2019
ANNUAL REPORT

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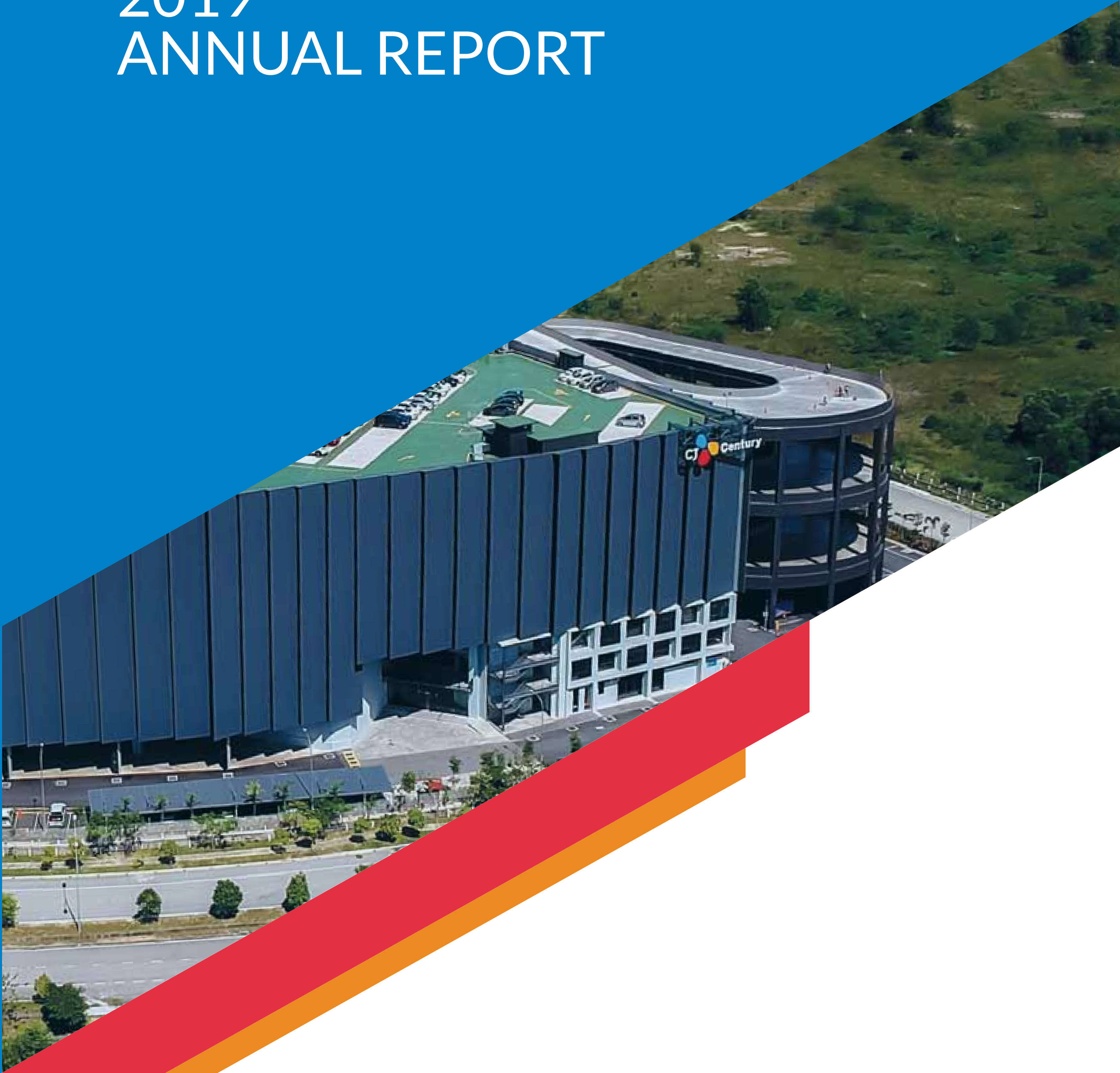


CJ Century

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.

CJ Century

CONTENTS

FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019
PROFITABILITY					
Revenue (RM'000)	297,876	300,289	294,597	400,998	491,985
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	54,619	37,930	31,537	25,737	20,420
Profit/(Loss) before taxation (RM'000)	41,003	25,594	21,113	13,622	(4,553)
Profit/(Loss) for the year attributable to equity holders (RM'000)	31,948	20,170	15,222	9,784	(7,531)
BALANCE SHEET					
Share capital (RM'000)	186,818	192,367	199,184	200,043	200,043
No of shares in issue (units) ('000)	373,635	384,735	392,799	394,230	394,230
Shareholders' equity (RM'000)	288,768	301,485	319,229	322,953	315,864
FINANCIAL RATIO					
Revenue growth	8.2%	0.8%	-1.9%	36.1%	22.7%
Earnings growth	-4.0%	-36.9%	-24.5%	-35.7%	-177%
Return on equity	11.1%	6.7%	4.8%	3.0%	-2.4%
SHARE INFORMATION					
Weighted average number of ordinary shares (units) ('000)	370,067	380,705	391,281	392,933	390,261
Dividend per share (sen)	5.5	3.5	1.5	0.75	–
Earnings / (Loss) per share (sen)	8.63	5.30	3.89	2.49	(1.93)
Net assets per share (sen)	78	78	81	83	81

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK LEE SAY TSHIN
Independent Non-Executive Chairman

TEOW CHOO HING
Managing Director

YEAP KHOO SOON EDWIN
Executive Director

HONG SUNG YONG
Non-Independent
Non-Executive Director

AHN JAE HO
Non-Independent
Non-Executive Director

LEE EUI SUNG
Non-Independent
Non-Executive Director

PARK CHUL MOON
Non-Independent
Non-Executive Director

SARYANI BINTI CHE AB RAHMAN
Independent Non-Executive Director

WINSTON TAN KHENG HUANG
Independent Non-Executive Director

AUDIT COMMITTEE

SARYANI BINTI CHE AB RAHMAN
Chairperson

DATUK LEE SAY TSHIN
Member

WINSTON TAN KHENG HUANG
Member

HONG SUNG YONG
Member

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
SSM PC No: 201908002648

Yeow Sze Min
(MAICSA 7065735)
SSM PC No: 201908003120

AUDITORS

Deloitte PLT

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

REGISTERED OFFICE

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

CORPORATE OFFICE

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 has evolved to managing the contract logistics of discerning clientele, where the value propositions is to improve operational efficiency that positively enhance the clientele and their end customers.

In 2016, Century became a member of the CJ Logistics family. Riding on CJ Logistics' strength as the dominant parcel delivery company in Korea, the range of services was further extended to include courier services, thus expanding its offering as a leading provider of supply chain solutions to include providing last mile solutions.

CHAIRMAN'S MESSAGE

Dear Shareholders

It is my pleasure to present CJ Century Logistics Holdings Berhad's ("CJ Century" or "Company") Annual Report for the financial year ended 31 December 2019.

We continued our large-scale investments during the financial year in order to always remain relevant in the industry.

INDUSTRY REVIEW

Malaysia's GDP grew by 4.3% in 2019, down from 4.7% in 2018. As demonstrated by the lower GDP growth figures, the logistics industry was similarly affected by poor business sentiment, resulting in cost and competitive pressures posing constant threat to our business.

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 RM492.0 million and loss after taxation of RM7.4 million in 2019, representing a jump in revenue of 22.7% but a first ever loss in a financial year. A more detailed discussion and analysis of our performance is contained in the Managing Director's Message of this Annual Report.

Despite the reduction in financial performance, our balance sheet remained healthy with shareholders' funds of RM315.9 million, and net assets per share of 81 sen as at 31 December 2019. Total assets increased further to RM612.9 million, driven by investment in our Courier Services as well as the newly completed multi-storey warehouse in Bukit Raja, Klang.

Our current net gearing has increased to 0.40 times, resulting from the borrowings drawn for the investment in the newly completed multi-storey warehouse as well as our expansion into courier services. Nevertheless, you can rest assured that we will continue to manage our expansion on an optimal debt-equity funding mix, without unnecessarily stressing our balance sheet.

INVESTING FOR GROWTH

The Proposed Acquisition involves the acquisition by CJ Century of 100% equity interest in CJ Korea Express Malaysia Sdn Bhd ("**CJKX**") for a total purchase consideration of RM100,000,000, to be satisfied via the issuance of 200,000,000 new CJ Century shares at the issue price of RM0.50 per share ("**Proposed Acquisition**"). Upon completion of the Proposed Acquisition, CJKX will form part of the CJ Century group of companies.

The Proposed Acquisition will principally complement and expand the existing logistics business of CJ Century, where CJKX is similarly involved in freight forwarding, warehousing and distribution, domestic, and cross border transportation, of which CJKX's main revenue is derived from international freight.

LOOKING AHEAD

Our new multi-storey facility in Bukit Raja was completed during the end of year 2019, which has resulted in the front-end as well as the back-room teams to be consolidated in one location, thus ensuring better communication as well as cost control.

As for the Proposed Acquisition, the immediate goal is to integrate the support services of both companies, which will be capable of managing the combined strength of approximately one thousand five hundred (1,500) staff across Malaysia. Following that, the mid-term integration goal can be realised with the combination of operational resources, thereby providing seamless solutions to customers.

The Proposed Acquisition therefore allows 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 envision to improve operational efficiency and enhance operational synergies between CJ Century and CJKX. This is to be achieved by leveraging on each other's resources, expertise and experience, as well as operational consolidation to achieve scale in operation and market presence not only locally but regionally.

At the time of writing, the global outbreak of Coronavirus has wreaked havoc on economies around the world. Our country has not being spared either and this was further exacerbated by the drastic decline of oil prices resulting in all round uncertainties.

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 management team, led by Teow Choo Hing, to continue the drive towards becoming Malaysia's largest logistics company.

We recognize that the continued success of the Company very much depends on your support, our esteemed shareholders, and on behalf of the Board, I would like to extend our gratitude for your unwavering confidence and belief in CJ Century. We look forward to meeting you at the forthcoming Annual General Meeting on Wednesday, 22 April 2020 at Menara KEN TTDI in Kuala Lumpur.

DATUK LEE SAY TSHIN
Chairman

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

Global economic growth has markedly slowed down in year 2019. The ongoing international trade disputes and unresolved negotiations have created further adverse conditions and accelerated changes in the global supply chains. Despite the challenges ahead, CJ Century is in a resilient position to weather the headwinds, supported by the integration of CJ Korea Express Malaysia Sdn Bhd ("CJKX") Group's operations into the CJ Century Group to become a top tier logistics company in Malaysia. I now present to you our performance for year 2019.

OPERATING ENVIRONMENT

The proposed acquisition of CJKX will principally complement and expand the existing logistics business of CJ Century Group, where the CJKX Group is similarly involved in total logistics services, including freight forwarding, warehousing and distribution, as well as transportation. It also allows CJ Century to further strengthen its total logistics offerings as well as expansion via the sharing of key logistics hub and networks. With the combined strength and the backing of the "CJ" name, this opens up new opportunities to CJ Century, particularly in the course of tendering and servicing multi-national contracts. Furthermore, by streamlining the logistics business of CJKX Group under CJ Century, the Company envisions to improve operational efficiency and enhance operational synergies between the CJ Century Group and CJKX Group. This is achieved by leveraging on each other's resources, expertise and experience, as well as operational consolidation to achieve scale in operation and market presence not only locally but regionally.

The Group continue to expand its courier service coverage and business scale across Malaysia. The performance of the operation remained robust. The number of service points has doubled compared to year 2018 to 25 locations. E-commerce has increasingly gain prevalence as a mode of consumption. In view of the strong growth impetus in particular the exports from China and the intra-Asia e-commerce trade, the Group will pursue further strategic setups that will optimally deploy its resources to seize the e-commerce growth potential.

Amidst a weak market environment, the Group is in a resilient position to withstand difficult market conditions, sustained by its expanding global network. Taking into consideration the challenging market outlook, the Group will remain watchful and keep reinforcing its foundation through enhancing its service capabilities, expanding network presence and enlarging its business scale.

OPERATIONAL REVIEW

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

Under our Total Logistics Services, CJ Century offers highly customized and competitive supply chain solutions to our customers. The Group's domestic customers comprise of a varied mix of customers and industries, from fast moving customer goods to electrical products. As at 31 December 2019, the Group managed a logistics facility portfolio of 2.6 million square feet, of which 1.9 million square feet were self-owned. Of this total, CJ Century manages a total of 1.7 million square feet in Port Klang, Subang and Shah Alam. Our five blocks of distribution centres in the Port of Tanjung Pelepas (PTP), with warehousing capacity totaling 860,000 square feet, create the competitive edge for domestic importers and also for the foreign entities who wish to extend their footprint into Malaysia.

The construction of a state-of-the-art, ramped up three-storey warehouse building of 440,000 square feet in Bukit Raja, Klang was completed in 2019 of which a new fully automated parcel sorting system was installed in the building. The Group will continue to monitor and review our portfolio of assets to ensure optimal utilization and operational efficiency.

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

FINANCIAL REVIEW

Revenue of the Group jumped 22.7% to a record of RM492.0 million in 2019 (2018: RM401.0 million) contributed mainly by our Procurement Logistics operation. Nevertheless, this was not reflected in the pre-tax profit of the Group, which instead declined by 133.4% to pre-tax loss of RM4.6 million (2018: pre-tax profit of RM13.6 million) mainly due to the domestic competitive environment which has resulted in the Group's operating profit to decrease. Net profit dropped in tandem by 175.0% to net loss of RM7.4 million (2018: net profit of RM9.9 million) as well as absorbing the gestation of the courier services operations.

Revenue	2019 RM'000	2018 RM'000	Variance RM'000	Percentage
Total Logistics	256,462	261,418	(4,956)	-1.9%
Procurement Logistics	210,011	131,065	78,946	60.2%
Courier Services	30,044	11,516	18,528	>100.0%
Consol Adjustment	(4,532)	(3,001)	(1,531)	-51.0%
Group Results	**491,985**	**400,998**	**90,987**	**22.7%**

Earnings before Interest and Taxation (EBIT)	2019 RM'000	2018 RM'000	Variance RM'000	Percentage
Total Logistics	5,721	11,786	(6,065)	-51.5%
Procurement Logistics	11,547	9,435	2,112	22.4%
Courier Services	(16,875)	(6,743)	(10,132)	<-100.0%
Consol Adjustment	(97)	766	(863)	<-100.0%
Group Results	**296**	**15,244**	**(14,948)**	**-98.1%**

ANALYSIS OF RESULTS

Total Logistics

Revenue for Total Logistics Services decreased by 1.9% to RM256.5 million due to lower volumes handled by our Oil Logistics activities. The decline in our EBIT by 51.5% to RM5.7 million was due to lower occupancy of our warehouses in the Port of Tanjung Pelepas, Johor as well as lower volume handled by our Oil Logistics activities.

Procurement Logistics

Revenue and EBIT for Procurement Logistics Services jumped by 60.2% and 22.4% respectively as a result of higher volumes assembled. Export of electrical appliances, particularly air-conditioner and television sets, contributed to the higher volumes.

Courier Services

Revenue for Courier Services was RM30.0 million while loss before interest and tax amounted to RM16.9 million. This trend was mainly due to the costs incurred as we continue to expand our operation. As at end of year 2019, the Group has set up 25 branches and invested in 374 courier trucks solely for our Courier Services.

FINANCIAL MANAGEMENT

Most of the Group's assets and liabilities are denominated in Ringgit Malaysia. However, the Group is exposed marginally to foreign currency risk arising from trade sales and trade purchases by its subsidiaries. The currency giving rise to this risk is primarily United States Dollar ("USD"). In respect of the appreciation of USD since early 2019, the net exposure in terms of its potential impact on both profitability and financial position of the Group is considered not material. For the foreign currency exposure arising from business activities, the Procurement Logistics Services operations used a mixture of forward contracts to hedge their foreign exchange exposure from trading transactions during the year. The Group will continue to closely monitor its foreign exchange position and if necessary, continue to hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 31 December 2019, total foreign currency forward contracts outstanding amounted to the equivalent of RM12.8 million.

The Group has centralized financing policies and control over all its operations. With tight control on treasury operations, yields from excess funds are maximized without compromising on risks while average cost of funds for borrowings are lowered. The Group has deposits, cash and bank balances of RM65.0 million as at 31 December 2019, of which RM41.9 million is invested in money market funds which yielded returns of 3.41% to 3.85% per annum tax free. The bank loans were borrowed at floating interest rates and were not held for hedging purposes.

The Group's capital expenditures for year 2019 was RM65.1 million and future approved capital commitments of RM33.1 million which are mainly comprised of balance construction costs of the three-storey warehouse in Bukit Raja, additional trucks for the courier services operation, IT system upgrades, expansion of the logistics business infrastructure and ongoing maintenance capital expenditure. The investments shall be financed by the Group's internal resources and bank borrowings.

HUMAN RESOURCE MANAGEMENT

The objective of the Group's human resource management is to recognize and reward performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff are encouraged to enroll in training courses, seminars, professional and technical courses with appropriate sponsorship from the Group to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. Staff also participate in social activities organized by the Group to promote team spirit and build a cohesive workforce. As at 31 December 2019, the Group's staff force stood at 1,230 employees (2018: 1,060 employees) with total staff-related costs amounting to RM70.6 million (2018: RM55.2 million).

PROSPECTS

Looking ahead, we see three major trends affecting global logistics. First, the outbreak of a respiratory illness caused by Coronavirus Disease (COVID-19) has affected many businesses to different extent. Given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the Malaysian Government and corporate entities, the financial results of the Group in particular the first half of 2020 may potentially be affected as a result of the adversities. The Group will closely monitor in this regard. Second, trade tension between China and the US will continue to escalate and the situation is likely to remain volatile for the foreseeable future. Third, technology is steadily disrupting all aspects of the logistics industry. CJ Century is therefore increasingly becoming a tech company and will give emphasis to use the information technology in freight, contract logistics and e-commerce management.

With the recent announcement of the proposed merger with CJKX Group, CJ Century will have size and might to go into markets easily and the sustainability becomes much better. CJKX has its expertise in the South Korea routes. Together, with our extensive ground network as well as the unwavering support of CJ Logistics to roll-out their innovative logistics solutions, CJ Century is ready to ride on the rapid growth of e-commerce and drive faster growth for the logistics business.

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

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

CONCLUSION

The purpose of everything we do is to serve our customers well. I would like to take this opportunity to thank all our stakeholders for their continued support as we continue our journey of growth. With the merger of two companies, we hope to strengthen our balance sheet and achieve a better earnings per share.

TEOW CHOO HING
Managing Director

BOARD OF DIRECTORS

DATUK LEE SAY TSHIN

- Independent Non-Executive Chairman
- Male, Age 67, Malaysian
- Appointed on 31 October 2016

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

An accomplished banker with over 44 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.

Appointed as Advisor to the Entrepreneurship Development Advisory Council which is under the ambit of the Ministry of Entrepreneur Development since July 2018.

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

Datuk Lee Say Tshin had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

TEOW CHOO HING

- Managing Director
- Male, Age 60, Malaysian
- Appointed on 28 July 1997

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

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

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

Teow Choo Hing had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

YEAP KHOO SOON EDWIN

- Executive Director
- Male, Age 49, Malaysian
- Appointed on 15 January 2002

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

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

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

Yeap Khoo Soon Edwin had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

HONG SUNG YONG

- Non-Independent Non-Executive Director
- Male, Age 56, Korean
- Appointed on 15 January 2019

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

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

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

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

Hong Sung Yong had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

AHN JAE HO

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

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

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

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

Ahn Jae Ho had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

LEE EUI SUNG

- Non-Independent Non-Executive Director
- Male, Age 49, Korean
- Appointed on 31 October 2016

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

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

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

Lee Eui Sung had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

PARK CHUL MOON

- Non-Independent Non-Executive Director
- Male, Age 45, Korean
- Appointed on 27 February 2018

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

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

Member of the Nomination Committee of CJ Century.

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

Park Chul Moon had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

SARYANI BINTI CHE AB RAHMAN

- Independent Non-Executive Director
- Female, Age 53, 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 (formerly known as City of London Polytechnic) and ACCA from Emile Woolf College, London.

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

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

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

Saryani Binti Che Ab Rahman had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

WINSTON TAN KHENG HUANG

- Independent Non-Executive Director
- Male, Age 45, Malaysian
- Appointed on 31 October 2016

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

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

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

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

Winston Tan Kheng Huang had attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2019.

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 55, Malaysian
- Joined on 1 July 1996

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

LIM CHEE KHOON

- Chief Operating Officer, Integrated Logistics
- Male, Age 40, Malaysian
- Joined on 15 March 2011

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

KIM PIL YOUNG

- Chief Financial Officer
- Male, Age 43, Korean
- Joined on 1 December 2016

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

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

None of the Senior Management staff above have :

- Any family relationship with any Director and/or major shareholder of 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 and listed issuers in Malaysia

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies which involve directors' and major shareholders' interests for the financial year ended 31 December 2019 except as disclosed in Note 16 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 2019 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2019 RM'000
CJ Korea Express Malaysia Sdn. Bhd. ("CJ Malaysia") (Principal activity is investment holding and providing total logistics solution)	A subsidiary company of CJ Asia, a substantial shareholder of the Company	Provision of :	
		- logistics services by CJCL	852
		- courier services by CJCL	24
		- logistics services to CJCL	1,880
		- data management solution services by CJ Century DMS Sdn. Bhd.	18
EC Services Enterprise Sdn. Bhd. (Principal activity is providing transport, haulage and cleaning services)	A subsidiary of CJ Malaysia	Provision of :	
		- logistics services by CJCL	16
		- logistics services to CJCL	85
CJ Logistics Asia Pte. Ltd. ("CJ Asia") (Principal activity is investment holding and providing total logistics solutions)	A major shareholder of CJ Century, holds 30.89% of CJ Century and 100% of CJ Malaysia.	Provision of :	
		- logistics services by CJCL	159
		- courier services by CJCL	331
		- information technology services to CJCL	1,738
MP CJ ENM Sdn. Bhd. (Principal activity is home shopping)	An associate company of CJ Corporation	Provision of :	
		- logistics services by CJCL	3,391
		- courier services by CJCL	16,102

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	274	69
Non-Audit Fees	128	30

Utilisation of Proceeds

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

CORPORATE STRUCTURE

CJ Century

CJ CENTURY LOGISTICS SDN BHD
100%

CJ CENTURY TECHNOLOGY SDN BHD
100%

- 100% | CJ Procurement Sdn Bhd

CENTURY LOGISTICS SDN BHD
100%

- 100% | Storewell (M) Sdn Bhd
- 75% | Century - YES Logistics (Yichun) Co. Ltd, China
- 70% | CJ Century DMS Sdn Bhd

CJ CENTURY FORWARDING SDN BHD
70%

SUSTAINABILITY STATEMENT

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

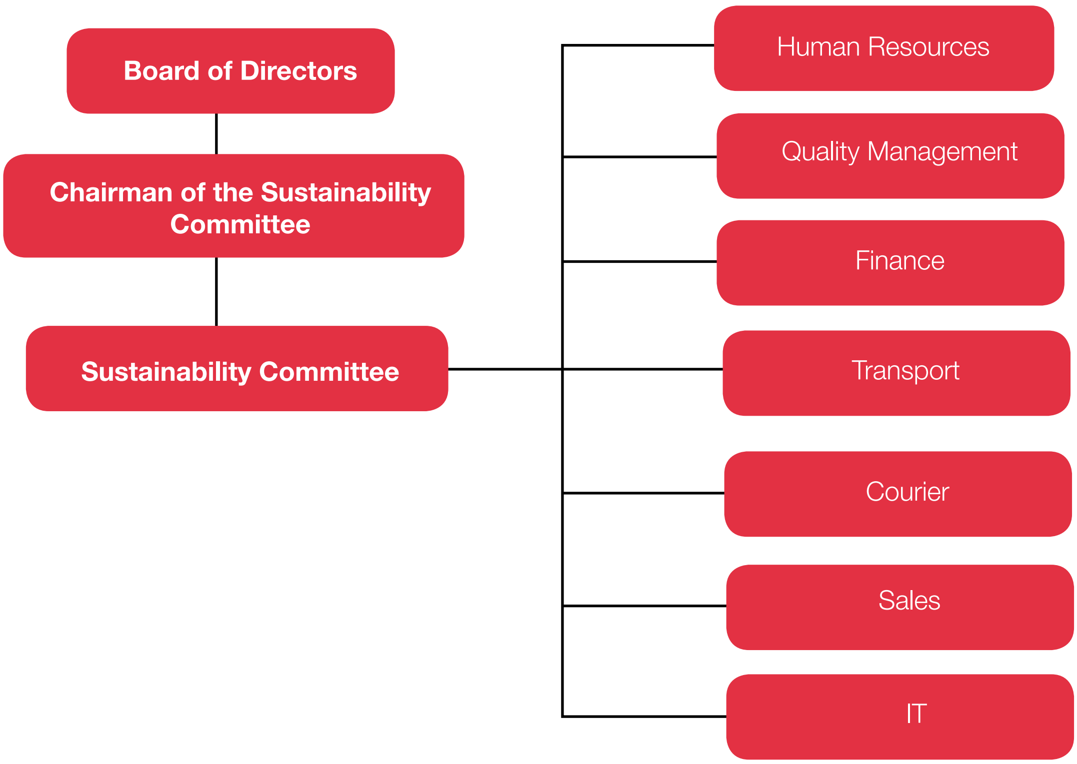
This Sustainability Statement ("the Statement") is prepared in accordance with the Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide issued by Bursa Malaysia Main Market Securities Berhad ("the Exchange"). Unless otherwise stated, this Sustainability Statement covers sustainability performance of the operations of CJ Century Logistics Holdings Berhad ("CJ Century" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ended 31 December 2019 ("FY 2019").

In support of the Exchange's efforts to improve sustainability disclosure, this is our second year of Sustainability Statement prepared with reference to the requirement under Global Reporting Initiative ("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 the initiatives we have taken to improve our policies, processes, procedures and sustainability matters in the FY 2019.

SUSTAINABILITY GOVERNANCE

Our sustainability efforts are governed through the establishment of a Sustainability Committee and our corporate structure with ultimate responsibility from our Board of Directors, who provides an oversight on the Company's corporate sustainability performance. The Chairman of the Sustainability Committee (the "Committee") is tasked for driving and managing sustainability matters across the business and ensures that key sustainability results are met with the support of the Committee. The members of the Sustainability Committee comprise of seven (7) key Head of Departments.



STAKEHOLDERS' ENGAGEMENT

The Company identified its key stakeholders, who have direct and indirect involvement and whose interests may be impacted arising from the Group's business activities, whether positively or negatively, from several discussions and reviews by the Sustainability Committee. We value our stakeholders' views and engage with them through various channels to understand their interests and concerns towards our business operations and sustainability performance.

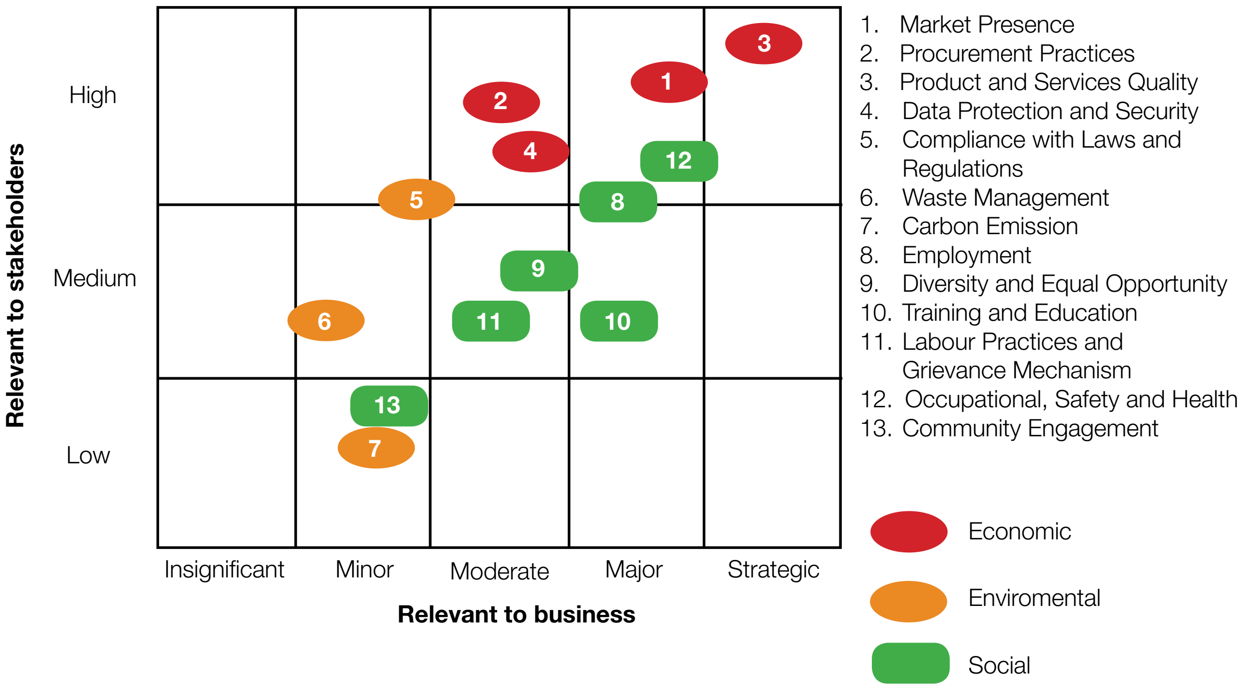
The approaches we take in engaging stakeholders include distribution of conventional documents, electronic documents, web-based media platforms and face-to-face communications as summarised below:

No.	Key Stakeholders	Description	Communication Channels
1	Investors	Investors provide the Group with the financial capacity for business operation and growth. The key to engage with the shareholders continuously is to ensure they understand the Group's operations, strategies and business growth	▪ Investor relations ▪ Shareholders' meeting ▪ Annual report ▪ Corporate website ▪ Research reports ▪ Company announcements and press releases
2	Business Partners / Suppliers	Business partners and suppliers provide the necessary products and services for our businesses and operations	▪ Business exchange ▪ Written communication ▪ Suppliers' evaluations and registration
3	Customers	Meeting customers' requirements with high quality products & services and strengthen the relationship with clientele	▪ Customers' feedback and surveys ▪ E-fulfilment of transportation and storage transactions
4	Employees	The key to our operations is our people. They help us to achieve our corporate and business objective	▪ Training programmes and workshop ▪ Employees' engagement surveys ▪ Townhall meetings ▪ Company intranet ▪ Performance evaluations ▪ Compensations and benefits
5	Local authorities/ Regulators/ Government ministries	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	▪ Facility visits ▪ Collaborative partnerships ▪ Regular audits and inspections ▪ Industry-related initiatives and events
6	Community	Continuous support and fund CSR activities	▪ Community engagement programmes

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

The Committee convened detailed discussions and reviews to assess the applicability and relevance of previous identified material sustainability matters to our business operation and our stakeholders. The Committee reviewed the Group's business operation, risk areas and feedbacks were obtained from the Board of Directors and Senior Management. These sustainability matters were assessed based on its impact to both the Group and to our stakeholders.

As a result of these activities, we identified 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.

A. ECONOMIC

Market Presence

We are committed on delivering excellence. This commitment is entrenched throughout our Group operations, from the Managing Director to various Head of Departments and involves each and every member of the team focusing on consistently meeting or exceeding our customers' expectations while working towards a sustainable value creation business.

To signify our market presence in the logistics industry, we invested approximately of RM171 million over FY 2018 to year 2021 to expand our capability and capacity in providing integrated supply chain solutions for our customers. We are confident that this investment and expansion provides the Company a competitive advantage to ride on the emerging of e-commerce business industry in the coming years.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

A. ECONOMIC (CONT'D)

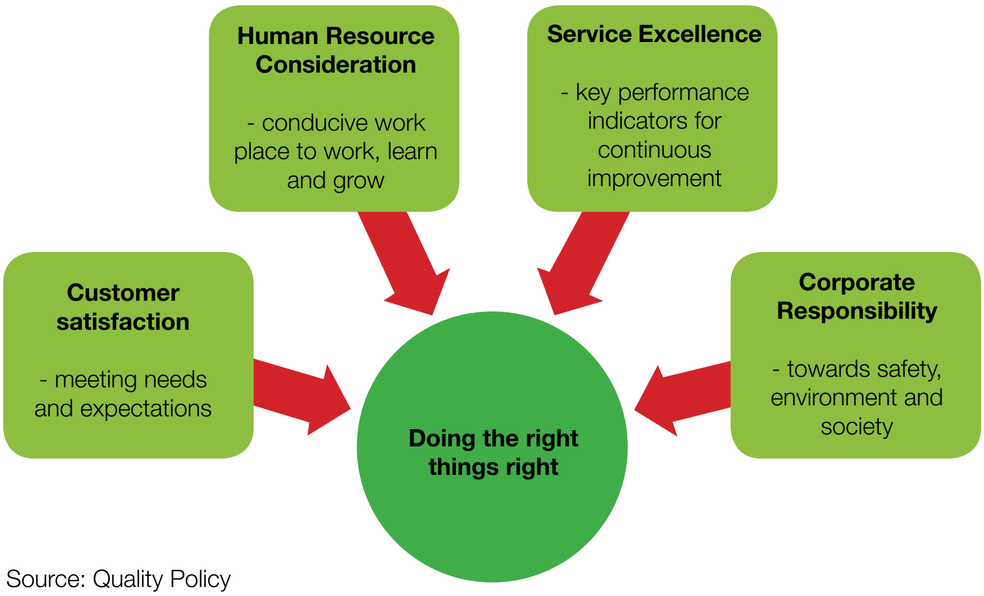
Procurement Practices

Our Group's procurement policy and procedures set out the requirements and expectations of our vendors in order to consistently provide products and services that meet our customers' needs. We continuously encourage our suppliers to improve while maintaining good relationship with them in order to achieve our business objectives.

We place emphasis on sourcing for quality products and services from local vendors. An Approved Vendor List is maintained for those identified vendors who are able to meets CJ Century's standards and annual vendors' performance assessments were carried out. The vendors' performance were evaluated in terms of product quality, on time delivery, pricing, reliability, co-operative, prompt response to complaints, technical support and condition of products. Vendors who do not meet with CJ Century's requirements are removed from the Approved Vendor List.

Product and Services Quality

As one of Malaysia's leading logistics solutions company, we placed importance on our quality management, which is embedded into our core values. Our 4 pillars of core values serve as the guiding principles, namely, customer satisfaction, human resource consideration, service excellence and corporate responsibility. These pillars form an integral part of our Quality Policy.



Source: Quality Policy

We are guided by our Quality Policy to uphold quality management as part of our strategic goals. Through this Quality Policy, which is reviewed on an annual basis, we aim to achieve and maintain the highest level of service provision and product quality.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

A. ECONOMIC (CONT'D)

Product And Services Quality (cont'd)

To support our Quality Policy and Objectives, we conform to the requirements of various certification bodies in ensuring that we meet specific standards on 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 present our certification awarded by these bodies:

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

We are honoured that Frost & Sullivan awarded CJ Century the "2019 Malaysia Logistics Service Provider of the Year" in recognition of our achievement and superior performance in the industry. We were also recognised as the Best Forwarder by Lembaga Pelabuhan Johor in the Port Industrial Award 2019.

Data Protection and Security

Safeguarding our customers' and vendors' data is our top priority. Due to the nature of business, the Group processes significant quantity of personal and sensitive data. Consequently, all CJ Century's employees and vendors/contractors are required to sign a non-disclosure agreement, ensuring data confidentiality and privacy including complying with the Personal Data Protection Act ("PDPA") 2010. In FY 2019, we did not receive any substantiated complaint concerning breaches of customer privacy (FY 2018: Nil).

A PDPA Policy was also established to serve as an internal 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 disclosure of individuals' personal data and their personal data is protected through encryption or passwords.

For FY 2019, we invested RM3.5 million (FY 2018: RM1.05 million for replacement, additional, and system implementation) mainly on additional IT infrastructure setup in our new Headquarters and warehouse at the Bukit Raja Distribution Centre ("BRDC"). Our Information Technology Policy is constantly updated to safeguard data privacy and security of our suppliers, employees and customers.

Code of conduct

We established our ethical standards through the Code on Insider Trading and Code of Conduct as guidance which are expected to be complied as part of the Group's commitment to stakeholders in embracing good business practices. The Code of Conduct is stated in the Group's Employee Handbook and each employee, upon employment in CJ Century are required to sign on the Group's Employee Handbook pledging their agreement to observe high ethical business conduct and apply these values in all aspects of the Group's business and its shareholders. The Code of Conduct is available on our corporate website (http://www.cjcentury.com).

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

A. ECONOMIC (CONT'D)

Code Of Conduct (cont'd)

In FY 2019, we have not received any complaints on suspected corrupt or unethical behaviour of our employees (FY 2018: Nil). We continue to uphold the highest standards of work ethics, honesty and morality.

Whistleblowing Policy

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 Managing Director, the Executive Director and/or the General Manager, Group Human Resources and Administration as stipulated in the Code of Conduct. The whistleblower's identities are kept in confidence to the extent possible to facilitate independent investigations for appropriate remedial and follow-up actions.

We continuously monitor our whistleblowing and other policies to prevent any improprieties such as corruption and money laundering activities.

B ENVIRONMENTAL

Compliance with Laws and Regulations, including Environmental Compliance

We recognise that a material breach of any law or regulation could have significant irreversible reputational damage or lead to other costly liabilities. We strictly adhere to the highest standards of corporate governance practices to ensure compliance with all applicable laws and regulations.

We develop policies and procedures, clearly stating the responsibilities and obligations of all individual, within the Group. In FY 2019, there was no material breach of relevant local laws and regulations. (FY 2018: Nil)

We continue to provide training for employees if there are any changes in relevant laws and regulations and ensure zero incidence of material non-compliance with laws and regulations.

Waste Management

Although waste is not a material factor for the Group, we report waste management performance as we recognise the need to reduce, recycle and reuse, especially in the present environment issues and condition including climate change, pollution and resource depletion.

As part of our efforts in protecting the environment, CJ Century implemented various initiatives to minimize wastes generated through reuse and recycle to reduce environmental impacts, indirectly providing financial benefits. Among our efforts are:

Scraps

i) approximately **19 tonnes** generated as a result of packing material and pallets to secure for logistics and courier services (FY 2018: **13 tonnes for logistics and courier services)**

ii) approximately **2.1 tonnes** in FY 2019 from paper collected through recycling centres (FY 2018: Not applicable)

Rubber tyre

i) worn rubber casing sent for retread

ii) retreaded tyres sent to designated tyre recycling partner for recycling

Used Engine oil

i) from the maintenance of transportation trucks

ii) recycled approximately **27,200 litres** to appointed workshops. Impurities and heavy metals are removed for reused (FY2018: **18,000 litres**)

In the offices where we operated, we minimise paper consumption through increasing use of information technology from emails and video conferences, enforce a policy of double-sided printing and recycled papers for printing.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

B. ENVIROMENTAL (CONT'D)

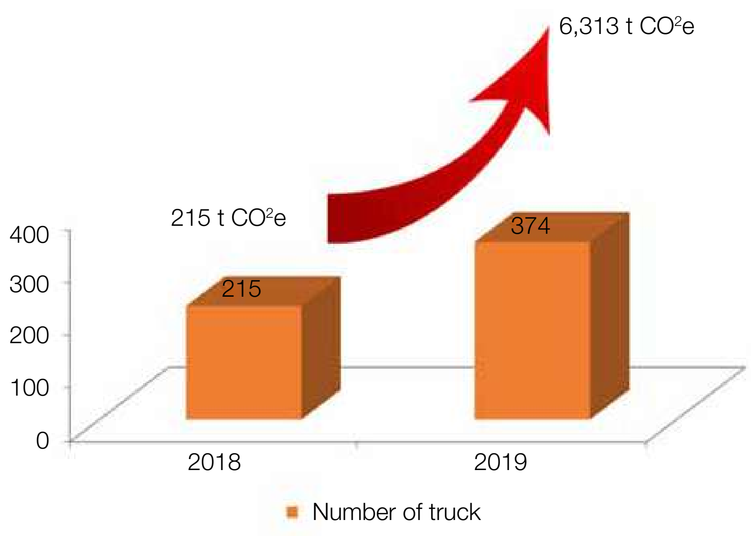
Carbon Emission

CJ Century's most direct and significant environmental impact stems from our logistics division and courier services, through the use of diesel and petrol for their inland transport vehicles whilst our Oil Logistics and Procurement Logistics consumed minimal diesel. The diesel and petrol consumption and calculated carbon emission are as follows:

Type	Integrated logistics		Courier Services	
	2018	2019	2018	2019
Diesel & Petrol volume (litres)	2,000,000	1,853,383	80,000	2,355,840
Carbon emission[1] (t CO^2e)	5,374	4,980	215	6,313

Our Courier Services added the number of vehicles to support the expansion of delivery volume and coverage resulting in steep rise of diesel and petrol consumption in FY 2019 to almost 2.3 million litres with carbon emission at 6,313 t CO^2e. On the other hand, we reduced the carbon emission for Integrated Logistics in FY 2019 from the disposal of inefficient vehicles as illustrated in the graph below:

Courier Services Number of truck against Carbon Emmission

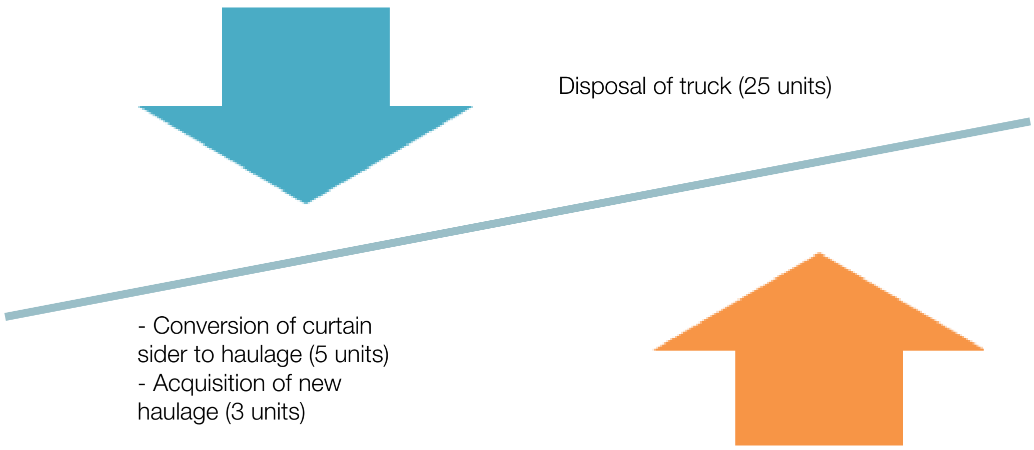


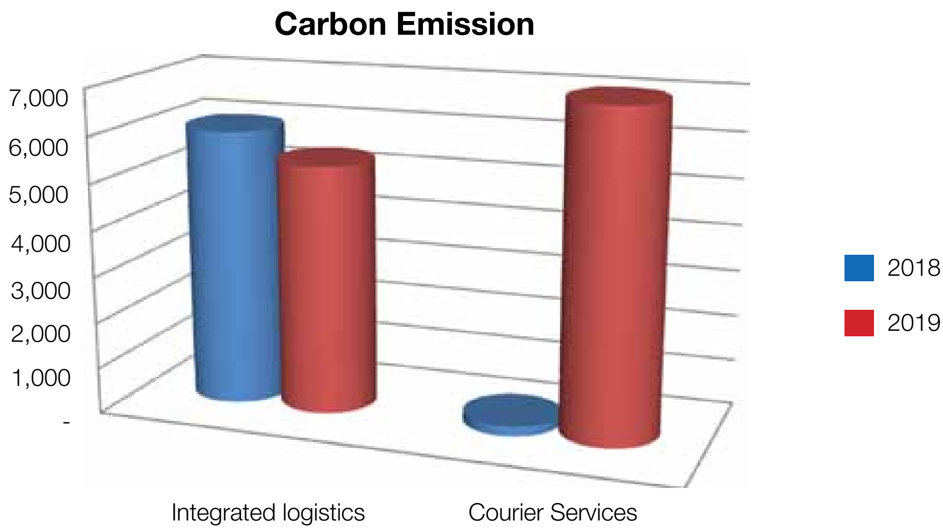
[1]Fuel Emission Factor used in 2019 = 2.68697 CO^2e /litres for diesel and 2.31495 CO^2e /litres as per UK Government GHG Reporting Conversion Factors for Company Year 2019.In this report, fuel emission data for 2018 have been restated according to the updated emission factor for comparability.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

B. ENVIROMENTAL (CONT'D)

Carbon Emission (cont'd)





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

Meanwhile, across the warehouses and office premises, we replaced neon lights with Light Emitting Diodes ("LED") lights. Through this energy reduction initiative, we are aiming to lower our electricity consumption within the next 3 years.

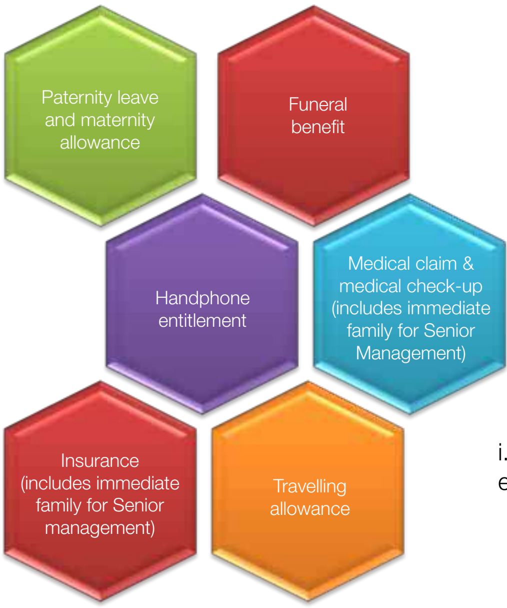
MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL

Employment

We view our employees as one of our valuable assets and important contributors to the Company's continued successes. Participation from our employees is encouraged as we believe innovative services are achieved through interaction of background differences, sharing of ideas and knowledge. Each individual employee, with their own expertise and experience, helps to contribute in the Company's sustainable development activities while moving towards achieving the Group's goals and objectives.

We are committed to providing a conducive working environment, providing our employees with competitive compensation and benefits programme that is aligned with industry practices in enhancing employees' wellness and retain the best talent possible.



i.e. Car allowance, petrol entitlement, transport allowance

(Source: Employee Handbook revised 2019)

As part of our effort in giving back to society, we established an internship programme to expose students to the actual business environment. We welcome students from various local universities to join our internship programme which could benefit the younger workforce in terms of increasing their chances in jump-starting their careers. For FY 2019, the Group employed a total of fifteen (15) interns as compared to five (5) interns during FY 2018. These interns are assigned to several departments in our Group, working hand in hand with our employees, which provide them with overview of our operations.

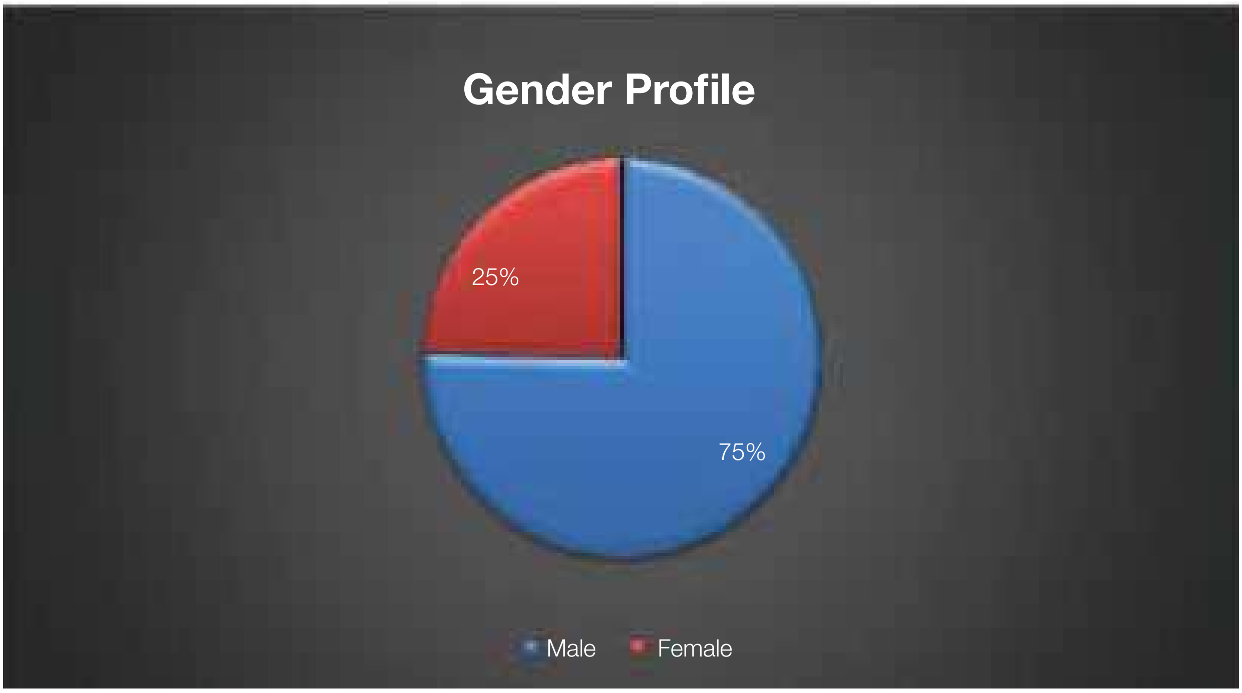
MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Diversity and Equal Opportunity

We practise equal employment opportunities and all candidates are considered equally based on merits regardless of their gender, ethnicity, age, background, skills and experience. We understand the diversity of our employees with their individual differences and these diversity is essential to our strength and innovative capabilities.

As at FY 2019, CJ Century has a total workforce of approximately 1,230 (FY 2018:1,060) employees which include both full time and contractual employees, constituting 75% of male and 25% female respectively. We recognise that gender balance is important in today's workplace however, due to nature of industry, male employees dominated our operations workforce.

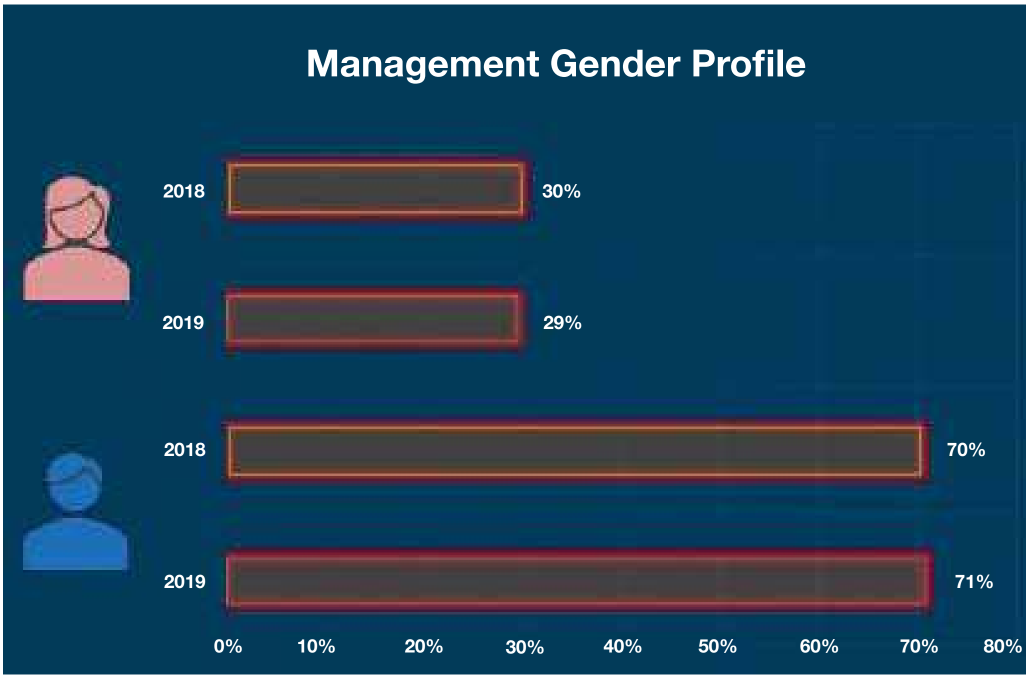


We are committed to cultivate a harmonious workplace that encourages gender equality across the Group and approximately 29% of our senior management team were female in FY 2019 (FY 2018: 30%).

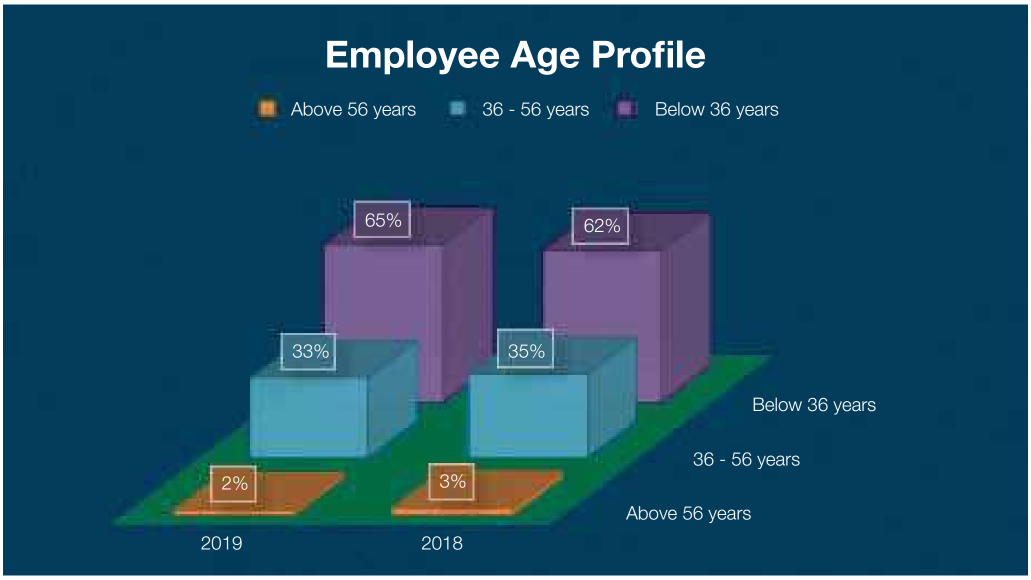
MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Diversity and Equal Opportunity (cont'd)



We have a young workforce profile where almost 65% of our workforce was below 36 years of age; while 33% of our workforce were between 36 – 56 years of age, and the remaining 2% comprising those employees age above 56 years. Our senior employees (above 56 years) focus their roles in providing guidance and mentorship to our young employees.

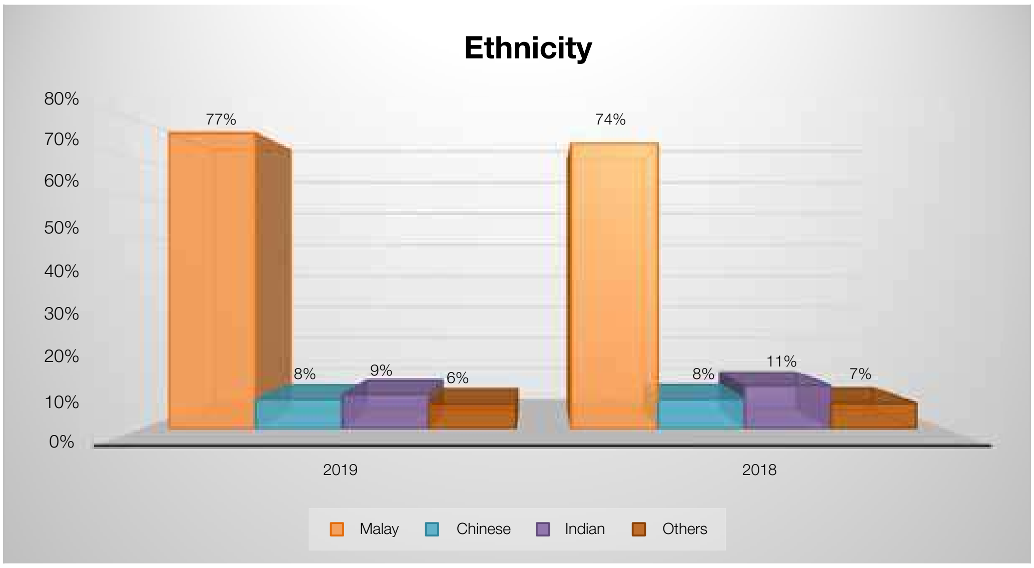


We encourage diversity, and in term of ethnic diversity, approximately 77% of our workforce was Malay, while 8% and 9% were Chinese and Indian respectively. The remaining 6% comprising other ethnic groups and foreigners. We favour hiring local employees wherever possible.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Diversity and Equal Opportunity (cont'd)



Training & Education

We consistently evaluate our workforce training needs through performance appraisal process. During the performance appraisal, we identify challenges faced by our employees and devise training programmes to address those challenges. The Human Resources & Administration Department in collaboration with the Heads of Department plan the required training courses accordingly.

We provide various training programmes ranging from organisational, professional & personal development to environmental, health & safety, either internally or externally to enable our employees to upskill and experience better practices in performing their tasks. We spent a total of RM153,409 in training cost during FY 2019 (FY 2018: Not reported) with a total of 4,290 training hours provided to our employees.

Training Type	FY 2019		
	Number of Pax	Training Hours	Cost (RM)
Internal	341	3,898	127,254
External	31	392	26,155
Total	**372**	**4,290**	**153,409**

Training Type	FY 2019	
	Number of Pax	Training Hours
Organisational	41	371
Professional & Personal Development	100	967
Environmental, Health & Safety	231	2,952
Total	**372**	**4,290**

[2]Data for financial year ending 2018 was not reported. Data compilation for coming financial year shall be included.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Labour Practices and Grievance Mechanism

CJ Century's Employee Handbook was developed to provide guidance to employee on the Company's policies and procedures relating to their employment privileges and obligations.

In our grievance procedures, we maintain an open style of communication and open door policy. Employees are encouraged to raise their concerns to 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, grievance handling, and whistle-blowing matters. For further details, please refer to the previous section regarding Code of Conduct and Whistleblowing policy.

In FY 2019, no case of grievance filed by employee (FY 2018: Nil) on labour practices.

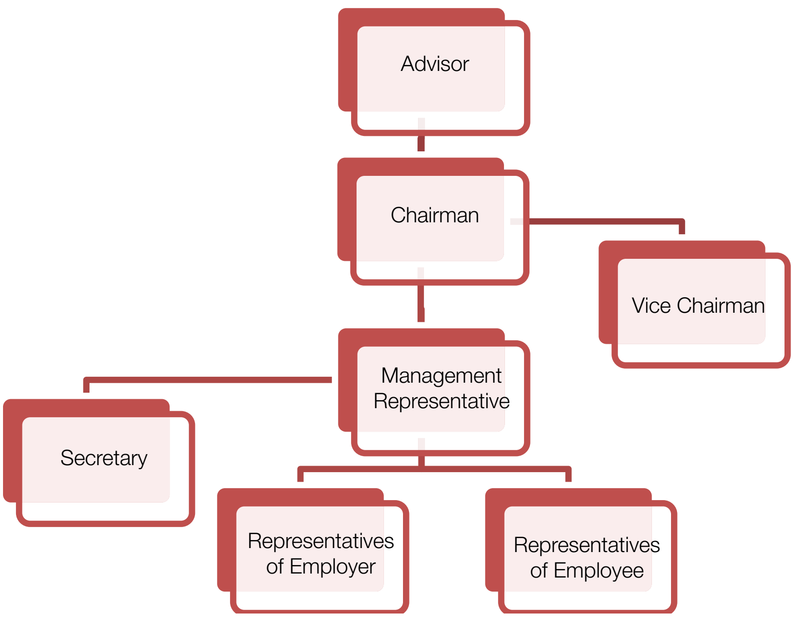
Disciplinary action will only be used as a last resort. It is the Group's philosophy to coach, monitor, evaluate and counsel employees on a regular basis in cultivating and maintaining good discipline within them. Good discipline allows the Group meets its objectives and to promoting a good and safe working environment.

In FY 2019, the Group handled 5 cases (FY 2018: Nil) of domestic inquiry and terminated nine (9) employees (FY 2018: 4 employees) found to be guilty of misconduct after given hearing opportunities. These terminations were conducted based on the good labour practices and in accordance with the labour laws and regulation.

Occupational, safety and health

We emphasize on promoting a safe and healthy working environment for all our employees and contractors to protect them from serious occupational hazards. We continuously assess working occupational hazards, safe working practices, training and implement various measures to prevent job related hazards from happening. We established an Occupational Safety and Health Committee, which convenes meetings on quarterly basis, to facilitate the management of occupational safety and health related matters (i.e. review of safety and health management system, training planning, accident and incident reporting and etc.).

The Occupational Safety and Health ("OSH") Committee is headed by a Chairman and its members comprising employees and management representatives as depicted in the illustration below.



MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Occupational, Safety and Health (cont'd)

The OSH Committee launched a Safety and Health Policy outlining the following objectives:

- Compliance to all applicable legal requirements
- Strive to prevent occupational illness, accidents and injuries
- Take every measure to eliminate hazards and reduce risks
- Develop and enforce safe working practices
- Provide sufficient information, instruction, training and supervisions to all workers and visitors

Being certified OHSAS 18001:2007 since July 2012 under the Occupational Health and Safety Management Systems for the provision of logistics and warehousing services, this clearly demonstrates the Group's commitment and priority towards employees' health and safety.

Consequently, for FY 2019, our efforts in strengthening the company's safety culture showed improved results; with only one incident case (FY 2018: two cases) and recorded an incident rate of 0.88 (FY 2018:1.85). The lost time due to injury amounted to 40 hours (FY 2018: 208 hours) and severity rate of 22.23 (FY 2018: 96.83).

In connection with the new regulation of Malaysia Anti-Corruption Commission's ("MACC") Corporate Liability on Corruption's Mandatory Provisions on Anti-Bribery which will apply on 1 June 2020, CJ Century planned and organised a Safety and Integrity Day on 5 February 2020 to promote ethical behaviour in the business conduct. The event also promotes workplace safety awareness among the employees by inviting guest speakers from Malaysia Anti-Corruption Commission ("MACC"), the Department of Occupational Safety and Health and the Ministry of Health to conduct speeches and exhibitions.

Community engagement

As a responsible corporate citizen, we endeavour to address social issues, direct or indirectly, through our business operation. We are committed to support and continue to engage in activities that addresses several challenges for the community where we operate.

Every year, we actively engage our local community through donations and volunteer programmes with the aims to supports employees and family, education institutions, orphanage/ old folks/ underprivileged/ disabled homes, and others.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Community engagement (cont'd)

Programme	Description	Date	Main Beneficiary	Donations or Aid Provided (in RM)
Category: Orphanage/Old Folks/ Underprivileged/Disabled Homes				
Back to School programme 2019	Collaboration with Project MADE, (Making A Difference Everywhere), a non- profit organisation that carries out various programmes to help underprivileged families. CJ Century selected eligible recipients of the programme	29 January 2019	Employees that satisfy the criteria	Providing school items such as school bags, uniforms and stationeries to school children
Iftar with Asrama Darul Falah 2019	Sponsoring food for the underprivileged kids at Asrama Darul Falah to break fast during the month of Ramadhan	5 August 2019	Children in Asrama Darul Falah	5,820
Persatuan Dyslexia Malaysia Year 2019	Monetary donation for camping trip as an extra-curricular activity	5 September 2019	Children of Persatuan Dyslexia Malaysia	1,500
Renovation for Home of Peace, Kuala Lumpur Year 2019	Donation to Pertubuhan Rumah Kebajikan Kanak-Kanak, Home of Peace to build an office extension in their current building	26 August 2019	Residence of Pertubuhan Kebajikan Kanak-Kanak, Home of Peace	16,700
Renovation & Rectification for Pusat Jagaan Kanak-Kanak Ekliptik Klang, Selangor	Joint funding has been initiated and a total of RM110,000.00 has been gathered to fund this project with the ultimate objective to help this organization in repairing and renovate their facility	29 August 2019	Residence of Pusat Penjagaan Kanak-Kanak Ekliptik Klang, a registered welfare home with the Registrar of Societies and Ministry of Welfare Malaysia	25,000
Category: Education				
Child AidAsia Kuala Lumpur Year 2019	Sponsorship of advertisement in fundraising concert supported by ChildAid Asia	19 July 2019	Underprivileged children aided by ChildAid Asia	10,000
Chiao Nan Centurion Kids Program Year 2019	Sponsorship of educational expenditure for underprivileged Children	30 July 2019	Underprivileged students in SJK (C) Chiao Nan and SMJK Chong Hwa	30,441
Category: Families and Employees				
Ramadhan Donation for Staffs Year 2019	Donation of food and essentials to CJ Century employees celebrating Hari Raya Aidilfitri	5 March 2019	Muslim CJ Century employees who met the criteria	10,000
Motivational Program with MAP Training Sdn Bhd Year 2019	Organised motivational talk to help children of our staffs spiritually and physically prepare for the upcoming examinations	15 August 2019	CJ Century Staffs' children sitting for PT3, SPM and STPM	12,064

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (CONT'D)

C. SOCIAL (CONT'D)

Community engagement (cont'd)

Programme	Description	Date	Main Beneficiary	Donations or Aid Provided (in RM)
Category: Families and Employees				
Contribution for Employee's welfare	Donation of essentials and monetary to one of the staff whereby her house caught on fire	10 January 2019	One of CJ Century staff and her family	2,000
Contribution for Deepavali 2019	Donation of food and essentials to CJ Century employees celebrating Deepavali	25 October 2019	11 Indian employees who satisfied certain criteria	1,100
Category: Others				
Kiwanis Treasure Hunt Year 2019	Monetary donation for the operations of the Kiwanis Down Syndrome Foundation National Centre	4 November 2019	Kiwanis Down Syndrome Foundation National Centre	2,500
Klang Methodist Girls School Alumni Silver Jubilee Charity Nite, 2019	Monetary contribution for fundraising event that aims to raise fund to refurbish and upgrade the 95 years old school	19 April 2019	Students of Sekolah Menengah Kebangsaan (Perempuan) Methodist, Klang	2,000
Dance for Fund Society Year 2019	Sponsorship of advertisement for charity dinner and dance	9 May 2019	Charity foundation: Pink Ribbon Wellness (L) Foundation envisions fighting against breast cancer	2,500
Taylor's International School – Charity Food & Games Carnival Year 2019	Donate to help raise charity funds while providing an opportunity for Taylor students to learn essential leadership skills	13 September 2019	Student Council of Taylor's International School that will contribute the funds collected to charity	5,000
Charity Donation 2019 – CiD Realtors Sdn Bhd	Donation for CiD's Annual Charity 2019	22 October 2019	Persatuan Kebajikan Masyarakat India Annai Illam and Opah Hasnah Orphanage Home	2,000

For FY 2019, we collectively contributed RM128,625 in two major categories – made to charitable donations and to community investment with each at 76% and 24% respectively. On the Safety and Integrity Day event mentioned previously, there was also blood donation campaign being participated by 78 employees of CJ Century. Going forward, CJ Century will continue to maintain its unwavering commitment and identify more opportunities to contribute to our employees and local communities.

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 interest of its other stakeholders. The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board of Directors of CJ Century is pleased to present this Corporate Governance ("**CG**") Overview Statement to provide shareholders and investors with a summary of the CG practices of the Company for the financial year ended 31 December 2019 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
Board leadership and effectiveness	**Effective audit and risk management**	**Integrity in corporate reporting and meaningful relationship with stakeholders**
• Board responsibilities • Board composition • Remuneration	• Audit committee • Risk management and internal control	• Communication with stakeholders • Conduct of general meetings

This overview statement is prepared in compliance with the Main Market Listing 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 2019 which is available on the Company's website at www.cjcentury.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board's leadership on Objectives and Goals

1.1 The Board of CJ Century Logistics Holdings Berhad ("**the Company**") strives to ensure that all the Company's strategic objectives set 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**") and the Main Market Listing Requirements ("**MMLR**"), the Malaysian Code on Corporate Governance ("**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 had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

All the Directors of the Company had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company. During the financial year ended 31 December 2019, 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	• HSBC Asian Business Forum 2019: Capitalising On The Waves Of Change • 2019 Malaysia Economic & Strategic Outlook Forum • National Asean SME Policy Index Dissemination Seminar • Malaysia-China Palm Oil Business Forum • Malaysia-Korea Business Forum • Engagement Session Between Top HSBC Chinese Clients And Malaysian Government Delegation Led By Prime Minister, Tun Dr Mahathir During The 2nd Belt & Road Forum For International Cooperation In Beijing, China

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

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

Directors	Training / briefing programmes attended
Datuk Lee Say Tshin (Cont'd)	• National Entrepreneurship Framework (NEF) Town Hall: Interactive Session With YB Minister of Entrepreneur Development • Digital Upskilling For Boards • Malaysia-China Belt & Road Economic Cooperation Forum 2019 • The International Directors Summit 2019 – The Trust Compass: Resetting The Course • Bursa Malaysia: Gearing Up For An IPO – Strategies To Manage Legal And Tax Concerns • Session On Corporate Governance & Anti-Corruption • Securities Commission Malaysia's Audit Oversight Board Conversation With Audit Committees • HSBC Malaysian Treasury & Investment Forum 2019
Yeap Khoo Soon Edwin	• National e-Commerce Strategic Roadmap – NeSR • Deloitte : Succession Planning: Ensuring a smooth transfer of your wealth to the next generation • Fighting Corruption: A new era of corporate governance • Integrity Awareness Session • Seminar on Investment Opportunities in e-Commerce Fulfilment Industry
Saryani Binti Che Ab Rahman	• Digital Upskilling for Boards • The SC AOB Conversation with Audit Committees
Winston Tan Kheng Huang	• Navigating Intellectual Property Issues on Social Media Platforms • Digital Upskilling for Boards • Background, Timetable, Deadlines and Development of Economic Substance Legislation in Bermuda, BCI and Cayman Islands
Ahn Jae Ho	• Health and Safety (Internal Trainings)
Hong Sung Yong	• Mandatory Accreditation Programme

Teow Choo Hing, Lee Eui Sung and Park Chul Moon did not attend any structured training programmes during the financial period 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, Internal Auditors and External Auditors, communications with other Directors, as well as daily work exposures throughout the year.

The Board is to effectively promote 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:

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

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

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

1.2 Datuk Lee Say Tshin, the Chairman of the Board, had during the year:

- provided leadership for the board so that the Board can perform its responsibilities effectively;
- through the Executive Director and the Company Secretary, set the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- 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.

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

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 Secretary, or 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 processes pertaining to the Twenty-Second 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.

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

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

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.

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.

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

AC

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

RC

Details on the RC are contained in the 2019 Corporate Governance Report.

NC

During the financial year ended 31 December 2019, 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

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 2019, the NC had met once and performed the following activities in the discharge of its duties:

- Recommended the nomination of non-independent non-executive director by CJ Logistics Asia Pte. Ltd., the substantial shareholder of the Company
- Recommended the re-election of the directors who are to retire by rotation at the Twenty-Second Annual General Meeting
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system
- Reviewed the required mix of skills and experience and other qualities of the Board
- Evaluated the performance of the Board and the Board committees
- Assessed the independence of the Independent Directors of the Company
- Reviewed the term of office of the AC and assessed its effectiveness as a whole
- Reviewed training programmes for year 2019 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 2019 is set out below:

Director	Designation	AC	NC	RC
Datuk Lee Say Tshin	Independent Non-Executive Director	4/4	1/1	1/1
Winston Tan Kheng Huang	Independent Non-Executive Director	4/4	1/1	1/1
Saryani Binti Che Ab Rahman	Independent Non-Executive Director	4/4	1/1	1/1
Hong Sung Yong (appointed on 15 January 2019)	Non-Independent Non-Executive Director	4/4	Not member	1/1
Park Chul Moon	Non-Independent Non-Executive Director	Not member	1/1	Not member

All other Directors do not sit on Board Committees.

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.

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 following:

- Managing Director

- Executive Director

- General Manager, Group Human Resources and Administration

For the financial year ended 31 December 2019, no whistleblowing report has been received.

4.0 Board Composition

4.1 For the financial year ended 31 December 2019, the Board comprises nine (9) members, of which three (3) of them are Independent Non-Executive Directors, four (4) of them are Non-Independent Non-Executive Directors and two (2) 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 2019.

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

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

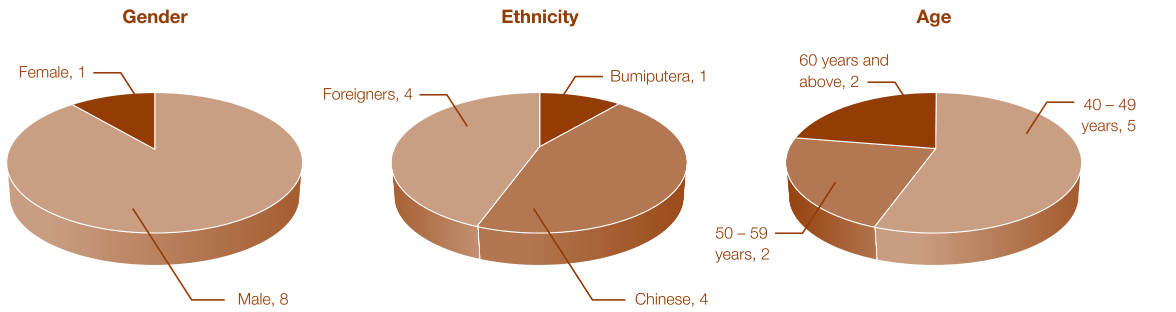
4.0 Board Composition (Cont'd)

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

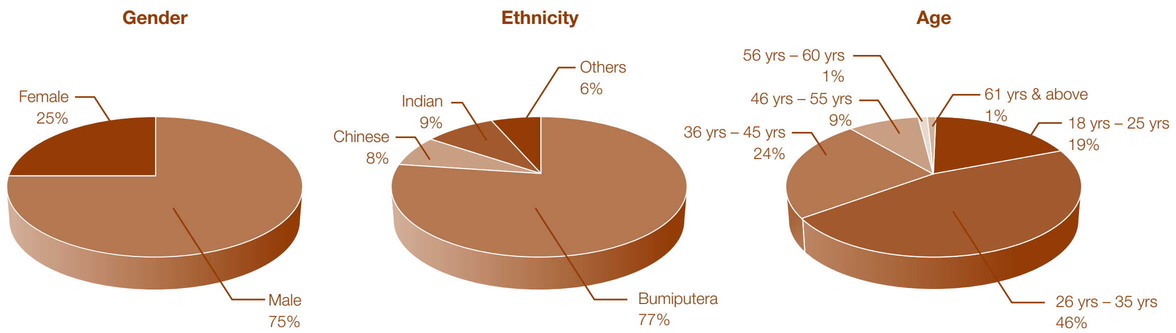
The Board practices no discrimination in term of appointment of Directors as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.

For the financial year ended 31 December 2019, 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



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

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits. The Nomination Committee and the Board reviewed Hong Sung Yong's credentials and believe that he is suitably qualified to be appointed in replacement of Cheong Joon Kyo as a Director of the Company.

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 2019:

- 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.

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:

Managing Director and Executive Director (from the Company and Group)

Director	Salary, Bonus & EPF (RM)	Other benefits (RM)	Total (RM)
Teow Choo Hing	2,401,200	28,000	2,429,200
Yeap Khoo Soon Edwin	765,600	17,400	783,000

The Managing Director and Executive Director do not receive any other form of remuneration from the Company or the Group, other than their respective entitlements of the Company's Employee Share Option Scheme, which expired on 7 January 2020.

Independent Non-Executive Directors

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Datuk Lee Say Tshin	120,000	6,000	126,000
Saryani Binti Che Ab Rahman	96,000	6,000	102,000
Winston Tan Kheng Huang	72,000	6,000	78,000

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

Non-Independent Non-Executive Directors

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

7.2 The Board has opted not to disclose on a named basis the top five (5) senior management's remuneration in the bands of RM50,000 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

8.0 Effective and Independent AC

8.1 The AC is chaired by Puan Saryani Binti Che Ab Rahman, an Independent Non-Executive Director, which is a separate person from the 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 auditor; and
- there is co-ordination between internal and external auditors.

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

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

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

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

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

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 Managing Director, an Advisor, the Executive Director, the Chief Financial Officer, the Chief Operating 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, although it does not comprise a majority of independent directors, to oversee the company's risk management framework and policies.

10.0 Effective Governance, Risk Management and Internal Control Framework

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

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

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

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

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

10.0 Effective Governance, Risk Management and Internal Control Framework (Cont'd)

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

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

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

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

11.0 Continuous Communication between the Company and Stakeholders

11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. 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-Second Annual General Meeting held on 30 April 2019 was issued more than 28 days prior to the meeting. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

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

12.2 All the Directors of the Company attended the Twenty-Second Annual General Meeting of the Company held on 30 April 2019, save and except for Hong Sung Yong, who was on compassionate leave. Hong Sung Yong is the newly appointed Chairman of the Remuneration Committee with effective from 15 January 2019 in replacement of Cheong Joon Kyo who had resigned on 15 January 2019. Hong Sung Yong is not a chair of the AC, NC, or other committees. All the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the AC, NC, RC and other committees will provide meaningful responses to questions addressed to them.

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

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

12.3 The Company had conducted its voting on all resolutions at the Twenty-Second Annual General Meeting of the Company held on 30 April 2019 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.

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

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

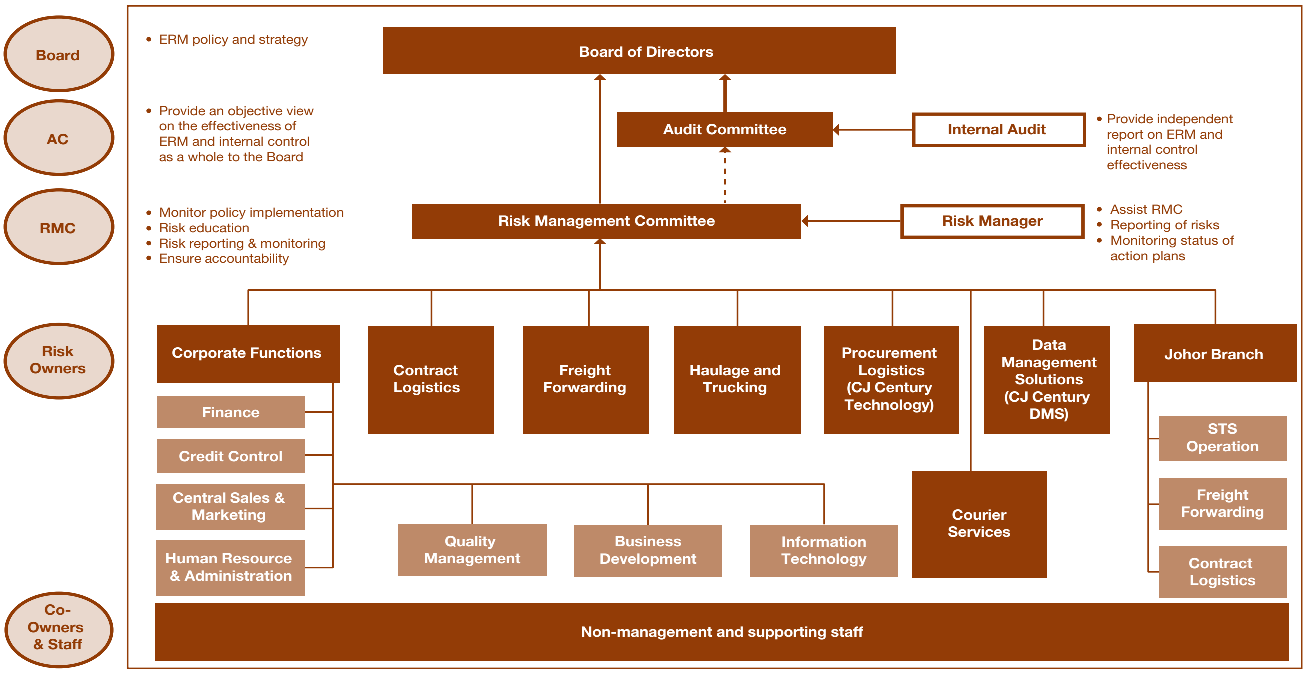
In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 5,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs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

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

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 26 February 2020.

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.

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.

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 RM37,753 was spent on internal audit activities in 2019.

REVIEW BY BOARD

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

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

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

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

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

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

CONCLUSION

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

The above statement is made in accordance with a resolution of the Board made on 26 February 2020.

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 2019, where a total of four (4) meetings were held, are as follows:

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

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

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The activities of the Audit Committee as stipulated in Duties and Responsibilities were undertaken by the Audit Committee during the financial year ended 31 December 2019. The Audit Committee had also undertaken the following activities during the year:

(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) received the relevant business and financial updates from management, including enquiring on management's plans and strategies;
(c) reviewed the recurrent related party transactions of a revenue or trading nature of the Group for all the relevant financial quarters;
(d) reviewed the annual audited financial statements of the Group while engaging actively with the external auditor, Messrs. Deloitte PLT ("Deloitte"), prior to recommending the same for the Board's approval, taking into consideration changes in or implementation of any major accounting policies and practices, significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements;
(e) reviewed and discussed with the external auditors, the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board;
(f) reviewed the external audit reports and assessed the auditor's findings and management's responses thereto in respect of the audit for the financial year ended 31 December 2019;
(g) met twice with the external auditors without the presence of the executive directors and management during Audit Committee meetings to enquire on significant findings, fraud consideration, if any, and/or management cooperation level;
(h) reviewed and evaluated with the external and internal auditors, the adequacy of the internal control and risk management systems of the Group;
(i) reviewed the suitability, objectivity and independence of the external auditors in order to recommend their re-appointment to the Board for recommendation to the shareholders for approval during the Twenty Second Annual General Meeting of the Company;
(j) reviewed the audit fees prior to recommending the same for the Board's approval;
(k) assessed the performance of the internal auditors;
(l) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Company's 2019 Annual Report;
(m) reviewed the Circular to Shareholders in relation to the Proposed New and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 29 March 2019;
(n) reviewed and confirmed the minutes of the Audit Committee meetings; and
(o) reported to the Board on the proceedings of each Audit Committee meeting (through the Audit Committee Chairman).

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the 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. An Internal Audit Plan, setting out the internal audit work expected to be carried out for a period of two (2) years, was tabled to the Audit Committee for approval at the beginning of the two (2) years term.

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

A summary of the activities of the internal audit function for the financial year ended 31 December 2019 is as follows:

(a) Performed audit work in accordance with the pre-approved internal audit plan, which focused on key auditable areas including; courier businesses, Johor branch, contract logistics and transportation;
(b) Carried out reviews on the systems of internal control of the Group in ensuring proper safeguarding of assets, maintenance of accurate records and transactions, monitoring the quality of assets, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;
(c) Internal audit 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;
(d) Reviewed and commented on the effectiveness and adequacy of the existing internal control policies and procedures; and
(e) Provided recommendations, if any, for the improvement of the internal control policies and procedures.

EMPLOYEES' SHARE OPTION SCHEME

The Company had established and implemented the Employees' Share Option Scheme ("**ESOS**") since 8 January 2015 for a period of five (5) years in accordance with the By-Laws of the ESOS, which had since expired on 7 January 2020.

As at 7 January 2020, 4,900,000 ESOS options remained unexercised and had lapsed when the ESOS expired.

There were no options pursuant to the ESOS which was granted to Datuk Lee Say Tshin, Cheong Joon Kyo, Hong Sung Yong, Ahn Jae Ho, Lee Eui Sung, Park Chul Moon, Saryani Binti Che Ab Rahman and Winston Tan Kheng Huang as at 31 December 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the Company's subsidiary companies are disclosed in Note 16 to the Financial Statements.

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
(Loss)/Profit before tax	(4,553)	406
Tax expense	(2,857)	(300)
(Loss)/Profit for the year	(7,410)	106
Attributable to:		
Owners of the Company	(7,531)	
Non-controlling interests	121	
	(7,410)	

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

DIVIDENDS

A single tier final dividend of 0.25 sen per ordinary share, amounting to RM975,652, in respect of the previous financial year was declared on 30 April 2019 and paid on 7 June 2019. The directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM2,505,819.

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 36 to the Financial Statements.

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

	Number of options to subscribe for ordinary shares					
Grant date	**Balance as of 1.1.2019**	**Granted**	**Exercised**	**Cancelled**	**Balance as of 31.12.2019**	**Exercise price per share (RM)**
8.1.2015	13,972,000	–	–	(889,000)	13,083,000	0.60
16.4.2015	480,000	–	–	–	480,000	0.73

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made, except for the conditional share sale and purchase agreement as disclosed in Note 38 to the financial statements.

DIRECTORS

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

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

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

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance as of 1.1.2019	**Bought**	**Sold**	**Balance as of 31.12.2019**
Shares in the Company				
Direct interest				
Teow Choo Hing	43,724,294	1,665,100	–	45,389,394
Yeap Khoo Soon Edwin	2,610,000	–	–	2,610,000
Indirect interest				
Teow Choo Hing	2,224,416	–	–	2,224,416
Datuk Lee Say Tshin	70,000	10,000	–	80,000
Lee Eui Sung	400,000	100,000	–	500,000

	Number of options over ordinary shares			
	Balance as of 1.1.2019	**Granted**	**Exercised**	**Balance as of 31.12.2019**
Options pursuant to ESOS of the Company				
Direct interest				
Teow Choo Hing	2,160,000	–	–	2,160,000
Yeap Khoo Soon Edwin	2,740,000	–	–	2,740,000

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 8 to the Financial Statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those as disclosed in Note 16 to the Financial Statements.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

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

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2019 is as disclosed in Note 10 to the Financial Statements.

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

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
26 February 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD

(Incorporated in Malaysia)

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 119.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

Key audit matter	How the matter was addressed in the audit
Revenue from Total Logistics Services and Courier Services ("Services") Revenue from total logistics services and courier services amounting to RM251,930,000 and RM30,044,000, represent 51% and 6% of the Group's revenue for the year ended 31 December 2019, respectively. Revenue from total logistics services and courier services is recognised over the period of service delivery and upon the completion of express delivery, respectively. These services consist of large volumes of individually low value transactions and the rates applied to each transaction are based on contract terms agreed among different customers. Although the recognition of revenue transactions from these services is largely automated, management periodically records manual adjustments to accrue for revenue where services have been rendered but not billed. Through such manual adjustments, management has the ability to influence the recognition of revenue, hence there is a risk of material misstatement in the revenue recognised from these services. The accounting policies for revenue recognition are set out in Note 3 to the Financial Statements.	Our audit procedures, amongst others, include the following: • We evaluated the design and implementation of the relevant internal controls over revenue recognition. • We engaged our information technology specialists to test the control environment of the IT systems. • We applied data analytics and performed substantive analytical procedures in the testing of revenue from total logistics services. • We selected revenue samples and verified them to the underlying supporting documents to ascertain whether revenue has been appropriately recognised. • We assessed the appropriateness of a sample of manual adjustments recorded in relation to revenue from total logistics and courier services.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Chairman's Message, Managing Director's Message, Management Discussion and Analysis, Statement of Risk Management and Internal Control, Audit Committee Report and Directors' Responsibilities Statement (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Financial Highlights, Corporate Information, Board of Directors, Management Profile, Additional Compliance Information, Corporate Structure, Sustainability Report, Corporate Governance Overview Statement, List of Properties and Analysis of Shareholdings which are expected to be available to us after that date.

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

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

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 16 to the Financial Statements.

OTHER MATTERS

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

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

MARK EVELYN THOMSON
Partner - 03080/06/2021 J
Chartered Accountant

26 February 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Revenue	5	491,985	400,998	–	–
Cost of sales	6 (a)	(430,933)	(341,165)	–	–
Gross profit		61,052	59,833	–	–
Other income		3,059	3,973	5,400	5,592
Interest income	9 (a)	1,685	2,723	–	–
Administrative expenses		(43,691)	(38,069)	(4,994)	(4,454)
Finance costs	9 (b)	(6,534)	(4,345)	–	–
Depreciation of property, plant and equipment	14	(13,381)	(10,493)	–	–
Depreciation on right-of-use assets	15	(6,743)	–	–	–
(Loss)/Profit before tax	10	(4,553)	13,622	406	1,138
Tax expense	11	(2,857)	(3,740)	(300)	(277)
(Loss)/Profit for the year		(7,410)	9,882	106	861
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss -					
Exchange differences on translating foreign operations		11	18	–	–
Other comprehensive income for the year, net of tax		11	18	–	–
Total comprehensive (loss)/income for the year		(7,399)	9,900	106	861
(Loss)/Profit attributable to:					
Owners of the Company		(7,531)	9,784	106	861
Non-controlling interests		121	98	–	–
		(7,410)	9,882	106	861
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,520)	9,802	106	861
Non-controlling interests		121	98	–	–
		(7,399)	9,900	106	861
(Loss)/Earnings per ordinary share					
Basic (sen)	12	(1.93)	2.49		
Diluted (sen)	12	(1.93)	2.48		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	14	385,451	335,035	–	–
Right-of-use assets	15	9,926	–	–	–
Investment in subsidiary companies	16	–	–	11,275	11,521
Goodwill on consolidation	17	1,443	1,443	–	–
Deferred tax assets	28	5	5	2	2
Total Non-current Assets		396,825	336,483	11,277	11,523
Current Assets					
Inventories	18	9,539	18,854	–	–
Trade receivables	19	91,673	75,650	–	–
Other receivables, deposits and prepaid expenses	20	39,645	28,244	40	28
Amount owing by subsidiary companies	16	–	–	209,793	210,380
Amount owing by affiliated companies	16	7,455	4,443	–	–
Tax recoverable		2,786	2,244	–	78
Investment in money market funds	21	41,953	62,060	–	–
Deposits, cash and bank balances	21	23,046	17,028	63	155
Total Current Assets		216,097	208,523	209,896	210,641
Total Assets		612,922	545,006	221,173	222,164

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	22	200,043	200,043	200,043	200,043
Treasury shares	23	(2,506)	(2,506)	(2,506)	(2,506)
Reserves	24	118,327	125,416	22,221	21,684
Equity attributable to owners of the Company		315,864	322,953	219,758	219,221
Non-controlling interests		929	955	–	–
Total Equity		316,793	323,908	219,758	219,221
Non-current and Deferred Liabilities					
Hire-purchase payables	25	14,605	11,305	–	–
Lease liabilities	26	2,855	–	–	–
Long-term borrowings	27	144,553	99,191	–	–
Deferred tax liabilities	28	8,560	8,967	–	–
Total Non-current and Deferred Liabilities		170,573	119,463	–	–
Current Liabilities					
Trade payables	29	29,332	35,987	–	–
Other payables and accrued expenses	30	53,433	41,149	1,351	1,233
Amount owing to subsidiary companies	16	–	–	–	1,710
Amount owing to affiliated companies	16	703	2,862	–	–
Lease liabilities	26	7,229	–	–	–
Hire-purchase payables	25	5,668	5,151	–	–
Short-term borrowings	31	26,760	16,318	–	–
Tax liabilities		2,431	168	64	–
Total Current Liabilities		125,556	101,635	1,415	2,943
Total Liabilities		296,129	221,098	1,415	2,943
Total Equity and Liabilities		612,922	545,006	221,173	222,164

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

The Group

	Note	← Non-distributable reserves →				Distributable reserve -			
		Issued capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as of 1 January 2018									
As previous stated		199,184	–	726	101	119,218	319,229	1,082	320,311
Impact of adoption of MFRS 9	19	–	–	–	–	(142)	(142)	–	(142)
Impact of adoption of MFRS 15		–	–	–	–	29	29	–	29
As restated		199,184	–	726	101	119,105	319,116	1,082	320,198
Share–based payments	36	–	–	–	1,602	–	1,602	–	1,602
Issue of shares pursuant to exercise of ESOS	22	859	–	–	(18)	–	841	–	841
Transfer to retained earnings upon exercise of ESOS		–	–	–	(261)	261	–	–	–
Purchase of treasury shares	23	–	(2,506)	–	–	–	(2,506)	–	(2,506)
Profit for the year		–	–	–	–	9,784	9,784	98	9,882
Other comprehensive income for the year		–	–	18	–	–	18	–	18
Total comprehensive income for the year		–	–	18	–	9,784	9,802	98	9,900
Dividends paid to shareholders of the Company	13	–	–	–	–	(5,902)	(5,902)	–	(5,902)
Dividends paid to minority shareholder of subsidiary company		–	–	–	–	–	–	(225)	(225)
Balance as of 31 December 2018		200,043	(2,506)	744	1,424	123,248	322,953	955	323,908

The Group

			Non-distributable reserves			Distributable reserve -			
	Note	Issued capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as of 1 January 2019		200,043	(2,506)	744	1,424	123,248	322,953	955	323,908
Share–based payments	36	–	–	–	1,407	–	1,407	–	1,407
Loss for the year		–	–	–	–	(7,531)	(7,531)	121	(7,410)
Other comprehensive income for the year		–	–	11	–	–	11	–	11
Total comprehensive loss for the year		–	–	11	–	(7,531)	(7,520)	121	(7,399)
Dividends paid to shareholders of the Company	13	–	–	–	–	(976)	(976)	–	(976)
Dividends paid to minority shareholder of subsidiary company		–	–	–	–	–	–	(147)	(147)
Balance as of 31 December 2019		200,043	(2,506)	755	2,831	114,741	315,864	929	316,793

The Company

			← Non-distributable reserves →		Distributable reserve -	
	Note	Issued capital RM'000	Treasury shares RM'000	Equity-settled employees' benefits reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as of 1 January 2018		199,184	–	101	25,040	224,325
Share–based payments	36	–	–	1,602	–	1,602
Issue of shares pursuant to exercise of ESOS	22	859	–	(18)	–	841
Transfer to retained earnings upon exercise of ESOS		–	–	(261)	261	–
Purchase of treasury shares	23	–	(2,506)	–	–	(2,506)
Profit for the year/Total comprehensive income for the year		–	–	–	861	861
Dividends paid	13	–	–	–	(5,902)	(5,902)
Balance as of 31 December 2018		200,043	(2,506)	1,424	20,260	219,221
Balance as of 1 January 2019		200,043	(2,506)	1,424	20,260	219,221
Share–based payments	36	–	–	1,407	–	1,407
Profit for the year/Total comprehensive income for the year		–	–	–	106	106
Dividends paid	13	–	–	–	(976)	(976)
Balance as of 31 December 2019		200,043	(2,506)	2,831	19,390	219,758

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From/(Used In) Operating Activities				
(Loss)/Profit before tax	(4,553)	13,622	406	1,138
Adjustments for:				
Depreciation of property, plant and equipment	13,381	10,493	–	–
Depreciation of lease assets	6,743	–	–	–
Finance costs	6,534	4,345	–	–
Share–based payments expenses	1,407	1,602	516	549
Allowance for doubtful debts	578	148	–	–
Impairment loss on investment in subsidiary companies	–	–	246	–
Interest income	(1,685)	(2,723)	–	–
Gain on disposal of property, plant and equipment	(546)	(992)	–	–
Unrealised gain on foreign exchange (net)	(203)	(378)	–	–
Allowance for doubtful debts no longer required	(93)	(284)	–	–
Operating Profit Before Working Capital Changes	21,563	25,833	1,168	1,687
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	9,315	(10,970)	–	–
Trade receivables	(16,305)	(7,390)	–	–
Other receivables, deposits and prepaid expenses	(11,401)	(7,941)	(12)	(18)
Amount owing by subsidiary companies	–	–	1,478	6,287
Amount owing by affiliated companies	(3,012)	(4,330)	–	–
Cash held on behalf of customers	(640)	(1,459)	–	–
Increase/(Decrease) in:				
Trade payables	(6,655)	15,154	–	–
Other payables and accrued expenses	12,295	9,056	118	(177)
Amount owing to subsidiary companies	–	–	(1,710)	(185)
Amount owing to an affiliated company	(2,159)	2,861	–	–
Cash Generated From Operations	3,001	20,814	1,042	7,594
Tax paid	(1,543)	(5,053)	(158)	(157)
Net Cash From Operating Activities	1,458	15,761	884	7,437

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash Flows From/(Used In) Investing Activities				
Interest received	1,685	2,723	–	–
Proceeds from disposal of property, plant and equipment	1,895	1,778	–	–
Additions of property, plant and equipment (Note 1 below)	(53,697)	(70,555)	–	–
Decrease/(Increase) in investment in money market funds	20,107	(12,703)	–	–
Net Cash Used In Investing Activities	(30,010)	(78,757)	–	–
Cash Flows From/(Used In) Financing Activities				
Proceeds from bank borrowings	71,696	84,297	–	–
Proceeds from issuance of shares	–	841	–	841
Repayment of bank borrowings	(15,892)	(11,543)	–	–
Dividends paid to shareholders of the Company	(976)	(5,902)	(976)	(5,902)
Repayment of hire-purchase payables	(7,632)	(4,370)	–	–
Repayment of lease liabilities	(7,071)	–	–	–
Finance costs paid	(6,048)	(4,345)	–	–
Purchase of treasury shares	–	(2,506)	–	(2,506)
Dividends paid to minority shareholder of subsidiary company	(147)	(225)	–	–
Net Cash From/(Used In) Financing Activities	33,930	56,247	(976)	(7,567)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,378	(6,749)	(92)	(130)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,569	22,318	155	285
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 32)	20,947	15,569	63	155

Note 1
Cash outflows on acquisition of property, plant and equipment of the Group is as follows:

		The Group	
	Note	2019 RM'000	2018 RM'000
Additions during the year	14	65,146	86,272
Less: Acquisition under hire-purchase arrangements		(11,449)	(15,717)
Cash outflows		53,697	70,555

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally an investment holding company. The principal activities of the Company's subsidiary companies are disclosed in Note 16.

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 was located at Lot 8, Lingkaran Sultan Mohamed 1, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan. Subsequent to the financial year, the Company changed its principal place of business to No 12, Persiaran Astana/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 26 February 2020.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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.

Adoption of new and revised MFRSs

During the current financial year, the Group and the Company adopted a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2019 and relevant to their operations, as follows:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
IC Interpretation 23	Uncertainty over Income Tax Payments

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

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

Impact of initial application of MFRS 16 Leases

In the current year, the Group has applied MFRS 16 Leases that is effective for annual periods that begin on or after 1 January 2019.

MFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group's accounting policies for its leases are disclosed in details in Note 3.

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

Impact of initial application of MFRS 16 Leases (Cont'd)

The date of initial application of MFRS 16 for the Group is 1 January 2019 and the Group has applied MFRS 16 using the cumulative catch-up approach which:

(a) requires the Group to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

(b) does not permit restatement of comparatives, which continue to be presented under MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining Whether an Arrangement contains a Lease ("IC Interpretation 4").

Impact of the new definition of a lease

The Group has made use of the practical expedient on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The Group applies the definition of a lease and related guidance to all lease contracts entered into or changed on or after 1 January 2019 and the new definition in MFRS 16 did not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

MFRS 16 changes how the Group accounts for leases previously classified as operating leases under MFRS 117. Applying MFRS 16, the Group:

(a) recognises right-of-use assets and lease liabilities in the Group's statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use assets adjusted by the amount of any prepaid or accrued lease payment in accordance with MFRS 16:C8(b)(ii);

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the Group's statement of profit or loss; and

(c) separates the total amount of cash paid into a principal portion and interest in the Group's statement of cash flows, if any.

The Group has adopted the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117:

(a) single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application;

(c) non-recognition of right-of-use assets and lease liabilities to leases which the lease term ends within 12 months of the date of initial application;

(d) hindsight used when determining the lease term when the contract contains options to extend or terminate the lease; and

(e) no separation of non-lease components, and account for the lease and associated non-lease components as a single arrangement.

For short-term leases and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is as disclosed in Note 10.

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

Impact on lessee accounting (Cont'd)

The directors of the Company reviewed and assessed the Group's operating lease commitments applying MFRS 117 as at 31 December 2018 and concluded that the initial application of MFRS 16 has had the following impact:

	RM'000
Operating lease commitments as at 31 December 2018	7,912
Effect of discounting operating lease commitments as at 1 January 2019	(227)
Add:	
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease	1,536
Less:	
Short-term leases and leases of low-value assets	(4,231)
Lease liabilities recognised as at 1 January 2019	4,990

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised as at 1 January 2019 is 5.0%. The initial application of MFRS 16 has had no impact on the Group's retained earnings as at 1 January 2019.

For lessor accounting, the application of MFRS 16 has had no impact on the Group's financial statements.

Standards and Interpretations in issue but not yet effective

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

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
MFRS 17	Insurance Contracts[2]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]

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

The directors anticipate that the abovementioned new and amendments to MFRS will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Interpretation will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

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

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

Subsidiary Companies and Basis of Consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies and Basis of Consolidation (Cont'd)

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

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

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

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

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

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

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

Subsidiary companies

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

Business Combinations

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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

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

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

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

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

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

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

Goodwill on Consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue

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.

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.

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:

<u>Total logistics services</u>

Performance obligation within this revenue segment include freight forwarding services, warehousing services, ship-to-ship transfer services, road transportation services, data management services and parcel delivery 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. Except for ship-to-ship transfer services, the Group's service delivery period generally does not exceed one working day. When service delivery period exceed one working day, revenue is recognised over the service delivery period on a straight-line basis. In respect of all performance obligations, instances giving rise to variable consideration are rare and not material.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (Cont'd)

Procurement logistics services

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

Revenue from assembling services, representing assembling fee, is recognised over time based on output method and the service delivery period generally does not exceed one working day. Assembling fee is agreed upon based on service agreement entered into and as such, instances giving rise to variable consideration are rare.

Revenue from contract manufacturing is 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. Instances giving rise to variable consideration are rare and not material.

Courier services

The Group recognises revenue of express delivery over time using the output method, which is based on the right consideration in an amount that corresponds directly with the value of the Group's performance completed to date.

Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plan

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

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

(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 36.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

(a) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

(b) The Group as lessee

Accounting policies applied from 1 January 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract and recognises right-of-use assets and lease liabilities at commencement date.

The lease liability is initially measured at the present value of the lease payments, which comprise the fixed lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset at the commencement date and the Group applies MFRS 136 to determine whether a right-of-use asset is impaired. The Group's right-of-use assets consist of leasehold land (included in the property, plant and equipment) and premises and equipment (included in the Group's right-of-use assets) as disclosed in Note 14 and Note 15, respectively.

Lease that is associated to short term leases and leases of low value assets is recognised as an operating expense in the profit and loss on a straight-line basis over the terms of the lease. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets with value of less than RM20,000 each when purchase new.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

(b) The Group as lessee (Cont'd)

Accounting policies applied until 31 December 2018

Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for recognition.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Foreign Currency

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currency (Cont'd)

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

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

Taxation

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

Current Tax

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

Deferred Tax

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

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

Impairment of Assets Excluding Goodwill

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets Excluding Goodwill (Cont'd)

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

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

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

Property, Plant and Equipment

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

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

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

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

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

Assets Acquired Under Hire-Purchase Arrangements

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

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

Provisions

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

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

Financial Instruments

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

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

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

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

(a) <u>Effective interest method</u>

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

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

(b) <u>Financial assets at FVTPL</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(c) Financial assets at amortised cost

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

(d) Impairment of financial assets

The Group and the Company apply the impairment requirements for financial assets under MFRS 9 *Financial Instruments*.

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

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

Impairment based on expected credit loss ("ECL") model

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

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

The measurement of ECL reflects:

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

Simplified approach for trade receivables

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(e) Derecognition of financial assets

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

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

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial guarantee contract liabilities

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

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

(d) Financial liabilities

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

(e) Other financial liabilities

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(f) Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of foreign exchange forward contracts are disclosed in Note 33.

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

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

Operating Segment

For management purposes, the Group is organised into operating segments based on their operating activities which are independently managed by the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34.

Statements of Cash Flows

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(ii) **Key sources of estimation uncertainty**

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

Allowance for doubtful debts

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

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 asset.

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 17.

Estimated useful lives of property, plant and equipment

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

Share-based payments

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

5. REVENUE

Segment revenue:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total logistics services	251,930	258,526	–	–
Procurement logistics services	210,011	130,956	–	–
Courier services	30,044	11,516	–	–
	491,985	400,998	–	–

Timing of revenue recognition:

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Over time:				
Total logistics services				
Freight forwarding	100,857	98,906	–	–
Warehousing	82,296	83,172	–	–
Oil and gas logistics	36,501	43,095	–	–
Transportation	31,999	33,100	–	–
Data management services	240	253	–	–
Property	37	–	–	–
Procurement logistics services				
Assembling	199,471	113,866	–	–
Courier services	30,044	11,516	–	–
At a point in time:				
Procurement logistics services				
Contract manufacturing	10,540	17,090	–	–
	491,985	400,998	–	–

As at 31 December 2019, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of service agreements relating to warehousing operations, which generally cover a contract period of 2 years. As the Group has the right to invoice the customers based on the storage space occupied by the customers and volume of goods to be handled by the Group, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligation.

6. COST OF SALES AND EXPENSES CLASSIFIED BY NATURE

(a) Cost of sales comprise:

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Direct operating costs	385,440	307,311	–	–
Direct staff costs	45,493	33,854	–	–
	430,933	341,165	–	–

(b) Expenses classified by nature are as follows:

	Note	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Direct operating costs		385,440	307,311	–	–
Staff costs, included under:					
Cost of sales		45,493	33,854	–	–
Administrative expenses		25,097	21,393	4,051	4,025
	7	70,590	55,247	4,051	4,025
Depreciation of property, plant and equipment	14	13,381	10,493	–	–
Depreciation of right-of-use assets	15	6,743	–	–	–
Finance costs	9 (b)	6,534	4,345	–	–
Other expenses		18,594	16,676	943	429
		501,282	394,072	4,994	4,454

7. STAFF COSTS

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Wages and salaries	59,092	46,403	3,018	3,008
EPF	6,737	4,923	436	435
Share-based payment expenses (Note 36)	1,407	1,602	516	549
Short-term accumulating compensated absences charged/(credited)	32	(67)	30	(22)
Other staff related expenses	3,322	2,386	51	55
	70,590	55,247	4,051	4,025

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

8. DIRECTORS' REMUNERATION

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Directors of the Company				
Executive directors:				
Salaries and other emoluments	2,730	2,720	2,730	2,720
Share-based payment expenses (Note 36)	516	549	516	549
EPF	437	435	437	435
	3,683	3,704	3,683	3,704
Non-executive directors:				
Fees	288	288	288	288
	3,971	3,992	3,971	3,992
Directors of subsidiary companies				
Executive directors:				
Salaries and other emoluments	983	1,093	–	–
Share-based payment expenses	–	246	–	–
EPF	149	167	–	–
	1,132	1,506	–	–
Total	5,103	5,498	3,971	3,992

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 RM71,600 (2018: RM77,362) and RM45,400 (2018: RM45,400) respectively.

8. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of directors	
	2019	2018
Executive directors:		
RM750,001 - RM800,000	1	–
RM800,001 - RM850,000	–	1
RM2,350,001 - RM2,400,000	–	1
RM2,400,001 - RM2,450,000	1	–
	2	2
Non-executive directors:		
RM50,000 and below	4	4
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1
	9	9

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

9. INTEREST INCOME AND FINANCE COSTS

(a) Interest income

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income on short-term deposits	1,685	2,723	–	–

(b) Finance costs

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
Borrowings	4,764	3,760	–	–
Hire-purchase payables	1,142	585	–	–
Bank guarantee	122	–	–	–
Bank overdraft	23	–	–	–
Lease liabilities (Note 26)	483	–	–	–
	6,534	4,345	–	–

10. (LOSS)/PROFIT BEFORE TAX

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:				
Rental of:				
Premises	6,887	12,246	–	–
Motor vehicles and equipment	4,459	4,858	–	–
Allowance for doubtful debts (Note 19)	578	148	–	–
Audit fees:				
Statutory audit	274	257	69	67
Other services	20	55	9	9
Loss on foreign exchange:				
Unrealised	–	42	–	–
Realised	–	23	–	–
Impairment loss on investment in a subsidiary company	–	–	246	–
And crediting:				
Gain on foreign exchange:				
Realised	1,879	2,249	–	–
Unrealised	203	420	–	–
Gain on disposal of property, plant and equipment	546	992	–	–
Allowance for doubtful debts no longer required (Note 19)	93	284	–	–

11. TAX EXPENSE

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current year:				
Income tax	(3,702)	(2,167)	(300)	(159)
Deferred tax (Note 28)	2,219	(1,143)	–	(261)
	(1,483)	(3,310)	(300)	(420)
Over/(Under)provision in prior years:				
Income tax	438	111	–	–
Deferred tax (Note 28)	(1,812)	(541)	–	143
	(1,374)	(430)	–	143
	(2,857)	(3,740)	(300)	(277)

11. TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
(Loss)/Profit before tax	(4,553)	13,622	406	1,138
Tax at the applicable tax rate of 24%	(1,093)	3,269	97	273
Tax effects of:				
Expenses not deductible for tax purposes	2,962	1,886	203	193
Income not subject to tax	(417)	(407)	–	(46)
Increased export allowance	–	(1,461)	–	–
Deferred tax assets not recognised	31	23	–	–
(Over)/Underprovision in prior years:				
Income tax	(438)	(111)	–	–
Deferred tax	1,812	541	–	(143)
Tax charged to profit or loss	2,857	3,740	300	277

12. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic

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

	The Group	
	2019	**2018**
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(7,531)	9,784
Weighted average number of ordinary shares in issue ('000)	390,261	392,933
Basic (loss)/earnings per share (sen)	(1.93)	2.49

12. (LOSS)/EARNINGS PER ORDINARY SHARE (CONT'D)

Diluted

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

	The Group	
	2019	**2018**
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(7,531)	9,784
Weighted average number of ordinary shares in issue ('000)	390,261	392,933
Effect of share options dilution ('000)	–	1,755
Adjusted weighted average number of ordinary shares in issue ('000)	390,261	394,688
Diluted (loss)/earnings per share (sen)	(1.93)*	2.48

**The diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect.*

13. DIVIDENDS

	The Company	
	2019	**2018**
	RM	**RM**
Single tier final dividend of 0.25 sen per ordinary share in respect of 2018 (2018: 1.0 sen per ordinary share in respect of 2017)	975,652	3,942,299
Single tier interim dividend of 0.5 sen per ordinary share in respect of 2018	–	1,959,810
	975,652	5,902,109

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

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Cost									
As at 1 January 2018	39,849	62,435	157,678	9,961	60,560	27,778	2,576	8,913	369,750
Additions	–	–	–	428	18,059	2,659	119	65,007	86,272
Disposals and write-offs	–	–	–	–	(10,138)	(1,882)	(19)	–	(12,039)
As at 31 December 2018	39,849	62,435	157,678	10,389	68,481	28,555	2,676	73,920	443,983
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 and write-offs	–	–	–	(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	39,849	62,435	265,080	15,315	70,927	47,025	–	85	500,716
Accumulated Depreciation									
As at 1 January 2018	–	5,495	22,628	6,060	47,294	24,207	2,288	–	107,972
Charge for the year	–	1,249	3,588	753	3,462	1,311	130	–	10,493
Disposals and write-offs	–	–	–	–	(9,367)	(1,868)	(18)	–	(11,253)
As at 31 December 2018	–	6,744	26,216	6,813	41,389	23,650	2,400	–	107,212
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 and write-offs	–	–	–	(2)	(6,799)	(263)	–	–	(7,064)
Reclassification	–	–	–	2,394	(840)	846	(2,400)	–	–
As at 31 December 2019	–	7,998	30,007	10,008	39,402	26,114	–	–	113,529
Accumulated Impairment									
As at 1 January 2018/ 31 December 2018/ 1 January 2019/ 31 December 2019	–	1,736	–	–	–	–	–	–	1,736

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

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Net Carrying Amount									
As at 31 December 2018	39,849	53,955	131,462	3,576	27,092	4,905	276	73,920	335,035
As at 31 December 2019	39,849	52,701	235,073	5,307	31,525	20,911	–	85	385,451

(a) Property, plant and equipment with carrying amount totalling RM266,544,578 (2018: RM122,939,769) were charged to financial institutions as securities for credit facilities granted to the Group (Note 27).

(b) Net carrying amount of motor vehicles acquired under hire-purchase arrangements amounted to RM28,688,971 (2018: RM22,938,845). These motor vehicles have been charged to local licensed financial institution for hire-purchase payables as described in Note 25.

(c) Leasehold land as of 31 December 2019 relate to:

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

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

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

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

(d) During the financial year, an interest expense relating to a long-term loan obtained for the purpose of financing the construction of a building amounting to RM2,618,294 (2018: RM Nil) was capitalised.

15. RIGHT-OF-USE ASSETS

Group	RM'000
Cost	
As at 1 January 2019	–
Effect of adoption of MFRS 16 (Note 2)	4,990
Additions	11,750
Disposal	(139)
As at 31 December 2019	16,601
Accumulated depreciation	
As at 1 January 2019	–
Charge for the year	6,743
Disposal	(68)
As at 31 December 2019	6,675
Carrying amount	
As at 31 December 2019	9,926

The Group leases several assets including premises and equipment. The lease term ranges from 2 to 4 years. The maturity analysis of lease liabilities is presented in Note 26.

During the financial year, the Group recognised an amount of 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.

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

Investment in subsidiary companies comprises:

	The Company	
	2019 RM'000	2018 RM'000
Unquoted shares - at cost	22,232	22,232
Accumulated impairment losses	(10,957)	(10,711)
Net	11,275	11,521

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

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

	Proportion of ownership interest and voting power		
	2019 %	2018 %	Principal Activities
Direct Subsidiary Companies			
CJ Century Logistics Sdn. Bhd.	100	100	Total logistics and courier services
CJ Century Technology Sdn. Bhd.	100	100	Procurement logistics services
Century Logistics Sdn. Bhd.	100	100	Investment holding
Century Logistics (Johore) Sdn. Bhd.*	100	100	Dormant
CJ Century Forwarding Sdn. Bhd.# @	70	70	Freight forwarding and shipping agency
Indirect Subsidiary Companies			
Storewell (M) Sdn. Bhd.	100	100	Bonded warehousing
CJ Century DMS Sdn. Bhd.#	70	70	Data management solutions
Century Logistics (Sarawak) Sdn. Bhd.*	100	100	Dormant
CJ Procurement Sdn. Bhd.	100	100	Procurement logistics services
Century-YES Logistics (Yichun) Co. Ltd.^ # (Incorporated in the People's Republic of China)	75	75	Dormant

* These companies are in the process of winding up and were not subject to audit in 2019.

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

@ A director of certain subsidiary companies has 30% equity interest in this subsidiary company. During the financial year, this subsidiary company has provided freight forwarding services amounting to RM203,000 (2018: RM204,000) to CJ Century Logistics Sdn. Bhd.

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

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

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

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

	The Company	
	2019 RM'000	2018 RM'000
CJ Century Logistics Sdn. Bhd. ("CJCL")		
Management fee income	4,680	4,680
CJ Century Technology Sdn. Bhd.		
Management fee income	588	576
CJ Century DMS Sdn. Bhd. ("CJCD")		
Management fee income	132	144

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

Name of affiliated companies	Relationship
CJ Logistics Asia Pte. Ltd.	A substantial shareholder of the Company
CJ Korea Express Malaysia Sdn. Bhd.	A subsidiary company of CJ Logistics Asia Pte. Ltd., a substantial shareholder of the Company
EC Services Enterprise Sdn. Bhd.	A subsidiary company of CJ Korea Express Malaysia Sdn. Bhd.
MP CJ ENM Sdn. Bhd.	An associate company of CJ Corporation.

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

	The Group	
	2019 RM'000	2018 RM'000
CJ Logistics Asia Pte. Ltd.		
Provision of information technology services to CJCL	1,738	–
Provision of courier services by CJCL	331	–
Provision of logistics services by CJCL	159	42
Provision of logistics services to CJCL	–	12

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

	The Group	
	2019 RM'000	2018 RM'000
CJ Korea Express Malaysia Sdn. Bhd.		
Provision of logistics services to CJCL	1,880	856
Provision of logistics services by CJCL	852	4,832
Provision of courier services by CJCL	24	–
Acquisition of property, plant and equipment by CJCL	–	1,767
Provision of data management solution services by CJCD	18	15
EC Services Enterprise Sdn. Bhd.		
Provision of logistics services to CJCL	85	34
Provision of logistics services by CJCL	16	374
MP CJ ENM Sdn. Bhd.		
Provision of courier services by CJCL	16,102	–
Provision of logistics services by CJCL	3,391	3,838

17. GOODWILL ON CONSOLIDATION

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

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

Key assumptions used in value in use calculations

The recoverable amount of the CGUs is determined from a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to pricing and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in service rates and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a three-year period based on growth rates consistent with the long-term average growth rate for the industry. The rate used to discount the forecasted cash flows of 4.92% (2018: 5.05%) reflects specific risks and expected returns relating to the industry. Management determined budgeted gross margin based on past performance and its expectations of market development.

18. INVENTORIES

	The Group	
	2019 RM'000	2018 RM'000
Assembled products	4,545	9,797
Assembling parts	4,944	7,465
Trading merchandise	50	1,592
	9,539	18,854

19. TRADE RECEIVABLES

	The Group	
	2019 RM'000	2018 RM'000
Trade receivables	92,862	76,461
Less: Allowance for doubtful debts	(1,189)	(811)
Net	91,673	75,650

The credit terms of the Group range from 3 to 120 days (2018: 3 to 120 days).

Included in the Group's trade receivables are debtors with a carrying amount of approximately RM32,152,000 (2018: RM30,868,000) which are past due at the reporting date for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

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.

	The Group	
	Gross trade receivables RM'000	Lifetime ECL RM'000
31 December 2019		
Not past due	59,521	–
Past due		
1 - 30 days	16,986	–
31 - 60 days	7,919	–
61 - 90 days	3,171	–
More than 90 days	5,265	1,189
	92,862	1,189

19. TRADE RECEIVABLES (CONT'D)

	The Group	
	Gross trade receivables RM'000	Lifetime ECL RM'000
31 December 2018		
Not past due	44,782	–
Past due		
1 - 30 days	13,220	–
31 - 60 days	11,108	–
61 - 90 days	4,936	–
More than 90 days	2,415	811
	76,461	811

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2019 RM'000	2018 RM'000
At beginning of year		
As previously stated	811	1,135
Impact of adoption of MFRS 9	–	142
As restated	811	1,277
Allowance for doubtful debts (Note 10)	578	148
Allowance for doubtful debts no longer required (Note 10)	(93)	(284)
Write-off against trade receivables	(107)	(330)
At end of year	1,189	811

As as the end of the reporting period, amount owing by ten (10) major customers of the Group, which transacted with a subsidiary company principally involved in the provision of total logistics and courier services and another subsidiary company principally involved in the provision of procurement logistics services, accounted for 58% (2018: 44%) of the Group's trade and other receivables. The extension of credit to and repayments from these customers are closely monitored by management to ensure that they adhere to the agreed credit terms and policies.

The currency profile of trade receivables is as follows:

	The Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	82,002	74,056
United States Dollar	10,860	2,405
	92,862	76,461

20. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables	28,067	16,892	–	–
Refundable deposits	6,198	5,390	2	2
Prepaid expenses	4,454	2,359	16	4
Goods and Services tax recoverable	926	3,603	22	22
	39,645	28,244	40	28

Included in other receivables of the Group are amounts recoverable from customers of a subsidiary company engaged in procurement logistics services for purchases of assembling parts made on their behalf totalling RM19,989,636 (2018: RM5,606,599).

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

	The Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	39,641	25,685
United States Dollar	2	2,557
Others	2	2
	39,645	28,244

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

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Investment in money market funds	41,953	62,060	–	–

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

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	15,776	15,723	63	155
Deposits with licensed banks	7,270	1,305	–	–
	23,046	17,028	63	155

Included in cash and bank balances of the Group is bank balance amounting to RM2,098,580 (2018: RM1,459,068) representing cash collected on behalf of the customers as part of the Group's courier services operations, which are to be remitted to the customers within 1 week from the date of collection.

The weighted average interest rate of deposits with licensed bank is 3.00% (2018: 3.20%) per annum. The maturity periods of deposits of the Group range from 1 to 14 days (2018: 1 to 14 days).

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

	The Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	21,877	13,744
Chinese Renminbi	1,109	1,139
United States Dollar	52	2,139
Others	8	6
	23,046	17,028

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

22. SHARE CAPITAL

	The Company			
	No. of Shares			
	2019	2018	2019 RM'000	2018 RM'000
Issued and fully paid:				
At beginning of year	394,229,890	392,798,890	200,043	199,184
Exercise of ESOS shares (Note 36)	–	1,431,000	–	859
At end of year	394,229,890	394,229,890	200,043	200,043

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

23. TREASURY SHARES

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

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM2,505,819.

24. RESERVES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Equity-settled employees' benefits reserve	2,831	1,424	2,831	1,424
Translation reserve	755	744	–	–
Retained earnings	114,741	123,248	19,390	20,260
	118,327	125,416	22,221	21,684

24. RESERVES (CONT'D)

Equity-settled Employees' Benefits Reserve

The equity-settled employees' benefits reserve relates to share options granted by the Company to employees of the Group under the ESOS. Further information about share-based payments to employees is set out in Note 36.

Translation Reserve

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

Retained Earnings

The Company's retained earnings as of 31 December 2019 are distributable as dividends under the single tier income tax system.

25. HIRE-PURCHASE PAYABLES

	The Group	
	2019 RM'000	2018 RM'000
Total outstanding	21,833	17,964
Less: Interest-in-suspense	(1,560)	(1,508)
Principal outstanding	20,273	16,456
Less: Portion due within the next 12 months (shown under current liabilities)	(5,668)	(5,151)
Non-current portion	14,605	11,305

The non-current portion is repayable as follows:

	The Group	
	2019 RM'000	2018 RM'000
Within 1 to 2 years	5,542	4,889
Within 2 to 5 years	9,063	6,416
	14,605	11,305

The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range from 5.16% to 5.64% (2018: 4.56% to 5.16%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

The hire-purchase payables of the Group are secured by the financial institutions' charge over the assets under hire-purchase as disclosed in Note 14.

Hire-purchase payables are denominated in Ringgit Malaysia.

26. LEASE LIABILITIES

Group	2019 RM'000
As at 1 January 2019	–
Effect of adoption of MFRS 16	4,990
Addition	11,682
Interest expense (Note 9)	483
Payment of lease rental	(7,071)
As at 31 December 2019	10,084

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

Group	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Less than one year	7,408	(179)	7,229
Between one to two years	3,080	(225)	2,855
	10,488	(404)	10,084

27. LONG-TERM BORROWINGS

	The Group	
	2019 RM'000	2018 RM'000
Secured:		
Principal outstanding	171,313	115,509
Portion due within the next 12 months (Note 31)	(26,760)	(16,318)
Non-current portion	144,553	99,191

27. LONG-TERM BORROWINGS (CONT'D)

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

	The Group	
	2019 RM'000	2018 RM'000
Within 1 to 2 years	24,471	24,088
Within 2 to 5 years	61,572	47,348
5 years and thereafter	58,510	27,755
	144,553	99,191

The weighted average effective interest rate of the above long-term loans is 4.92% (2018: 5.05%) per annum. The said term loans bear interest at rates ranging from 4.81% to 5.15% (2018: 4.76% to 5.15%) per annum.

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

(i) a deed of assignment by a subsidiary company in favour of the bank over all areas of certain sub-leases of land and buildings (Note 14);
(ii) a specific debenture over a sub-lease of land and building together with fixture and fittings now or from time to time on the said building (Note 14);
(iii) a specific debenture over certain sub-leases of land (Note 14);
(iv) assignment of rental proceeds; and
(v) corporate guarantee by the Company amounting to approximately RM231,443,000 (2018: RM186,443,000).

The Group's borrowings are denominated in Ringgit Malaysia.

28. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax assets	(5)	(5)	(2)	(2)
Deferred tax liabilities	8,560	8,967	–	–
	8,555	8,962	(2)	(2)

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

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

The Group

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of year RM'000
2019			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	9,015	5,610	14,625
Others	480	568	1,048
	9,495	6,178	15,673
Offsetting:			
Deferred tax assets			
Tax effect of temporary differences arising from:			
Unabsorbed capital allowances	–	(6,398)	(6,398)
Unused tax losses	–	(105)	(105)
Other payables and accrued expenses	(304)	(311)	(615)
Others	(229)	229	–
	(533)	(6,585)	(7,118)
Deferred tax liabilities (after offsetting)	8,962	(407)	8,555
2018			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	7,310	1,705	9,015
Others	398	82	480
	7,708	1,787	9,495
Offsetting:			
Deferred tax assets			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(284)	(20)	(304)
Others	(146)	(83)	(229)
	(430)	(103)	(533)
Deferred tax liabilities (after offsetting)	7,278	1,684	8,962

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

The deferred tax assets of the Company arises from tax effect of temporary differences in other payables and accrued expenses.

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

	The Group	
	2019 RM'000	2018 RM'000
Unused capital allowances and tax losses	710	579

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

29. TRADE PAYABLES

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

The currency profile of trade payables is as follows:

	The Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	18,077	25,408
United States Dollar	11,194	10,557
Others	61	22
	29,332	35,987

30. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables	25,563	20,029	–	–
Accrued expenses	22,401	17,162	1,351	1,233
Refundable deposits	1,418	1,991	–	–
Sales and Services tax payable	4,051	1,967	–	–
	53,433	41,149	1,351	1,233

Included in other payables of the Group is amount payable to designated suppliers of assembling parts to customers, which engaged a subsidiary company to provide procurement logistics services, amounting to RM18,299,335 (2018: RM4,330,763).

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

	The Group	
	2019 RM'000	2018 RM'000
Ringgit Malaysia	35,095	37,526
United States Dollar	18,299	3,584
Others	39	39
	53,433	41,149

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

31. SHORT-TERM BORROWINGS

	The Group	
	2019 RM'000	2018 RM'000
Secured:		
Portion of long-term loans due within the next 12 months (Note 27)	26,760	16,318

The Group also has bank guarantee, trade facilities, unutilised bank overdrafts and revolving credit facilities amounting to RM71.3 million (2018: RM71.3 million) obtained from various financial institutions.

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

32. CASH AND CASH EQUIVALENTS

	The Group 2019 RM'000	The Group 2018 RM'000	The Company 2019 RM'000	The Company 2018 RM'000
Cash and bank balances (Note 21)	15,776	15,723	63	155
Deposits with licensed banks (Note 21)	7,270	1,305	–	–
	23,046	17,028	63	155
Less:				
Cash held on behalf of customers (Note 21)	(2,099)	(1,459)	–	–
	20,947	15,569	63	155

33. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 25, 27 and 31) offset by cash and bank balances and money market funds and equity of the Group (comprising issued capital, treasury shares, reserves and non-controlling interests as detailed in Notes 22, 23 and 24).

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

Gearing ratio

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

	The Group 2019 RM'000	The Group 2018 RM'000
Debts, comprising:		
Borrowings (Note 27)	171,313	115,509
Hire-purchase payables (Note 25)	20,273	16,456
	191,586	131,965
Investment in money market funds (Note 21)	(41,953)	(62,060)
Deposits, cash and bank balances (Note 21)	(23,046)	(17,028)
Net debt	126,587	52,877
Shareholders' equity	316,793	323,908
Net debt to equity ratio	40%	16%

33. FINANCIAL INSTRUMENTS (CONT'D)

Significant accounting policies

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

Categories of financial instruments

	The Group	
	2019	2018
	RM'000	RM'000
Financial assets		
Fair value through profit or loss		
Investment in money market funds	41,953	62,060
Amortised cost		
Trade receivables	91,673	75,650
Other receivables and refundable deposits (Note 20)	34,265	22,282
Amount owing by affiliated companies	7,455	4,443
Deposits, cash and bank balances	23,046	17,028
Financial liabilities at amortised cost		
Trade payables	29,332	35,987
Other payables and accrued expenses (Note 30)	49,382	39,182
Amount owing to an affiliated company	703	2,862
Total borrowings (Note 27)	171,313	115,509
Hire-purchase payables (Note 25)	20,273	16,456
Lease liabilities (Note 26)	10,084	–

	The Company	
	2019	2018
	RM'000	RM'000
Financial assets		
Amortised cost		
Other receivables and refundable deposits (Note 20)	2	2
Amount owing by subsidiary companies	209,793	210,380
Deposits, cash and bank balances	63	155
Financial liabilities at amortised cost		
Other payables and accrued expenses	1,351	1,233
Amount owing to subsidiary companies	–	1,710

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

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

33. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives

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

Foreign currency risk management

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

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

Outstanding contracts	Range of exchange rates	Foreign currency USD'000	Notional value RM'000	Fair value (loss)/gain RM'000
2019				
Buy USD				
Less than 3 months	4.12 - 4.19	3,293	13,681	(210)
Sell USD				
Less than 1 month	4.13	204	843	8
2018				
Buy USD				
Less than 3 months	4.17 - 4.20	1,307	5,471	44
Sell USD				
Less than 1 month	4.18	300	1,253	(7)

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

In respect of USD denominated monetary assets and liabilities not covered by FC forward exchange contracts, if USD were to change 5% against Ringgit Malaysia, profit and equity will increase/decrease by approximately RM287,113 (2018: RM141,000).

Interest rate risk management

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

The Group is mainly exposed to interest rate risk through long-term borrowings, with the underlying weighted average effective interest rate of 4.92% (2018: 5.05%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

33. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk management (Cont'd)

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Group's (loss)/ profit for the year ended 31 December 2019 would decrease or increase by RM148,000 (2018: RM77,000).

Credit risk management

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

Other than those disclosed in Note 19, 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 and of the Company's other financial assets, which comprise of other receivables and refundable deposits, amount owing by subsidiary companies, amount owing by affiliated companies and deposits, cash and bank balances, arises from potential default of the counterparty.

The Group and the Company monitor the credit risks of other receivables and refundable deposits, amount owing by affiliated companies and subsidiary companies on a regular basis and the Group does not expect any counterparty to fail to meet its obligations. The credit risk on deposits, cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Liquidity risk management

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

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

33. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk management (Cont'd)

The Group	Weighted average effective interest rate %	Less than 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2019						
Hire-purchase payables	5.16-5.64	6,554	6,042	9,237	–	21,833
Lease liabilities	5.00	7,408	3,080	–	–	10,488
Borrowings	4.92	34,630	33,293	84,387	80,042	232,352
		48,592	42,415	93,624	80,042	264,673
2018						
Hire-purchase payables	4.56-5.16	5,905	5,368	6,691	–	17,964
Borrowings	5.05	21,939	29,211	61,384	42,654	155,188
		27,844	34,579	68,075	42,654	173,152

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by them. The maximum exposure to credit risk amounted to RM302.7 million (2018: RM257.7 million) representing the banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 27.

34. SEGMENTAL INFORMATION

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

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

- Total logistics services
- Procurement logistics services
- Courier services

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

34. SEGMENTAL INFORMATION (CONT'D)

Segment Revenue and Results

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2019					
REVENUE					
External sales	251,930	210,011	30,044	–	491,985
Inter-segment sales	4,532	–	–	(4,532)	–
Total revenue	256,462	210,011	30,044	(4,532)	491,985
RESULTS					
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)
2018					
REVENUE					
External sales	258,526	130,956	11,516	–	400,998
Inter-segment sales	2,892	109	–	(3,001)	–
Total revenue	261,418	131,065	11,516	(3,001)	400,998
RESULTS					
Segment results	11,786	9,435	(6,743)	766	15,244
Interest income	2,599	126	–	(2)	2,723
Profit/(Loss) from operations	14,385	9,561	(6,743)	764	17,967
Finance costs	(3,891)	(14)	(440)	–	(4,345)
Income tax expense	(3,029)	(711)	–	–	(3,740)
Profit/(Loss) for the year	7,465	8,836	(7,183)	764	9,882

34. SEGMENTAL INFORMATION (CONT'D)

Segment Assets and Liabilities

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

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

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2019					
Segment assets	705,093	105,702	33,160	(231,033)	612,922
Segment liabilities	420,586	67,484	26,450	(218,391)	296,129
2018					
Segment assets	668,389	82,796	27,093	(233,272)	545,006
Segment liabilities	369,515	52,661	19,306	(220,384)	221,098

Other Segment Information

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Elimination RM'000	Consolidated RM'000
2019					
Capital expenditure	45,241	447	19,458	–	65,146
Depreciation	14,654	1,158	4,312	–	20,124
2018					
Capital expenditure	81,289	841	4,142	–	86,272
Depreciation	8,389	1,081	1,023	–	10,493

35. CAPITAL COMMITMENTS

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

	The Group 2019 RM'000	The Group 2018 RM'000
Approved and contracted for	26,960	71,483
Approved but not contracted for	6,131	15,812

36. 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.

36. SHARE-BASED PAYMENTS (CONT'D)

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

Fair value of share options granted in the year

Fair value of the share options granted during 2015 was valued using the Black-Scholes Valuation model. Inputs into the valuation model are as follows:

	Grant 1	Grant 2
Share price at grant date	RM0.665	RM0.810
Exercise price	RM0.600	RM0.730
Dividend yield	2.3%	2.3%
Expected life	5 years	5 years
Risk-free interest rate	3.86%	3.86%
Volatility	27.4%	27.4%

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities.

	At 1 January 2019 RM'000	Drawdowns RM'000	Repayments RM'000	New Hire-Purchase/ Lease Arrangements RM'000	At 31 December 2019 RM'000
The Group					
Hire-purchase payables (Note 25)	16,456	–	(7,632)	11,449	20,273
Lease liabilities (Note 26)	4,990*	–	(7,071)	12,165	10,084
Long-term borrowings (Note 27)	115,509	71,696	(15,892)	–	171,313

* Lease liabilities recognised as at 1 January 2019 as disclosed in Note 2

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	At 1 January 2018 RM'000	Drawdowns RM'000	Repayments RM'000	New Hire-Purchase/ Lease Arrangements RM'000	At 31 December 2018 RM'000
The Group					
Hire-purchase payables (Note 25)	5,109	–	(4,370)	15,717	16,456
Long-term borrowings (Note 27)	42,755	84,297	(11,543)	–	115,509

38. SUBSEQUENT EVENT

On 12 February 2020, CJ Century Logistics Holdings Berhad has entered into a conditional share sale and purchase agreement with CJ Logistics Asia Pte Ltd to acquire 62,356,191 ordinary shares in CJ Korea Express Malaysia Sdn Bhd, representing the entire issued share capital of CJ Korea Express Malaysia Sdn Bhd, for a total purchase consideration of RM100,000,000.

The purchase consideration in respect of the Proposed Acquisition shall be satisfied via the issuance of 200,000,000 new ordinary shares in CJ Century Logistics Holdings Berhad to CJ Logistics Asia Pte Ltd at an issue price of RM0.50 per CJ Century Logistics Holdings Berhad's Share.

STATEMENT BY DIRECTORS

The Directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2019 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

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

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
26 February 2020

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **KIM PIL YOUNG**, the Chief Financial Officer primarily responsible for the financial management of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the requirements of the Statutory Declarations Act, 1960.

KIM PIL YOUNG

Subscribed and solemnly declared by the above named **KIM PIL YOUNG** at **SELANGOR** this 26th day of February, 2020.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2019 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	18 years	558,647	Leasehold Expiry: 29 March 2087	29,901,897
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*	13 years	335,412	Sub Lease Expiry: 23 March 2055	24,823,502
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	12 years	321,037	Sub Lease Expiry: 23 March 2055	20,603,196
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	10 years	156,511	Sub Lease Expiry: 23 March 2055	13,728,320
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*	7 years	653,400	Sub Lease Expiry: 23 March 2055	74,118,659
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	21 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	17,445,807
No.12, Persiaran Astana/KU2 Bandar Bukit Raja 41050 Klang Selangor Darul Ehsan	Three storey warehouse with office building	2019	1 month	358,105	Freehold	146,999,221
						327,620,602

ANALYSIS OF SHAREHOLDINGS

AS AT 25 FEBRUARY 2020

Total Number of Issued Shares	:	394,229,890 (including the treasury shares of 3,968,900)
Paid-Up Share Capital	:	RM200,043,445.00 (including the treasury shares of RM2,505,818.87)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Holdings	%
1 – 99	128	2.97	4,698	0.00
100 – 1,000	349	8.10	207,466	0.06
1,001 – 10,000	2,019	46.86	11,702,405	3.00
10,001 – 100,000	1,541	35.76	51,181,594	13.11
100,001 – 19,513,048 (less than 5% of issued holdings)	271	6.29	206,620,591	52.94
19,513,049 and above (5% and above of issued holdings)	1	0.02	120,544,236	30.89
TOTAL	**4,309**	**100.00**	**390,260,990**	**100.00**

2. DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of CJ Century Logistics Holdings Berhad based on the Register of Directors' Shareholdings are as follows:-

No.		No. of Ordinary Shares Held			
		Direct	%*	Indirect	%*
1.	Datuk Lee Say Tshin	–	–	80,000 [(a)]	0.02
2.	Teow Choo Hing	45,389,394	11.63	2,224,416 [(b)]	0.57
3.	Yeap Khoo Soon Edwin	2,610,000	0.67	–	–
4.	Hong Sung Yong	–	–	–	–
5.	Ahn Jae Ho	–	–	–	–
6.	Lee Eui Sung	–	–	500,000 [(b)]	0.13
7.	Park Chul Moon	–	–	–	–
8.	Saryani Binti Che Ab Rahman	–	–	–	–
9.	Winston Tan Kheng Huang	–	–	–	–

Notes:

* Calculated based on 390,260,990 ordinary shares
(a) Deemed interested through his wife and son
(b) Deemed interested through his wife

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. of Ordinary Shares Held			
No.		**Direct**	**%***	**Indirect**	**%***
1.	CJ Logistics Asia Pte.Ltd	120,544,236	30.89	–	–
2.	Teow Choo Hing	45,389,394	11.63	2,224,416 [(a)]	0.57

Notes:

* Calculated based on 390,260,990 ordinary shares
(a) Deemed interested through his wife

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%
1	CJ Logistics Asia Pte.Ltd.	120,544,236	30.89
2	Kenanga Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Teow Choo Hing	17,332,016	4.44
3	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,126,018	3.62
4	Optimum Shine Sdn. Bhd.	13,051,738	3.34
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Teow Choo Hing	13,024,782	3.34
6	CGS – CIMB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Teow Choo Hing	9,565,164	2.45
7	Konsortium Ara Aramani Sdn. Bhd.	6,176,756	1.58
8	Teow Choo Hing	5,467,432	1.40
9	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Lim Soon Foo	5,346,056	1.37
10	UOB Kay Hian Nominees (Asing) Sdn. Bhd. – Exempt AN For UOB Kay Hian Pte. Ltd.	5,123,000	1.31
11	Amanahraya Trustees Berhad – PB Islamic Smallcap Fund	4,635,500	1.19
12	CIMB Group Nominees (Asing) Sdn. Bhd. – Exempt AN For DBS Bank Ltd	4,125,000	1.06

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Names	Shareholdings	%
13	HSBC Nominees (Asing) Sdn. Bhd. – Exempt AN For Credit Suisse	3,562,472	0.91
14	Woon Yen Siang	3,140,000	0.80
15	Nurmala Binti Abdul Hafiz	3,000,000	0.77
16	Yeap Khoo Soon Edwin	2,610,000	0.67
17	Fariz Bin Jaafar	2,357,100	0.60
18	Farhanah Binti Jaafar	2,350,000	0.60
19	Affin Hwang Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Cheah Bee Tin	2,224,416	0.57
20	HLB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Lim Pay Kaon	2,170,000	0.56
21	Thong Weng Kin	2,095,928	0.54
22	RHB Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Chen Hong Eng	1,763,648	0.45
23	Amanahraya Trustees Berhad – Public Islamic Opportunities Fund	1,696,900	0.43
24	Lee Meng Chang	1,613,000	0.41
25	Foo Loke Weng	1,600,000	0.41
26	Cartaban Nominees (Tempatan) Sdn. Bhd. – SSBT AIFM Fund SAFP For Lembaga Tabung Haji	1,500,000	0.38
27	Thong Weng Kin	1,431,144	0.37
28	Lim Pei Tiam @ Liam Ahat Kiat	1,426,000	0.37
29	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account For Dato' Gan Boon Sin	1,420,000	0.36
30	RHB Nominees (Asing) Sdn. Bhd. – Exempt AN For RHB Securities Singapore Pte Ltd	1,143,048	0.29
TOTAL		**255,621,354**	**65.50**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting ("**AGM**") of the Company 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 following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon. ***(Note 1)***

2. To approve the payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2020 and thereafter. ***(Resolution 1)***

3. To approve the payment of Directors' benefits to the Directors up to RM18,000 from 23 April 2020 until the date of the Twenty-Fourth AGM of the Company. ***(Resolution 2)***

4. To re-elect the following Directors who are due to retire in accordance with Clause 119 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (a) Datuk Lee Say Tshin; ***(Resolution 3)***
   (b) Yeap Khoo Soon Edwin; and ***(Resolution 4)***
   (c) Park Chul Moon ***(Resolution 5)***

5. To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***(Resolution 6)***

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions as Ordinary Resolutions:

6. **Ordinary Resolution** ***(Resolution 7)***
   - Proposed Renewal of Existing 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 for the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature for the Company and/or its subsidiaries to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in the Circular/Statement to Shareholders dated 31 March 2020 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 Parties than those generally available to the public; and

   (iv) not to the detriment of minority shareholders,

   (the "**Proposed Shareholders' Mandate**");

THAT the authority for the Proposed 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 in a general meeting before the next AGM;

AND THAT, the Directors and/or any of them be authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

7. **Ordinary Resolution** ***(Resolution 8)***
- 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, 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, upon such terms and conditions as set out in the Circular/Statement to Shareholders dated 31 March 2020.

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 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 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; and/or

(b) retain the ordinary shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme and/or transfer as purchase consideration; and/or

(c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Board of Directors 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."

8. **Ordinary Resolution** ***(Resolution 9)***
- 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 be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

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."

9. 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
31 March 2020

Notes:

1. *This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*

2. *In respect of depositories securities, only members whose names appear in the Record of Depositors on 15 April 2020 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.*

3. *A shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*

4. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.*

5. *The instrument appointing a proxy shall be in writing under the hand of the shareholder/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Common Seal or under the hand of an officer or attorney duly authorised.*

6. *Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

7. *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 not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. All resolutions set out in the notice of the meeting are to be voted by poll.*

CORONAVIRUS DISEASE (COVID-19) OUTBREAK

a) Your safety is the Company's top priority. As a precautionary measure from the exposure to COVID-19, you are required to undergo a temperature screening before you enter for registration at the meeting. If your temperature is 37.5°C or higher, you may not be allowed in the meeting. Face masks will be provided to all present and hand sanitisers will be placed at the common areas for your use.

b) If you are unwell with sore throat/fever/flu/cough/shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing, you are strongly encouraged not to attend the meeting. In view of this, we encourage that you appoint a proxy and deposit the Proxy Form as per Note 7 above in the event you are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude you from attending the meeting should you wish to and are fit to attend.

Explanatory Notes To Special Business:

1. **Resolution 1 and Resolution 2**

   Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

   In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the Twenty-Third AGM in two (2) separate resolutions as below:

   - **Resolution 1** on payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2020 and thereafter; and

   - **Resolution 2** on payment of Directors' benefits of up to RM18,000 in respect of meeting allowances payable for attendance of Board and/or Board Committee Meetings and AGM by the Non-Executive Directors with effect from 23 April 2020 up to the date of the next AGM.

2. **Resolution 7**

   The proposed Resolution 7 is 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 parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular/Statement to Shareholders dated 31 March 2020 for further information.

3. **Resolution 8**

   The proposed Resolution 8 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 the Circular/Statement to Shareholders dated 31 March 2020 for further information.

4. **Resolution 9**

   The proposed Resolution 9 is intended to renew the authority granted to the Directors of the Company at the Twenty-Second Annual General Meeting of the Company held on 30 April 2019 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**Authority to Issue Shares**").

   The Authority to Issue Shares granted by the shareholders at the Twenty-Second AGM of the Company had not been utilised and hence no proceeds were raised therefrom.

   The new Authority to Issue Shares will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

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CJ CENTURY LOGISTICS HOLDINGS BERHAD
[Registration No. 199701008845 (424341-A)]
Incorporated in Malaysia

PROXY FORM

*I/We (full name), ____

bearing *NRIC No./Passport No./Company No. ______________________________

of (full address) ____

____

____
being a *member/members of CJ Century Logistics Holdings Berhad ("**the Company**") hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

 # to put on a separate sheet where there are more than two (2) proxies

100%

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for * me/us and on *my/our behalf at the Twenty-Third Annual General Meeting of CJ Century Logistics Holdings Berhad 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. and, at every 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 2019 together with the Reports of the Directors and the Auditors thereon. (Note 1)		
		For	**Against**
2	To approve the payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2020 and thereafter. (Resolution 1)		

No.	Agenda		
3	To approve the payment of Directors' benefits to the Directors up to RM18,000 from 23 April 2020 until the date of the Twenty-Fourth AGM of the Company. (Resolution 2)		
4	To re-elect Datuk Lee Say Tshin who is due to retire in accordance with Clause 119 of the Company's Constitution. (Resolution 3)		
5	To re-elect Yeap Khoo Soon Edwin who is due to retire in accordance with Clause 119 of the Company's Constitution. (Resolution 4)		
6	To re-elect Park Chul Moon who is due to retire in accordance with Clause 119 of the Company's Constitution. (Resolution 5)		
7	To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 6)		
Special Business			
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 7)		
9	Proposed Renewal of Share Buy-Back Authority of Up to 10% of the total number issued shares of the Company. Resolution 8)		
10	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 9)		

* Strike out whichever not applicable.

As witness my/our hand this .... day of .... 2020.

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

....
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. *In respect of depositories securities, only members whose names appear in the Record of Depositors on 15 April 2020 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting.*
3. *A shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to the meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
4. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.*
5. *The instrument appointing a proxy shall be in writing under the hand of the shareholder/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Common Seal or under the hand of an officer or attorney duly authorised.*
6. *Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry* (Central Depositories) *Act 1991 ("**SICDA**") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *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 not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. All resolutions set out in the notice of the meeting are to be voted by poll.*

Coronavirus Disease (COVID-19) Outbreak

(a) Your safety is the Company's top priority. As a precautionary measure from the exposure to COVID-19, you are required to undergo a temperature screening before you enter for registration at the meeting. If your temperature is 37.5°C or higher, you may not be allowed in the meeting. Face masks will be provided to all present and hand sanitisers will be placed at the common areas for your use.

(b) If you are unwell with sore throat/fever/flu/cough/shortness of breath or showed symptoms of respiratory illness such as coughing and sneezing, you are strongly encouraged not to attend the meeting. In view of this, we encourage that you appoint a proxy and deposit the Proxy Form as per Note 7 above in the event you are not able to attend and vote on the date of the meeting. The appointment of a proxy does not preclude you from attending the meeting should you wish to and are fit to attend.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Registration No. 199701008845 (424341-A))
c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

1st fold here

CERTIFIED TO ISO 45001:2018
CERT. NO. : OHS 00498

CERTIFIED TO ISO 39001:2012
CERT. NO. : RTS 00103

Certified to Good Distribution Practice for Medical Devices
(MDA/CAB NO: 004)
Cert. No. : GDPMD 00222

Approval number (s): ISO 9001-0048410

MS 2400-2:2010

CJ CENTURY LOGISTICS HOLDINGS BERHAD 199701008845 (424341-A)

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

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www.cjcentury.com