

**THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action you should follow, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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Shareholders should rely on their own evaluation to assess the merits and risks of the proposals set out herein.



**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]  
Incorporated in Malaysia

**CIRCULAR / STATEMENT TO SHAREHOLDERS  
IN RELATION TO**

**PART A**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF  
SHARE BUY-BACK AUTHORITY**

The above proposals will be tabled as Special Business at CJ Century Logistics Holdings Berhad (“**the Company**”)’s Twenty-Third Annual General Meeting (“**23rd AGM**”) to be held at The Space : Space 2, Level 2, Menara Ken TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia on Wednesday, 22 April 2020 at 2.30 p.m. or any adjournment thereof. The Notice of the 23rd AGM, together with the Form of Proxy, are set out in the 2019 Annual Report of the Company, which is available at [www.cjcentury.com/investor-relations](http://www.cjcentury.com/investor-relations). The printed copy of the Form of Proxy is also sent together with the memo/notification to all shareholders on the convening 23rd AGM.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not later than forty-eight (48) hours before the time of holding the meeting. All the resolutions set out in the Notice of the 23rd AGM are to be voted by poll. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the meeting should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy : 20 April 2020 at 2.30 p.m.  
Date and time of 23rd AGM : 22 April 2020 at 2.30 p.m.

**This Document is dated 31 March 2020**

## DEFINITIONS

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In this Circular/Statement, the following abbreviations shall have the following meanings unless otherwise stated:

“Act”	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	The Board of Directors of the Company
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“CCM”	:	Companies Commission of Malaysia
“CJ Century” or “Company”	:	CJ Century Logistics Holdings Berhad [Registration No. 199701008845 (424341-A)]
“CJ Century Group” or “Group”	:	CJ Century and its subsidiary companies
“CJ Corporation”	:	CJ Corporation (incorporated in Korea)
“CJ Logistics”	:	CJ Logistics Corporation (incorporated in Korea)
“CJ Asia”	:	CJ Logistics Asia Pte. Ltd. (incorporated in Singapore)
“CJ Malaysia”	:	CJ Korea Express Malaysia Sdn. Bhd. [Registration No. 199701000653 (416149-W)]
“CJCL”	:	CJ Century Logistics Sdn. Bhd. [Registration No. 199701003738 (419234-V)], a wholly owned subsidiary of CJ Century
“CJCD”	:	CJ Century DMS Sdn. Bhd. [Registration No. 201401001033 (1077104-A)], a subsidiary of Century Logistics Sdn. Bhd. [Registration No. 199701001584 (32594-T)], which in turn is a wholly owned subsidiary of CJ Century
“Director(s)”	:	Director(s) of CJ Century and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposed RRPT Mandates, includes any person who is or was within the preceding 6 months from the date on which the terms of the transactions were agreed upon, a director of CJ Century or any of its subsidiary or holding company or a chief executive officer of the CJ Century, its subsidiary or holding company
“EC Services”	:	EC Services Enterprise Sdn. Bhd. [Registration No. 200201018730 (586393-H)]
“Ibrakom”	:	Ibrakom Cargo LLC (incorporated in United Arab Emirates)
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements, including any amendments thereto that may be made from time to time

“Major Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of the Proposed RRPT Mandates, it includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon a Major Shareholder of the Company, or any other company which is its subsidiary or holding company. For the purposes of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.
“MP CJ ENM”	: MP CJ ENM Sdn. Bhd. [Registration No. 201601005538 (1176464-X)]
“Person(s) Connected”	: Person(s) connected with a Director or Major Shareholder(s) as defined under Paragraph 1.01 of the Listing Requirements
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of share buy-back authority to purchase Shares of up to 10% of the issued and paid-up share capital of CJ Century
“Proposed RRPT Mandates”	: Proposed renewal of existing shareholders’ mandate(s) for RRPTs pursuant to Chapter 10, Paragraph 10.09 of the Listing Requirements
“Recurrent Related Party Transactions” or “RRPTs”	: Transactions entered into by the Company and/or its subsidiary companies involving the interest, direct or indirect, of Related Parties involving recurrent transactions of a revenue or trading nature which are necessary for daily operations and are in the ordinary course of business of the Group
“Related Parties”	: A director, major shareholder or person connected with such director or major shareholder of CJ Century
“Rules”	: Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time-to-time and any re-enactment thereof
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Shares”	: Ordinary share(s) in CJ Century
“Substantial Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number all the voting shares included in the Company as defined under Section 136 of the Act

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**PART A**

**LETTER TO SHAREHOLDERS PERTAINING TO THE PROPOSED RRPT MANDATES**



## CJ CENTURY LOGISTICS HOLDINGS BERHAD

[Registration No. 199701008845 (424341-A)]  
Incorporated in Malaysia

**Registered Office:**  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

31 March 2020

### BOARD OF DIRECTORS

Datuk Lee Say Tshin (*Independent Non-Executive Chairman*)  
Teow Choo Hing (*Managing Director*)  
Yeap Khoo Soon Edwin (*Executive Director*)  
Hong Sung Yong (*Non-Independent Non-Executive Director*)  
Ahn Jae Ho (*Non-Independent Non-Executive Director*)  
Lee Eui Sung (*Non-Independent Non-Executive Director*)  
Park Chul Moon (*Non-Independent Non-Executive Director*)  
Saryani Binti Che Ab Rahman (*Independent Non-Executive Director*)  
Winston Tan Kheng Huang (*Independent Non-Executive Director*)

**To: The Shareholders of CJ Century**

Dear Sir/Madam

### LETTER TO SHAREHOLDERS PERTAINING TO THE PROPOSED RRPT MANDATES

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#### 1. INTRODUCTION

At the Twenty-Second AGM of CJ Century held on 30 April 2019, the shareholders had inter-alia, granted a mandate for CJ Century to enter into RRPTs based on commercial terms that are not more favourable to the Related Parties than those generally available to the public.

The authority conferred by the said shareholders' mandate shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of CJ Century at the forthcoming AGM.

The Board had on 26 February 2020 announced that the Company is proposing to seek approval from its shareholders for the Proposed RRPT Mandates at the forthcoming 23rd AGM of CJ Century.

The purpose of this Circular/Statement is to provide you with details of the Proposed RRPT Mandates, and to seek your approval in respect of the resolution pertaining to the Proposed RRPT Mandates to be tabled at the forthcoming 23rd AGM of CJ Century.

#### 2. PROPOSED RRPT MANDATES FOR RRPTS OF A REVENUE OR TRADING NATURE

##### 2.1 The Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of RRPTs, subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the below threshold in relation to a listed issuer with a share capital of RM60.0 million and above:
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
  - (b) the percentage ratio of such RRPTs is 1.0% or more, whichever is the higher;
- (iii) the issuance of a circular to shareholders by the listed issuer, which includes the information as may be prescribed by the Exchange, together with a checklist showing compliances with such information when submitting to the Exchange;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director(s), interested Major Shareholder(s) or interested Person(s) Connected with the Director(s) or Major Shareholder(s), and where it involves the interest of an interested Person Connected with a Director or Major Shareholders, such Director or Major Shareholder must not vote on the resolution to approve the RRPTs. An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the RRPTs; and
- (v) the listed issuer must immediately announce to the Exchange when the actual value of the RRPTs entered into by the listed issuer, exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more, and must include the information as may be prescribed by the Exchange in its announcement.

The Proposed RRPT Mandates is subject to annual renewal and shall only continue to be in force until the earliest of the following:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed RRPT Mandates is passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act, (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting.

CJ Century is principally engaged as an investment holding company and in the provision of management services while the principal activities of its subsidiaries are as follows:

<b>Name of Subsidiaries</b>	<b>Principal Activities</b>	<b>Effective Equity Interest (%)</b>
CJ Century Logistics Sdn. Bhd.	Total logistics and courier services provider	100
CJ Century Technology Sdn. Bhd.	Procurement logistics services	100
Century Logistics Sdn. Bhd.	Investment holding	100
Storewell (M) Sdn. Bhd.	Bonded warehousing	100
CJ Procurement Sdn. Bhd.	Procurement logistics services	100
CJ Century Forwarding Sdn. Bhd.	Freight forwarding and shipping agency	70
CJ Century DMS Sdn. Bhd.	Data management solutions	70
Century-YES Logistics (Yichun) Co. Ltd., China	Dormant	75

The Proposed RRPT Mandates would apply to transactions with Related Parties comprising Directors and / or Major Shareholders of the Company and / or Persons Connected with such Directors and / or Major Shareholders and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of the Company or any other company which is its subsidiary. Such Related Parties are as described below:

Major Shareholders and Persons Connected with them:

<b>Related Parties</b>	<b>Principal Activities / Roles</b>	<b>Nature of Relationships</b>
CJ Corporation	Investment holding	Holding company of CJ Logistics
CJ Logistics	Land and marine transportation, stevedoring, warehousing	Holding company of CJ Asia
CJ Asia	Investment holding and providing total logistics solutions	A Major Shareholder of CJ Century which holds 30.89% of CJ Century and 100% of CJ Malaysia
CJ Malaysia	Investment holding and providing total logistics solution	A wholly owned subsidiary company of CJ Asia
EC Services	Providing transport, haulage and cleaning services	A subsidiary company of CJ Malaysia
Ibrakom	Logistics and distribution	An associate company of CJ Corporation
MP CJ ENM	Home shopping	An associate company of CJ Corporation
Hong Sung Yong	Head of Overseas Division, Senior Vice President of CJ Logistics	Director of CJ Century
Ahn Jae Ho	Head of Strategy Planning Division, Senior Vice President of CJ Logistics	Director of CJ Century
Lee Eui Sung	Managing Director of CJ Malaysia	Director of CJ Century, CJ Malaysia and EC Services
Park Chul Moon	Vice President of SCM Business Development Division of CJ Logistics	Director of CJ Century

## 2.2 Nature of Recurrent Related Party Transactions

The direct and indirect interests of the interested directors and shareholders in CJ Century as at 25 March 2020 are as follows:

<b>Interested Shareholders of CJ Century</b>	<b>&lt;----- Direct ----- &gt;</b>		<b>&lt;----- Indirect-----&gt;</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
CJ Asia	120,544,236	30.89	-	-
Lee Eui Sung	-	-	500,000*	0.13

\* Deemed interested through his spouse



Hong Sung Yong, Ahn Jae Ho and Park Chul Moon have no interest in the Company as at 25 March 2020.

Approvals for the following RRPTs are being sought at the forthcoming AGM:

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

<b>Related Party</b>	<b>Nature of Income Transaction</b>	<b>Estimated value from forthcoming AGM to the next AGM RM'000</b>
CJ Malaysia and/or EC Services	Provision of logistics services by CJCL Provision of courier services by CJCL	5,000 5,000
Ibrakom	Provision of logistics services by CJCL	5,000
MP CJ ENM	Provision of logistics and courier services by CJCL	40,000
CJ Malaysia	Provision of data management solutions by CJCD	1,000
	Total	----- 56,000 =====

<b>Related Party</b>	<b>Nature of Cost Transaction</b>	<b>Estimated value from forthcoming AGM to the next AGM RM'000</b>
CJ Malaysia and/or EC Services	Provision of logistics services to CJCL	7,000
CJ Logistics and/or CJ Asia	Provision of information technology services to CJCL	2,000
	Total	----- 9,000 =====

**2.3 Rationale for and benefits of the Proposed RRPT Mandates**

The Proposed RRPT Mandates sought will enable the Group, in view of the time-sensitive, confidential and frequent nature of such RRPTs, to enter into transactions as detailed under Section 2.2 above in the ordinary course of business without having to make immediate announcements and to convene separate general meetings of the Company to seek shareholders' approval on transactions with the Related Parties pursuant to the financial limits imposed by Bursa Securities under Paragraph 10.08 of the Listing Requirements. This will substantially reduce the administrative time and costs of convening such meetings without compromising the corporate objectives of CJ Century.

The provision and procurement of services between CJ Malaysia and/or EC Services, Ibrakom, MP CJ ENM as well as CJ Logistics and/or CJ Asia with CJ Century will result in synergies to operate more efficiently and effectively, given the environment CJ Century is operating in. To this end, better customer service can be provided by pooling the shared resources and thus deriving strategic alliances in other geographical locations, resulting in a mutually wider serviceable network. The provision and procurement of logistics services are priced competitively and are carried out on ordinary commercial terms and entered into at arm's length, which are not more favourable to the Related Parties than those generally available to the public and are also not to the detriment of the minority shareholders.

## Amount Due and Owing Under RRPTS

The breakdown of the principal sum for the total outstanding amount due to the Group under the RRPTs which exceeded the credit terms as at 31 December 2019 are as follows:

Related Party	Principal Sum (RM'000)	Interest (RM'000)	Outstanding Amount which exceeded credit terms (RM'000)			
			A period of 1 year or less	A period of more than 1 to 3 years	A period of more than 3 to 5 years	A period of more than 5 years
MP CJ ENM	4,374	-	4,374	-	-	-
EC Services	16	-	16	-	-	-

There were no interest and late payment charges imposed due to the Group's industry practices. The same basis is applied towards our related and non-related parties.

The Company has reviewed the outstanding amounts and is of the opinion that the amounts were part of the normal business transactions and pending settlement of dispute on project issues. The Management has and will continue to meet and discuss with the related parties for early settlement of the outstanding amounts.

The Board of Directors is of the opinion that there will be no recoverability issues as the related parties have long business relationship with the Group.

The total amount overdue as at the 25 March 2020, being the latest practicable date, is RM3,183,000.

## 2.4 Review Procedures

The RRPTs are conducted at arm's length and on normal commercial terms consistent with the CJ Century Group's normal business practices and policies, which are not to the detriment of the minority shareholders. The Management of the CJ Century Group will only enter into transactions with the Related Parties after taking into consideration the pricing, level of service and other related factors such as the availability of resources and personnel. These considerations shall be determined by market forces, and under similar commercial terms for transactions with third parties. All RRPTs will be tabled at the Audit Committee meeting for review, in conjunction with the procedures set out in Section 2.5 below.

The Management will endeavour that at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated parties for the same or substantially similar type of products/services and/or quantities. In the event that a quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the CJ Century Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPT is not detrimental to the CJ Century Group.

The thresholds for the approval of RRPTs within the CJ Century Group are as follows:

- (i) For RRPTs up to the prescribed threshold of the Listing Requirements of RM1 million or 1% of the applicable percentage ratio, the RRPTs will be reviewed by the Executive Director and approved by the Managing Director.
- (ii) For RRPTs exceeding the prescribed threshold of the Listing Requirements of RM1 million or 1% of the applicable percentage ratio, the RRPTs will be reviewed by the Audit Committee and approved by the Board.

Abstention of voting on matters related to the Proposed RRPT Mandates will be required in the case of interested Directors and/or Major Shareholders (direct or indirect). Furthermore, an

interested Director or Major Shareholder must ensure that persons connected with him abstain from voting, deliberating or approving the relevant resolution of the Proposed RRPT Mandates.

Interested Directors have and will continue to abstain from deliberating and voting at Board Meetings in respect of the RRPTs in which they have interest. To achieve transparency, disclosures are made in the Annual Report 2019 of the Company of the actual aggregated value of the transactions during the financial year.

## 2.5 Statement by the Audit Committee

The Audit Committee, having seen and reviewed the procedures for RRPTs, is of the view that the existing guidelines and review procedures for RRPTs are sufficient to ensure that such transactions are carried out at arm's length and on normal commercial terms, which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. In addition, the Audit Committee is of the view that the CJ Century Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever the need arises.

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all such transactions are appropriate and may in its absolute discretion deem fit, delegate this responsibility to any individual within the Company. The Audit Committee shall have the discretion to request for additional limits or procedures to be imposed or complied with, if it considers such a request to be appropriate. In that respect, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures. If it is determined that the current guidelines and procedures are inadequate to ensure that:

- (i) the RRPTs are conducted at arm's length and on normal commercial terms which are not more favourable to related parties than to those generally available to the public; or
- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders,

a fresh shareholders' mandate based on new guidelines and procedures will have to be obtained.

## 2.6 Existing RRPTS

The actual values transacted for each RRPT from the date of the last AGM on 30 April 2019 up to 25 March 2020, before the latest practicable date prior to printing of this Circular/Statement, together with its estimated value as disclosed in the Circular/Statement to Shareholders dated 31 March 2020 are as follows:

<b>Related Party</b>	<b>Nature of Income Transaction</b>	<b>Estimated Value as disclosed in the Circular to Shareholders dated 29 March 2019 RM'000</b>	<b>Actual Value from 30 April 2019 to 25 March 2020 RM'000</b>
CJ Malaysia and/or EC Services	Provision of logistics services by CJCL	5,000	602
	Provision of courier services by CJCL	5,000	23
Ibrakom	Provision of logistics services by CJCL	5,000	-
MP CJ ENM	Provision of logistics and courier services by CJCL	40,000	21,295
CJ Malaysia	Provision of data management solutions by CJCD	1,000	17
		56,000	21,937
		56,000	21,937

<b>Related Party</b>	<b>Nature of Cost Transaction</b>	<b>Estimated Value as disclosed in the Circular to Shareholders dated 29 March 2019 RM'000</b>	<b>Actual Value from 30 April 2019 to 25 March 2020 RM'000</b>
CJ Malaysia and/or EC Services	Provision of logistics services to CJCL	7,000	1,767
CJ Logistics and/or CJ Asia	Provision of information technology services to CJCL	2,000	1,738
		-----	-----
		9,000	3,505
		=====	=====

### 3. APPROVAL REQUIRED

The Proposed RRPT Mandates is conditional upon the approval from the shareholders of CJ Century being obtained at the forthcoming AGM.

### 4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors or Major Shareholders or Persons Connected to them have any interest, direct or indirect, in the Proposed RRPT Mandates.

CJ Asia, being the interested Major Shareholder, will abstain from voting in respect of its direct or indirect shareholdings on the resolution for the Proposed RRPT Mandates as listed in Section 2.2 of this Circular/Statement.

Hong Sung Yong, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon who are the Non-Independent Non-Executive Directors of the Company, being persons nominated and appointed by CJ Logistics, are deemed interested in the Proposed RRPT Mandates.

Hong Sung Yong, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon have abstained and will continue to abstain from all deliberations and voting in the Proposed RRPT Mandates at Board Meetings and will abstain from voting in respect of their direct and indirect shareholdings pertaining to the Proposed RRPT Mandates at the forthcoming AGM.

The interested Directors and interested Major Shareholder have undertaken to ensure that Persons Connected to them will abstain from all deliberation and voting on the resolutions pertaining to the Proposed RRPT Mandates at the forthcoming AGM.

### 5. DIRECTORS' RECOMMENDATION

The Directors (save for interested Directors, namely Hong Sung Yong, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon who have abstained from giving any opinion in respect of the Proposed RRPT Mandates) having considered all aspects of the Proposed RRPT Mandates, are of the opinion that the Proposed RRPT Mandates is in the best interest of the Company as well as the shareholders of CJ Century.

Consequently, the Directors (save for interested Directors, namely Hong Sung Yong, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon who have abstained from giving any opinion in respect of the Proposed RRPT Mandates) recommend that the shareholders of the Company vote in favour of the resolution pertaining to the Proposed RRPT Mandates to be tabled at the forthcoming AGM.

## 6. ANNUAL GENERAL MEETING

The 23rd AGM, will be held at The Space : Space 2, Level 2, Menara Ken TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia on Wednesday, 22 April 2020 at 2:30 p.m., for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed RRPT Mandates.

If you are unable to attend and vote in person at the forthcoming AGM, you may complete and return the enclosed Form of Proxy set out in the Annual Report 2019 of the Company in accordance with the instructions contained therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the 23rd AGM or any adjournment thereof. All resolutions set out in the Notice of the 23rd AGM are to be voted by poll. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our AGM should you subsequently decide to do so. The last day and time for you to lodge the Form of Proxy is on Monday, 20 April 2020 at 2:30 p.m.

## 7. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix for further information.

Yours faithfully

For and on behalf of the Board of Directors of

**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

**DATUK LEE SAY TSHIN**

Independent Non-Executive Chairman

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE  
BUY-BACK AUTHORITY**



## **CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]  
Incorporated in Malaysia

### **SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

#### **1. INTRODUCTION**

The Company had at the Twenty-Second AGM of the Company held on 30 April 2019, obtained its shareholders' approval on the Proposed Renewal of Share Buy-Back Authority to purchase up to ten percent (10%) of the total number of issued shares in the ordinary share capital of the Company at any point of time through Bursa Securities. In accordance with the Listing Requirements governing the purchase of a listed issuer's own shares by the listed issuer itself, the aforesaid approval will continue to be in force until the conclusion of the forthcoming 23rd AGM of the Company which will be held on 22 April 2020.

On 26 February 2020, the Company had announced its intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority.

The purpose of this Statement is to set out the details of the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the relevant resolution to be tabled at the forthcoming AGM.

#### **2. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The authority to purchase the Company's own Shares is sought to enable CJ Century to have an additional option of utilising its financial resources more efficiently. All things being equal, any purchase of the Company's own Shares, regardless whether the Shares so purchased were retained as treasury shares or cancelled, would result in a lower number of Shares being used for the purpose of computing Earnings Per Share ("EPS").

Based on the foregoing and depending on the price paid for the purchase of each Share and its impact on the earnings of the Group, the purchase of the Company's own Shares may improve the EPS of the Group. If the EPS of the Group is improved, it is expected to have a positive impact on the market price of the Shares.

The Company may also retain the Shares so purchased as treasury shares with the intention of realising potential gains from the resale of treasury shares and/or to reward the shareholders through the distribution of the treasury shares as share dividends.

#### **3. RETAINED PROFITS**

As at 25 March 2020, the total number of issued shares of CJ Century is 394,229,890 Shares. The Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 39,422,900 Shares, representing 10% of the enlarged issued share capital of CJ Century.

In accordance with the Listing Requirements, the maximum amount of funds to be utilised for any purchase of the Company's own Shares must not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s). Based on the audited financial statements for the financial year ended 31 December 2019, the retained earnings account stood at RM19.390 million.

#### 4. DIRECT AND INDIRECT INTERESTS OF THE DIRECTORS AND MAJOR AND SUBSTANTIAL SHAREHOLDERS

Save for the resulting change in percentage shareholdings as a consequence of the Share Buy-Back, none of the Directors and Major and Substantial Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and, if any, the resale of treasury shares.

##### 4.1 Directors' Shareholdings

The proforma effect of the Proposed Share Buy-Back on the shareholdings of the Directors of CJ Century as at 25 March 2020 on the assumption that Shares are purchased from shareholders other than the Directors are set out below:

	As at 25 March 2020			After Proposed Share Buy-Back		
	Direct No of Shares 000	%	Indirect No of Shares 000	Direct No of Shares 000	%	Indirect No of Shares 000
Teow Choo Hing	45,889	11.76	2,224*	45,889	12.93	2,224*
Yeap Khoo Soon Edwin	2,610	0.67	-	2,610	0.74	-
Lee Eui Sung	-	-	500*	-	-	500*
Datuk Lee Say Tshin	-	-	80^	-	-	80^

Notes:

\* Deemed interested through his wife

^ Deemed interested through his wife and son

##### 4.2 Major and Substantial Shareholders' Shareholdings

The proforma effect of the Proposed Share Buy-Back on the shareholdings of the Major and Substantial Shareholders in CJ Century as at 25 March 2020 on the assumption that Shares are purchased from shareholders other than the Major and Substantial Shareholders are set out below:

	As at 25 March 2020			After Proposed Share Buy-Back		
	Direct No. of Shares 000	%	Indirect No. of Shares 000	Direct No. of Shares 000	%	Indirect No. of Shares 000
CJ Asia	120,544	30.89	-	120,544	33.97	-
Teow Choo Hing	45,889	11.76	2,224*	45,889	12.93	2,224*

Note: \* Deemed interested through his wife



## 5. SOURCE OF FUNDS

The Proposed Renewal of Share Buy-Back Authority will be funded from internally generated funds and/or borrowings. In the event the Company purchases its own Shares using external borrowings and that the repayment will not have a material effect on the Group's cash-flows.

## 6. POTENTIAL ADVANTAGES AND DISADVANTAGES

The potential advantages of any purchase of the Company's own Shares are as follows:

- (a) allows the Company to take preventive measures against speculation particularly when the Shares are undervalued which would in turn stabilise the Company's market price and hence, enhance investors' confidence;
- (b) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and the size of equity; and
- (c) if the treasury shares are distributed as dividends, it may then serve to reward the shareholders.

The potential disadvantages of any purchase of the Company's own Shares are as follows:

- (a) any purchase of the Company's own Shares will reduce available financial resources and may result in the Group foregoing better investment opportunities that may emerge in the future; and
- (b) as any purchase of the Company's own Shares can only be made out of retained profits, it may result in the reduction of financial resources available for distribution to the shareholders in the immediate future.

Nevertheless, the Board will be mindful of the interests of the Company and the shareholders in undertaking any purchase of the Company's own Shares and in the subsequent resale of treasury shares on Bursa Securities, if any.

## 7. FINANCIAL EFFECTS

### 7.1 Share Capital

The effects of any purchase of the Company's own Shares on the share capital will depend on whether the Shares so purchased are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will not have any effect on the total number of issued shares if all the Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The Proposed Renewal of Share Buy-Back Authority will however, result in the reduction of the total number of issued shares if the Shares so purchased are cancelled. The proforma effects of the Proposed Share Buy-Back based on the total number issued shares as at 25 March 2020 and assuming the Shares so purchased are cancelled are set out below:

Existing as at 25 March 2020	394,229,890
Less : Cancellation of Treasury Shares	(39,422,900)
Resultant share capital	<u>354,806,990</u>

## 7.2 Earnings

The effects of the Proposed Share Buy-Back on the EPS of the Group will depend on the purchase price for such Shares, the effective funding cost to finance the purchase of the Shares or any loss in interest income to the Group.

Assuming that any Shares so purchased are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

If the Shares so purchased are cancelled, the Proposed Share Buy-Back will increase the EPS of the Group provided the income foregone and interest expense incurred on the Shares purchase is less than the EPS of the Group before the purchase of the Shares.

## 7.3 Net Assets (“NA”)

The effects of the Proposed Share Buy-Back on the NA of the Group, whether the Shares purchased are cancelled or retained as treasury shares are as follows:

- **Shares purchased under the Proposed Share Buy-Back are subsequently retained as treasury shares**

The NA of the Group would decrease if the Shares purchased are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA of the Group by the cost of the treasury shares.

If the Shares purchased are resold on Bursa Securities, the NA of the Group would increase if a gain is realized from the resale, and vice versa.

If the Shares purchased were distributed as share dividends, the NA of the Group will decrease by the cost of the treasury shares.

- **Shares purchased under the Proposed Share Buy-Back are subsequently cancelled**

If the Shares so purchased are cancelled, the Proposed Share Buy-Back will reduce the NA per Share if the purchase price per Share exceeds the NA per Share at the relevant point in time, and vice versa.

## 7.4 Dividends

Barring unforeseen circumstances, the Proposed Renewal of Share Buy-Back Authority is not expected to have any effect on the Group’s dividend policy. The decision to declare and pay dividends in the future would depend on the performance, cash flow position and financing requirements of the Group.

The Company may distribute future dividends in the form of the Shares acquired pursuant to the Proposed Renewal of Share Buy-Back Authority.

## 7.5 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the purchase prices of the Shares and the number of Shares so purchased.

## 8. IMPLICATION UNDER THE RULES

As at 25 March 2020, CJ Asia, holds 30.89% of the voting shares of the Company. In the event that the Proposed Share Buy-Back is carried out, the holdings of CJ Asia may increase above 33%.

Pursuant to the Rules, CJ Asia will be obliged to undertake a mandatory general offer for the remaining Shares not already owned by them collectively. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission of Malaysia under the Rules, subject to CJ Asia complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation. CJ Asia intends to apply for waiver in the event that the Rules is triggered.

## 9. PURCHASE, RESALE AND CANCELLATION OF SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

As at 25 March 2020, the Company holds 3,968,900 shares as treasury shares. The Company has not purchased any shares over the past 12 months. In addition, the Company has not resold, cancelled and/or distributed any treasury shares as dividends in the past 12 months.

## 10. TREASURY SHARES, RESALE, TRANSFER AND CANCELLATION OF TREASURY SHARES

The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. There was no subsequent resale, transfer and cancellation of treasury shares made in the preceding twelve (12) months.

## 11. SHARE PRICES

The monthly highest and lowest prices of shares as traded on Bursa Securities for the preceding twelve (12) months from March 2019 to February 2020 are as follows:

Month	Shares	
	High (RM)	Low (RM)
March 2019	0.462	0.413
April 2019	0.452	0.422
May 2019	0.432	0.360
June 2019	0.425	0.370
July 2019	0.470	0.410
August 2019	0.455	0.380
September 2019	0.425	0.370
October 2019	0.410	0.370
November 2019	0.405	0.330
December 2019	0.400	0.330
January 2020	0.410	0.370
February 2020	0.400	0.360

(Source: Bloomberg)

The last transacted price of CJ Century Shares on 25 March 2020, being LPD before printing of this Statement is RM0.235.

## 12. PUBLIC SHAREHOLDING SPREAD

Based on the Record of Depositors of CJ Century as at 25 March 2020, the public shareholding spread of the Company was 55.92%. The Board undertakes that any purchase of the Company's own Shares would only be conducted in accordance with laws prevailing at the time of the purchase, including compliance with the 25% public shareholding spread as required by the Listing Requirements.

### **13. DIRECTORS' STATEMENT**

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, the Board of Directors is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in the best interest of the Company.

### **14. DIRECTORS' RECOMMENDATION**

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of CJ Century and recommends you to vote in favour of the resolution to be tabled at the forthcoming Annual General Meeting to give effect to the Proposed Renewal of Share Buy-Back Authority.

### **15. OTHER INFORMATION**

There is no other information concerning the Proposed Renewal of Share Buy-Back Authority as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Authority and the extent of the risks involved in doing so.

This Statement is dated 31 March 2020.

## APPENDIX

### FURTHER INFORMATION

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#### 1. Directors' Responsibility

This Circular/Statement has been seen and approved by the Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular/Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no facts the omission of which would make any statement herein misleading.

#### 2. Material Contracts

Save for the following, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the CJ Century Group within two (2) years immediately preceding the date of this Circular/Statement.

- (i) Assets sale and purchase agreement dated 24 August 2018 between CJCL and CJ Malaysia, for the purchase of courier assets for a purchase consideration of Ringgit Malaysia One Million Seven Hundred Fifty One Thousand Five Hundred and Thirty (RM1,751,530.00).
- (ii) Conditional share sale and purchase agreement dated 12 February 2020 between CJ Century and CJ Asia to acquire 62,356,191 ordinary shares in CJ Malaysia, representing the entire issued share capital of CJ Malaysia for a total purchase consideration of Ringgit Malaysia One Hundred Million (RM100,000,000.00). The purchase consideration shall be satisfied via the issuance of 200,000,000 new ordinary shares in the Company at an issue price of RM0.50 per share.

#### 3. Material Litigation

The CJ Century Group is not presently engaged whether as plaintiff or defendant in any material litigation, claims and arbitration, which has a material effect on the business/ financial position of the CJ Century Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the CJ Century Group.

#### 4. Documents For Inspection

Copies of the following documents will be available for inspection at the Registered Office of CJ Century at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, during normal business hours from the date of this Circular/Statement to the date of the AGM:

- (a) Constitution of CJ Century;
- (b) Audited accounts of the CJ Century Group for the past three (3) financial years ended 31 December 2019, 31 December 2018 and 31 December 2017; and
- (c) The material contract referred to in Section 2 above.