his rights to attend, participate, speak and vote in his stead, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
6. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without any restriction as to the qualification of the proxy.

**Notes (Cont'd) :**

7. *The instrument appointing a proxy shall be in writing under the hand of the member/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.*
8. *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.*
9. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/login.aspx> not later than forty-eight (48) hours before the time set for holding the Twenty-Fourth AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the Twenty-Fourth AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the Twenty-Fourth AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.*

Then Fold Here

**AFFIX  
STAMP**

**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan

1st Fold Here

Fold This Flap For Sealing







Approval number (id): ISO 9001-0048410



MS 2400-2:2010  
NO. 059-10/2015



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CERTIFIED TO ISO 45001:2018  
CERT. NO. : OHS 00458



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