



# ANNUAL REPORT

2022

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



## OUR CORPORATE VALUES

### 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.

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### 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.

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### Integrity

Do the right things

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

#### Cover for Annual Report 2022

We pay tribute to our people, the true champions, without whom we would not become what we are today. We inspire them to perform at their best, with a culture of caring and inclusiveness. We share our joys and sorrows, and our people recognises the relationship as being a part of a big extended family. Our corporate ethos enshrines the concept of meritocracy and integrity, while we provide excellent logistics services to our customers.



Scan this for access to our Investor Relations webpage, where you can view our Annual Report and other financial information pertaining to CJ Century







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# FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
<b>PROFITABILITY</b>					
<b>Continuing Operations</b>					
Revenue (RM'000)	389,482	461,941	589,850	843,022	<b>930,396</b>
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	31,457	32,983	59,544	71,918	<b>80,642</b>
Profit before taxation (RM'000)	20,805	13,440	27,237	28,849	<b>37,540</b>
<b>Discontinued Operation</b>					
Loss after tax	(7,183)	(17,993)	(32,208)	(12,231)	-
Profit / (Loss) for the year attributable to equity holders (RM'000)	9,784	(7,531)	922	6,722	<b>28,151</b>
<b>FINANCIAL POSITION</b>					
Share capital (RM'000)	200,043	200,043	300,043	300,043	<b>300,043</b>
No of shares in issue (units) ('000)	394,230	394,230	594,230	594,230	<b>594,230</b>
Shareholders' equity (RM'000)	322,953	315,864	415,905	421,593	<b>444,299</b>
<b>FINANCIAL RATIO</b>					
Revenue growth (Continuing Operations only)	32.2%	18.6%	27.7%	42.9%	<b>10.4%</b>
Earnings growth	-35.7%	-177.0%	112.2%	629.1%	<b>318.8%</b>
Return on equity	3.0%	-2.4%	0.2%	1.6%	<b>6.3%</b>
<b>SHARE INFORMATION</b>					
Weighted average number of ordinary shares (units) ('000)	392,933	390,261	498,168	586,919	<b>583,155</b>
Dividend per share (sen)*	0.75	-	-	-	<b>1.5</b>
Earnings / (Loss) per share (sen)	2.49	(1.93)	0.19	1.15	<b>4.83</b>
Net assets per share (sen)	83	81	71	72	<b>76</b>

\* On 24 February 2023, the directors declared a final single-tier dividend of 1.00 sen per ordinary share amounting to RM5,818,859 in respect of the financial year ended 31 December 2022. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2023.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**DATUK LEE SAY TSHIN**

Independent Non-Executive  
Chairman

**TEOW CHOO HING**

Chief Executive Officer

**SUNG HYUNSUP**

Deputy Chief Executive Officer

**YEAP KHOO SOON EDWIN**

Executive Director

**PARK CHUL MOON**

Non-Independent  
Non-Executive Director

**KO YOUNG HO**

Non-Independent  
Non-Executive Director

**KANG CHANG MO**

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

**KANG CHANG MO**

Member

### COMPANY SECRETARIES

**Chua Siew Chuan**

(MAICSA 0777689)  
SSM PC No: 201908002648

**Yeow Sze Min**

(MAICSA 7065735)  
SSM PC No: 201908003120

### AUDITORS

Ernst & Young PLT

### PRINCIPAL BANKERS

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

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

### REGISTERED OFFICE

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

### CORPORATE OFFICE

No.12, Persiaran Astana / KU2,  
Bandar Bukit Raja, 41050 Klang,  
Selangor Darul Ehsan  
Tel : 03 3385 5888  
Fax : 03 3385 6000  
Email : info@cjcentury.com  
Website : www.cjcentury.com

### SHARE REGISTRAR

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



## TOTAL LOGISTICS SOLUTIONS PROVIDER

We design logistics to help our clients build a resilient supply chain.

As a leading logistics solutions provider, our expertise lies in designing, implementing, and managing your logistics requirements. We take pride in providing value-added logistics services that meet every discerning needs and are committed to building a strong logistics ecosystem for our clients, to safeguard the sustainability of their businesses.

Constantly adapting to the changing times, we strive to enhance your competitiveness through our technological advancement and latest infrastructure to modern systems, resulting in new levels of resilience and efficiency.

As part of CJ Logistics, we have access to an extensive network throughout the world. We aspire to help you get connected to the world through our innovative logistics solutions and best supply chain management capabilities.



Total logistics solutions to meet every supply chain requirements.

- Contract Logistics
- Freight Forwarding
- Transportation and Distribution
- Supply Chain Management Consulting

# BUILDING RESILIENT SUPPLY CHAIN



### INTEGRATED FREIGHT SOLUTIONS



Planning global routes to

**200** major ports

Connecting and enabling global supply chains and facilitating trade.



AEO ID: S0415

### NATIONWIDE WAREHOUSING FACILITIES



Operate

**29**

modern warehouses across Malaysia

Warehouse space

**4.4**

million sq ft

### RESPONSIBLE TRUCKING



Approximately

**120**

vehicles with real-time fleet management system





Ship-to-ship transfer of fuel and crude oil for the oil industry, with track record of safe, timely and compliant operations.

- Ship-to-ship Transfer
- Ship Husbandry



Sourcing, product assembly, packaging, warehousing and distribution of home and electrical appliances.

- Original Equipment Manufacturing
- Assembly Services



COMPREHENSIVE E-FULFILLMENT SERVICES



Offer scalable e-fulfillment solutions and a range of value-added services:

MULTI-FACETED LOGISTICS EXPERTISE



Staff strength

>1,000

employees nationwide

DELIVERING EXCELLENCE AND BEST STANDARDS



APPROVAL NUMBER(S): ISO 9001-0048410



MS 2400 4059-10/2015



CERTIFIED TO ISO 45001:2018 CERT. NO.: OHS 00496



CERTIFIED TO GOOD DISTRIBUTION PRACTICE FOR MEDICAL DEVICES .CERT. NO.: GDPMD 00222



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



CERTIFIED TO ISO 28000:2007 CERT. NO.: SCMS 00102

## CHAIRMAN'S MESSAGE



### INDUSTRY REVIEW

Malaysia's GDP expanded 8.7% in 2022, from a growth of 3.1% in 2021. The growth in 2022 was driven by strong domestic demand, underpinned by improvements in labour market and income conditions. However, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (E&E) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. (Source: *Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022*)

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 continued our record performance with revenue of RM930.4 million, up 10.4% from RM843.0 million (for Continuing Operations) recorded during financial year 2021 ("FY2021"). Profit Before Tax increased by 30.1% to RM37.5 million, from RM28.8 million in FY2021. Consequently, Profit After Tax and Minority Interest jumped 48.5% to RM28.2 million, from RM18.9 million in FY2021. A more detailed discussion and analysis of our performance is contained in the Chief Executive Officer's Message of this Annual Report.

In addition to our record-breaking financial performance, our balance sheet remained healthy with shareholders' funds of RM444.3 million, and net assets per share of 76 sen as at 31 December 2022. Our net gearing has improved from 0.38 times to 0.18 times, allowing us to gear up for future expansion while not unnecessarily stressing our balance sheet.

### LOOKING AHEAD

During the year, we have designed our 5-pillar approach to achieving business sustainability. With the experience we have gained from the pandemic, the importance of being sustainable has suddenly been thrust to the forefront, as our survival depends very much on what we do today.



## Chairman's Message (Cont'd)

### **Strengthen Our Balance Sheet**

Having a strong balance sheet means having healthy assets, and an appropriate amount of debt. With a strong balance sheet, we will have the resources needed to remain financially stable in any economic condition and to take advantage of any investment opportunities that arise. Ideally, our net gearing shall always be capped at 0.50 times.

### **Building Our Liquidity Strength**

It is of utmost importance that we are able to meet all our short-term obligations when due. Our financiers and suppliers must always have the confidence in their dealings with us, thereby enabling our access to the highest quality goods and most efficient services. Our goal is to pay our financiers and suppliers on a timely basis. Similarly, we would expect that our customers pay us in accordance to terms agreed upon.

### **Prioritisation Of Safety And Health**

Since 2012, when we first established our Safety Policy, we have been working hard to provide a safe and healthy workplace for our employees, through a holistic occupational health and safety management system. We place occupational health and safety at the forefront of all our business processes. We constantly review and assess our occupational health and safety risks at the workplace. Through effective control management system, we have been able to reduce the number of workplace accidents, with a target of zero workplace accidents.

### **Acceleration Of Digitalisation And Automation**

With the current labour supply shortage and high inflation regime, we are channelling more of our resources towards digitalisation and investment in automation infrastructure. Inflation is directly affecting consumer spending and squeezing margins, making it harder for everybody. Supply chain professionals need to focus on becoming more agile and resilient, getting better at everything from forecasting to executing to help manage disruptions while keeping costs low.

### **Talent Development**

We recognise the importance of human resources and have been actively recruiting the right people to support our growth. In today's competitive environment for talents, we are cognisant of the need to be an employer of choice with a competitive rewarding system and preferred working environment. Attention continues to be paid on investment in employee development to upskill our workforce, enabling them to master their existing jobs while preparing them for new challenges as they progress up the corporate ladder.

## **RESPONSIBLE CORPORATE PRACTICES**

CJ Century strives to be the industry leader in Environmental, Social and Governance ("ESG"). With society facing various ESG challenges, such as pandemics, climate change, resource depletion, and economic inequality, recent years have shown how complex and interconnected our global systems and business environment have become.

As we focus on sustainable growth across all our business operations, CJ Century remains committed in advocating and implementing the best standards of corporate governance, proper risk management and internal control measures as well as continue to prioritise responsible management and minimise environmental impact across the Company.

Against this backdrop, businesses face increasing pressure from stakeholders to demonstrate action on sustainability and responsible ESG practices. Financier, regulators and communities alike are looking at how companies not only minimise their negative impacts, but also how they can maximise their positive impacts and contribute to a better future for everyone.

There is actually a strong business case for us to adopt ESG principles. ESG is part of a broader strategy of futureproofing our business and improving our competitiveness and resilience, which are all key to ensuring the sustainability of the Company.

## Chairman's Message (Cont'd)

You will be pleased to know that we have been included in the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index during 2022. This is indeed an important milestone in CJ Century's sustainability journey, and this recognition serves as a testament to our vision of being a responsible Total Logistics Services provider.

In keeping with the global focus on sustainability principles, we will continuously improve our practices in sustainability by proactively tracking and analysing our sustainability measures and its progress, while striving towards our goals of creating the right balance between economic growth, the well-being of society and the environment.

### ACKNOWLEDGEMENT

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.

During the year, it gave me great pleasure to welcome Kang Chang Mo and Ko Young Ho to our Board while acknowledging the contributions of Jonathan Park and Kim Tae Gyun who had resigned because of changes in nominee directors proposed by our major shareholder, CJ Logistics Corporation.

I would also like to extend my appreciation to the CJ Century team, led by Teow Choo Hing, who we are counting on to continue the drive towards becoming Malaysia's largest logistics company.

We recognise that the continued success of the Company very much depends on your support, our esteemed shareholders, and on behalf of the Board, I would like to extend our gratitude for your unwavering confidence and belief in CJ Century. As a reflection of the changing times, we look forward to meeting you physically at the forthcoming Annual General Meeting on Friday, 28 April 2023.

### DATUK LEE SAY TSHIN

Chairman

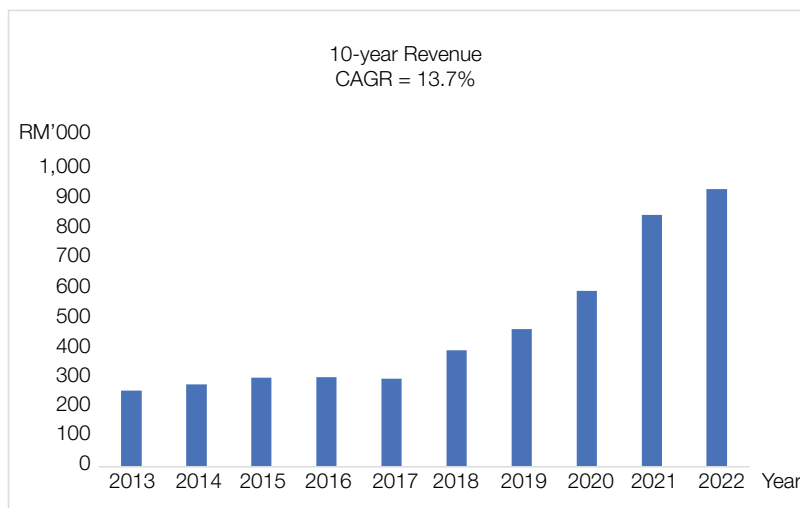


## CHIEF EXECUTIVE OFFICER'S MESSAGE (INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS)

*The financial year 2022 was a year where we continued our record-breaking performance, supported by building blocks which we have put in place.*



I am pleased to present to you the analysis of our performance for the financial year 2022 ("FY2022").



### CJ Century's Corporate Milestones

- 2016: Became part of CJ Logistics family
- 2017: Commenced last mile delivery business
- 2019: Completion of Bukit Raja Distribution Centre
- 2020: Acquisition of CJ Korea Express Malaysia Sdn Bhd
- 2021: Disposal of last mile delivery business
- 2022: Inclusion in F4GBM and F4GBMS Indices

### OPERATING ENVIRONMENT

We have learnt many valuable lessons from the pandemic as well as subsequent events. What started off as supply disruption during the pandemic soon morphed into demand driven disruption, pushing prices to multi year high. In order to curb the inflation, Governments were forced to raise interest rates in order to curb overheating economies, thereby advertent recession.

During the financial year, the Company continued to implement and enhance operational efficiency and synergies. This was achieved by seriously looking at our operations and costs to serve, while trimming any unnecessary fats in our processes. Our heads of department are required to reduce non-salary operating costs on a yearly basis as part of their respective key performance indicators.



## Chief Executive Officer's Message (Cont'd)

During the financial year, we continued to strengthen our total logistics offerings via the expansion of key logistics hubs and networks across the whole of Malaysia, particularly in the North as well as East Coast of Peninsular Malaysia. More importantly, we were able to leverage on our parent company, CJ Logistics Corporation, to tap the opportunity to serve the ever-expanding Korean businesses operating in Malaysia.

### OPERATIONAL REVIEW

The Company's business comprises two major segments namely Total Logistics Services and Procurement Logistics Services. Both these segments achieved record breaking performance during the financial year.

Under our Total Logistics Services, CJ Century offers highly customised and competitive supply chain solutions to our customers. The Company's clientele base comprises of a varied mix of customers and industries, from fast-moving consumer goods to electrical products. As at 31 December 2022, the Company managed a logistics facility portfolio of approximately 4.4 million square feet, of which 2.0 million square feet were self-owned.

During the earlier part of the year, the industry experienced continued supply chain disruptions and faced high freight rates. The high freight rates resulted from imbalances caused by shipping capacity crunch and container shortage, as the pent-up volume in global trade rose 25% in FY2021 before moderating in FY2022; nevertheless, freight rates remained volatile as congestion issues and disruptions are still affecting ports. In the face of this, our growth will continue to be from customer and volume expansions, as well as improved efficiency and cost-pricing management.

One of our focuses in FY2022 continued to be cost optimisation to further enhance our financial strength. To supplement these internal cost control measures, we conducted a thorough review of our commercial terms and pricing structure with our customers, using a value-based approach to ensure that we offer value to our customers while maintaining sufficient returns from each of our logistics contracts. This has contributed to our revenue growth in FY2022.

We prioritised customer centricity as we continued to spur growth in the dynamic and competitive logistics industry. We strived to provide reliable logistics services that meet the evolving needs our customers, supported by our innovative logistics solutions and growing logistics capacity. This is validated by the high rate of contract renewals from our customers, who recognise us as their business partners.

We received the Authorised Economic Operator certification in August 2022, following a rigorous compliance audit conducted by the Royal Malaysian Customs Department. This globally recognised accreditation underscores our commitment to ensuring supply chain safety and security in providing multinational logistical solutions. Additionally, we have partnered with the reputable JCTrans Network to expand our global freight forwarding network, in addition to our existing partnership with the International Freight Logistics Network. Being a part of these logistics ecosystems has reinforced our growing regional network and expanded our capabilities in providing cost-effective services to our clients.

In October 2022, our Contract Logistics operation conducted a comprehensive business process reengineering exercise with the support of our newly set-up Operation Excellence and Data Management unit to improve performance of our warehousing and e-fulfilment operations to achieve greater efficiency. By analysing process volumes and identifying operational issues, targeted improvement measures were implemented, including streamlining workflows and boosting productivity, optimising workforce size and reducing our warehouse footprint.

CJ Century's Procurement Logistics Services offers original equipment manufacturing solutions to electrical and electronic product distributors. With today's market requirement changing at an incredible pace, customers are outsourcing more of their supply chain to third party logistics provider to include procurement, assembly and repackaging services. This business segment saw a further jump during FY2022 from the pick-up in export volumes when lockdowns were eased domestically as well as in our export markets.

## Chief Executive Officer's Message (Cont'd)

### FINANCIAL REVIEW

Our revenue for FY2022 amounted to RM930.4 million, an increase of 10.4% from Continuing Operations recorded during FY2021. Profit before taxation was RM37.5 million, up by 30.1% from Continuing Operations recorded during FY2021, while profit after taxation jumped by 48.5% to RM28.2 million.

Revenue	FY2022 RM'000	FY2021 RM'000	Variance RM'000	Percentage
Total Logistics	701,079	669,639	31,440	4.7%
Procurement Logistics	229,317	173,383	55,934	32.3%
Courier Services (Discontinued)	-	26,501	(26,501)	(100.0%)
<b>Group Results</b>	<b>930,396</b>	<b>869,523</b>	<b>60,873</b>	<b>7.0%</b>

Earnings before Interest and Taxation (EBIT)	FY2022 RM'000	FY2021 RM'000	Variance RM'000	Percentage
Total Logistics	43,322	30,520	12,802	41.9%
Procurement Logistics	11,890	9,701	2,189	22.6%
Courier Services (Discontinued)	-	(19,944)	19,944	100.0%
Consol Adjustment	(9,627)	6,099	(15,726)	
<b>Group Results</b>	<b>45,585</b>	<b>26,376</b>	<b>19,209</b>	<b>72.8%</b>

### ANALYSIS OF RESULTS

#### Total Logistics

Segment revenue and earnings before interest and taxes ("EBIT") from the Total Logistics Services increased by RM31.4 million or 4.7% and RM12.8 million or 41.9% respectively as compared to the previous financial year, mainly due to the higher volumes handled by our Total Logistics Services segment. An analysis of revenue of the various operation in Total Logistics Services segment is as follows:

Revenue	FY2022 RM'000	FY2021 RM'000	Variance RM'000	Percentage
Freight Forwarding	372,531	360,401	12,130	3.4%
Contract Logistics	176,476	156,989	19,487	12.4%
Transportation	60,648	59,254	1,394	2.4%
Oil Logistics	41,400	38,774	2,626	6.8%
Others*	50,024	54,221	(4,197)	(7.7%)
<b>Total*</b>	<b>701,079</b>	<b>669,639</b>	<b>31,440</b>	<b>4.7%</b>

\* Trading of Resin, Data Management Services and Rental of Equipment

## Chief Executive Officer's Message (Cont'd)

### Procurement Logistics

Segment revenue and EBIT for Procurement Logistics Services increased by RM55.9 million or 32.3% and RM2.2 million or 22.6% respectively as compared to the previous financial year, mainly due to higher export volumes arising from improved demands from our customers.

### FINANCIAL MANAGEMENT

During the financial year, our net gearing had improved from 0.38 times to 0.18 times and we will continue to manage our expansion on an optimal debt-equity funding mix, without unnecessarily stressing our balance sheet.

The Company's capital expenditures on property, plant and equipment for FY2022 was RM4.6 million and future capital commitments mainly comprises Information Technology system upgrades, expansion of solar panels and ongoing maintenance capital expenditure. The investments shall be financed by the Company's internal resources and bank borrowings.



### SUSTAINABILITY

Although our attention is naturally focused on cost efficiency and improving productivity, we have become more aware of the importance of always being sustainable. There is actually a strong business case for us to adopt Environmental, Social and Governance ("ESG") principles. ESG is part of a broader strategy of futureproofing our business and improving our competitiveness and resilience, which are all key to ensuring the sustainability of the Company.

During the year, we have conducted our materiality assessment to align the Company's priority in Economic + ESG aspects with our stakeholders' expectation. We have also developed our sustainability framework, along with setting sustainability goals specific to CJ Century and help in actualising the potential future we hope to get to.

In line with our aspiration to accelerate towards a low-carbon transition, we harnessed renewable energy by launching a company-wide solarisation initiative, with a plan to roll out progressive installation of solar panel systems in all our own warehouses by 2030. As we gear up to strengthen green practices, a series of activities had also taken place to educate our employees to reduce single-use plastics consumption and raise awareness of recycling.

In advancing social sustainability, we had completed company-wide employee engagement survey, with an overall 75% employee satisfaction rate across the Company, as part of our continual effort to foster a positive and inclusive workplace. Our Procurement Logistics division had completed the Responsible Business Alliance assessment programme, the world's largest industry coalition dedicated to corporate social responsibility in global supply chains, joining forces in providing an environment that supports quality of life for foreign workers. We also recognise that it is crucial to protect our employees from inappropriate behaviours, where we had during the year established the Sexual Harassment Policy, intensifying our commitment in creating a work environment that is free from discrimination and harassment in any form.

I am also proud that we have created a self-regulation culture for occupational safety and health, in accordance with the ISO45001:2018 (Occupational Health and Safety Management System), in keeping with our commitment to ensure that we provide a safe and healthy workplace for our employees and partners. This had resulted in us achieving a 97.5% score which is an A grade, awarded by the Department of Occupational Safety and Health Malaysia for three distribution centres and offices.



## Chief Executive Officer's Message (Cont'd)

As a responsible organisation, we take pride in driving high levels of governance in our course of business. We have been and will continue to be an organisation that practises a zero-tolerance approach towards bribery and corruption. You will be pleased to know that we have been included in FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index during FY2022. This is indeed an important milestone in CJ Century's sustainability journey, and the recognition serves as a testament to our vision of being a responsible Total Logistics Services provider.

A more detailed discussion and analysis of our sustainability efforts is contained in the Sustainability Report of this Annual Report.

### OUTLOOK

Our primary growth driver will continue to be volume expansion, complemented by improved efficiency and cost-pricing management, which are key to our profit growth.

Technology is a key disruptor in the logistics industry, with the constant emergence of new technologies in the entire supply chain. The Company continues to expand in automation and digitalisation, with the enhancement of our service offerings and customer access platforms. We are glad that we can leverage on the expertise of our parent company, CJ Logistics Corporation, as we embrace digital technologies, artificial intelligence and automation. This has strengthened our integrated logistics operations and enabled us to improve customer and supply-chain communications and connectivity. We will continue to invest in technological advancements to remain at the forefront of the logistics industry in Malaysia.

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



With the above in motion, I am indeed very positive on the outlook of CJ Century and am confident we will continue charting record performance in 2023.

### ACKNOWLEDGEMENT

I would like to take this opportunity to thank all our stakeholders for the continued support, as this has provided us the confidence to continue our journey of growth.

**TEOW CHOO HING**  
Chief Executive Officer

24 February 2023

## BOARD OF DIRECTORS

### DATUK LEE SAY TSHIN

- **Independent Non-Executive Chairman**
- **Male, Age 69, Malaysian**
- **Appointed on 31 October 2016**

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

An accomplished banker with over 46 years of experience in the banking industry. Held various positions in HSBC Bank Malaysia Berhad, including Managing Director of Strategic Business Development and currently the Vice Chairman, Strategic Initiatives for HSBC Bank Malaysia Berhad.

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

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

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

### TEOW CHOO HING

- **Chief Executive Officer**
- **Male, Age 63, Malaysian**
- **Appointed on 28 July 1997**

Holds Bachelor and Master degrees of Science in Civil Engineering from the University of Oklahoma, United States of America ("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.

Also sits on the Board of Kumpulan Kitacon Berhad.

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

### SUNG HYUNSUP

- **Deputy Chief Executive Officer**
- **Male, Age 48, Korean**
- **Appointed on 25 August 2021**

Holds a Degree in Finance from Florida State University, USA.

Started career at Wachovia Bank, USA in Audit Corporate Credit from 2002 till 2005. He then built his career as an Accountant at Eden Spa & Tanning LLC., USA in 2005 and Merck Millipore, Singapore in 2008. Subsequently, he joined the CJ Logistics Group from 2011 to present. He has been with the CJ Logistics Group in various capacities and cities, including CJ Logistics Korea, Philippines and Vietnam. He last held the position of the Chief Financial Officer of CJ Logistics Vietnam.

Chairman of the Remuneration Committee of CJ Century.

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

## Board Of Directors (Cont'd)

### YEAP KHOO SOON EDWIN

- **Executive Director**
- **Male, Age 52, Malaysian**
- **Appointed on 15 January 2002**

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

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

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

Council member of the Malaysian Employers Federation.

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

### KO YOUNG HO

- **Non-Independent Non-Executive Director**
- **Male, Age 44, Korean**
- **Appointed on 29 April 2022**

Holds a Master of Business Administration from Aston University, Birmingham, United Kingdom.

Has built his career with CJ Logistics Corporation and CJ Corporation since year 2011 to present. He has a strong strategic planning background with substantial experience in Cross Border Transaction (M&A), and highly knowledgeable in global business environment. Currently, he is the Head of M&A and Post Merger Integration ("PMI") as a Senior Vice President of CJ Logistics Corporation.

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

Attended three (3) Board Meetings of the Company held in the financial year ended 31 December 2022 during his term of appointment as Non-Independent Non-Executive Director of the Company since 29 April 2022.

### PARK CHUL MOON

- **Non-Independent Non-Executive Director**
- **Male, Age 48, Korean**
- **Appointed on 27 February 2018**

Holds a Bachelor of Industrial Engineering and Certificate of Logistics Management from Gyeongsang National University, Republic of Korea.

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

Member of the Nomination Committee of CJ Century.

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.



## Board Of Directors (Cont'd)

### KANG CHANG MO

- **Non-Independent Non-Executive Director**
- **Male, Age 49, Korean**
- **Appointed on 24 August 2022**

Holds a Degree in Public Administration from Soongsil University, Republic of Korea.

He has built his career with CJ Logistics Corporation over a period of 19 years from 2003 to present. During that time, he was involved extensively in the audit division of various companies in the CJ Group, including CJ Corporation and CJ Logistics Corporation, apart from strategic purchasing, growth strategy, and sales. He is now the Executive of the Global Business Planning Division of CJ Logistics Corporation.

Member of the Audit Committee of CJ Century.

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

Attended two (2) Board Meetings of the Company held in the financial year ended 31 December 2022 during his term of appointment as Non-Independent Non-Executive Director of the Company since 24 August 2022.

### SARYANI BINTI CHE AB RAHMAN

- **Independent Non-Executive Director**
- **Female, Age 56, Malaysian**
- **Appointed on 31 October 2016**

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

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

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

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

### WINSTON TAN KHENG HUANG

- **Independent Non-Executive Director**
- **Male, Age 48, 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, he 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 Committee, Nomination Committee and Remuneration Committee of CJ Century.

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2022.

*Save as disclosed above, 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

- **Executive Director, Procurement Logistics**
- **Male, Age 58, Malaysian**
- **Appointed on 1 July 1996**

Holds a Bachelor degree in Electrical / Electronic Engineering from University of Technology Malaysia. Joined the CJ Century Group in 1996. Held several managerial portfolios before his appointment as Executive Director, Procurement Logistics in 2018.

### WILLIAM YIN THIN WOOL

- **Chief Operating Officer, Integrated Logistics**
- **Male, Age 52, Malaysian**
- **Appointed on 2 February 2021**

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

### KIM PIL YOUNG

- **Chief Financial Officer**
- **Male, Age 46, Korean**
- **Appointed on 1 December 2016**

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

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

*Save as disclosed above, none of the Senior Management staff 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*
- *Any directorship in other public companies and listed issuers in Malaysia*

## ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the following information is provided:-

### 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 2022 except as disclosed in Note 21 of the financial statements.

### Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

The RRPTs entered into by the Group during the financial year ended 31 December 2022 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2022 RM'000
CJ Logistics Corporation ("CJ Logistics") (Principal activities are land and marine transportation, stevedoring and warehousing)	Holding company of CJ Asia	Provision of :	
		- logistics services to CJ Korea Express Malaysia Sdn Bhd ("CJKX")	34,646
		- logistics services to CJ Century Logistics Sdn Bhd ("CJCL")	803
		- guarantee fees to CJCL	252
		- recovery cost & guarantee fee to CJKX	605
		- brand royalty fees to CJKX	1,316
		- brand royalty fees to EC Distribution Sdn Bhd	10
CJ Logistics Asia Pte. Ltd. ("CJ Asia") (Principal activities are investment holding and providing total logistics solutions)	Immediate holding company of CJ Century Logistics Holdings Berhad ("CJ Century")	Provision of :	
		- information technology services to CJCL	182
		- information technology services to CJKX	959
		- logistics services to CJCL	23
		- logistics services to CJKX	23
		- loan interest to CJKX	160
		- loan interest to CJ Century	226
CJ Logistics Express Malaysia Sdn Bhd ("CJLEM") (Principal activity is courier services)	A wholly owned subsidiary of CJ Asia	Provision of :	
		- rental by CJCL	285
		- rental by CJKX	14
		- courier services to CJCL	15
Shanghai Smart Cargo Supply Chain Management Co., Ltd. ("Shanghai Smart") (Principal activity is logistics services)	A wholly owned subsidiary of CJ Logistics	Provision of :	
		- logistics services by CJCL	7
CJ Logistics PH Corp. (Principal activity is logistics services)	A wholly owned subsidiary of CJ Asia	Provision of :	
		- logistics services to CJCL	2,391
		- logistics services by CJCL	24
		- logistics services by CJKX	1

## Additional Compliance Information (Cont'd)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2022 RM'000
CJ Bio Malaysia Sdn. Bhd (Principal activity is feed manufacturing)	An associate of CJ Corporation	Provision of : - logistics services by CJKX - logistics services to CJKX	124,113 44
CJ Logistics (Thailand) Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJKX	201 157
CJ Korea Express Freight Vietnam Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJKX - logistics services to CJCL - logistics services by CJKX	4 1 6
Korea Express Shanghai Co., Ltd. (Principal activity is freight transportation)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJKX - logistics services by CJKX	783 395
CJ Smart Cargo Hong Kong Limited (Principal activity is logistics services)	A subsidiary of Shanghai Smart	Provision of : - logistics services to CJKX	2
CJ Olivenetworks Co., Ltd. (Principal activity is comprehensive total information technology services)	A subsidiary of CJ Corporation	Provision of : - information technology services to CJKX - information technology services to CJCL	60 18
PT. CJ Logistics Indonesia (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJKX - logistics services by CJCL	35 123 143
CJ Korea Express Qingdao Co., Ltd. (Principal activity is logistics services)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJKX - logistics services by CJKX	38 3
CJ Korea Express Tianjin Co., Ltd. (Principal activities are storage, brokerage of forwarding transportation)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJKX	269
CJ Logistics Europe GMBH (Principal activities are storage, brokerage of forwarding transportation)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJKX	4
CJ Korea Express Shenzhen Co.,Ltd (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJKX - logistics services to CJCL	15 3



## Additional Compliance Information (Cont'd)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2022 RM'000
CJ Logistics Japan Corporation (Principal activity is forwarding services)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services by CJKX	4
CJ GLS Hong Kong Ltd (Principal activity is forwarding services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJKX	10
CJ ICM Logistics GMBH (Principal activity is logistics services)	A subsidiary of Ibrakom Logistics Services Ltd Sti	Provision of : - logistics services by CJCL	22
Gemadep Logistics One Member Company Limited (Principal activities are warehouse and storage services)	A subsidiary of CJ Gemadep Logistics Holdings Company Limited	Provision of : - logistics services by CJKX	1
CJ ICM Services DWC LLC (Principal activity is logistics services)	A subsidiary of CJ ICM FZCO	Provision of : - logistics services by CJKX	25

### Audit and Non-Audit Fees

The following were the fees charged for the audit and non-audit services rendered to the Company and the Group by the external auditors and its affiliates in Malaysia during the financial year:-

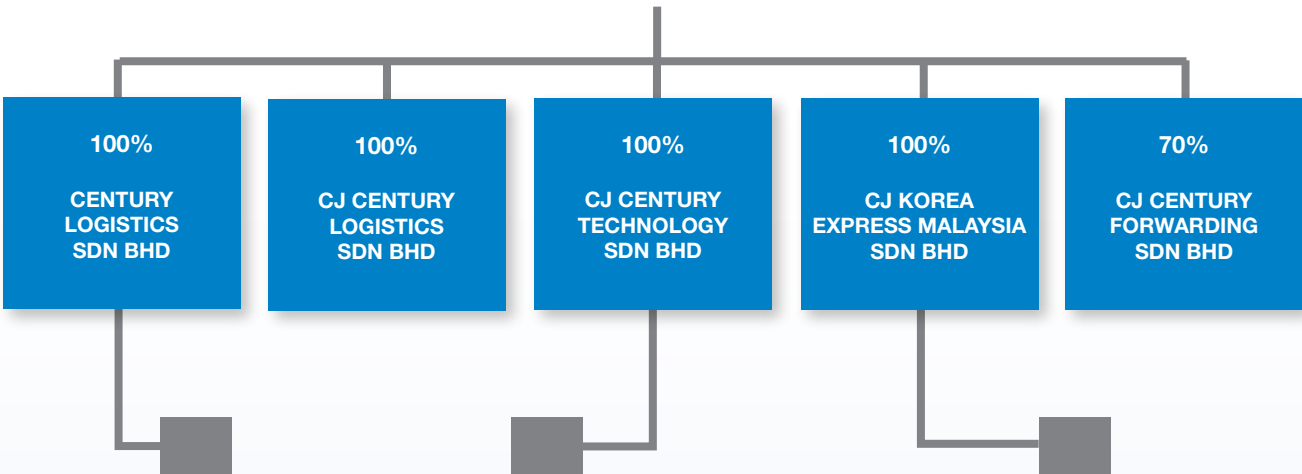
	Group RM'000	Company RM'000
Fee for audit services rendered	560	108
Fee for non-audit services rendered	10	10

### Utilisation of Proceeds

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



# CORPORATE STRUCTURE



- 100% STOREWELL (M) SDN BHD
- 100% CJ CENTURY DMS SDN BHD
- 75% CENTURY - YES LOGISTICS (YICHUN) CO.LTD, CHINA

- 100% CJ PROCUREMENT SDN BHD#
- # In liquidation

- 100% EC DISTRIBUTION SDN BHD
  - 100% CJ KOREA EXPRESS FORWARDING MALAYSIA SDN BHD\*
  - 100% EC SERVICES ENTERPRISE SDN BHD\*
  - 100% TAD RAYA OFFSHORE SDN BHD
- \* CJKX holds call option on 51% shareholdings.



# SUSTAINABILITY REPORT

## About this Report

This Sustainability Report (“Report”) provides information about sustainability practices and initiatives of CJ Century Logistics Holdings Berhad (“CJ Century” or “Company”). We disclose material information relating to our business activities for the year from 1 January 2022 to 31 December 2022. To help identify trends, it includes quantitative performance data from the previous three financial years. Material events that took place up to the Board of Directors’ (“Board”) approval on 24 February 2023 are also included.

In presenting this Report, we have been guided by the principles and requirements of the Global Reporting Initiative (“GRI”) Standards and the Bursa Malaysia’s Main Market Listing Requirements on Sustainability Reporting. The GRI Standard Index (page 163 and 164) lists our disclosure in accordance with the GRI Sustainability Reporting Standard.

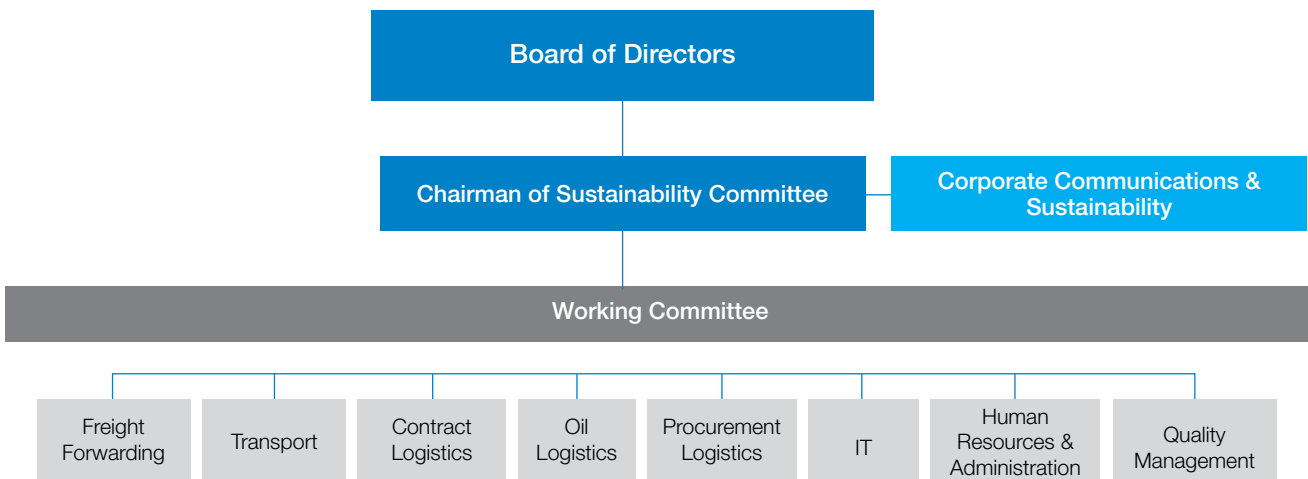
This report contains certain forward-looking statements relating to future performance where such statements are premised on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

We seek to continuously improve upon all aspects of our sustainability journey, including our approach, processes and performance. As such, we invite you to read about our sustainability performance in the following chapters and look forward to receiving your feedback. Please address any comments or feedback to [info@cjcentury.com](mailto:info@cjcentury.com).

## Sustainability Governance

At CJ Century, all matters related to sustainability are governed and managed across various levels in the organisation. We strive to maintain high standards of corporate governance best suited to the needs and interests of CJ Century. The Board is the ultimate governing body of the Company. Our Board assumes ultimate responsibility and accountability to steer the Company’s sustainability efforts and performance, alongside the key senior management team.

Since FY2018, our Sustainability Committee (“SC”), which comprises key senior management personnel covering business units across all operations, steers strategic oversight of environmental, social and governance (“ESG”) matters and risk mitigation, internally and externally. Spearheaded by the Executive Director, the SC is responsible for planning and implementation of material sustainability initiatives across the business operations at the highest governance level, with the full support of the Board.







In establishing and maintaining a culture of ethical behaviour and practices, we are committed to uphold the highest standards in corporate governance. To this end, we strive to strictly comply with the principles and guidelines set out in the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia.

## Sustainability Report (Cont'd)

We acknowledge that the longevity and success of our company is tied to the strength and effectiveness of our management systems. With this in mind, we are dedicated to implementing robust management systems that allow us to operate more efficiently, make informed decisions, mitigate risks, increase transparency, and enhance our relationships with stakeholders.

The following policies and management systems demonstrate our dedication to responsible governance in all aspects of our operations, including economic, environmental, social, and governance:

E 	E 	S 	G 
<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Integrated Logistics (Freight, Warehouse &amp; Haulage) Management Systems</li> <li>• ISO Management System Standards</li> <li>• External &amp; Internal Audits and Compliance Management</li> </ul>	<ul style="list-style-type: none"> <li>• Environment Policy</li> <li>• Ship Energy Efficiency Management Plan governed by the International Maritime Organisation (“IMO”)</li> <li>• ISO 14001: 2015 Environmental Management System (* certification process underway)</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Policy</li> <li>• Occupational Health &amp; Safety Management System</li> <li>• Human Resources &amp; Labour Standards Policy and Child Labour Policy</li> <li>• Whistleblowing Policy &amp; Grievance Procedures</li> <li>• Sexual Harassment Policy</li> <li>• Code of Conduct &amp; Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Terms of Reference for Audit, Nomination &amp; Remuneration Committees</li> <li>• Anti-Bribery and Anti-Corruption Policy</li> <li>• Malaysian Code on Corporate Governance</li> <li>• Data Protection &amp; Cyber Security Management</li> </ul>

The above policies are communicated to our employees on CJ Century’s intranet to facilitate awareness, in addition to wider stakeholders including suppliers, contractors, business partners and associates on our corporate website. We require all employees to abide by these policies and our ethical standards as stipulated in our employee handbook as they deliver excellence for the Company.



In establishing the Company’s sustainability goals for the future, we have created a sustainability framework that strengthens our sustainability blueprint. This framework consists of four key areas that address our most important sustainability concerns in the areas of economics, environment, social and governance. The Board of Directors approved the sustainability framework after thorough discussions at a board meeting in November 2022. This will serve as our compass as we strive to deliver impactful and meaningful change in our sustainability actions.



## Sustainability Report (Cont'd)

Adding to this, to facilitate the effective execution of responsible business operations and internal processes, clearly defined organisational structure as well as detailed roles and responsibilities for key senior management are in place, with aim to continuously protect the interests of all stakeholders. This is further supported by an established matrix for the delegation of authority and financial authority limits.

As a responsible organisation, we believe in upholding the highest standards of integrity and professionalism among our employees. Our zero-tolerance policy towards bribery and corruption is a testament to our highest commitment to ethics. To further reinforce these values, we provide an annual Anti-Bribery and Anti-Corruption ("ABAC") training programme. This training programme guides our employees with the knowledge and in-depth understanding to identify and prevent fraudulent activities, promoting ethical principles and behaviours in their duties.



We understand that decision-making and behaviour are crucial in maintaining our commitment to ethical conduct. We encourage employees to consider the ethical implications and follow our ethics programme guidelines when giving or receiving gifts, and when interacting with stakeholders, partners, vendors, and the general public. By fostering a culture of honesty and integrity, we strive to be an organisation that sets a positive example in the industry.

More details of our corporate governance practices are set out in the Corporate Governance Overview Statement in this Annual Report.

### Stakeholders Engagement

As we continue our journey of growth, we plan and deploy responsible stakeholders' engagement and promotion activities to communicate with the targeted stakeholders through various platforms, both internally and externally, to upkeep our corporate brand and strengthen our presence in the industry. It is therefore important that the communication channels with our stakeholders are always open.

	Engagement Method	Frequency	Material Matters	Response
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer feedback and surveys</li> <li>Written communications</li> <li>Routine meetings</li> </ul>	<ul style="list-style-type: none"> <li>Daily</li> <li>Weekly</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Protection of customer privacy</li> <li>Customer welfare</li> <li>Technology innovation</li> </ul>	<ul style="list-style-type: none"> <li>Drive digital transformation across the company for greater productivity and service quality.</li> <li>Put in place a management system to mitigate cyberattacks and data protection.</li> <li>Ensure our employees are well-equipped with the latest knowledge and skills to deliver quality service.</li> </ul>

## Sustainability Report (Cont'd)

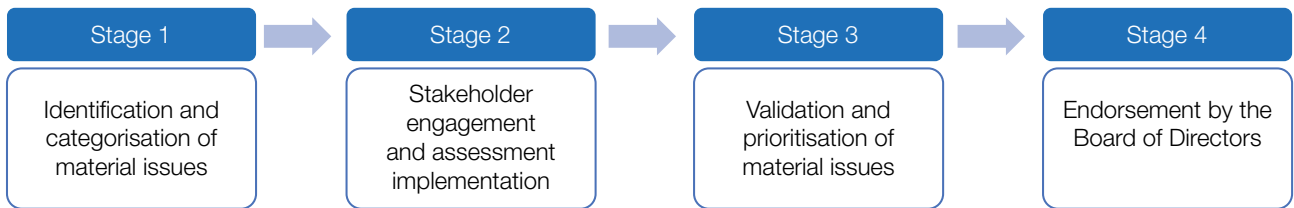
	Engagement Method	Frequency	Material Matters	Response
Employees	<ul style="list-style-type: none"> <li>• Departmental meeting</li> <li>• Company intranet</li> <li>• Performance evaluations</li> <li>• Compensations and benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation, welfare, and employee care</li> <li>• Workplace safety and health protection</li> <li>• Performance development</li> <li>• Career enhancement</li> <li>• Training programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Provide structured training and development programmes to achieve employees personal and the Company's business goals.</li> <li>• Provide a wide range of benefits.</li> <li>• Ensure a safe and conducive workplace.</li> </ul>
Investors / Analysts	<ul style="list-style-type: none"> <li>• Investor briefings</li> <li>• Shareholders' meetings</li> <li>• Annual reports</li> <li>• Corporate website</li> <li>• Research reports</li> <li>• Company announcements</li> <li>• Press releases</li> </ul>	<ul style="list-style-type: none"> <li>• Ad Hoc</li> <li>• Quarterly</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operation performance</li> <li>• Good corporate governance and ethical management</li> </ul>	<ul style="list-style-type: none"> <li>• Implement strategies to enhance business and financial resilience.</li> <li>• Conduct investor relations activities to engage the investment community.</li> </ul>
Government / Local Authorities / Industry Affiliates	<ul style="list-style-type: none"> <li>• Facility visits</li> <li>• Collaborative partnerships</li> <li>• Audits and inspections</li> <li>• Industry-related initiatives and events</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory requirements</li> <li>• Economic issues</li> <li>• Environment issues</li> <li>• Bursa listing requirements</li> <li>• Safety and health regulations including prevention of COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Uphold good corporate governance through robust policies and management systems.</li> <li>• Support and collaborate in industry affiliations to steer industry initiatives.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Business exchanges</li> <li>• Written communications</li> <li>• Supplier evaluations and registrations</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Contract terms and conditions</li> <li>• Business dealings</li> </ul>	<ul style="list-style-type: none"> <li>• Practise responsible procurement practices.</li> <li>• Set guidelines for suppliers to adopt responsible practices in their operations.</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Corporate website and social media platforms</li> <li>• Community engagement programmes</li> <li>• Corporate announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact from operation</li> <li>• Emissions management</li> <li>• Talent recruitment</li> </ul>	<ul style="list-style-type: none"> <li>• Social investment for community enrichment.</li> </ul>

## Sustainability Report (Cont'd)

### Materiality Assessment and Key Sustainability Matters

In December 2022, we embarked on our first external materiality review with identified stakeholders via an online survey to reassess material ESG issues, as part of our continuous efforts to ensure our strategic intent remains relevant to the rapidly changing environment.

The assessment was carried out in a four-stage process:

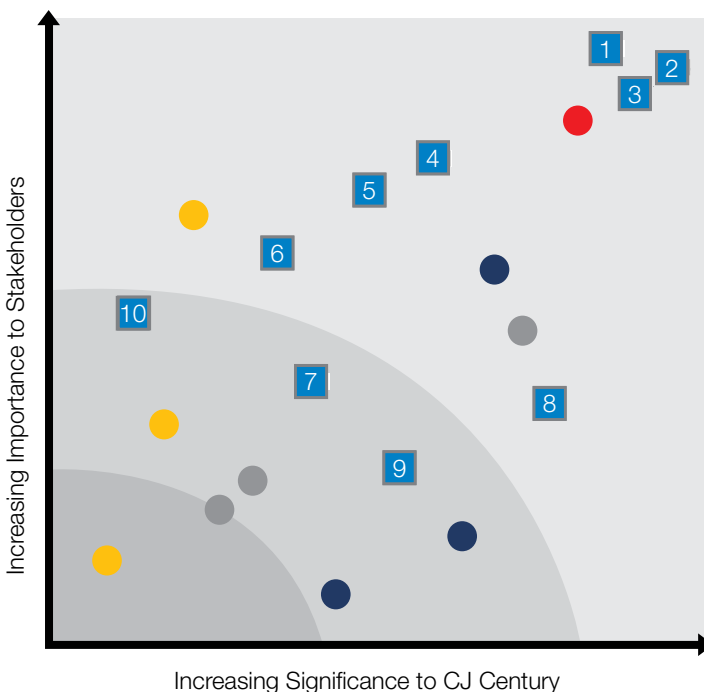


Our twenty (20) Key Sustainability Matters were assessed based on the internal and external stakeholders' interests and business impact to the Company's sustainability management. The applicability and relevance of the identified sustainability matters were comprehensively reviewed by the SC through an internal dialogue with the members of our senior management, in accordance with research findings, peer companies benchmarking and the management's evaluation.

Stakeholder groups who were invited to participate in our materiality assessment survey include:

- Members of the Board of Directors
- Members of Senior Management
- Employees
- Clients
- Industry peers and strategic partners
- Suppliers
- Fund managers and financial analysts
- Financiers and Bankers

The assessment results are plotted on a materiality matrix, with their position relative to the degree of stakeholder interest and potential business impact.



TOP 10 Prioritised Material ESG Matters
1. Quality Service & Customer Experience Enhancement
2. Financial Resiliency
3. Technology Innovation
4. Employee Engagement & Benefits
5. Laws & Regulations Compliance
6. Occupational Safety & Health Management
7. Cybersecurity & Data Protection
8. Energy Efficiency & Water Saving
9. GHG Emission Management & Reduction
10. Human Rights & Labour Standards

- Economic
- Environmental
- Social
- Governance

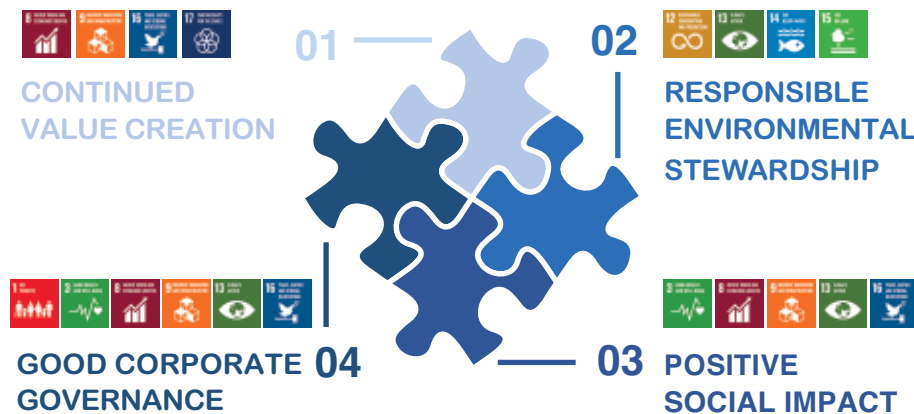
## Sustainability Report (Cont'd)

Other Material ESG matters assessed:

- |  |   |
|--|---|
| 11. Market Leadership                        | 16. Community Engagement & Social Investment      |
| 12. Employee Diversity & Equal Opportunities | 17. Biodiversity & Natural Resources Conservation |
| 13. Systematic Risk Management               | 18. Eco-Friendly Logistics Services / Solutions   |
| 14. Board Diversity & Independence           | 19. Talent Retention & Human Capital Development  |
| 15. Waste Discharge Management               | 20. Responsible Procurement Practices             |

### United Nations Sustainable Development Goal

At CJ Century, we believe that sustainability and growth go hand in hand. That is why we have progressively aligned our business strategies with the United Nations Sustainable Development Goals (“UNSDGs”). Our commitment to these goals is evident in the sustainability initiatives and governance policies we have put in place to ensure an economically, environmentally, and socially sustainable operations.



We understand the important role we play in creating a better and greener tomorrow. We strive towards continuously making progress and doing our part in supporting the nation to realise these goals in the mid to long term. To bring this commitment to life, we have developed a series of clear strategies and action plans to address key materiality matters. We have also assigned specific departments and individuals to oversee and monitor progress, ensuring that our sustainability efforts are integrated into all aspects of our business. This allows us to track progress, measure results, and continuously improve our sustainability practices.

## SUSTAINABLE FINANCIAL MANAGEMENT

### Strategic Financial Management

During the year under review, we strategically leveraged both financial and non-monetary capitals to concentrate on positioning the Company for faster growth and expand our market share. Underpinned by a steady stream of improvements diligently executed across our businesses, we ended financial year 2022 with stronger financial performance, in addition to healthy growth in our clientele base and effective internal control measures.

With warehouses in prime locations nationwide, the Contract Logistics Division further strengthened its multi-site management capability with the implementation of several new digitalisation initiatives, particularly upgradation of warehouse management system to improve warehouse efficiency and productivity.

The interior space of our newer warehouses adopts clear span design, and is configurable to accommodate a wide range of shelving and racking systems for versatile inventory management processes and value-added fulfilment services for our customers. At our Bukit Raja Distribution Centre (“BRDC”), the long-span covered loading bays allow all weather access and movement of various dimensions of trucks, thus optimising loading dock operations and warehouse productivity. Our BRDC is also equipped with ESFR (Early Suppression, Fast Response) ceiling mounted sprinklers, which allows easy reconfiguration of the racking system, as compared with the previous generation in-rack fire sprinkler system.



## Sustainability Report (Cont'd)

The Company's financial review and outlook are discussed in the Chief Executive Officer's Message of this Annual Report.

### Technological Innovation

The logistics industry is rapidly evolving with disruptive technologies, increasing competition, and changing customer expectations. In keeping with the constant shift, investment in various technologies were also planned across all verticals to steer the adoption of digital transformation initiatives at scale, from modernising infrastructure to management systems for new levels of operational efficiency and resilience.

Our Transport Division embarked on its new management system with built-in integrations for complete real-time visibility distribution management and streamlining operations management, including, but not limited to vehicle and distribution load capacity optimisation, effective route planning to minimise futile trips, driver monitoring and improve fuel efficiency.

To keep up with rapid modernisation of the workforce, digital workflow is important in migrating towards digital transformation. In the reporting year, we aggressively digitised operations and carried out several digital workplace initiatives, as part of our strategic technology investments for increased efficiency and cost savings. These included:

- Completion of new haulage management system to streamline transportation route optimisation. A plan is in place to upgrade our existing freight and trucking management systems and consolidate various warehouse management systems into a single platform during FY2023.
- A new human resources management ("HRM") systems creating systematic operational HRM processes to help improve communication, in addition to digitise paper based HRM activities.
- Implementation of face recognition attendance system at all warehouses, building a database application to record attendance and reconcile manpower data automatically.
- Upgraded the server and hardware of our disaster recovery site located in Cyberjaya to ensure long-term efficiency, better security, and business continuity.

### Customer Experience and Service Quality

CJ Century is dedicated to offering quality services and products to earn and retain customer trust and establish long-term partnerships, in line with our aspiration of being a leader in the logistics industry.

Realising effective customer service is the key to business growth, we aspire to meet customer needs and requirements to create a positive and stress-free customer experience through continual improvements in quality and service performance and comprehensive management practices. We prioritise providing a high-quality customer experience, with a focus on customer satisfaction, human resources consideration, service excellence and corporate responsibility.

Adhering to our Quality Policy, our dedicated Quality Management team is responsible for maintaining accreditation with the ISO 9001:2015 Quality Management System for all our office facilities and self-owned warehouses. We comply with the requirements of certification bodies to ensure that we meet the highest standards for service quality. All staff are informed that they are jointly responsible for implementing and following the procedures outlined in these standards, and any deviations in quality are recorded and addressed through our quality management system to prevent future occurrences.

To constantly improve, we conduct annual customer satisfaction surveys to gauge customer satisfaction in areas such as services, product solutions, and overall experiences, and identify areas for improvements. In FY2022, we achieved an average customer satisfaction rate of 89.3%, surpassing our minimum target rate of 70%.

Supply chain security is important to us. Our ISO 28000:2007 Supply Chain Security Management System integrates our customers' security requirements with applicable local and global regulations, in addition to applying sound operational practices with increased security measures.

## Sustainability Report (Cont'd)

Standards	Certified Sites
<b>ISO 9001:2015 Quality Management System</b>	<ul style="list-style-type: none"> <li>• BRDC, Klang, Selangor</li> <li>• Lot 8, Port Klang, Selangor</li> <li>• Plot D12, Johor Branch, Port of Tanjung Pelepas, Johor</li> <li>• CJ1, Shah Alam, Selangor</li> </ul>
<b>ISO 28000:2007 Supply Chain Security Management System</b>	<ul style="list-style-type: none"> <li>• BRDC, Klang, Selangor</li> <li>• Lot 8, Port Klang, Selangor</li> <li>• Plot D12, Johor Branch, Port of Tanjung Pelepas, Johor</li> <li>• Penang Branch, Penang</li> </ul>

### Data Protection and Security

As a business that handles significant amounts of personal and sensitive data, we take data protection and privacy seriously. We respect privacy rights and are committed to provide privacy-compliant services to our valued customers through responsible data security management. Sensitive corporate and personal information are handled strictly in accordance with the Personal Data Protection Act 2010, which serves as an integral guidance to the Company. In addition, a variety of measures are in place to ensure that personal and sensitive data is securely stored and processed. Customer data is only used for the purpose of providing services, and any secondary use of the data is strictly prohibited in all our operations.

To improve the Company's overall security strength, we have established several IT Policies to ensure that protection of the Company's essential business data and systems are appropriately in place. Our IT Access Control and User Access Management Policies list clear guidelines safeguarding access to IT systems and applications, in addition to raising awareness of the sensitivity of data on systems. Access to all sensitive information is protected by access controls to ensure it is not improperly disclosed, modified, or rendered.

IT Policies and Procedures as well as Information Security materials are made available on our intranet to better educate employees on prevailing risks, the importance of information security and help them understand how to protect the Company's digital assets. The goal is to reinforce the culture of security and emphasise that information security is the responsibility of everyone in the Company.

Below are the key initiatives undertaken during the financial year to reinforce our cybersecurity:

- All IT resources and data were secured with firewalls and antivirus to protect against viruses, malware exploits and any ransomware
- Disabled all USB ports to prevent data theft and the introduction of harmful viruses, especially when storing business data, particularly customers' data
- Maintained sufficient data backups locally and offsite, with robust disaster recovery plans in place
- Conducted periodic vulnerability scans to identify potential risks and minimise the possibility of a cyber-attack
- Performed regular penetration tests to ensure consistent IT and network security management
- Recruited cybersecurity experts to manage cybersecurity policies and procedures
- Provided security awareness training to employees, ensuring they stay vigilant in defending against cyber-attack and scam tactics, appropriately safeguarding company information while they carrying out their duties
- Organised simulated phishing exercises to help employees recognise the phishing emails pattern and avoid compromising critical business data and systems

We prioritise the security and continuity of our services by regularly testing our response plans and benchmarking our information technology and security controls against industry standards. Our team conduct attack and penetration testing and vulnerability scans to mitigate risks. We also conduct regular disaster recovery drills to ensure preparedness in the event of an unforeseen disruption. Through continuous review and improvement of our processes and controls, we aim to provide clients with high-level security and reliability.

In FY2022, CJ Century received no complaints concerning breaches of consumer privacy, nor did we identify any leaks, thefts, or losses of customer data or critical information. We will continue to enhance the technology layer within our offerings, in pursuit of building digital logistics solutions.

## Sustainability Report (Cont'd)

### Procurement Practices

We engage numerous suppliers and vendors to support and ensure smooth operations, including packaging material, and vehicle spare parts for maintenance to consistently provide products and services that meet our customers' needs.

We support local businesses and prioritise local suppliers that can meet our business requirement. As at 31 December 2022, 94.1% of our suppliers are local. Our supplier selection process involves sending out Requests for Quotation to suitable suppliers and subsequently assessing them on a level playing field based on their commercial and contractual responses. Once engaged, we expect our suppliers to maintain the highest level of integrity required by CJ Century.

Our Supplier Code of Conduct ("SCOC"), which is a crucial component of our supplier management strategies, enables us to develop an ethical supplier base and ensure fair and transparent business relations with suppliers. The SCOC provides guiding principles for our vendors and suppliers to comply with our expectations of ethical standards, covering the following areas:



In order to ensure consistency of quality of products and services, new and existing suppliers are required to undergo performance assessment covering quality of services, timeliness of delivery, complaint management, pricing, and compliance to safety requirements. Suppliers who fail in the performance assessment will be suspended and a corrective action order will be issued. In FY2022, we assessed approximately 270 suppliers, and we are pleased to report that none of them violated the SCOC. Nonetheless, we had to suspend 5 suppliers due to their inadequate performance.

## MAKING A SHIFT TO GREENER SUPPLY CHAIN MANAGEMENT

### Environmental Consciousness and Management

We recognise the potential impact of our business on the environment. In support of the Malaysian Government's carbon neutrality pledge, we are building our internal capacity to share the responsibility of mitigating and combating climate change. We endeavour to play our part in inculcating a culture of responsible management in energy use, waste management, pollution, and greenhouse gas emissions across our business operations, in addition to adhering to all applicable laws, regulations and standards related to the environmental protection. To date, the Company did not receive fines for non-compliance with environmental laws and regulations during the financial year.

In FY2022, we have stepped up our efforts to make our operations more environmentally sustainable, driven by three fundamental priorities that are aligned with our internal sustainability targets.

#### 1. Risk mitigation and management

- We are committed to identifying and managing environmental risks that have a significant impact and proactively addressing them in our business operations. Our environmental policy and environmental management procedures guide us towards achieving our goals and implementing continuous improvement activities to preserve the environment.

#### 2. Environmentally conscious management

- In addition to upholding our ethical and social responsibilities, we have established environmental management procedures that are regularly reviewed and updated. We also invest in ongoing training and education for our employees to ensure that everyone is aware of their roles and responsibilities in upholding our environmental commitments.
- Our goal is to achieve ISO 14001:2015 Environmental Management System certification for all of our company-owned facilities by FY2025. Currently, we are developing an effective environmental management system framework and aim to certify our BRDC and Port Klang Distribution Centres by FY2023.

## Sustainability Report (Cont'd)

### 3. Enhancement of activities

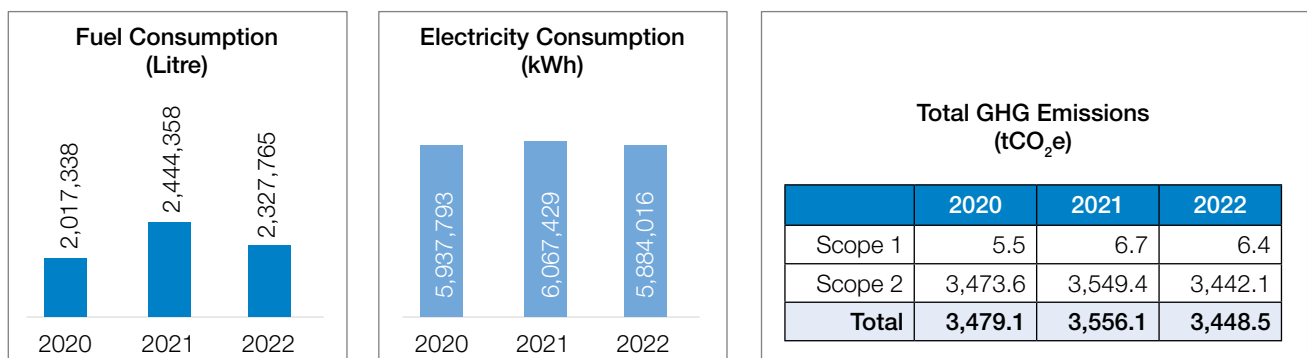
- We have identified and managed the environmental aspects that are relevant to our organisation through enhancement activities, prioritising them based on impact and significance, as follows:
  - Greenhouse gas emission management and reduction
    - Integration of logistics management systems for transportation network optimisation
    - Conversion of fleet to low pollution/high fuel-efficiency vehicles or electric vehicles
    - Engaging and empowering our suppliers and vendors to lower their carbon footprint
  - Smart facility modernisation and infrastructure automation
  - Process digitalisation
  - Energy efficiency infrastructure and application
  - Resource recycling
- We endeavour to keep stakeholders informed and involved in our environmental initiatives, continuously evaluate and ensure the activities remain effective and relevant.

### Greenhouse Gas Emission Reduction

Our sustainability framework, which was developed in FY2022, sets out a 4-pronged strategy anchored on four key pillars to further advance our greenhouse gases ("GHG") management and reduction efforts, providing a strong foundation for our ongoing decarbonisation efforts.

<b>Green Network</b>	<b>Energy-Efficient Facility</b>
To help our clients move towards low-carbon supply chains, we work closely with strategic partners to dynamically optimise transportation routes and minimise emissions across the value chain through logistics solutions upgrades.	To roll out sustainable phase-out of our current fleet, complemented by periodic eco-driving training programmes to promote sustainable driving habits among our drivers, and progressively equip our owned warehouses with high-efficiency facilities.
<b>Ecologically-sound System</b>	<b>Sustainable Management</b>
We are enhancing our logistics operations with smart and innovative solutions to streamline and optimise the transportation of goods, thereby minimising the environmental impact of our value chain.	To manage our GHG emissions sustainably, we will invest in tools and methods to help us track carbon footprint and progress towards emissions reduction targets more effectively.

Tracking carbon footprint is an important step in addressing climate change. We have been reporting our GHG emissions since FY2018 to better understand and reduce our carbon footprint. This is in line with efforts to mitigate the global warming impact in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard in both Scope 1 and Scope 2.



## Sustainability Report (Cont'd)

### Notes:

- Scope 1 refers to the direct GHG emissions from the fuel consumption of our owned fleet of vehicles, while Scope 2 encompasses the indirect GHG emissions from purchased electricity consumed by our self-owned business sites.
- Restatements were made for FY2020 and FY2021's data to reflect greater accuracy.

The electricity consumption of self-owned warehouses, which spans approximately 2.0 million sqft across Peninsular Malaysia, is identified as a significant source of GHG emissions within our operations. Our consumption of purchased electricity reduced by 3.0% from 6,067.4 MWh in FY2021 to 5,884.0 MWh in FY2022, despite the growth of business activity from our Contract Logistics division, which saw a 12.4% increase. Correspondingly, our fleet of vehicles achieved a 4.8% decrease in fuel consumption year-over-year, in spite of an 8.7% increase in revenue due to rising transportation volume, thanks to effective fuel consumption monitoring and management strategies, including route optimisation and driver training. In tandem with this, our GHG emissions (Scope 1 and 2) reduced by 3.0% in FY2022 from our FY2021 baseline.

Moving forward, we are focusing on improving our energy efficiency to reduce our operational carbon footprint. With ongoing efforts to reduce GHG emissions, including the replacement of Light Emitting Diodes ("LED") lights and electric forklifts in our self-owned warehouses, and the commissioning of solar panel systems at two of our warehouses by second quarter of FY2023, we are confident in achieving our targeted reduction in GHG emissions by the end of 2025.

### Energy and Water Savings

At CJ Century, managing energy and water consumption efficiently and wisely is key to meeting our environmental commitments in the workplace. We set goals to reduce energy and water consumption annually through our internal Save Mother Earth campaign to achieve minimum energy consumption, where each business unit adheres to the guidelines and specific requirements relating to energy efficiency measures.

We aim to reduce our energy consumption by 30% compared to our FY2021 levels by the end of FY2025. To achieve this, we are implementing solar photovoltaic systems at our BRDC and Port Klang distribution centres, which is expected to be commissioned in June 2023 with a system size of 860kWp. Upon commissioning of these two projects, the solar photovoltaic panels are expected to generate total 1,114 MWh of clean energy and achieve total energy savings of RM624,820 per annum, equivalent to 652 tonnes of carbon avoided per annum.



We take a holistic view towards energy reduction by implementing regular asset upgrading efforts across our operation sites and office premises to continually reduce our energy consumption as a means of climate change mitigation. These included:

- BRDC utilises 100% LED lights and controls for better energy-efficiency. Continuous replacement of energy-efficient lighting equipment in the remaining warehouses is ongoing, predicted to be completed by FY2023.
- Installation of variable refrigerant flow ("VRF") air-conditioning system at BRDC. Temperature is controlled at 23°C to 24°C, and timer is set to turn off the system at 6pm daily.

We are mindful of water conservation in our workplace. We seek to ensure that our usage of water resources, mainly for sanitary use at toilets, pantries, irrigation and washing activities, is responsibly managed. At BRDC, we installed rainwater harvesting system to harvest water for irrigation and gardening activities.

Additionally, all our toilets are fitted with water-efficient sanitary fittings, which include dual-flush and basin taps installed with constant flow regulator and aerator to reduce water consumption. To prevent water leakage in the workplace, we regularly check all appliances and equipment fitted according to the recommended maintenance procedures and fix any leaks immediately.



## Sustainability Report (Cont'd)

### Waste Management

Efficient waste management practices are crucial for minimising our environmental impact. We aim to minimise waste production in all operations as practically as possible by adopting appropriate control mechanisms and resource allocation in accordance with international standards and the Environmental Quality [Schedule Waste] Regulation 2005. To reduce waste from going to landfills, we identify all waste, including both general waste and universal waste, and plan for proper inventory storage by using appropriate bins labelled with the types of waste and then send it to licensed collection or recovery sites authorised by the Department of Environment according to the schedule.

Our Ship-to-ship ("STS") operation strictly adheres to the six technical annexes outlined in the International Convention for the Prevention of Pollution from Ships. Sustainable waste management, as well as garbage management plans, are developed to prevent and minimise accidental and operational pollution from ships, ensure correct handling and storage of wastes and disposal by licensed contractors to the approved shore facility at the Port of Tanjung Pelepas, Johor.

Within the operation site of our Procurement Logistics business, we have a designated area for handling and storing non-scheduled waste. To further improve our waste management practices, we have employed a dedicated officer certified in the management of scheduled waste ("CePSWaM") to manage waste inventory processes, identify areas for improvement, and ensure responsible disposal of waste in compliance with local environmental laws and regulations.

Our Contract Logistics operation does not generate scheduled waste. At our warehouses, bins are placed at easily accessible points for waste and recyclable materials. The process is simplified, as operation staff sort the materials and place them into the correct bins or dedicated areas for scheduled collection. Waste generated from the facility maintenance processes is arranged to be collected by the licensed waste carriers and transported to a nearby refinery for safe and legal disposal. Additionally, at one of the in-plant warehouses managed for our consumer goods customer, written off stock balances will be compacted and palletised, to be sent to the designated disposal site by waste collection vehicles.

For our Transportation operation, we engage external workshops for lubricant management and disposal. We ensure spill-containment protocols are in place and that used lubricants are stored in appropriate waste oil drums, barrels and tanks that comply with weight and volume limits.

### Recycling of Resources

To drive organisational green behavioural change and inculcate green minded employees in the workplace, we actively promote the principles of reduce, reuse, and recycle to extend product life through our internal Save Mother Earth Campaign.

We launched a company-wide "Say NO to Plastic" campaign in June and July 2022, in conjunction with the World Environment Day and International Plastics Bag Free Day, respectively. During the campaign, we encouraged employees to refuse single-use plastics and use only reusable food and beverage containers for take away meals and distributed recyclable bags. This company-wide campaign served as a catalyst to draw our employees' attention to the positive environmental impact of reusing and recycling, both within and outside the workplace.

Our commitment to minimising environmental impact also includes retreading used tyres instead of disposing of them in landfills, which helps to conserve natural resources. In FY2022, we successfully retreaded 680 tyres with a certified vendor using guaranteed methods and machinery, ensuring the same level of safety as new tyres. End-of-life tyres, on the other hand, will be arranged to be collected by a recycling company and sold to a rubber factory, where they will be upcycled into synthetic rubber base products.

Supporting one of our clients' sustainable packaging initiatives, we replace good, recycled carton boxes to pack their fulfilment orders with ordinary packaging needs, as part of our collective efforts to sustain the planet. Additionally, we provide Roll-On Roll-Off bins dedicated for recyclables in all our owned warehouses. These recyclables will then be collected by the vendors to be sent to their recycling facilities for further processing.

## Sustainability Report (Cont'd)

### Pollution Prevention

We strive to achieve the best possible trade-off between optimum productivity and pollution control to comply with the relevant environmental regulations and standards.

Our commitment to reducing the negative impact of our vehicles on air quality is part of our wider efforts to operate sustainably. To achieve this, we have implemented a policy for our vehicles to undergo routine smoke emission tests at the Malaysian Computerised Vehicle Inspection Centre (*Pusat Pemeriksaan Kenderaan Berkomputer, "PUSPAKOM"*) every six months, or as approved on a periodic schedule. This enables us to collect and monitor smoke exhaust emissions data, and to identify and address any potential issues that could lead to air pollution. In FY2022, our fleet of vehicles complied with the pollutant emission standards by recording an average passing rate of 23% opacity, which is significantly lower than permissible 50% opacity smoke emission limit set by PUSPAKOM.

Our Oil Logistics Division is dedicated to protecting the marine environment from pollution. We work with accredited agencies to employ the best Oil Spill Response ("OSR") techniques in Malaysian waters, strictly implementing an oil spill emergency planning and response model approved by the Marine Department of Malaysia and international agencies. The division conducts routine OSR surveillance and training at anchorage to maintain oil spill response readiness. Through robust oil spill prevention measures and adequately controlled STS operations in place, we registered zero oil spill incidents and pollution in our STS operation.

To support the use of cleaner fuels, our STS operation ensures compliance to the IMO 2020 Sulphur Regulations and Global Sulphur Cap 2020 which limit sulphur content to 0.5% m/m for sustainable operation. All the floating storage units operated by us use low sulphur compliant fuel, to reduce air pollution and ensure less impact on toxicity to both the environment and human health.

As we progress into the future, we are driven to continue investing in green technologies and appropriately trained human capital as well as integrating sustainable practices into our operations on all levels to reduce our environmental impact.

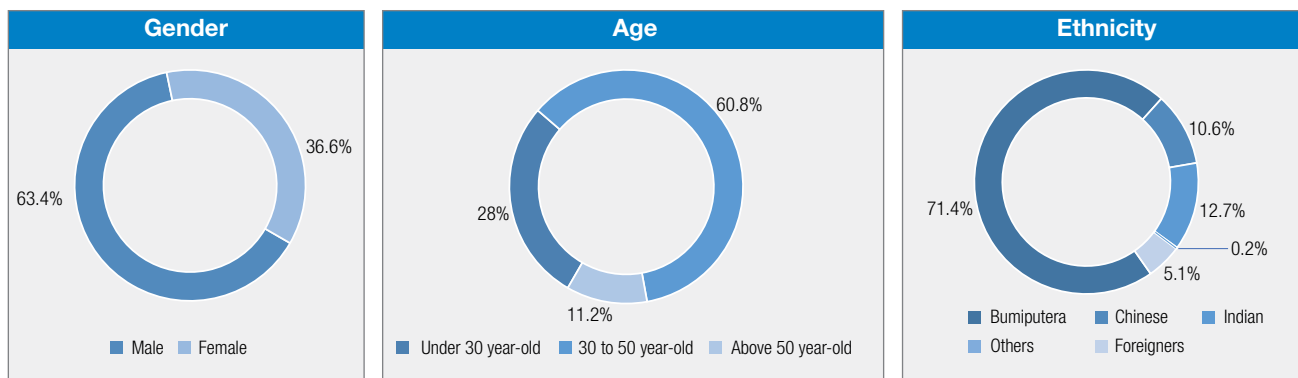
## EMPOWERING OUR PEOPLE AND COMMUNITY

In realising long-term sustainable growth for our businesses, we place importance on growing our talents, driving innovation, form strategic partnerships, delivering excellence in our products and services, while giving back to society.

### Diversity and Equal Opportunity

CJ Century recognises and values the benefits of diversity in people, ideas and cultures. We do not tolerate unlawful discrimination regardless of age, gender, race, ethnic background, sexual orientation, gender identity, national origin or religious beliefs in the workplace or interactions with employees and other stakeholders, including customers and suppliers, where employees represent CJ Century.

Employee Profiles FY2022

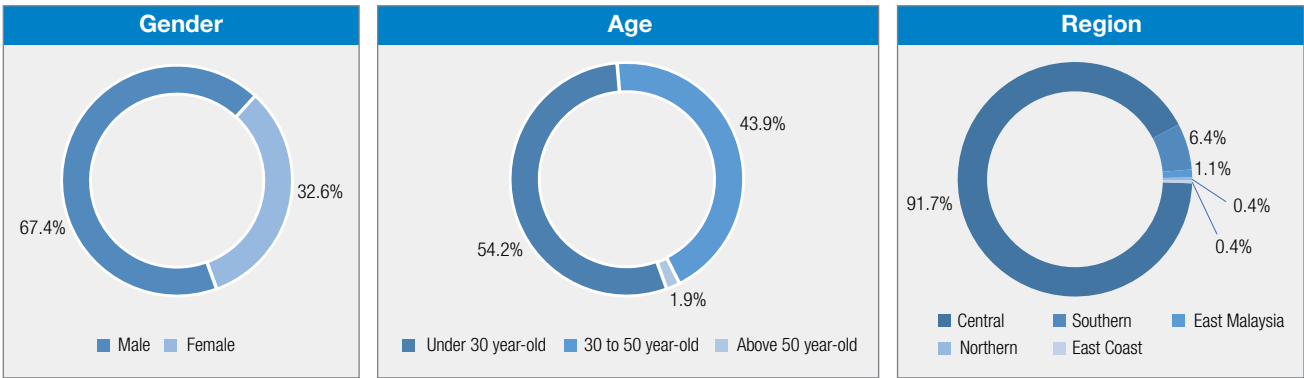


# Sustainability Report (Cont'd)

Our definition of diversity includes, but is not limited to, gender, age, ethnicity, nationality, religion, cultural background and disability. Accordingly, we strive to provide equal employment opportunities by following strict guidelines for recruiting, training, and promoting employees. Through continuous efforts by the Management, the Company enjoys high levels of diversity across age groups, background, gender and ethnicity.

We are committed to maintaining a cordial relationship amongst our employees and adhering to policies that support workplace diversity, namely Code of Conduct and Business Ethics Policy and Human Resources and Labour Standards Policy. We have also created a Sexual Harassment Policy in December 2022 to ensure a workplace free from discrimination and harassment, where all employees are valued and respected. All employees, regardless of their position or level within the Company, are expected to comply with the policy and work towards a positive work environment. Reports of any harassment will be taken seriously and appropriate action will be taken to address any violations of the policy.

### New Hires FY2022



We believe in the ability of local talents to deliver excellent service and performance for the Company; hence we will continue to prioritise locals for employment. In FY2022, 95% of our positions were held by Malaysians, while the remaining 5% were occupied by Korean expatriates and other foreign workers.

We also place considerable attention towards improving employment and career development opportunities for our female employees within the Company. We are pleased to report that there has been no cases of alleged discrimination in the reporting year, reflecting our firm commitment towards increasing diversity and promoting inclusivity in the workplace.



Building and maintaining a solid talent pipeline forms one of our most crucial material matters during the financial year. Towards this end, our Human Resources and Administration team had worked hard in attracting top talents within our industry, while at the same time providing a competitive compensation package, and a rich and rewarding working experience for our employees.

## Sustainability Report (Cont'd)

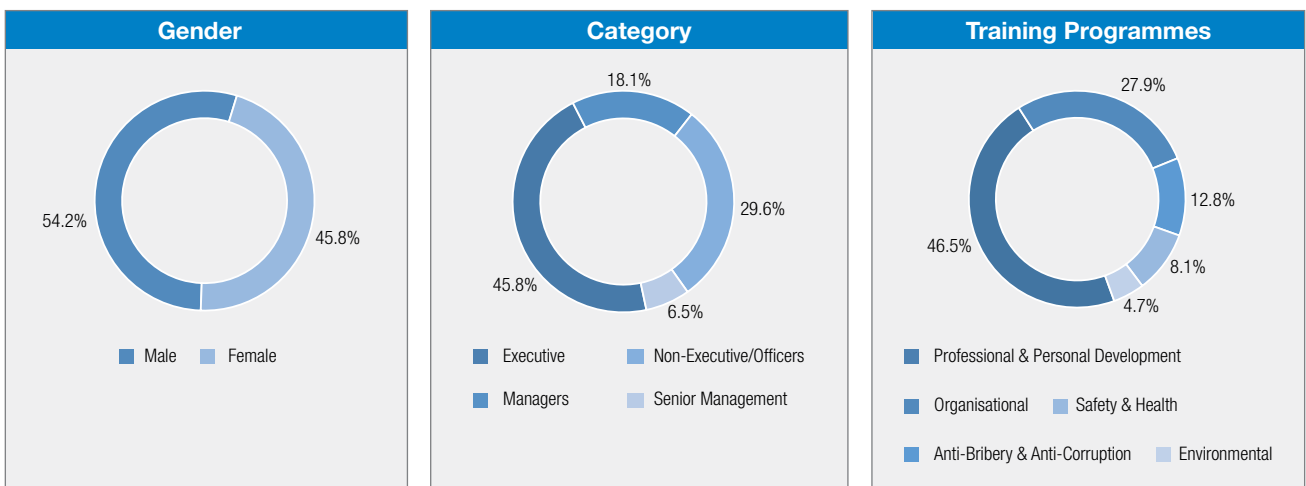
### Nurturing and Developing Our Talents

We value employee empowerment and actively foster a continuous learning culture. We are committed to enabling employees to acquire holistic skills and explore their career aspirations through on-the-job trainings across business divisions, regardless of ethnicity, race, colour, religion, gender, age, or disability.

We conduct a rigorous talent identification and review exercise and use performance management systems that aligns employees' performance with the Company's goals and values. Managers provide periodic reviews to guide employees in identifying training needs, skills gaps, and career development plans, resulting in increased motivation and focus towards achieving goals among our employees.

In FY2022, we invested RM231,186 in training and development programmes, providing a total of 10,214 training hours to our employees, an average of 10 hours per employee. We will continue to improve employees' skills by offering finer training and development programmes, while also ensuring that our workforce remains engaged and equipped with the tools they need. Our target is to provide an average of 16 hours of training per employee by FY2025.

#### Training Hours FY2022



### Talent Retention and Succession Planning

At CJ Century, we strongly believe that our employees are our most valuable assets and creating an inclusive working environment is the key to retain talents and enhance their sense of belonging. Aligned with our human capital management strategies, we strive to improve employee satisfaction through provision of career advancement, competitive remuneration and structured development in both functional and leadership areas.

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

Our employee benefits comply fully with the Employment Act 1955 and the Employment Act (Amendment) 2022, as well as we provide various allowances, medical and dental claims, health insurance, annual medical check-up, maternity allowance and meal subsidy programme. We review our employee benefits and reward programmes periodically, ensuring that potential candidates are drawn to CJ Century and existing employees remain motivated.

### Sustainability Report (Cont'd)

To foster a culture of engagement, we continually invest in building our engagement capabilities and monitor the progress we are making, to identify any development areas. Our managers also play a key role in creating a respectful and trusting relationship with their direct reports. Various employee engagement activities, such as distributing festive goodies and money packets during festivities, departmental get-togethers and other activities were organised to ensure our employees are connected with one another, the Company and the business goals.

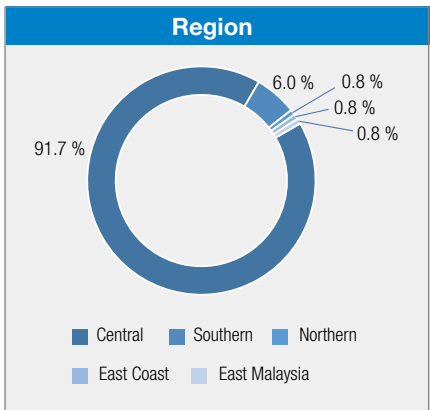
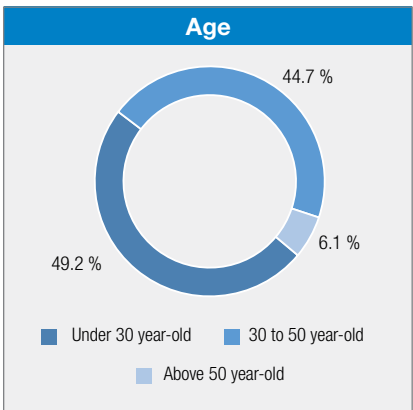
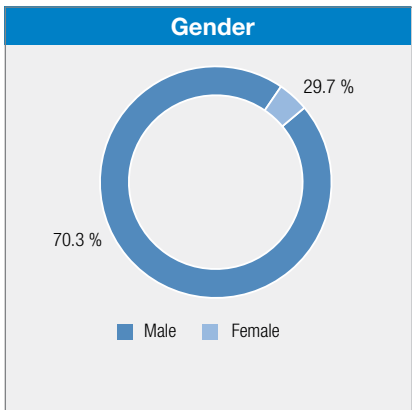


We understand that employee health and well-being is crucial for business success. To create a healthy workplace, we have been increasing the range of benefits and support services available, as well as implementing sports and recreational programmes and initiatives to help employees balance work and wellness. We have organised weekly badminton and futsal sessions, and opened our corporate gym in November 2022 to encourage employees to stay committed to being physically active while managing a busy work schedule.



We believe that open communication and employee feedback are critical to building and maintaining a supportive work environment. In July 2022, we had conducted a company-wide employee engagement survey, as part of our ongoing commitment to creating a positive and inclusive workplace. The survey on employee satisfaction yielded a 75% satisfaction rate among 410 employees surveyed, indicating a strong overall satisfaction with their experience at the Company. We recognise that there is always room for improvement, and we remain committed to taking proactive measures to address any concerns raised by our employees in order to continuously improve their work experience.

#### Turnover Rate FY2022





## Sustainability Report (Cont'd)

We strive to create a thriving workplace that enables all employees to combine work and family responsibilities, benchmarking our employment practices against national standards, to ensure the quality of work-life for our employees' health and well-being are taken care of. Despite weathering the uncertain times, the Company's strong balance sheet has ensured that there were zero salary cuts during the pandemic.

Our family care benefits provide female employees undergoing childbirth with fully paid maternity leave entitlement to care for their new-born. To help new mothers' transition back to work after their maternity leave, we established adequate support mechanisms by providing flexibility, and reasonable break time for them to express breast milk. Understanding that caregiving is a shared responsibility, starting from 1 January 2023, male employees were eligible for seven days of paternity leave, an increase from the previous two-day entitlement. This enhancement enabled new fathers to support their families by taking off work to care for their newborn and assist with post-delivery responsibilities.

Subject		Unit	FY2020	FY2021	FY2022
Maternity	No. of Employees Taken Parental Leave	Person	17	22	21
	No. of Employees Return To Work After Leave	Person	17	22	21
	Return ratio	%	100%	100%	100%
	No. of Employees Still Employed After 12-month	Person	12	15	20
	Retention ratio	%	100%	88%	91%
Paternity	No. of Employees Taken Parental Leave	Person	17	14	24
	No. of Employees Return To Work After Leave	Person	17	14	24
	Return ratio	%	100%	100%	100%
	No. of Employees Still Employed After 12-month	Person	12	16	12
	Retention ratio	%	100%	94%	86%

### Whistle Blowing and Grievance Mechanisms

Staying true to our founding philosophy of pursuing rational management, we have formulated management principles, including adopting an open style of communication and encouraging our employees to raise concerns about any case of non-compliance in any of our business, at the earliest possible opportunity.

CJ Century recognises that the management of grievances is an integral aspect of our social performance efforts. Our Whistleblowing Policy and Procedures provides a formal, confidential channel to enable the free raising of concerns in good faith, whether verbally or in writing, regarding potential improprieties in financial and operational matters arising from our business processes. Our Company is committed to the fair resolution of workplace disputes or issues by carrying out independent investigations and taking appropriate remedial actions in accordance with our Whistleblowing Policy and Procedures, as well as Grievances and Disciplinary Manual. Externally, concerns can also be submitted through the Contact Us section on our website directly.

In order not to jeopardise any investigation, we are committed to make all reasonable efforts to maintain the confidentiality and grant anonymity to the whistleblowers who raise concerns about possible violations or breaches of minimum standards, work-related issues, harassment, or discrimination taking place in any part of our business. We do not tolerate retaliation by any employee against any person who, in good faith, reports possible contraventions and ensure no one suffers any detrimental treatment for reporting their grievances.

### Human Rights and Labour Practices

We respect human rights and dignity in all our business practices, at all times. We prioritise ethical conduct by adhering to fundamental labour standards and strictly comply with the international standards and local regulations on human rights, including issues relating to migrant workers' welfare and accommodations. Our goal is to create a safe and equitable work environment through active protection of workers' rights, strict compliance with national and international laws and regulations related to working hours, minimum wages, occupational safety and health, as well as anti-discrimination policies.

## Sustainability Report (Cont'd)

Covering all aspects of human resources management across the organisation and business operations, our Human Resources and Labour Standards Policy and Child Labour Policy reflect our aim to ensure that the rights and well-being of our workers are protected at the workplace. The two policies are established based on fundamental principles set out in the globally recognised standards and domestic legislation, as relevant to our operations. To find out more details about the policies, please refer to our corporate website at [https://www.cjcentury.com/corp\\_governance](https://www.cjcentury.com/corp_governance).

Core principles of our Human Resources and Labour Standards Policy are:



We strive to ensure that our foreign workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. Our Procurement Logistics Division works closely with the appointed contractors, where possible, to ensure that migrant workers' work and living conditions are in line with national guidelines. In June 2022, the division completed an assessment programme guided by the Responsible Business Alliance ("RBA"), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains, and fully committed to actively pursuing conformance to the RBA Code of Conducts and its standards.

In pursuit of advancing labour standards, we have made progress in FY2022 including:

- Implementation of minimum wage across the Company in May 2022
- Provision of accommodation and shuttle service for foreign workers
- Provision of written employment contracts in English and the workers' native languages (Nepali and Bengali)
- Mandated at least one day off per week and subject to 45 working hours per week (effective from 1 January 2023). Any work exceeding 45 hours per week shall be voluntary and will be paid as overtime work

As part of our commitment to upholding human rights, we have implemented monitoring and reporting systems to address any instances of forced labour and child labour in our operations. We are pleased to report that no human rights abuses were reported in FY2022.

We acknowledge that managing the commitment to core labour standards is a continuous process, and a systematic review and monitoring process is necessary to make a positive contribution in social progress. Guided by human rights norms and principles, we will continue to promote good governance across our operations and seek to work with suppliers who share our values of integrity and human rights commitment.

### Occupational Safety and Health

Occupational Safety and Health ("OSH") is deeply ingrained in our workplace culture, and we place a high emphasis on cultivating and fostering a proactive OSH culture across our operations. We acknowledge that it is our duty to create a safe and healthy work environment for our employees and external stakeholders namely contractors, visitors, and others, to protect them from serious occupational hazards.

Guided by our Safety and Health Policy and a well-defined Occupational Health and Safety Management System ("OHSMS") certified to ISO 45001:2018, we are committed to take all necessary measures to enable our employees to safely perform their job duties and pursue a fulfilling career with us. Our management team is dedicated to ensuring that all business divisions align with our Safety and Health Policy and incorporate best practices and national regulations into their strategic planning, guided by national and international occupational safety and health regulations, to protect the health and well-being of everyone involved.

Our OHSMS encompasses essential occupational health and safety principles, such as leadership and worker participation, hazards and risks management, resource provision, performance evaluations and continuous improvement. Our main operation

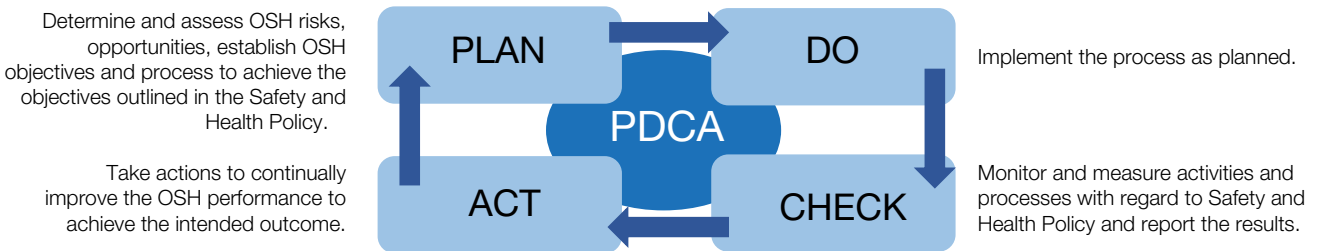
## Sustainability Report (Cont'd)

sites certified for ISO 45001:2018 OHSMS are:

- BRDC, Klang, Selangor
- Lot 8, Port Klang, Selangor
- Plot D12, Johor Branch, Port of Tanjung Pelepas, Johor
- CJ Century Technology Sdn. Bhd., Port Klang, Selangor

Every operation has potential risks that may occur. Recognising these risks are inherent in our operation, we implement and maintain Hazard Identification, Risk Assessment and Determining Control (“HIRADC”) procedure to identify and assess risks and hazards which may potentially lead to accidents or illnesses, and subsequently determine the necessary controls to eliminate unsafe acts and conditions in the workplace.

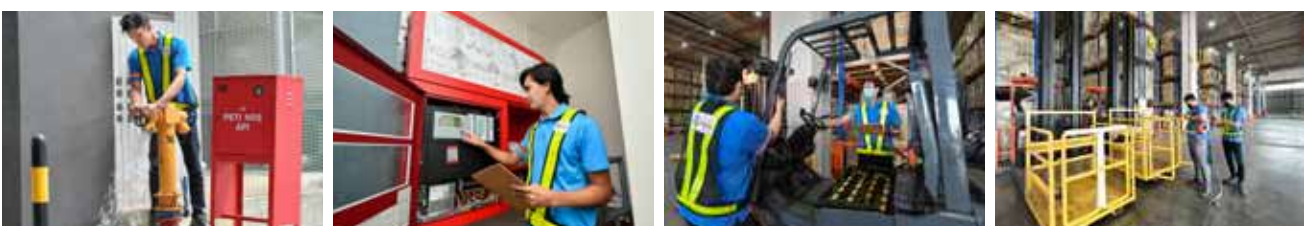
Over the years, we have developed a self-regulatory culture for occupational health and safety in compliance with the ISO 45001:2018 OHSMS principles. Adopting a Plan-Do-Check-Act (“PDCA”) approach, we incorporate inspection checks into our regular occupational health and safety inspections. These checks are designed to identify any potential hazards. Our strict monitoring and response procedures are regularly reviewed and updated to ensure alignment with the latest occupational safety and health advisories.



We provide regular training to instil a comprehensive safety mindset and increase awareness of our occupational safety and health measures. In the reporting year, we conducted 24 in-depth training programmes, reaching a total of 277 employees across all job functions. Our investment in training empowers employees with the right tools and techniques to perform their duties safely and reinforces our commitment to personal responsibility for adhering to standard operating procedures. In addition to the training programmes, we also conducted awareness campaigns such as routine safety briefings and drills to fortify best practices.



We continued to take a proactive approach towards mitigating occupational hazards and risks in FY2022. As part of the prevention measures, we have introduced a safety barcode system to facilitate effective reporting of unsafe acts and conditions by our employees. In addition, we implemented a systematic incident investigation procedure to promptly respond to safety and health incidents. When employees file incident reports, our Safety team investigates to determine the root cause of the incident, identifies potential hazards, and implement corrective actions to reduce the risk of future incidents.



## Sustainability Report (Cont'd)

Following an Occupational Safety and Health audit carried out in August 2022, three of our self-owned distribution centres achieved a 97.5% score, which is an A grade awarded by the Department of Occupational Safety and Health (“DOSH”) Malaysia, based on our promising performance of management systems, Emergency Response Plan, staff welfare check and safety policies. This achievement serves as a testament to our strong commitment to the well-being of our employees and the implementation of robust safety and health practices at our operations sites.



At our Procurement Logistics operation, we are committed to comply with the relevant laws and regulations prescribed by DOSH. All employees receive safety and job specific instructions and are required to follow a distinct step-by-step structure to complete their work tasks efficiently, and above all, safely.

Considering the potential scale of the consequences, our STS operation team ensures risk assessment is carried out prior to commencement of a transfer job, in accordance with the International Safety Management Code and our robust Safety Management System Manual. Risk mitigation measures and specific contingency plans, covering all possible emergencies alongside comprehensive response integrated with similar plans prepared according to local authorities’ requirements, are in place to ensure safe STS operation. Pre-STs briefing and technical details review are organised either on each floating storage unit individually or together with daughter vessels.

Our Transport operation and Bukit Raja Distribution Centre are certified with the ISO 39001: 2012 Road Traffic Safety (“RTS”) Management System, a testament to our commitment to road traffic safety. Through the development and implementation of an appropriate RTS policy, we ensured responsible operations, prioritising employee safety while further improving road safety and setting a positive example to others.



We strongly believe that a critical element of effective occupational safety and health initiatives is a proactive, ongoing process to identify and assess hazards. To this end, we engaged accredited assessors who are registered with the DOSH to perform chemical health risk assessment and noise risk assessment across all our operation sites, in June and July 2022 respectively.

The full chemical health risk assessment is conducted to identify and evaluate the level of exposure to chemicals across our sites. We are pleased to report that all results indicated compliance, and our control measures are adequately in place. The assessment recorded the lowest chemical hazard rating (rating of 1), indicating minimal risk of chemical exposure to our employees, attributing to the non-hazardous nature of chemicals present in our operation sites, which have no known adverse health effects. Despite this positive outcome, we will continue to prioritise preventive measures to maintain a safe working environment for all employees. These measures include maintaining clean sites and ensuring proper waste disposal to keep chemical exposure under control.

The noise risk assessment, on the other hand, carried out at 16 operation sites to evaluate the degree of exposure to noise sources and its impact on our employees. The assessment revealed that 87.5% of our operation sites were below the permissible noise limit of 85db(A). Only two of our warehouses recorded 87.16db(A) and 88.91db(A) respectively, which marginally exceeded permissible noise limit due to aging forklifts. To rectify the issue, we serviced the forklifts and strengthened internal control measures to prevent a recurrence of excessive noise levels that could potentially harm our employees’ health.



## Sustainability Report (Cont'd)

As we pursue our goal of creating a healthy workforce at CJ Century, we conduct regular compliance checks on the implementation of safe management measures across all our office premises and operation sites. We review incidents and near misses statistics through open reporting and root cause analysis, conduct site inspections and audits, and listen to employee feedback for appropriate corrective and/or preventative actions.

Through our effective control management system, we have successfully maintained a zero rate of workplace fatalities, major injury and occupational illness during the year under review. We are committed to reduce our incident rate by intensifying safety training programmes for all employees and tightening our controls on safety and health processes.

	FY2020	FY2021	FY2022
Fatalities	0	0	0
Number of Incidents	2	2	0
Incident Rate	3.39	1.69	0
Severity Rate	32.46	11.83	0

Notes:

\* The calculation of incident rate and severity rate are based on JKKP Form 8 by Department of Occupational Safety and Health. Incident rate = (Number of incident / Average number of employees) x 1,000 Severity rate = (Number of workday loss / Total manhours worked) x 1,000,000

Additionally, we constantly review and assess our Safety and Health Policy, OSH risks and management system. If necessary, we introduce new measures to promote best practices, improve safe and hygienic working conditions, and minimise workplace accidents. All employees are duly informed of any changes made. The Policy can be found on our website at [https://www.cjcentury.com/corp\\_governance](https://www.cjcentury.com/corp_governance).

### Community Engagement

Aligned with the UNSDGs, our sustainability commitment extends to the local communities. We are committed to enrich their lives and create a better shared future for the community we live and work in through social investments and corporate giving, focusing on education, healthcare and community enrichment programmes.

In FY2022, we contributed approximately RM320,000 to support community-based programmes aimed at improving underprivileged families and vulnerable groups. To reduce socio-economic disparities, we collaborated with various non-governmental organisations and social enterprises that have deep roots in the community to provide financial assistance. This includes:

- Worked with local relief efforts to help victims of flash floods rebuild their properties and lives
- Extended monetary aid to support the purchase of daily living necessities for families in preparation for festive celebrations and back-to-school programmes
- Contributed funds to support the community well-being programmes and cancer prevention activities

Upholding the believe that inclusive and quality education has a positive impact on the society, we continued to support education through provision of education aid to the underprivileged and Orang Asli community. We also donated to a local university to support its student empowerment programmes, and contributed our logistics expertise to facilitate the delivery of building materials and furniture to support a non-governmental organisation's mission in building transformative youth education programmes. Additionally, we supported education and empowerment programmes for less fortunate children in the music fraternity.

In our pursuit of becoming a sustainable logistics services provider, we recognise the importance of engaging with industry associations to gain valuable insights and perspectives. Additionally, we take a proactive and collaborative approach in participating in multi-sector forums to stay current on industry developments and trends.





### Sustainability Report (Cont'd)

To support the development of the next generation of logistics professionals, we organised industrial visits that provide practical support for logistics students and enabled them the opportunity to gain hands-on experience in day-to-day operations, including e-fulfilment processes, inbound and outbound logistics, and supply chain management. In FY2022, our efforts helped 46 students in improving their knowledge, better equipping them for success in the logistics industry.



We will extend this collaboration further in FY2023 where selected undergraduates from Universiti Tunku Abdul Rahman ("UTAR") will undergo internship with the Company as part of their course programme and gain 'on-the-job' exposure. This will provide opportunities for the Company to train these students as potential future employees and the UTAR logistics team can likewise gain working knowledge from the industry.

In the reporting year, the Company did not incur significant fines and non-monetary sanctions for non-compliance with laws and/or regulations.

 <p>Inducted into FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Syariah Indices</p>	<p><b>3</b> warehouses are rated grade A (97.5%) for occupational safety &amp; health compliance by DOSH</p>	 <p>Upgrading of haulage management system</p>	
<p>Achieved an overall <b>75%+</b> employee satisfaction rate across the Company</p>	 <p>Completion of assessment across Procurement Logistics operation</p>	<p>Publication of Sexual Harassment Policy</p>	<p>Installation of PV solar panels at of our own warehouses, totaling <b>2</b> <b>860+</b> kWp</p> 
<p>Opening of gym and reopening of futsal court @ BRDC Headquarters</p> 	<p>Implementation of minimum wage &amp; maximum working hours</p>	<p>Tracking of GHG emissions (Scope 1 &amp; 2)</p>	<p>Conducted</p> <ul style="list-style-type: none"> <li>Company - wide enterprise risk assessment</li> <li>Materiality Assessment</li> </ul>
<p>Revised Whistleblowing Policy &amp; Procedures and Grievances &amp; Disciplinary Manual</p>			

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board of 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 2022 (“**FY2022**”) as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) with reference to the following three (3) key principles under the leadership of the Board:

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

This overview statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MainLR**”) and should be read together with the CG Report of the Company for the FY2022 which is available on the Company’s website at [www.cjcentury.com](http://www.cjcentury.com).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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

- 1.1 The Board of CJ Century strives to ensure that all the Company’s strategic objectives are well-conveyed throughout the Company in order to achieve both short and long term goals of the Company as a fundamental part of discharging its responsibilities to protect and enhance value for all stakeholders and raise the performance of the Company. The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 (“**CA 2016**”), the MainLR, the MCCG, as well as the Company’s Constitution and the Board Charter in discharging its fiduciary duties and responsibilities. The Board had ensured that it set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

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 FY2022, all the Directors of the Company had attended appropriate training / briefing programmes to update and enhance their knowledge to enable them to discharge their duties more effectively as Directors and to keep abreast of the development in the marketplace. Below are the training / briefing programmes attended by each of the Directors:

Directors	Training / briefing programmes attended
Datuk Lee Say Tshin	<ul style="list-style-type: none"> <li>Cyber Security Awareness Training</li> </ul>
Teow Choo Hing	<ul style="list-style-type: none"> <li>Cyber Security Awareness Training</li> </ul>
Sung Hyunsup	<ul style="list-style-type: none"> <li>Understanding of Human Rights Management (CJ online)</li> <li>Climate Crisis and Corporate Sustainability (CJ online)</li> <li>Information Protection Webinar (CJ online)</li> <li>CJ only one philosophy: Integrity (CJ online)</li> <li>Korea &amp; Malaysia ESG Forum</li> <li>Cyber Security Awareness Training</li> <li>Sexual Harassment in the workplace (CJ online)</li> <li>A fair competition against corruption (CJ online)</li> </ul>

## Corporate Governance Overview Statement (Cont'd)

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

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

##### 1.1 (Cont'd)

Directors	Training / briefing programmes attended
Yeap Khoo Soon Edwin	<ul style="list-style-type: none"> <li>• Employment and Industrial Relations Webinar Series</li> <li>• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>• MEF National Conference 2022 – Breaking Barrier &amp; Embracing Next Norms</li> <li>• Amendments to the Employment Act</li> <li>• Transformational Leadership</li> <li>• Sustainability Does Matter: Investing for a Better Future</li> <li>• Cyber Security Awareness Training</li> <li>• TCFD: The core of Sustainability Reporting</li> </ul>
Saryani Binti Che Ab Rahman	<ul style="list-style-type: none"> <li>• Cyber Security Awareness Training</li> <li>• Security Commission Malaysia's Audit Oversight Board's Conversation with Audit Committees</li> </ul>
Winston Tan Kheng Huang	<ul style="list-style-type: none"> <li>• Cyber Security Awareness Training</li> <li>• Asian Business Law Institute - Utilising Singapore (and Other Offshore Jurisdictions) to Restructure Indonesian Companies</li> <li>• Asian Business Law Institute - Introduction to Company Law and Foreign Investment of Cambodia and Vietnam</li> <li>• The Law Society of Singapore - Facilitating Philanthropy: Taxation, Structures and Legacy Giving</li> </ul>
Park Chul Moon	<ul style="list-style-type: none"> <li>• Cyber Security Awareness Training</li> </ul>
Ko Young Ho (Appointed on 29 April 2022)	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Cyber Security Awareness Training</li> </ul>
Kang Chang Mo (Appointed on 24 August 2022)	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Cyber Security Awareness Training</li> </ul>

The Directors have also continuously kept themselves abreast of the relevant developments in regulations and the marketplace through the updates and briefings by the Company Secretaries, as well as briefings by Internal Auditors and External Auditors, communications with other Directors, as well as daily work exposures throughout the year.

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

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.

## Corporate Governance Overview Statement (Cont'd)

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

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

##### 1.2 The Chairman of the Board had during the FY2022:

- demonstrated leadership to the Board in discharging his duties and responsibilities effectively without limiting the principle of collective responsibility for the Board decisions;
- through the Company Secretary, set the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- led the conduct of the Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director;
- encouraged active participation and allowed dissenting views to be freely expressed;
- acted as the facilitator between the Board and the Management by coordinating smooth communication flow between both parties;
- ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole;
- led the Board in establishing and monitoring good corporate governance practices within the Group;
- reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed properly;
- chaired the general meetings of the Company and committed to answer queries from the shareholders; and
- worked with the Management in reviewing plans, defining issues, maintaining accountability and in any marketing efforts that would effectively position the Company to facilitate growth.

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

1.4 The Chairman of the Board is also the Chairman of the Nomination Committee (“**NC**”) and member of the two (2) Board Committees, namely the Audit Committee (“**AC**”) and Remuneration Committee (“**RC**”).

The Board took cognisance that having the same person assume the position of chairman of the Board and member of other board committees gives rise to the risk of self-review and may impair the objectivity of the chairman and the Board when deliberating on the observations and recommendations put forth by the board committees. However, Datuk Lee Say Tshin is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees.

## Corporate Governance Overview Statement (Cont'd)

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

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

- 1.5 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 are supported by a dedicated team of company secretarial personnel.

The Company Secretaries, or together with their representatives, had during the year:

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

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 the MAICSA for practicing chartered secretaries.

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

- 1.6 The Notice of the Board and Board Committee meetings are served to the Directors and Board Committee members at least five (5) business days in advance prior to the Board Meeting unless there is an exceptional case.

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

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



## Corporate Governance Overview Statement (Cont'd)

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

#### 2.0 Demarcation of Responsibilities

- 2.1 The Board has a Board Charter that is in line with the MCCG. The updated Board Charter clearly identifies the respective functions, 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 [https://www.cjcentury.com/corp\\_governance.php](https://www.cjcentury.com/corp_governance.php).

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, AC, NC and 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 [https://www.cjcentury.com/corp\\_governance.php](https://www.cjcentury.com/corp_governance.php) 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 2022 Corporate Governance Report.*

#### **NC**

During the FY2022, the NC comprised three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

Name	Designation	Directorship
Datuk Lee Say Tshin	Chairman	Independent Non-Executive Director
Winston Tan Kheng Huang	Member	Independent Non-Executive Director
Saryani Binti Che Ab Rahman	Member	Independent Non-Executive Director
Park Chul Moon	Member	Non-Independent Non-Executive Director

## Corporate Governance Overview Statement (Cont'd)

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

#### 2.0 Demarcation of Responsibilities

##### 2.1 (Cont'd)

##### **Activities of the NC**

During the FY2022, the NC had met once and performed the following activities in the discharge of its duties:

- Reviewed, assessed and recommended the appointment of two (2) Non-Independent Non-Executive Directors nominated by CJ Logistics Asia Pte. Ltd., the substantial shareholder of the Company
- Reviewed and recommended the changes in the composition of the AC and RC
- Recommended the re-election of the directors who are to retire by rotation at the Twenty-Fifth AGM of the Company
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system
- Reviewed the required mix of skills and experience and other qualities of the Board
- Evaluated the performance of the Board and the Board committees
- Assessed the independence of the Independent Directors of the Company
- Reviewed the term of office of the AC and assessed its effectiveness as a whole
- Reviewed training programmes for year 2022 for the Board
- Reviewed and recommended the Directors' Fit and Proper Policy for adoption

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. The assessment also took into consideration the criteria set out in the Directors' Fit and Proper Policy. 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 FY2022 is set out below:

Director	Designation	AC	NC	RC
Datuk Lee Say Tshin	Independent Non-Executive Director	4/4	1/1	0/1
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	0/1
Park Chul Moon	Non-Independent Non-Executive Director	Not member	1/1	Not member
Kang Chang Mo (Appointed on 24 August 2022)	Non-Independent Non-Executive Director	2/2	Not member	Not member
Kim Tae Gyun (Resigned on 24 August 2022)	Non-Independent Non-Executive Director	2/2	Not member	1/1
Sung Hyunsup	Deputy Chief Executive Officer	Not member	Not member	Not applicable*

\* There was no RC meeting held subsequent to his appointment as the Chairman of RC on 24 February 2022.

All other Directors do not sit on Board Committees.

## Corporate Governance Overview Statement (Cont'd)

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

#### 3.0 Good Business Conduct and Healthy Corporate Culture

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

The Code of Conduct and Ethics covered this following:

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

A copy of the Code of Conduct and Ethics is available on the Company's website at [https://www.cjcentury.com/corp\\_governance.php](https://www.cjcentury.com/corp_governance.php).

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 and procedure which is incorporated in the Code of Conduct and Ethics. If an employee has information or proof of any cases of corruption, fraud or malpractice, he/she is encouraged to bring the issue to the attention of the Whistleblowing Committee.

For the FY2022, there was no reported whistleblowing matter.

#### 4.0 Sustainability

- 4.1 The following are the five (5) approaches applied by the Company in achieving business sustainability:-

- (a) Strengthen balance sheet to enable business expansion;
- (b) Build capital and liquidity with implementation of aggressive cost control measures;
- (c) Drive sustainability-led initiatives group-wide, prioritising health and safety;
- (d) Accelerate adoption of digitalisation initiatives; and
- (e) Prioritise talent development capable of leading a high-performance organisation.

As part of the efforts in promoting and building sustainability momentum within the Group, the Management has strengthened the Environmental, Social and Governance ("ESG") integration into the group wide operations in the FY2022, with a particular focus on environmental and social dimensions. Please refer to the Sustainability Report in the Annual Report for further details.

- 4.2 The Company has engaged with stakeholders in a variety of ways which had been done at both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make informed decisions, while aligning the stakeholders' expectations with the Company's sustainability priorities and business approach.

## Corporate Governance Overview Statement (Cont'd)

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

#### 4.0 Sustainability (Cont'd)

- 4.3 The Board through the NC assesses the training programmes attended by each Director during the FY2022 to ensure that the Directors had and will continue to constantly keep themselves abreast on the relevant requirements and matters concerning the sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.
- 4.4 The Company has established a dedicated Sustainability Committee to embed decision-making and identify risks and opportunities related to sustainability factors. The functions of Sustainability Committee include establishing and reviewing objectives, strategies, action plans related to sustainability involving stakeholders' engagement. The Committee is tasked to report to the Board on the status of sustainability activities. As part of the sustainability initiative, the Company has also established the key performance indicators (KPI), identified action plans for all the sustainability matters and assigned responsibility to specific departments and individuals to track progress and compile results.

#### 5.0 Board Composition

- 5.1 The NC oversees and reviews on an on-going basis, the overall composition of the Board in term of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NC on an annual basis.
- 5.2 For the FY2022, the Board comprises nine (9) members, of which three (3) of them are Independent Non-Executive Directors, three (3) of them are Non-Independent Non-Executive Directors and three (3) of them are Executive Directors. Although less than half of the Board comprises Independent Directors, the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.
- 5.3 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 2022.
- 5.4 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years, being a step up practice.

## Corporate Governance Overview Statement (Cont'd)

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

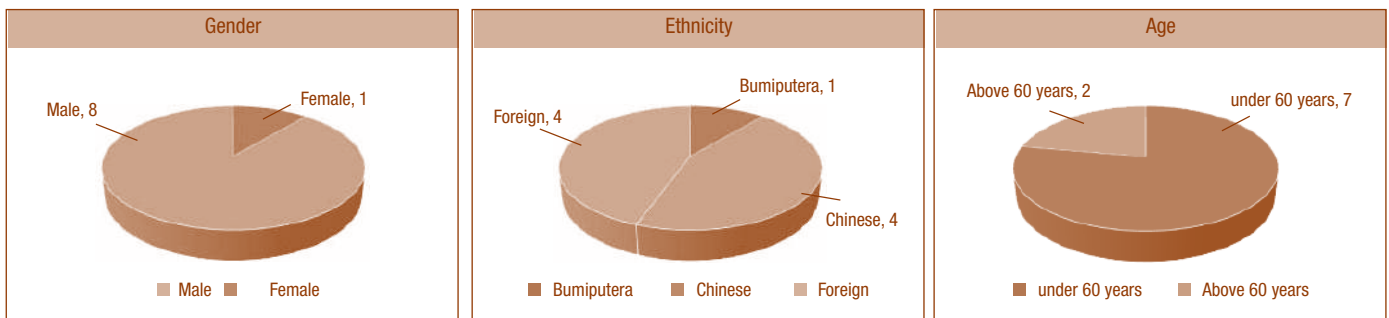
#### 5.0 Board Composition (Cont'd)

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

The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the NC based on the Directors' Fit and Proper Policy, and the NC will then recommend the candidates to be approved and appointed by the Board.

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

For the FY2022, there is one (1) female Director on the Board.



- 5.6 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 as well as the criteria set out in the Directors' Fit and Proper Policy.

CJ Logistics Corporation had nominated Ko Young Ho and Kang Chang Mo to be appointed as the Directors in place of Jonathan Park and Kim Tae Gyun who resigned on 29 April 2022 and 24 August 2022 respectively.

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 NC and the Board reviewed Ko Young Ho and Kang Chang Mo's credentials and believe that they are suitable and qualified to be appointed to the Board.

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.

- 5.7 The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board and Board Committee evaluation which includes the independence of Independent Non-Executive Director, if any.
- 5.8 The NC is chaired by Datuk Lee Say Tshin, the Independent Non-Executive 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.



## Corporate Governance Overview Statement (Cont'd)

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

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

- 5.9 The Board recognises that a gender-diverse Board could offer greater depth and breadth whilst the diversity at key senior management would lead to better decision-making.

Currently, there is one (1) female Director which represents less than 30% on the Board.

The Board affirms that appointment of more woman representatives to the Board and senior management will be prioritised when vacancies arise and when suitable candidates are identified.

- 5.10 The gender diversity strategies are set out in the Board Charter of the Company.

The Board is supportive of gender diversity in the Board composition as recommended by the MCCG and will endeavour to continuously identify and assess suitably qualified female candidates for nomination.

#### 6.0 Overall Effectiveness of the Board

- 6.1 The Board has, through the NC, conducted the following annual assessments in the FY2022:

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

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

#### 7.0 Level and Composition of Remuneration

- 7.1 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.

- 7.2 During the FY2022, the RC comprised only Non-Executive Directors and a majority of them are Independent Directors. Nonetheless, subsequent to the review of the NC and the approval of the Board to have the Directors best fit for the RC, there has recently been a change in the composition of the RC such that the RC now comprises a majority of Non-Executive Directors.

## Corporate Governance Overview Statement (Cont'd)

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

#### 8.0 Remuneration of Directors and Senior Management

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

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

Director	Salary, Bonus and EPF (RM)	Other benefits (RM)	Total (RM)
Teow Choo Hing, CEO	3,333,786	30,500	3,364,286
Yeap Khoo Soon Edwin, Executive Director	1,062,937	23,950	1,086,887

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

Director	Salary, Bonus and EPF (RM)	Other benefits (RM)	Total (RM)
Sung Hyunsup, Deputy CEO	932,270	581,483	1,513,753

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

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

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Datuk Lee Say Tshin	120,000	5,000	125,000
Saryani binti Che Ab Rahman	96,000	5,000	101,000
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 Non-Independent Non-Executive Directors, namely Park Chul Moon, Jonathan Park (to 29 April 2022), Kim Tae Gyun (to 24 August 2022), Ko Young Ho (from 29 April 2022) and Kang Chang Mo (from 24 August 2022) do not receive any fees or any other form of remuneration from the Company or the Group during the FY2022.

- 8.2 The Board is of the view that it is inappropriate to disclose the remuneration of the top five (5) senior management 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.
- 8.3 The Company is of the view that the disclosure of the detailed remuneration of each member of senior management on a named basis would not derive any tangible benefits to the stakeholders.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 9.0 Effective and Independent AC

- 9.1 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.

- 9.2 The TOR of the AC has been updated to incorporate the policy on observation of a cooling-off of three (3) years for a former key audit partner to the appointment as a member of the AC.

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

During the FY2022, the AC and the Board proposed and recommended that Messrs. Ernst & Young PLT be re-appointed as the external auditors of the Company and this was approved by the shareholders of the Company at the Twenty-Fifth AGM of the Company based on the credentials and resources of Messrs. Ernst & Young PLT, as well as their communication with the Audit Committee.

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

- 9.4 The AC comprises a majority of Independent Directors, which is in compliance with the MainLR.

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

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

#### 10.0 Risk Management and Internal Control Framework

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

The members of the Risk Management Committee comprises the CEO, Deputy CEO, the Executive Director and the Chief Operating Officer.

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.

## Corporate Governance Overview Statement (Cont'd)

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

#### 10.0 Risk Management and Internal Control Framework (Cont'd)

- 10.2 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.

- 10.3 The Company did not adopt the step up practice to have a Risk Management Committee comprises with majority of the independent Directors.

#### 11.0 Effective Governance, Risk Management and Internal Control Framework

- 11.1 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.

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

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

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

## Corporate Governance Overview Statement (Cont'd)

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

#### 12.0 Continuous Communication between the Company and Stakeholders

- 12.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensures that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.
- 12.2 The Company is not categorised as "Large companies" and hence, have not adopted integrated reporting based on a globally recognised framework.

#### 13.0 Encourage Shareholders Participation at General Meetings

- 13.1 The Notice for the Twenty-Fifth AGM that was scheduled to be held on 28 April 2022 was issued more than 28 days prior to the meeting to ensure that shareholders were given good lead time to read and consider the resolutions to be resolved.

The Notice of AGM provides explanation beyond the minimum content stipulated in the MainLR for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.

- 13.2 All the Directors of the Company attended the Twenty-Fifth AGM of the Company held on 28 April 2022 on a fully virtual basis to engage with shareholders and proxies proactively.

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

- 13.3 During the COVID-19 pandemic, the Company had taken the necessary precautions and preventive measures in complying with the directives issued by the Ministry of Health Malaysia. These include the option of remote shareholders and proxy participation at the AGM. At its virtual Twenty-Fifth AGM held on 28 April 2022, the Company had continued to leverage on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution.

The Company had engaged SS E Solutions Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling services, while Commercial Quest Sdn. Bhd. was the appointed independent scrutineer to verify the poll results.

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

- 13.5 The Board ensured the seamless experience for shareholders in participating the Twenty-Fifth AGM virtually by engaging SS E Solutions Sdn. Bhd. to act as the service provider of the Remote Participation and Voting facilities via the SSeP. To ensure effective communication with the shareholders at the virtual general meeting, questions posed by shareholders were displayed on the screen for all the meeting participants' reference.

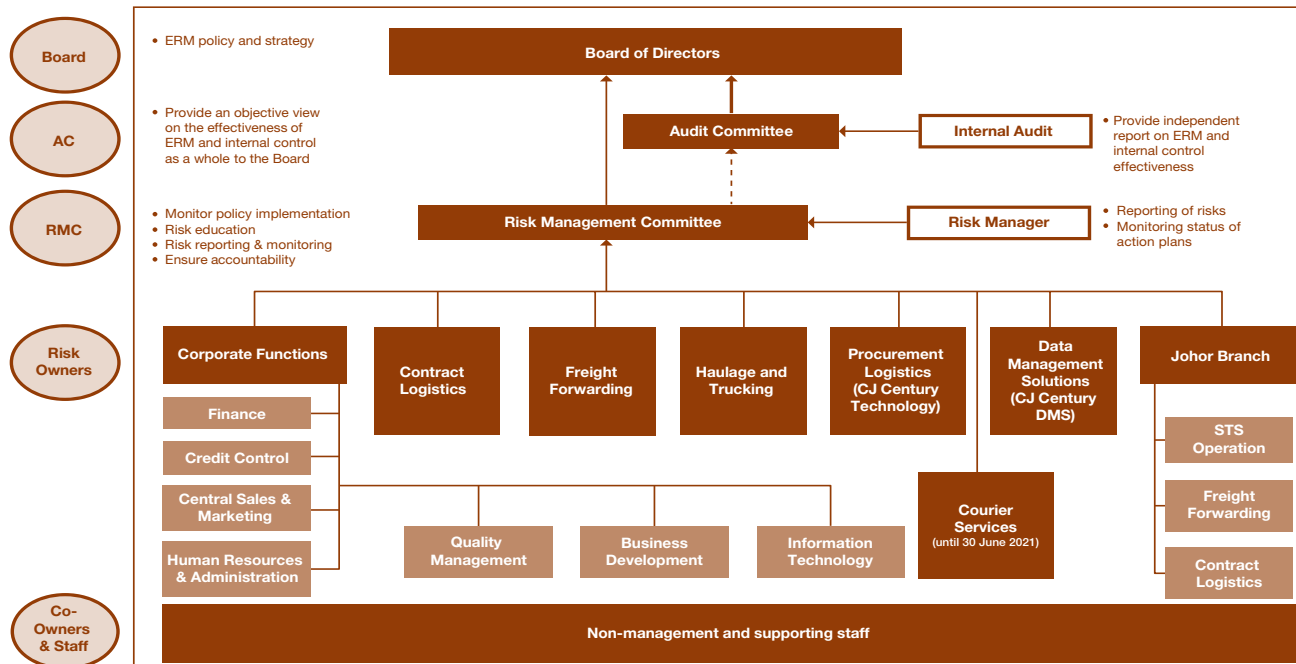
- 13.6 The Minutes of the Twenty-Fifth AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within thirty (30) business days after the Twenty-Fifth AGM at the Company's website at <https://www.cjcentury.com/investor-relations/agm.php#common>.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board passed on 24 February 2023.



# 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.

## Statement on Risk Management and Internal Control (Cont'd)

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.

## Statement on Risk Management and Internal Control (Cont'd)

### INTERNAL AUDIT

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

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

A total cost of RM63,000 was spent on internal audit activities in 2022.

### REVIEW BY BOARD

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

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

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

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

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

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

### CONCLUSION

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

The above statement is made in accordance with a resolution of the Board made on 24 February 2023.

## 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 2022, where a total of four (4) meetings were held, are as follows:

	Number of Meetings Attended/Held
Saryani Binti Che Ab Rahman <i>(Chairperson / Independent Non-Executive Director)</i>	4/4
Datuk Lee Say Tshin <i>(Member / Independent Non-Executive Director)</i>	4/4
Kang Chang Mo <i>(Member / Non-Independent Non-Executive Director)</i>	2/2
Winston Tan Kheng Huang <i>(Member / Independent Non-Executive Director)</i>	4/4

The Terms of Reference of the Audit Committee is available for reference on the Company's website at [https://www.cjcentury.com/corp\\_governance.php](https://www.cjcentury.com/corp_governance.php).

### SUMMARY OF WORK OF THE AUDIT COMMITTEE

The following summarises the work of the Audit Committee in the discharge of its functions and duties during the financial year ended 31 December 2022 and how it has met its responsibilities in line with the Duties and Responsibilities as stipulated in its Terms of Reference :

- (a) reviewed the unaudited quarterly reports on the consolidated results of the Group for all the relevant financial quarters prior to recommending the same for the Board of Directors ("Board") approval;
- (b) reviewed and discussed the relevant business and financial updates from management, including enquiring on management's plans and strategies, every quarter;
- (c) reviewed the recurrent related party transactions of a revenue or trading nature of the Group every quarter;
- (d) reviewed the trade receivables of the Group every quarter;
- (e) reviewed the status of litigations concerning the Group every quarter;
- (f) noted there was no whistleblowing incidents in the Group every quarter;
- (g) reviewed and confirmed the minutes of the Audit Committee meetings every quarter;
- (h) reviewed and received internal audit reports by the internal auditors, which included follow-ups on prior internal audits;
- (i) reviewed the annual audited financial statements of the Group while engaging actively with the external auditor prior to recommending the same for the Board's approval, taking into consideration significant risks and areas of audit focus, contingent liability, and compliance with the applicable approved accounting standards in Malaysia and other legal and regulatory requirements;
- (j) reviewed the external audit reports and assessed the auditor's findings and management's responses thereto in respect of the audit in respect of the financial year ended 31 December 2021;
- (k) reviewed and approved the external audit plan in respect of the financial year ended 31 December 2022, taking into consideration the areas of audit emphasis;
- (l) met privately twice with the external auditors without the presence of the executive directors and management during Audit Committee meetings to enquire on whether there were any issues to be highlighted to the Audit Committee, awareness of fraud concerning the Group, if any, and/or management cooperation level, as well as to share the Audit Committee's expectations of the external auditors;
- (m) reviewed and evaluated with the external and internal auditors, the adequacy of the internal control and risk management systems of the Group;
- (n) assessed the suitability, objectivity and independence of the external auditors prior to recommending their re-appointment to the Board to recommend to the shareholders for approval;

## Audit Committee Report (Cont'd)

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

- (o) reviewed the proposed external audit fees prior to recommending the same for the Board's approval;
- (p) reviewed and approved the revised internal audit plan, including changes as necessary for the years 2022 and 2023;
- (q) assessed the performance of the internal auditors;
- (r) reviewed and approved the proposed internal audit fees for years 2023 and 2024;
- (s) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Company's 2021 Annual Report;
- (t) reviewed the Circular to Shareholders dated 30 March 2022 in relation to the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Share Buy-Back Statement in relation to the Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Shares; and
- (u) reviewed the Terms of Reference of the Audit Committee to incorporate further corporate governance practices prior to recommending the same for the Board's approval.

### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the internal control system of the Group is satisfactory and operating effectively. The internal auditors adopted a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system.

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

A summary of the work of the internal audit function for the financial year ended 31 December 2022 is as follows:

- (a) Performed internal audit work in accordance with the pre-approved internal audit plan, focusing on transportation, operations, information technology, human resource and procurement logistics;
- (b) Followed up on the implementation of agreed action plans from past internal audits;
- (c) Carried out reviews on the systems of internal control of the Group in ensuring proper safeguarding of assets, maintenance of accurate records and transactions, monitoring the quality of assets, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;
- (d) Presented the internal audit reports to the Audit Committee at three of their meetings;
- (e) Discussed with the Audit Committee on the adequacy of the internal control and risk management systems of the Group; and
- (f) Presented and discussed with the Audit Committee on the revised internal audit plan for the years 2022 and 2023.

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



## DIRECTORS' RESPONSIBILITIES STATEMENT

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



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## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

### PRINCIPAL ACTIVITIES

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

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

### RESULTS

	The Group RM'000	The Company RM'000
Profit, net of tax	28,163	9,501
Attributable to:		
Owners of the company	28,151	9,501
Non-controlling interests	12	–
	28,163	9,501

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

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

### DIVIDEND

Dividend paid by the Company since 31 December 2021 is as follows:

In respect of financial year ended 31 December 2022:

	RM'000
Single tier interim dividend of 0.50 sen per ordinary share, declared on 25 August 2022 and paid on 27 September 2022.	2,910

On 24 February 2023, the directors declared a final single-tier dividend of 1.00 sen per ordinary share amounting to RM5,818,859 in respect of the financial year ended 31 December 2022. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2023.

## Directors' Report (Cont'd)

### DIRECTORS

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

Datuk Lee Say Tshin  
Teow Choo Hing  
Sung Hyunsup  
Yeap Khoo Soon Edwin  
Park Chul Moon  
Saryani Binti Che Ab Rahman  
Winston Tan Kheng Huang  
Ko Young Ho (appointed on 29 April 2022)  
Kang Chang Mo (appointed on 24 August 2022)  
Jonathan Park (resigned on 29 April 2022)  
Kim Tae Gyun (resigned on 24 August 2022)

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

Teow Choo Hing  
Sung Hyunsup  
Yeap Khoo Soon Edwin  
Heng Mon Sing  
Wan Zamil Hairiz Bin Harun  
Kim Pil Young  
Lee Hyo Hee  
Zurkarnain Bin Aziddin  
Park Chul Moon  
Mohamad Azlin Bin Dzulkifli (appointed on 17 January 2022)  
Mohd Najmi Bin Taslim (appointed on 28 February 2022)  
Sabarin Bin Ibrahim (resigned on 17 January 2022)  
Fadil Bin Saharudin (resigned on 28 February 2022)

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 21 to the financial statements.

The Directors' remuneration are as disclosed below:

	Group RM'000	Company RM'000
<b>Directors of the Company</b>		
Executive directors:		
Salaries and other emoluments	3,793	3,793
Defined contribution plans	606	606
	4,399	4,399
Non-executive directors:		
Fees:	288	288
	4,687	4,687

### INDEMNITY TO DIRECTORS

The Company maintained a Directors' and Officers' Liability Insurance ("D&O Insurance") of RM10,000,000 in respect of liabilities arising from civil claims against its directors and officers for alleged wrongful acts committed in their capacity as directors and officers while holding office for the Group and the Company.



## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS

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

	Balance as at 1.1.2022	Number of ordinary shares		Balance as at 31.12.2022
		Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interest</b>				
Teow Choo Hing	47,874,194	260,000	–	48,134,194
Yeap Khoo Soon Edwin	3,382,300	389,800	–	3,772,100

	Balance as at 1.1.2022	Number of ordinary shares		Balance as at 31.12.2022
		Bought	Sold	
<b>Indirect interest</b>				
Teow Choo Hing *	2,224,416	–	–	2,224,416
Datuk Lee Say Tshin *	80,000	–	–	80,000

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

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

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

### ISSUE OF SHARES

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

### TREASURY SHARES

During the financial year, the Company bought back 4,383,300 of its issued ordinary shares from the open market at average price of RM0.58 per share. The total consideration paid for the purchase was RM2,550,000.

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM6,747,000 as at year end.

### SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year is disclosed in Note 32 to the financial statements.

## Directors' Report (Cont'd)

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit loss and satisfied themselves that all known bad debts had been written off and that adequate allowance for expected credit loss had been made for receivables; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for expected credit loss in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which have arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### HOLDING COMPANIES

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

## Directors' Report (Cont'd)

### AUDITORS

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

### AUDITORS' REMUNERATION

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

The remuneration of the auditors for the financial year ended 31 December 2022 is as disclosed below:

	Group RM'000	Company RM'000
Statutory audit	560	108
Other services	10	10
	570	118

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 February 2023.

**TEOW CHOO HING**

**SUNG HYUNSUP**

## STATEMENT BY DIRECTORS

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

We, **Teow Choo Hing** and **Sung Hyunsup**, being two of the directors of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 76 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of its financial performance and the cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 February 2023.

**TEOW CHOO HING**

**SUNG HYUNSUP**

## STATUTORY DECLARATION

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

I, Kim Pil Young, being the Chief Financial Officer primarily responsible for the financial management of **CJ CENTURY LOGISTICS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 76 to 161 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Kim Pil Young  
at Selangor on 24 February 2023.

**KIM PIL YOUNG**

Before me,

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF CJ CENTURY LOGISTICS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of CJ CENTURY LOGISTICS HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 161.

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 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### *Basis for opinion*

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

#### *Independence and other ethical responsibilities*

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

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

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

#### 1. *Total logistics services revenue recognition*

(Refer to Note 2.5 (b) and Note 4 to the financial statements)

The Group's revenue is mainly derived from total logistics services rendered. Revenue recognised over time (i.e. over the period of service delivery) by the Group during the year from total logistics services amounted to RM651.4 million, representing 70% of the Group's revenue from continuing operations for the year ended 31 December 2022.

We have identified revenue recognition in respect of total logistics services recognised over time to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.



## Independent Auditors' Report (Cont'd)

### Report on the audit of the financial statements (Cont'd)

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

##### 1. Total logistics services revenue recognition (Cont'd)

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

- We obtained an understanding and tested the Group's internal controls over the amount of revenue recognised;
- We involved our information technology specialists to test the operating effectiveness of the automated controls over the amount of revenue recognised;
- We performed a correlation analysis between revenue, trade receivables and cash and bank balances using data analytics;
- We tested samples of transactions close to the year end, to establish whether the transactions were recorded in the correct accounting period;
- We tested samples of accrued billings and deferred income to establish whether the transactions were recorded in the correct accounting period.

##### 2. Impairment assessment of goodwill

(Refer to Note 2.5 (j), Note 3.2, and Note 16 to the financial statements)

The Group has goodwill balances amounting to RM23.4 million arising mainly from the acquisition of CJKX on 30 June 2020.

As required by MFRS 136 Impairment of Assets, an impairment review is performed on goodwill at least annually and when there is an indicator of impairment. In carrying out the impairment assessment of goodwill, management determined the recoverable amount based on the value-in-use ("VIU") calculation of the cash-generating unit ("CGU"). The recoverable amount of the CGU was higher than its carrying amount, and therefore, no impairment losses need to be recognised.

We focused on the impairment testing as the impairment assessment prepared is complex, and contains assumptions, particularly budgeted gross margin, growth rates and discount rates that are inherently uncertain. The key assumptions are as disclosed in Note 16 to the financial statements.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- We assessed the assumptions to determine if they are appropriate and supportable by comparing those assumptions with historical trends, actual Year-to-date results, and taking into consideration the current and expected outlook of the industry;
- We involved internal specialists to assess the appropriateness of the methodology adopted, the discount rate and terminal growth rate applied in the discounted cash flow projections;
- We assessed the mathematical accuracy of the VIU calculation; and
- We evaluated the Group's disclosure of key assumptions used in estimation and the sensitivity analysis.

## Independent Auditors' Report (Cont'd)

### Report on the audit of the financial statements (Cont'd)

#### *Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon which is expected to be made available to us after the date of this auditors' report.

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

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

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

#### *Responsibilities of the directors for the financial statements*

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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.

## Independent Auditors' Report (Cont'd)

### Report on the audit of the financial statements (Cont'd)

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### *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.

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

**Nurida Salwa Binti Mohd Muhili**  
No. 03371/06/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 February 2023

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operations</b>					
Revenue	4	930,396	843,022	10,000	-
Cost of sales	5	(796,572)	(717,210)	-	-
Gross profit		133,824	125,812	10,000	-
Other income		4,743	4,135	5,531	5,400
Interest income	9(a)	171	626	-	14
Administrative expenses		(57,925)	(58,029)	(5,663)	(5,576)
Finance costs	9(b)	(8,216)	(9,922)	(226)	(686)
Depreciation of property, plant and equipment and amortisation of intangible asset		(15,279)	(15,879)	-	-
Depreciation of right-of-use assets		(19,778)	(17,894)	-	-
<b>Profit/(loss) before tax from continuing operations</b>	6	37,540	28,849	9,642	(848)
Taxation	10	(9,377)	(9,911)	(141)	(105)
<b>Profit/(loss) for the year from continuing operations</b>		28,163	18,938	9,501	(953)
<b>Discontinued operation</b>					
Gain/(loss) from disposal of subsidiary		-	8,175	-	(12,531)
Loss after tax		-	(20,406)	-	-
<b>Loss for the year from discontinued operation</b>	15(a)	-	(12,231)	-	(12,531)
<b>Profit/(loss) for the year</b>		28,163	6,707	9,501	(13,484)
<b>Other comprehensive income/(loss):</b>					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations from continuing operations		15	(205)	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>		15	(205)	-	-
<b>Total comprehensive income/(loss) for the year</b>		28,178	6,502	9,501	(13,484)

## Statements of Comprehensive Income (Cont'd) for the financial year ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) attributable to:					
Owners of the Company					
- continuing operations		28,151	18,953	9,501	(953)
- discontinued operation		–	(12,231)	–	(12,531)
		28,151	6,722	9,501	(13,484)
Non-controlling interests					
- continuing operations		12	(15)	–	–
Profit/(loss) for the year		28,163	6,707	9,501	(13,484)
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- continuing operations		28,166	18,748	9,501	(953)
- discontinued operation		–	(12,231)	–	(12,531)
		28,166	6,517	9,501	(13,484)
Non-controlling interests					
- continuing operations		12	(15)	–	–
Total comprehensive income/(loss) for the year		28,178	6,502	9,501	(13,484)
<b>Earnings per ordinary share</b>					
Basic/diluted (sen)					
- continuing operations		4.83	3.23		
- discontinued operation		–	(2.08)		
	11	4.83	1.15		

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



## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	362,396	376,184	–	–
Other asset	13	60	–	–	–
Right-of-use assets	14	65,396	73,700	–	–
Investment in subsidiaries	15	–	–	111,275	111,275
Goodwill on consolidation	16	23,375	23,375	–	–
Deferred tax assets	17	397	2,140	17	132
Intangible asset	18	426	503	–	–
Amount owing by a subsidiary	21	–	–	178,871	191,175
<b>Total non-current assets</b>		<b>452,050</b>	<b>475,902</b>	<b>290,163</b>	<b>302,582</b>
<b>Current assets</b>					
Inventories	19	37,527	25,802	–	–
Trade receivables	20(a)	125,380	134,346	–	–
Other receivables, deposits and prepaid expenses	20(b)	21,731	40,487	28	16
Amount owing by subsidiaries	21	–	–	10,858	14,810
Amount owing by related parties	21	7,802	20,959	–	–
Amount owing by immediate holding company	21	576	1,082	–	–
Amount owing by intermediate holding company	21	484	152	–	–
Contract assets	22	19,896	23,580	–	–
Tax recoverable		4,225	1,922	187	–
Investment in money market funds	23	28,991	11,476	–	–
Deposits, cash and bank balances	23	69,595	43,134	8,430	198
<b>Total current assets</b>		<b>316,207</b>	<b>302,940</b>	<b>19,503</b>	<b>15,024</b>
<b>Total assets</b>		<b>768,257</b>	<b>778,842</b>	<b>309,666</b>	<b>317,606</b>

Statements of Financial Position (Cont'd)  
as at 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	24	300,043	300,043	300,043	300,043
Treasury shares	25	(6,747)	(4,197)	(6,747)	(4,197)
Reserves	26	151,003	125,747	14,693	8,102
Equity attributable to owners of the Company		444,299	421,593	307,989	303,948
Non-controlling interests		695	683	-	-
<b>Total equity</b>		<b>444,994</b>	<b>422,276</b>	<b>307,989</b>	<b>303,948</b>
<b>Non-current liabilities</b>					
Hire-purchase payables	27	4,268	6,331	-	-
Lease liabilities	14	3,920	6,536	-	-
Long-term borrowings	28	103,954	120,580	-	-
Deferred tax liabilities	17	8,150	7,930	-	-
<b>Total non-current liabilities</b>		<b>120,292</b>	<b>141,377</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables	29(a)	62,590	47,581	-	-
Other payables and accrued expenses	29(b)	57,827	70,064	1,677	1,145
Amount owing to related parties	21	84	394	-	-
Amount owing to immediate holding company	21	1,404	30,649	-	12,422
Amount owing to intermediate holding company	21	14,341	9,709	-	-
Hire-purchase payables	27	2,564	2,453	-	-
Lease liabilities	14	11,231	15,878	-	-
Short-term borrowings	30	50,626	33,637	-	-
Contract liabilities	22	757	3,882	-	-
Tax liabilities		1,547	942	-	91
<b>Total current liabilities</b>		<b>202,971</b>	<b>215,189</b>	<b>1,677</b>	<b>13,658</b>
<b>Total liabilities</b>		<b>323,263</b>	<b>356,566</b>	<b>1,677</b>	<b>13,658</b>
<b>Total equity and liabilities</b>		<b>768,257</b>	<b>778,842</b>	<b>309,666</b>	<b>317,606</b>

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Group	Note	Non-distributable reserves		Distributable reserves		Attributable to equity holders of the Company		Non-controlling interests RM'000	Total RM'000
		Treasury shares RM'000	Translation reserve RM'000	Retained earnings RM'000					
As at 1 January 2021									
Purchase of treasury shares	25	(3,368)	736	118,494	415,905	1,053	416,958		
Acquisition of non-controlling interest	15(b)	(829)	—	—	(829)	—	(829)		
		—	—	—	—	(355)	(355)		
Profit/(loss) for the year		—	—	6,722	6,722	(15)	6,707		
Other comprehensive loss for the year		—	(205)	—	(205)	—	(205)		
Total comprehensive (loss)/income for the year		—	(205)	6,722	6,517	(15)	6,502		
As at 31 December 2021		(4,197)	531	125,216	421,593	683	422,276		
As at 1 January 2022									
Purchase of treasury shares	25	(4,197)	531	125,216	421,593	683	422,276		
		(2,550)	—	—	(2,550)	—	(2,550)		
Profit for the year		—	—	28,151	28,151	12	28,163		
Other comprehensive income for the year		—	15	—	15	—	15		
Total comprehensive income for the year		—	15	28,151	28,166	12	28,178		
Dividend paid	31	—	—	(2,910)	(2,910)	—	(2,910)		
As at 31 December 2022		(6,747)	546	150,457	444,299	695	444,994		

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

Statements of Changes in Equity (Cont'd)  
for the financial year ended 31 December 2022

<b>The Company</b>		<b>Share capital RM'000</b>	<b>Non- distributable reserves  Treasury shares RM'000</b>	<b>Distributable reserves  Retained earnings RM'000</b>	<b>Total RM'000</b>
	<b>Note</b>				
As at 1 January 2021		300,043	(3,368)	21,586	318,261
Purchase of treasury shares	25	–	(829)	–	(829)
Total comprehensive loss for the year		–	–	(13,484)	(13,484)
<b>As at 31 December 2021</b>		<b>300,043</b>	<b>(4,197)</b>	<b>8,102</b>	<b>303,948</b>
As at 1 January 2022		300,043	(4,197)	8,102	303,948
Purchase of treasury shares	25	–	(2,550)	–	(2,550)
Total comprehensive income for the year		–	–	9,501	9,501
Dividend paid	31	–	–	(2,910)	(2,910)
<b>As at 31 December 2022</b>		<b>300,043</b>	<b>(6,747)</b>	<b>14,693</b>	<b>307,989</b>

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit/(loss) before tax					
- continuing operations		37,540	28,849	9,642	(848)
- discontinued operation		-	(12,231)	-	(12,531)
		37,540	16,618	9,642	(13,379)
Adjustments for:					
Depreciation of property, plant and equipment	6				
- continuing operations		15,202	15,763	-	-
- discontinued operation		-	1,951	-	-
Depreciation of right-of-use assets	6				
- continuing operations		19,778	17,894	-	-
- discontinued operation		-	778	-	-
Amortisation of intangible asset	18				
- continuing operations		77	116	-	-
Interest expense	9(b)				
- continuing operations		8,216	9,922	226	686
- discontinued operation		-	462	-	-
Property, plant and equipment written off	6				
- continuing operations		382	39	-	-
Allowance for expected credit loss on trade receivables	6				
- continuing operations		8	898	-	-
Allowance for expected credit loss ("ECL") on deposits with licensed bank	6				
- continuing operations		-	1,135	-	-
Impairment on other asset	6				
- continuing operations		-	60	-	-
Interest income	9(a)				
- continuing operations		(171)	(626)	-	(14)
Net (gain)/loss on disposal of property, plant and equipment	6				
- continuing operations		(708)	(311)	-	-
Net (gain)/loss on disposal of subsidiary	6				
- continuing operations		-	(8,175)	-	12,531
Gain on termination of leases	6				
- continuing operations		(17)	(50)	-	-
Balance carried forward to next page		80,307	56,474	9,868	(176)

## Statements of Cash Flows (Cont'd) for the financial year ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Balance brought forward from previous page		80,307	56,474	9,868	(176)
Net unrealised loss/(gain) on foreign exchange	6	(641)	1,263	–	492
- continuing operations		–	96	–	–
- discontinued operation					
Write back of allowance for expected credit loss	6	(1,374)	(1,970)	–	–
- continuing operations					
Write back of allowance for expected credit loss (“ECL”) on deposits with licensed bank	6	(1,135)	–	–	–
- continuing operations					
Reversal of impairment on other assets	6	(60)	–	–	–
- continuing operations					
Dividend income		–	–	(10,000)	–
<b>Operating profit/(loss) before working capital changes</b>					
		77,097	55,863	(132)	316
Movement in working capital:					
Changes in inventories		(11,725)	10,632	–	–
Changes in receivables		32,772	(3,290)	(12)	5
Changes in related companies balances		16,492	(3,407)	–	–
Changes in subsidiaries balances		–	–	26,256	532
Decrease in cash held on behalf of customers		–	3,475	–	–
Changes in payables		303	(2,649)	532	(7)
<b>Cash generated from operations</b>					
Tax paid		(9,112)	(6,299)	(304)	(249)
<b>Net cash generated from operating activities</b>					
		105,827	54,325	26,340	597



## Statements of Cash Flows (Cont'd) for the financial year ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of non-controlling interest in subsidiary company	15(b)	–	(355)	–	–
Increase in investment in a former subsidiary	15(a)	–	–	–	(19,000)
Interest received		171	626	–	14
Proceeds from disposal of property, plant and equipment		3,508	613	–	–
Proceeds from disposal of subsidiary	15(a)	–	1,241	–	7,472
Additions of property, plant and equipment (Note 1 below)		(3,949)	(10,040)	–	–
Proceeds from reversal of deposits pledged as securities		1,135	–	–	–
Increase in deposits pledged as securities		–	175	–	–
(Increase)/decrease in investment in money market funds		(17,515)	5,013	–	–
<b>Net cash used in investing activities</b>		<b>(16,650)</b>	<b>(2,727)</b>	<b>–</b>	<b>(11,514)</b>
<b>Cash flows from financing activities</b>					
Drawdown of bank borrowings		61,000	33,000	–	–
Repayment of bank borrowings		(60,637)	(49,676)	–	–
Advance received from immediate holding company		–	19,760	–	19,760
Interest paid		(8,216)	(10,384)	(226)	(686)
Repayment of hire-purchase payables		(2,599)	(7,303)	–	–
Repayment of principal portion of lease liabilities		(18,720)	(16,985)	–	–
Repayment of principal and interest portion of advance received from immediate holding company		(28,084)	(14,978)	(12,422)	(7,338)
Purchase of treasury shares	25	(2,550)	(829)	(2,550)	(829)
Dividend paid to shareholders		(2,910)	–	(2,910)	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(62,716)</b>	<b>(47,395)</b>	<b>(18,108)</b>	<b>10,907</b>

Statements of Cash Flows (Cont'd)  
for the financial year ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>		26,461	4,203	8,232	(10)
<b>Cash and cash equivalents at beginning of year</b>		43,134	38,931	198	208
<b>Cash and cash equivalents at end of year</b>	23	69,595	43,134	8,430	198
Cash and cash equivalents comprise of:					
Cash and bank balances		24,345	32,993	8,430	198
Deposits with licensed banks		45,250	10,141	–	–
		69,595	43,134	8,430	198

**Note 1**

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

	Note	The Group	
		2022 RM'000	2021 RM'000
Additions during the year	12	4,596	16,218
Less: Acquisition under hire-purchase arrangements		(647)	(6,178)
<b>Cash outflows</b>		<b>3,949</b>	<b>10,040</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2022

## 1. CORPORATE INFORMATION

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

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

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

The principal place of business of the Company is located at No 12, Persiaran Astana/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan, Malaysia.

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 24 February 2023.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Adoption of New Standards, Amendments to MFRSs and Issues Committee Interpretation ("IC Interpretation")

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

On 1 January 2022, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

Description	Effective for annual periods beginning on or after
Annual improvements to MFRS standards 2018 - 2020	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

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

## Notes to the Financial Statements (Cont'd)

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

#### 2.3 New Standards and Amendments to MFRSs Issued but Not Yet Effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 17 - Insurance Contracts	1 January 2023
Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 - Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## Notes to the Financial Statements (Cont'd)

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

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

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

#### 2.5 Summary of significant accounting policies

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

###### (i) Business combination

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

###### (ii) Goodwill

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

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

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

##### (b) Revenue

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

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

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

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



## Notes to the Financial Statements (Cont'd)

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

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

##### (b) Revenue (Cont'd)

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

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:

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

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

Performance obligations are as follows:

##### Total logistics services

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

## Notes to the Financial Statements (Cont'd)

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

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

##### (b) Revenue (Cont'd)

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

###### Procurement logistics services

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

Except for contract logistics revenue, which is measured over time, revenue from contract manufacturing of electrical products are recognised at a point in time when control of goods has been transferred to the customers, being at the point the manufactured products are placed at the disposal of the customers based on the agreed-upon shipping term.

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

###### Trading of resin

Revenue from trading of resin is recognised when the Group has transferred control of the goods to the customer, being the point in time when the goods have been delivered to the customer and upon its acceptance.

###### (ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

##### (c) Employee benefits

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

##### (d) Income tax

###### (i) Current tax

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

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

###### (ii) Deferred tax

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

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

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

##### (e) Foreign currencies

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

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

###### (ii) Foreign currency transactions

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

##### (ii) Foreign currency transactions (Cont'd)

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

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

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

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

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

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

Buildings	2% - 10%
Improvements and renovations	10%
Motor vehicles	10% - 20%
Warehouse, office and other equipment	10% - 33%

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

##### (g) Inventories

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

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

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

##### (i) Financial instruments

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

##### (i) Financial assets

###### Initial recognition and measurement

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

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

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

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

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



## Notes to the Financial Statements (Cont'd)

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

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

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

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

###### Subsequent measurement

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

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

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

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

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

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

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

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

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

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

The Group's financial assets at fair value through profit or loss include investment in money market funds.

## Notes to the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

##### Derecognition

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

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

###### Impairment of financial assets

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

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

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

##### (ii) Financial liabilities

###### Initial recognition and measurement

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

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

###### Subsequent measurement

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

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

##### Derecognition

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

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

##### (k) Provisions

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

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

## Notes to the Financial Statements (Cont'd)

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

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

##### (I) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

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

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

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

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

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

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



## Notes to the Financial Statements (Cont'd)

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

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

##### (o) Leases

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

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

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

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

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

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

###### As a lessee

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

##### (ii) Recognition and initial measurement (Cont'd)

###### As a lessee (Cont'd)

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

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

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

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

###### As a lessor

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

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

###### (iii) Subsequent measurement

###### As a lessee

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

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

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

###### As a lessor

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

##### (p) Borrowing costs

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

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

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

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

## Notes to the Financial Statements (Cont'd)

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

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

**(r) Investment in subsidiaries**

Investments in subsidiary companies are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments, the difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss.

**(s) Discontinued operation**

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the statement of comprehensive income, which comprise of the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation. The comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**(t) Intangible assets**

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Customer relationship

It is arising from the acquisition of subsidiary company, which is separately identifiable, is stated at cost and amortised on a straight-line basis over a period of 8 years.

## Notes to the Financial Statements (Cont'd)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### 3.1 Judgements made in applying accounting policies

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

#### 3.2 Key sources of estimation uncertainty

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

##### 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 to apply a suitable discount rate in order to calculate present value of those cash flows.

Changes in these estimations may affect the carrying value of the assets. The carrying amount of goodwill at the reporting date is disclosed in Note 16.

## Notes to the Financial Statements (Cont'd)

### 4. REVENUE

Set out below is the disaggregation of the Group's and the Company's revenue:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operations</b>				
Total logistics services	701,079	669,639	-	-
Procurement logistics services	229,317	173,383	-	-
Dividend income	-	-	10,000	-
	930,396	843,022	10,000	-
<b>Timing of revenue recognition:</b>				
<b>Continuing operations</b>				
<b>Over time:</b>				
<u>Total logistics services</u>				
Freight forwarding	372,531	360,401	-	-
Contract logistics	176,476	156,989	-	-
Oil logistics	41,400	38,774	-	-
Transportation	60,648	59,254	-	-
Data management services	311	217	-	-
Rental	-	713	-	-
	651,366	616,348	-	-
<u>Procurement logistics services</u>				
Contract logistics	7,107	5,160	-	-
<b>At a point in time:</b>				
<u>Total logistics services</u>				
Trading of resin	49,713	53,291	-	-
<u>Procurement logistics services</u>				
Assembling services	9,517	9,138	-	-
Contract manufacturing	212,693	159,085	-	-
	222,210	168,223	-	-
<u>Dividend income</u>	-	-	10,000	-
	930,396	843,022	10,000	-

## Notes to the Financial Statements (Cont'd)

### 5. COST OF SALES

(a) Cost of sales comprises of:

	The Group	
	2022 RM'000	2021 RM'000
<b>Continuing operations</b>		
Direct operating costs	742,579	665,554
Direct staff costs	53,993	51,656
	796,572	717,210

(b) Expenses classified by nature are as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operations</b>				
Direct operating costs	742,579	665,554	-	-
Staff costs, included under:				
Cost of sales	53,993	51,656	-	-
Administrative expenses	34,032	30,953	4,890	4,139
	88,025	82,609	4,890	4,139
Depreciation of property, plant and equipment and amortisation of intangible asset	15,279	15,879	-	-
Depreciation of right-of-use assets	19,778	17,894	-	-
Finance costs	8,216	9,922	226	686
Other expenses	23,893	27,076	773	1,437
	897,770	818,934	5,889	6,262



## Notes to the Financial Statements (Cont'd)

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

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>After charging:</b>				
Rental expenses of:				
- premises				
- continuing operations	1,095	2,101	-	-
- discontinued operation	-	97	-	-
- motor vehicles and equipment				
- continuing operations	5,865	6,275	-	-
- discontinued operation	-	1,044	-	-
Depreciation of property, plant and equipment				
- continuing operations	15,202	15,763	-	-
- discontinued operation	-	1,951	-	-
Depreciation of right-of-use assets				
- continuing operations	19,778	17,894	-	-
- discontinued operation	-	778	-	-
Amortisation of intangible asset				
- continuing operations	77	116	-	-
Allowance for expected credit loss ("ECL")				
- continuing operations	8	898	-	-
Auditors' remuneration:				
- statutory audit				
- continuing operations	560	530	108	100
- other services				
- continuing operations	10	10	10	10
Property, plant and equipment written off				
- continuing operations	382	39	-	-
Loss on disposal of subsidiary	-	-	-	12,531
Impairment on other asset				
- continuing operations	-	60	-	-
Allowance for ECL on deposits with licensed bank				
- continuing operations	-	1,135	-	-
Loss on foreign exchange				
- realised				
- continuing operations	802	-	409	-
- unrealised				
- continuing operations	177	1,263	-	492
- discontinued operation	-	96	-	-
<b>And crediting:</b>				
Gain on foreign exchange:				
- realised				
- continuing operations	1,718	1,711	491	-
- unrealised				
- continuing operations	818	-	-	-
Net gain on disposal of property, plant and equipment				
- continuing operations	708	311	-	-
Gain on termination of lease				
- continuing operations	17	50	-	-
Gain from disposal of subsidiary	-	8,175	-	-
Reversal of allowance for expected credit loss ("ECL")				
- continuing operations	1,374	1,970	-	-
Reversal of allowance for ECL on deposits with licensed bank				
- continuing operations	1,135	-	-	-
Reversal of impairment on other asset				
- continuing operations	60	-	-	-

## Notes to the Financial Statements (Cont'd)

### 7. STAFF COST

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries	75,436	78,584	4,162	3,539
Defined contribution plans	8,317	9,645	642	498
Other staff related expenses	4,272	6,390	86	102
	88,025	94,619	4,890	4,139
Continuing operations	88,025	82,609	4,890	4,139
Discontinued operation	–	12,010	–	–
	88,025	94,619	4,890	4,139

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

### 8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Directors of the Company</b>				
Executive directors:				
Salaries and other emoluments	3,793	3,334	3,793	3,334
Defined contribution plans	606	533	606	533
	4,399	3,867	4,399	3,867
Non-executive directors:				
Fees	288	288	288	288
	4,687	4,155	4,687	4,155
<b>Directors of subsidiaries</b>				
Executive directors:				
Salaries and other emoluments	2,757	2,392	–	–
Defined contribution plans	174	185	–	–
Fees	47	–	–	–
	2,978	2,577	–	–
<b>Total</b>	7,665	6,732	4,687	4,155

## Notes to the Financial Statements (Cont'd)

### 8. DIRECTORS' REMUNERATION (CONT'D)

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 RM348,286 (2021: RM196,266) and RM51,950 (2021: RM39,450) respectively.

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

	Number of directors	
	2022	2021
<b>Executive directors:</b>		
RM900,001 - RM950,000	–	1
RM1,050,001 - RM1,100,000	1	–
RM2,900,001 - RM2,950,000	–	1
RM3,300,001 - RM3,350,000	1	–
	2	2
<b>Non-executive directors:</b>		
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1
<b>Total</b>	<b>5</b>	<b>5</b>

For the financial year ended 31 December 2022, one executive director and five non-independent non-executive directors did not receive any fees or any other form of remuneration from the Company.

For the financial year ended 31 December 2021, two executive directors and four non-independent non-executive directors did not receive any fees or any other form of remuneration from the Company.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operations</b>				
Interest income on short-term deposits	171	626	–	14

## Notes to the Financial Statements (Cont'd)

### 9. INTEREST INCOME AND FINANCE COSTS (CONT'D)

#### (b) Finance costs

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
Term loan	4,468	5,383	-	-
Hire-purchase	395	770	-	-
Bank overdraft	157	-	-	-
Bank guarantee	219	244	-	-
Revolving credit	1,492	1,084	-	-
Amount owing to immediate holding company	386	1,505	226	686
Lease liabilities (Note 14)	1,099	1,398	-	-
	8,216	10,384	226	686
Continuing operations	8,216	9,922	226	686
Discontinued operation	-	462	-	-
	8,216	10,384	226	686

### 10. TAXATION

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Continuing operations</b>				
<b>Current income tax</b>				
Current year	8,700	9,489	22	280
(Over)/under provision in prior years	(1,286)	467	4	(43)
	7,414	9,956	26	237
<b>Deferred income tax</b>				
Relating to origination and reversal of temporary differences	2,180	1,016	(1)	(129)
(Over)/under provision in prior years	(217)	(1,061)	116	(3)
	1,963	(45)	115	(132)
<b>Taxation</b>	9,377	9,911	141	105

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit/(loss) for the year.

## Notes to the Financial Statements (Cont'd)

### 10. TAXATION (CONT'D)

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax from continuing operations	37,540	28,849	9,642	(848)
Loss before tax from discontinued operation	–	(12,231)	–	(12,531)
<b>Profit/(loss) before tax</b>	<b>37,540</b>	<b>16,618</b>	<b>9,642</b>	<b>(13,379)</b>
Tax at the statutory tax rate of 24% (2021: 24%)	9,010	3,988	2,314	(3,211)
Expenses that are not deductible	1,686	6,546	107	3,362
Income not subject to tax	(279)	(72)	(2,400)	–
Deferred tax assets not recognised	463	53	–	–
Utilisation of deferred tax assets not recognised	–	(10)	–	–
(Over)/under provision of income tax in prior years	(1,286)	467	4	(43)
(Over)/under provision of deferred tax in prior years	(217)	(1,061)	116	(3)
<b>Taxation</b>	<b>9,377</b>	<b>9,911</b>	<b>141</b>	<b>105</b>

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

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

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

	The Group	
	2022	2021
Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)		
- continuing operations	28,151	18,953
- discontinued operation	–	(12,231)
	<b>28,151</b>	<b>6,722</b>
Weighted average number of ordinary shares in issue ('000)	583,155	586,919
Basic/diluted earnings/(loss) per share (sen)		
- continuing operations	4.83	3.23
- discontinued operation	–	(2.08)
	<b>4.83</b>	<b>1.15</b>

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are the same as the Company has no dilutive potential ordinary shares as at the end of the reporting date.

Notes to the Financial Statements  
(Cont'd)

## 12. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Buildings RM'000	Improvements and renovation RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Capital assets in- progress RM'000	Total RM'000
<b>Cost</b>							
As at 1 January 2021	78,349	290,302	17,856	74,166	52,800	12,647	526,120
Additions	-	982	867	8,889	5,396	84	16,218
Disposals	-	-	(325)	(1,326)	(1,051)	-	(2,702)
Write-offs	-	-	(84)	-	(463)	-	(547)
Disposal of a subsidiary	-	-	(915)	(28,213)	(11,224)	-	(40,352)
Reclassification	-	11,209	27	-	1,391	(12,627)	-
As at 31 December 2021/ 1 January 2022	78,349	302,493	17,426	53,516	46,849	104	498,737
Additions	-	19	-	869	2,701	1,007	4,596
Disposals	-	(74)	-	(13,111)	(6)	-	(13,191)
Write-offs	-	-	-	-	(818)	-	(818)
Reclassification	-	-	-	-	104	(104)	-
As at 31 December 2022	78,349	302,438	17,426	41,274	48,830	1,007	489,324
<b>Accumulated depreciation</b>							
As at 1 January 2021	-	36,150	11,426	42,095	28,663	-	118,334
Charge for the year	-	6,571	1,714	4,674	4,755	-	17,714
Disposals	-	-	(325)	(1,176)	(899)	-	(2,400)
Write-offs	-	-	(63)	-	(445)	-	(508)
Disposal of a subsidiary	-	-	(256)	(7,749)	(2,582)	-	(10,587)
As at 31 December 2021/ 1 January 2022	-	42,721	12,496	37,844	29,492	-	122,553
Charge for the year	-	6,663	1,618	2,645	4,276	-	15,202
Disposals	-	(14)	-	(10,375)	(2)	-	(10,391)
Write-offs	-	-	-	-	(436)	-	(436)
As at 31 December 2022	-	49,370	14,114	30,114	33,330	-	126,928

Notes to the Financial Statements  
(Cont'd)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

	Freehold land RM'000	Buildings RM'000	Improvements and Renovation RM'000	Motor vehicles RM'000	Warehouse, office and other Equipment RM'000	Capital assets in- progress RM'000	Total RM'000
<b>Net carrying amount</b>							
As at 31 December 2021	78,349	259,772	4,930	15,672	17,357	104	376,184
As at 31 December 2022	78,349	253,068	3,312	11,160	15,500	1,007	362,396



## Notes to the Financial Statements (Cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Property, plant and equipment with carrying amount totalling RM300,922,722 (2021: RM306,852,227) were charged to financial institutions as securities for term loans of the Group (Note 28).
- (b) Net carrying amount of motor vehicles and equipment acquired under hire-purchase arrangements amounted to RM11,199,939 (2021: RM13,394,496). These motor vehicles have been charged to local licensed financial institutions for hire-purchase payables as described in Note 27.

### 13. OTHER ASSET

	The Group	
	2022 RM'000	2021 RM'000
<b>At cost</b>		
Transferable club membership	–	60
Less: Impairment	–	(60)
Add: Reversal of impairment	60	–
	60	–

### 14. LEASES

#### Group as a lessee

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

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

Notes to the Financial Statements  
(Cont'd)

## 14. LEASES (CONT'D)

## Group as a lessee (Cont'd)

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

	<b>The Group RM'000</b>
<b>Cost</b>	
As at 1 January 2021	100,806
Additions	21,363
Disposal of subsidiary	(5,171)
Termination	(10,560)
<hr/>	
As at 31 December 2021/1 January 2022	106,438
Additions	12,298
Termination	(15,340)
<hr/>	
As at 31 December 2022	103,396
<hr/>	
<b>Accumulated depreciation</b>	
As at 1 January 2021	23,720
Charge for the year	18,672
Termination	(8,481)
Disposal of subsidiary	(2,909)
<hr/>	
As at 31 December 2021/1 January 2022	31,002
Charge for the year	19,778
Termination	(14,516)
<hr/>	
As at 31 December 2022	36,264
<hr/>	
<b>Accumulated impairment</b>	
As at 1 January 2021/ 31 December 2021/ 1 January 2022/ 31 December 2022	1,736
<hr/>	
<b>Carrying amount</b>	
As at 31 December 2021	73,700
<hr/>	
As at 31 December 2022	65,396
<hr/>	

## Notes to the Financial Statements (Cont'd)

### 14. LEASES (CONT'D)

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

During the financial year, the Group recognised an amount of RM5,538,739 and RM1,420,890 (2021: RM7,232,981 and RM2,283,944) of short-term leases and leases of low value assets on a straight-line basis as expenses, respectively.

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

	The Group	
	2022 RM'000	2021 RM'000
As at 1 January	22,414	22,499
Additions	12,298	21,363
Termination	(841)	(2,129)
Disposal of subsidiary	–	(2,334)
Interest expenses (Note 9(b))	1,099	1,398
Payment of lease rental	(19,819)	(18,383)
<b>As at 31 December</b>	<b>15,151</b>	<b>22,414</b>
<b>Analysed into</b>		
Non-current	3,920	6,536
Current	11,231	15,878
	<b>15,151</b>	<b>22,414</b>

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

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
<b>2021</b>			
<b>Group</b>			
Current	16,306	(428)	15,878
Non-current	7,066	(530)	6,536
	<b>23,372</b>	<b>(958)</b>	<b>22,414</b>
<b>2022</b>			
Current	11,498	(267)	11,231
Non-current	4,270	(350)	3,920
	<b>15,768</b>	<b>(617)</b>	<b>15,151</b>

Notes to the Financial Statements  
(Cont'd)

## 15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Unquoted shares	120,848	120,848
Less: Accumulated impairment losses	(9,573)	(9,573)
	111,275	111,275

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

	Effective interest		Place of incorporation and operation	Principal activities
	2022 %	2021 %		
<b>Direct subsidiaries</b>				
CJ Century Logistics Sdn. Bhd.	100	100	Malaysia	Total logistics services
CJ Century Technology Sdn. Bhd.	100	100	Malaysia	Procurement logistics services
Century Logistics Sdn. Bhd.	100	100	Malaysia	Investment holding
CJ Century Forwarding Sdn. Bhd. # @	70	70	Malaysia	Freight forwarding and shipping agency
CJ Korea Express Malaysia Sdn. Bhd.	100	100	Malaysia	Investment holding, providing total logistics solutions and trading in resin products
<u>Subsidiaries of Century Logistics Sdn. Bhd.</u>				
Storewell (M) Sdn. Bhd.	100	100	Malaysia	Bonded warehousing
CJ Century DMS Sdn. Bhd.	100	100	Malaysia	Data management solution
Century-YES Logistics (Yichun) Co. Ltd. ^ #	75	75	People's Republic of China	Dormant
<u>Subsidiary of CJ Century Technology Sdn. Bhd.</u>				
CJ Procurement Sdn. Bhd. **	100	100	Malaysia	Commenced winding up procedures

## Notes to the Financial Statements (Cont'd)

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

	Effective interest		Place of incorporation and operation	Principal activities
	2022 %	2021 %		
<u>Subsidiaries of CJ Korea</u>				
<u>Express Malaysia Sdn. Bhd.</u>				
CJ Korea Express Forwarding Malaysia Sdn. Bhd.*	100	100	Malaysia	Forwarding and its related services
EC Services Enterprise Sdn. Bhd. *	100	100	Malaysia	Transport, haulage and cleaning services
EC Distribution Sdn. Bhd.	100	100	Malaysia	Warehousing services
Tad Raya OffShore Sdn. Bhd.	100	100	Malaysia	Warehousing and storage services and other related activities

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

\*\* The Company is in the process of winding up during the year ended 31 December 2022 and audited by other firm of auditors other than Ernst & Young PLT.

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

@ A director of the Company's subsidiary has 30% equity interest in this subsidiary. During the financial year, this subsidiary has provided freight forwarding services amounting to RM393,800 (2021: RM275,300) to CJ Century Logistics Sdn. Bhd.

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

#### (a) Disposal of CJ Logistics Express Malaysia Sdn. Bhd. ("CJLEM")

On 17 December 2020, CJLEM has entered into the Business Transfer Agreement to acquire the courier service business ("the discontinued operation") from CJ Century Logistics Sdn. Bhd. Effective 17 December 2020, the discontinued operation has been reorganised to operate by CJLEM.

On 4 June 2021, the Company entered into a sale and purchase agreement with CJ Logistics Asia Pte. Ltd. for the disposal of its courier services business through the divestment of its 100% equity interest in CJLEM for a total cash consideration of RM7,472,000 ("Disposal"). The Disposal was completed on 1 July 2021. As a result, CJLEM ceased to be a subsidiary of the Group.

Notes to the Financial Statements  
(Cont'd)

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

## (a) Disposal of CJ Logistics Express Malaysia Sdn. Bhd. ("CJLEM") (Cont'd)

The results of the discontinued operation are presented as below:

	<b>The Group 1.1.2021 to 1.7.2021 RM'000</b>
Revenue	26,501
Cost of sales	(41,048)
<hr/>	
Gross loss	(14,547)
Administrative expenses	(2,668)
Finance costs	(462)
Depreciation of property, plant and equipment	(1,951)
Depreciation of right-of-use	(778)
<hr/>	
Loss before tax	(20,406)
Taxation	-
<hr/>	
Loss after tax	(20,406)
Gain on disposal of a subsidiary	8,175
<hr/>	
Loss after tax from discontinued operation	(12,231)
<hr/>	
<b>Net cash flows from discontinued operation:</b>	
	<b>The Group 1.1.2021 to 1.7.2021 RM'000</b>
Net cash used in operating activities	(10,844)
Net cash used in investing activities	(31,716)
Net cash generated from financing activities	47,791
<hr/>	
Net cash inflows	5,231
<hr/>	

## Notes to the Financial Statements (Cont'd)

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

#### (a) Disposal of CJ Logistics Express Malaysia Sdn. Bhd. ("CJLEM") (Cont'd)

Below are the effects of the disposal on the financial position and the cash flows of the Group:

	<b>RM'000</b>
Property, plant and equipment	29,765
Right-of-use assets	2,262
Trade receivables	5,329
Amount owing by related companies	61
Amount owing by intermediate holding company	11
Other receivables, deposits and prepaid expenses	1,814
Cash and bank balances	6,231
Lease liabilities	(2,334)
Short-term borrowings	(20,000)
Trade payables	(1,275)
Amount owing to related companies	(1,987)
Amount owing to immediate holding company	(4,069)
Other payables and accrued expenses	(6,478)
Hire-purchase payables	(10,033)
<hr/>	
Share of net liabilities disposed	(703)
Gain on disposal	8,175
<hr/>	
Total sale consideration	7,472
Less: Cash and cash equivalent of subsidiary disposed	(6,231)
<hr/>	
Net cash inflow from disposal of subsidiary	1,241

Below are the effects of the disposal on the financial position and the cash flows of the Company:

	<b>RM'000</b>
Cost of investment as at 1 January 2021	1,003
Add: Subscription of new ordinary share (i)	19,000
<hr/>	
Cost of investment on disposal date	20,003
Loss on disposal	(12,531)
<hr/>	
Total sale consideration, representing the net cash inflow from disposal of subsidiary	7,472

(i) On 29 January 2021, the Company acquired 19,000,000 new ordinary shares at an issue price of RM1 each from CJLEM via cash.

#### (b) Acquisition of non-controlling interest in CJ Century DMS Sdn. Bhd.

On 20 August 2021, Century Logistics Sdn. Bhd., a direct wholly owned subsidiary of the Group, completed the acquisition of the remaining 30% equity interest in CJ Century DMS Sdn. Bhd. ("DMS") for a cash consideration of RM355,000. As a result, DMS became a wholly owned subsidiary of the Group.



## Notes to the Financial Statements (Cont'd)

### 16. GOODWILL ON CONSOLIDATION

	The Group	
	2022 RM'000	2021 RM'000
<b>Cost</b>		
At 1 January/ 31 December	23,375	23,375

As at year ended 31 December 2022, the carrying amounts were allocated to the Group's cash-generating units ("CGU") as follows:

	The Group	
	2022 RM'000	2021 RM'000
CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")	21,932	21,932
Oil logistics	818	818
Lot 8 contract logistics	625	625
	23,375	23,375

The Group tests goodwill annually for impairment. The Group determines the recoverable amounts based on the value-in-use ("VIU") calculation using cash flows projections from financial budgets approved by management covering a three-year period. The pre-tax discount rate applied to the cash flows projections and the forecasted growth rates used to extrapolate cash flows beyond the three-year period are 14.6% (2021: 15.6%) and 2% (2021: 2%) respectively.

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

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

## Notes to the Financial Statements (Cont'd)

### 16. GOODWILL ON CONSOLIDATION (CONT'D)

#### Sensitivity to change in assumptions

#### CGUs of total logistics segment in CJKX Group

- An increase of 0.5 percentage point in the discount rate used would have decreased the VIU by RM8,396,000 (2021: RM6,045,000).
- A decrease of 0.5 percentage point in the terminal growth rate used would have decreased the VIU by RM7,110,000 (2021: RM5,128,000).
- A decrease of 0.5 percentage point in the budgeted gross margin used would have decreased the VIU by RM13,826,000 (2021: RM17,675,000).

CGUs of total logistics segment in oil logistics and Lot 8 contract logistics are not sensitive to change in assumptions.

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	5,790	5,835	(132)	-
Recognised in profit or loss (Note 10)	1,963	(45)	115	(132)
<b>At 31 December</b>	<b>7,753</b>	<b>5,790</b>	<b>(17)</b>	<b>(132)</b>
Presented as follows:				
Deferred tax assets	(397)	(2,140)	(17)	(132)
Deferred tax liabilities	8,150	7,930	-	-
	<b>7,753</b>	<b>5,790</b>	<b>(17)</b>	<b>(132)</b>

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

#### **Deferred tax liabilities of the Group**

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2022	19,973	15	19,988
Recognised in profit or loss	374	2	376
<b>At 31 December 2022</b>	<b>20,347</b>	<b>17</b>	<b>20,364</b>
At 1 January 2021	19,686	15	19,701
Recognised in profit or loss	287	-	287
<b>At 31 December 2021</b>	<b>19,973</b>	<b>15</b>	<b>19,988</b>

Notes to the Financial Statements  
(Cont'd)

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

## Deferred tax assets of the Group

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Other payables and accrued expenses RM'000	Total RM'000
At 1 January 2022	(8,093)	(3,345)	(2,760)	(14,198)
Recognised in profit or loss	(370)	–	1,957	1,587
At 31 December 2022	(8,463)	(3,345)	(803)	(12,611)
At 1 January 2021	(10,282)	(2,956)	(628)	(13,866)
Recognised in profit or loss	2,189	(389)	(2,132)	(332)
At 31 December 2021	(8,093)	(3,345)	(2,760)	(14,198)

## Deferred tax assets of the Company

	Unrealised foreign exchange loss RM'000	Other payables RM'000	Total RM'000
At 1 January 2022	(115)	(17)	(132)
Recognised in profit or loss	115	–	115
At 31 December 2022	–	(17)	(17)
At 1 January 2021	–	–	–
Recognised in profit or loss	(115)	(17)	(132)
At 31 December 2021	(115)	(17)	(132)

## Notes to the Financial Statements (Cont'd)

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

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

	The Group	
	2022 RM'000	2021 RM'000
Unused tax losses	5,362	3,683
Other deductible temporary differences	1,107	857
	6,469	4,540

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

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

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the Group, as follows:

	The Group	
	2022 RM'000	2021 RM'000
Utilisation period		
10 years	1,679	320
9 years	320	215
8 years	215	468
7 years	3,148	2,680

Notes to the Financial Statements  
(Cont'd)

## 18. INTANGIBLE ASSET

	The Group	
	2022	2021
	RM'000	RM'000
<b>Cost</b>		
At 1 January/ 31 December	619	619
<b>Accumulated amortisation</b>		
At 1 January	116	–
Amortisation for the year	77	116
At 31 December	193	116
<b>Net carrying amount</b>		
As at 31 December	426	503

Relates to customer relationship stated at cost and amortised on a straight line basis over a remaining period of 6 years (2021: 7 years).

## 19. INVENTORIES

	The Group	
	2022	2021
	RM'000	RM'000
<b>At cost</b>		
Assembled products	11,991	3,829
Assembling parts	4,204	3,349
Trading goods	10,556	14,882
Goods in transit	10,776	3,742
	37,527	25,802

The cost of inventories held for sale recognised as cost of sales during the year amounted to RM232,875,597 (2021: RM190,569,857).

## Notes to the Financial Statements (Cont'd)

### 20. TRADE AND OTHER RECEIVABLES

#### (a) Trade receivables

	The Group	
	2022 RM'000	2021 RM'000
Trade receivables	126,613	136,976
Less: Allowance for expected credit loss	(1,233)	(2,630)
Net	125,380	134,346

The Group's credit terms range from 3 to 120 days (2021: 3 to 120 days).

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

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

	Gross amount RM'000	ECL RM'000	Net amount RM'000	ECL rate
<b>2022</b>				
Current	97,576	-	97,576	0%
1 - 30 days past due	18,915	-	18,915	0%
31 - 60 days past due	4,822	-	4,822	0%
61 - 90 days past due	1,397	-	1,397	0%
More than 90 days past due	3,903	(1,233)	2,670	32%
	126,613	(1,233)	125,380	
<b>2021</b>				
Current	95,135	-	95,135	0%
1 - 30 days past due	20,495	-	20,495	0%
31 - 60 days past due	7,634	-	7,634	0%
61 - 90 days past due	5,238	-	5,238	0%
More than 90 days past due	8,474	(2,630)	5,844	31%
	136,976	(2,630)	134,346	

## Notes to the Financial Statements (Cont'd)

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

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

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

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	2,630	3,735
Allowance for expected credit loss (Note 6)	8	898
Write back of allowance for expected credit loss (Note 6)	(1,374)	(1,970)
Write-off against trade receivables	(31)	(33)
At 31 December	1,233	2,630

As the end of the reporting period, amount owing by ten major customers of the Group, which transacted with subsidiaries principally involved in the provision of total logistics and another subsidiary principally involved in the provision of procurement logistics services, accounted for 33% (2021: 32%) 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	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	119,300	135,149
United States Dollar	7,313	1,827
	126,613	136,976

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	11,740	27,301	–	–
Refundable deposits	6,852	7,026	14	–
Prepaid expenses	3,139	6,160	12	16
Total other receivables, deposits and prepaid expenses	21,731	40,487	26	16
Less: Prepaid expenses	(3,139)	(6,160)	(12)	(16)
<b>Total other receivables and refundable deposits at amortised cost</b>	<b>18,592</b>	<b>34,327</b>	<b>14</b>	<b>–</b>

Included in other receivables of the Group are amounts recoverable from customers of a subsidiary engaged in procurement logistics services for purchases of assembling parts made on their behalf totalling RM6,987,071 (2021: RM19,474,727).



## Notes to the Financial Statements (Cont'd)

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

#### (b) Other receivables, deposits and prepaid expenses (Cont'd)

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

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	16,179	31,282
United States Dollar	2,411	3,043
Chinese Renminbi	2	2
	18,592	34,327

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current asset</b>				
<b>Amounts owing by:</b>				
<u>Non-trade</u>				
Subsidiary	-	-	178,871	191,175
<b>Current assets</b>				
<b>Amounts owing by:</b>				
<u>Non-trade</u>				
Subsidiaries	-	-	10,858	14,810
<u>Trade</u>				
Related parties	7,802	20,959	-	-
Immediate holding company	576	1,082	-	-
Intermediate holding company	484	152	-	-
	8,862	22,193	189,729	205,985
<b>Amounts owing to:</b>				
<u>Non-trade</u>				
Immediate holding company	-	(28,084)	-	(12,422)
<u>Trade</u>				
Related parties	(84)	(394)	-	-
Immediate holding company	(1,404)	(2,565)	-	-
Intermediate holding company	(14,341)	(9,709)	-	-
	(15,829)	(40,752)	-	(12,422)

## Notes to the Financial Statements (Cont'd)

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

The non-trade balances are unsecured, interest-free and repayable on demand except for the following:

- In prior year, RM28,084,000 of amount owing to immediate holding company which bears effective interest rate at 4.5% per annum, unsecured and repayable on demand.
- RM178,871,000 (2021: RM191,175,000) of amount owing by subsidiary which is expected to be repaid after 12 months from the year end, unsecured and interest free.

The management of the Group monitors the cash flows and funding requirements of the Company and its subsidiaries on a Group-wide basis. This includes determining the timing and quantum of the repayment of amounts due from and due to subsidiaries and related companies of the Company when required.

As at 31 December 2022 and 31 December 2021, no demand for repayment has been made by the Company for any of the balances due from the subsidiaries or holding company. Considering the nature and terms of these balances, the Company has assessed that there are no amounts which are regarded as past due and no ageing analysis has been presented for these balances.

The currency profile of amount owing by subsidiaries, related parties, immediate and intermediate holding companies as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	7,862	17,541	189,729	205,985
United State Dollar	1,000	4,617	-	-
Singapore Dollar	-	35	-	-
	8,862	22,193	189,729	205,985

The currency profile of amount owing to subsidiaries, related parties, immediate and intermediate holding companies as follows:

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	(126)	(36)	-	-
United State Dollar	(15,703)	(28,290)	-	-
Singapore Dollar	-	(12,426)	-	(12,422)
	(15,829)	(40,752)	-	(12,422)

The trade balances are subject to a normal credit term of 30 days (2021: 30 days), unsecured, interest-free and repayable on demand.

Related parties refer to:

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

## Notes to the Financial Statements (Cont'd)

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

Name of related parties	Relationship
<u>Related parties</u>	
Shanghai Smart Cargo Supply Chain Management Co., Ltd.	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics PH Corp.	A wholly owned subsidiary of CJ Logistics Asia Pte. Ltd.
CJ Bio Malaysia Sdn Bhd	An associate of CJ Corporation
PT. CJ Logistics Indonesia	A subsidiary of CJ Logistics Asia Pte. Ltd.
CJ Logistics (Thailand) Co., Ltd.	An associate of CJ Logistics Asia Pte. Ltd.
CJ Korea Express Freight Vietnam Co., Ltd.	An associate of CJ Logistics Asia Pte. Ltd.
CJ Korea Express Shenzhen Co., Ltd.	A subsidiary of CJ Logistics Asia Pte. Ltd.
CJ Gemadep Logistics Holdings Company Limited	A subsidiary of CJ Logistics Hong Kong Holdings Limited
CJ ICM FZCO	A subsidiary of CJ Logistics Middle East FZE
Ibrakom Logistics Services Ltd. Sti	A subsidiary of CJ ICM FZCO
CJ GLS Hong Kong Ltd	A subsidiary of CJ Logistics Asia Pte. Ltd.
Gemadep Logistics One Member Company Limited	A subsidiary of CJ Gemadep Logistics Holdings Company Limited
CJ ICM Services DWC LLC	A subsidiary of CJ ICM FZCO
CJ ICM Logistics GMBH	A subsidiary of Ibrakom Logistics Services Ltd. Sti
CJ Korea Express Qingdao Co., Ltd.	A wholly owned subsidiary of CJ Logistics Corporation
CJ Korea Express Tianjin Co., Ltd.	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics Japan Corporation	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics Europe GMBH	A wholly owned subsidiary of CJ Logistics Corporation
Korea Express Shanghai Co., Ltd.	A wholly owned subsidiary of CJ Logistics Corporation
CJ Smart Cargo Hong Kong Limited	Subsidiary of Shanghai Smart Cargo Supply Chain Management Co., Ltd.
CJ Logistics Express Malaysia Sdn. Bhd.	A wholly owned subsidiary of CJ Logistics Asia Pte. Ltd.
CJ Olivenetworks Co., Ltd.	A subsidiary of CJ Corporation
CJ Logistics Holdings America Corporation	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics Canada Corporation	A subsidiary of CJ Logistics America, LLC
CJ Logistics America, LLC	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics Middle East FZE	A wholly owned subsidiary of CJ Logistics Corporation
CJ Logistics Hong Kong Holdings Limited	A subsidiary of CJ Logistics Corporation
<u>Immediate holding company</u>	
CJ Logistics Asia Pte. Ltd.	Holding company of the Company
<u>Intermediate holding company</u>	
CJ Logistics Corporation	Holding company of CJ Logistics Asia Pte. Ltd.
<u>Ultimate holding company</u>	
CJ Corporation	Holding company of CJ Logistics Corporation

Notes to the Financial Statements  
(Cont'd)**21. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)**

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

	The Group	
	2022 RM'000	2021 RM'000
<b>CJ Logistics Corporation</b>		
Provision of logistics services to CJ Century Logistics Sdn. Bhd. ("CJCL")	803	–
Provision of courier services by CJCL	–	(11)
Provision of logistics services by CJCL	2	–
Provision of logistics services by CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")	1,258	3,748
Provision of logistics services to CJKX	34,646	23,718
Provision of recovery cost and guarantee fees to CJKX	605	544
Provision of brand royalty fees to CJKX	1,316	1,228
Provision of brand royalty fees to EC Distribution Sdn. Bhd. ("ECD")	10	18
Provision of brand royalty fees to EC Services Enterprise Sdn. Bhd. ("ECS")	–	34
Provision of guarantee fees to CJCL	252	186
<b>CJ Logistics Asia Pte. Ltd.</b>		
Provision of loan interest to CJ Century Logistics Holdings Berhad ("CJCEN")	226	686
Provision of information technology services to CJCL	182	123
Provision of logistics services by CJCL	2,726	1,293
Provision of logistics services to CJCL	23	22
Provision of information technology services to CJKX	959	811
Provision of logistics services by CJKX	538	1,737
Provision of logistics services to CJKX	23	36
Provision of loan interest to CJKX	160	817
Provision of loan interest to CJLEM	–	2
<b>Shanghai Smart Cargo Supply Chain Management Co., Ltd</b>		
Provision of logistics services by CJCL	7	–
Provision of logistics services by CJKX	–	9
<b>CJ Logistics PH Corp.</b>		
Provision of logistics services by CJCL	24	48
Provision of logistics services to CJCL	2,391	1,248
Provision of logistics services by CJKX	1	–
<b>CJ Bio Malaysia Sdn Bhd</b>		
Provision of logistics services by CJKX	124,113	139,745
Provision of logistics services to CJKX	44	–
<b>PT. CJ Logistics Indonesia</b>		
Provision of logistics services by CJKX	123	266
Provision of logistics services by CJCL	143	–
Provision of logistics services to CJKX	35	184

## Notes to the Financial Statements (Cont'd)

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

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

	The Group	
	2022 RM'000	2021 RM'000
<b>CJ Logistics (Thailand) Co.,Ltd</b>		
Provision of logistics services to CJCL	–	3
Provision of logistics services by CJKX	157	233
Provision of logistics services to CJKX	201	99
<hr/>		
<b>CJ Korea Express Shenzhen Co., Ltd.</b>		
Provision of logistics services to CJCL	3	–
Provision of logistics services to CJKX	15	17
<hr/>		
<b>CJ Korea Express Qingdao Co., Ltd.</b>		
Provision of logistics services by CJKX	3	–
Provision of logistics services to CJKX	38	69
<hr/>		
<b>CJ Korea Express Freight Vietnam Co.,Ltd</b>		
Provision of logistics services by CJKX	6	21
Provision of logistics services to CJCL	1	–
Provision of logistics services to CJKX	4	4
<hr/>		
<b>CJ Korea Express Tianjin Co., Ltd.</b>		
Provision of logistics services to CJKX	269	53
<hr/>		
<b>CJ Logistics Japan Corporation</b>		
Provision of logistics services by CJKX	4	34
<hr/>		
<b>CJ ICM Logistics GMBH</b>		
Provision of logistics services by CJCL	22	–
<hr/>		
<b>Gemadept Logistics One Member Company Limited</b>		
Provision of logistics services by CJKX	1	–
<hr/>		
<b>CJ ICM Services DWC LLC</b>		
Provision of logistics services by CJKX	25	–
<hr/>		
<b>CJ Logistics Europe GMBH</b>		
Provision of logistics services to CJKX	4	45
<hr/>		

Notes to the Financial Statements  
(Cont'd)**21. AMOUNT OWING BY/(TO) SUBSIDIARIES, RELATED PARTIES, IMMEDIATE AND INTERMEDIATE HOLDING COMPANIES (CONT'D)**

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

	The Group	
	2022	2021
	RM'000	RM'000
<b>Korea Express Shanghai Co., Ltd.</b>		
Provision of logistics services by CJCL	–	7
Provision of logistics services to CJCL	–	20
Provision of logistics services by CJKX	395	648
Provision of logistics services to CJKX	783	290
<hr/>		
<b>CJ Smart Cargo Hong Kong Limited</b>		
Provision of logistics services to CJKX	2	1,632
<hr/>		
<b>CJ Olivenetworks Co., Ltd.</b>		
Provision of information technology services to CJCL	18	234
Provision of information technology services to CJKX	60	121
<hr/>		
<b>CJ Logistics Express Malaysia Sdn. Bhd.</b>		
Provision of courier services to CJCL	15	24
Provision of logistics services by CJCL	–	403
Provision of rental by CJCL	285	2,166
Provision of courier services to CJKX	18	2
Provision of logistics services by CJKX	–	1
Provision of rental by CJKX	14	86
<hr/>		
<b>CJ Logistics Holdings America Corporation</b>		
Provision of logistics services by CJKX	–	201
<hr/>		
<b>CJ Logistics Canada Corporation</b>		
Provision of logistics services to CJKX	–	2
<hr/>		
<b>CJ GLS Hong Kong Ltd</b>		
Provision of logistics services to CJKX	10	–
<hr/>		

## Notes to the Financial Statements (Cont'd)

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

	The Company	
	2022 RM'000	2021 RM'000
<b>CJ Logistics Asia Pte. Ltd.</b>		
Provision of loan interest to CJCEN	226	686
<b>CJ Century Logistics Sdn. Bhd.</b>		
Management fee income	4,320	4,680
<b>CJ Century Technology Sdn. Bhd.</b>		
Management fee income	600	600
Dividend income	10,000	-
<b>CJ Century DMS Sdn. Bhd.</b>		
Management fee income	120	120

### 22. CONTRACT ASSET/(LIABILITIES)

	The Group	
	2022 RM'000	2021 RM'000
<b>Contract assets</b>		
Accrued billings in respect of revenue from total logistics services (Note a)	19,896	23,580
<b>Contract liabilities</b>		
Deferred income (Note b)	(757)	(3,882)

Set out below is the amount of revenue recognised from:

	The Group	
	2022 RM'000	2021 RM'000
Amounts included in contract liabilities at the beginning of the year	3,882	2,437



## Notes to the Financial Statements (Cont'd)

### 22. CONTRACT ASSET/(LIABILITIES) (CONT'D)

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

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

The management monitors the movement of the contracts assets balance and there is no balance which is assessed as past due or is to be impaired.

#### (b) Deferred income

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

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

#### Investment in money market funds

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment in money market funds	28,991	11,476	–	–

Investment in money market funds of the Group are managed by one (2021: one) licensed fund management company of which amounts deposited can be withdrawn at the discretion of the Group given a two days-notice period.

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

#### Deposits, cash and bank balances

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	24,345	32,993	8,430	198
Deposits with licensed banks	44,115	11,276	–	–
Less: Allowance for expected credit loss	–	(1,135)	–	–
Add: Reversal of allowance for expected credit loss	1,135	–	–	–
	45,250	10,141	–	–
	69,595	43,134	8,430	198

## Notes to the Financial Statements (Cont'd)

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

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

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	1,135	–
Allowance for expected credit loss (Note 6)	–	1,135
Reversal of allowance for expected credit loss (Note 6)	(1,135)	–
At 31 December	–	1,135

The weighted average interest rate of deposits with licensed banks is 2.75% (2021: 1.68%) per annum. The maturity periods of deposits of the Group range from 1 to 19 days (2021: 1 to 7 days).

In the prior year, the deposits with licensed banks of the Group totalling RM1,135,000 was pledged to secure financing facilities from the banks. The deposit of RM1,135,000 were held under the name of a former director on behalf of the Group. In the prior year, the amount was not accessible by the Group and hence, an allowance for expected credit loss was made. A reversal of the allowance for expected credit loss was recognised during the year as the full amount has been subsequently recovered by the Group.

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

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	67,592	40,573
Chinese Renminbi	1,197	1,237
United States Dollar	798	2,451
Others	8	8
	69,595	44,269

### 24. SHARE CAPITAL

	The Group/ The Company			
	Number of shares		Amount	
	2022	2021	2022 RM'000	2021 RM'000
<b>Issued and fully paid:</b>				
At 1 January/				
At 31 December	594,229,890	594,229,890	300,043	300,043

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

Notes to the Financial Statements  
(Cont'd)

## 25. TREASURY SHARES

	The Group/ The Company		Amount	
	Number of shares 2022	2021	2022 RM'000	2021 RM'000
At 1 January	7,960,700	6,203,000	4,197	3,368
Shares bought back during the year	4,383,300	1,757,700	2,550	829
At 31 December	12,344,000	7,960,700	6,747	4,197

During the financial year, the Company bought back 4,383,300 (2021: 1,757,700) of its issued ordinary shares from the open market at average price of RM0.58 per share (2021: RM0.47 per share). The total consideration paid for the purchase was RM2,550,000 (2021: RM829,000).

The treasury shares are held in accordance with Section 127(4)(b) of the Companies Act 2016 at a carrying amount of RM6,747,000 (2021: RM4,197,000).

## 26. RESERVES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Translation reserve	546	531	–	–
Retained earnings	150,457	125,216	14,693	8,102
	151,003	125,747	14,693	8,102

**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 2022 are distributable as dividends under the single tier income tax system.

## Notes to the Financial Statements (Cont'd)

### 27. HIRE PURCHASE PAYABLES

	The Group	
	2022 RM'000	2021 RM'000
Total outstanding	7,317	9,602
Less: Interest-in-suspense	(485)	(818)
Principal outstanding	6,832	8,784
Less: Portion due within the next 12 months (shown under current liabilities)	(2,564)	(2,453)
Non-current portion	4,268	6,331

The non-current portion is repayable as follows:

	The Group	
	2022 RM'000	2021 RM'000
Within 1 to 2 years	2,410	2,392
Within 2 to 5 years	1,858	3,939
	4,268	6,331

The term of the hire-purchase ranges from one to five years (2021: one to five years) and the weighted average effective interest rates implicit in the hire-purchase arrangements is 4.79% (2021: 4.77%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

The hire-purchase payables of the Group are secured by the financial institutions' charge over the assets under hire-purchase as disclosed in Note 12.

Hire-purchase payables are denominated in Ringgit Malaysia.

Notes to the Financial Statements  
(Cont'd)

## 28. LONG-TERM BORROWINGS

	The Group	
	2022	2021
	RM'000	RM'000
<b>Secured:</b>		
Term loan	120,580	138,217
Less: Portion due within the next 12 months (Note 30)		
Term loan	(16,626)	(17,637)
Non-current portion	103,954	120,580

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

	The Group	
	2022	2021
	RM'000	RM'000
Within 1 to 2 years	16,626	16,626
Within 2 to 5 years	49,878	49,878
5 years and thereafter	37,450	54,076
	103,954	120,580

The weighted average effective interest rate of the above long-term loans is 4.24% (2021: 3.58%) per annum.

Term loans of the Group are secured by:

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

The Group's borrowings are denominated in Ringgit Malaysia.

## Notes to the Financial Statements (Cont'd)

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

#### (a) Trade payables

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

The currency profile of trade payables is as follows:

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	48,301	36,994
United States Dollar	14,261	10,575
Others	28	12
	62,590	47,581

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	17,370	34,460	6	6
Accrued expenses	33,714	29,031	1,671	1,139
Refundable deposits	1,288	1,006	-	-
Sales and service tax payable	5,455	5,567	-	-
	57,827	70,064	1,677	1,145
Less: Sales and service tax payable	(5,455)	(5,567)	-	-
	52,372	64,497	1,677	1,145
<b>Total other payables and accrued expenses at amortised cost</b>	<b>52,372</b>	<b>64,497</b>	<b>1,677</b>	<b>1,145</b>

Included in other payables of the Group are amounts payable to designated suppliers of assembling parts by customers, which engaged a subsidiary to provide procurement logistics services, amounting to RM6,623,909 (2021: RM23,167,478).

## Notes to the Financial Statements (Cont'd)

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

#### (b) Other payables and accrued expenses (Cont'd)

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

	The Group	
	2022 RM'000	2021 RM'000
Ringgit Malaysia	50,347	51,951
United States Dollar	7,436	18,048
Others	44	65
	<hr/> 57,827	<hr/> 70,064

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

### 30. SHORT-TERM BORROWINGS

	The Group	
	2022 RM'000	2021 RM'000
<b>Unsecured:</b>		
Revolving credit	34,000	16,000
<b>Secured:</b>		
Term loan/portion due during next 12 months (Note 28)	16,626	17,637
	<hr/> 50,626	<hr/> 33,637

The Group also has bank guarantees, trade facilities, unutilised bank overdrafts and revolving credit facilities amounting to RM146.8 million (2021: RM113.1 million) obtained from various financial institutions.

The revolving credit bears interest at rates ranging from 4.03% to 4.78% (2021: 3.32% to 3.67%) per annum.

Revolving credit of the Group is supported by corporate guarantee by the Company and the intermediate holding company.

### 31. DIVIDEND

	The Group/The Company	
	2022 RM'000	2021 RM'000
In respect of financial year ended 31 December 2022:		
Single tier interim dividend of 0.50 sen per ordinary share, declared on 25 August 2022 and paid on 27 September 2022.	2,910	–

## Notes to the Financial Statements (Cont'd)

### 32. SUBSEQUENT EVENT

On 24 February 2023, the directors declared a final single-tier dividend of 1.00 sen per ordinary share amounting to RM5,818,859 in respect of the financial year ended 31 December 2022. The financial statements for the current financial year do not reflect this proposed dividend. It will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2023.

### 33. CAPITAL COMMITMENTS

As of the end of the financial year, the Group has the following capital commitments:

	The Group	
	2022	2021
	RM'000	RM'000
Approved and contracted for:		
- Improvements and renovation	-	37
- Warehouse, office and other equipment	1,567	71
	1,567	108
Approved but not contracted for		
- Improvements and renovation	-	1,041
- Warehouse, office and other equipment	494	499
	2,061	1,648

### 34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. There were no changes in the Group's approach to capital management during financial year.

The capital structure of the Group consists of net debt (lease liabilities, amount due to immediate holding company, hire-purchase payables and borrowings as detailed in Notes 14, 21, 27, 28 and 30) offset by cash and bank balances and money market funds and equity of the Group (comprising share capital, treasury shares, reserves and non-controlling interests as detailed in Notes 24, 25 and 26).

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



Notes to the Financial Statements  
(Cont'd)

## 34. CAPITAL MANAGEMENT (CONT'D)

## Gearing ratio

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

	The Group	
	2022	2021
	RM'000	RM'000
Debts, comprising:		
Lease liabilities (Note 14)	15,151	22,414
Amount due to immediate holding company (Note 21)	–	28,084
Hire-purchase payables (Note 27)	6,832	8,784
Borrowings (Notes 28 and 30)	154,580	154,217
	176,563	213,499
Less: Investment in money market funds (Note 23)	(28,991)	(11,476)
Less: Deposits, cash and bank balances (Note 23)	(69,595)	(43,134)
Net debt	77,977	158,889
Equity	444,994	422,276
Net debt to equity ratio	18%	38%

## 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group	
	2022	2021
	RM'000	RM'000
<b>Financial assets</b>		
<b>Fair value through profit or loss:</b>		
Investment in money market funds (Note 23)	28,991	11,476
<b>Amortised cost:</b>		
Trade receivables (Note 20(a))	125,380	134,346
Other receivables and refundable deposits (Note 20(b))	18,592	34,327
Amount owing by related parties (Note 21)	7,802	20,959
Amount owing by immediate holding company (Note 21)	576	1,082
Amount owing by intermediate holding company (Note 21)	484	152
Deposits, cash and bank balances (Note 23)	69,595	43,134

## Notes to the Financial Statements (Cont'd)

### 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group	
	2022	2021
	RM'000	RM'000
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Trade payables (Note 29(a))	62,590	47,581
Other payables and accrued expenses (Note 29(b))	52,372	64,497
Amount owing to related parties (Note 21)	84	394
Amount owing to immediate holding company (Note 21)	1,404	30,649
Amount owing to intermediate holding company (Note 21)	14,341	9,709
Borrowings (Notes 28 and 30)	154,580	154,217
Hire-purchase payables (Note 27)	6,832	8,784
Lease liabilities (Note 14)	15,151	22,414
	The Company	
	2022	2021
	RM'000	RM'000
<b>Financial assets</b>		
<b>Amortised cost:</b>		
Other receivables and refundable deposits (Note 20(b))	14	–
Amount owing by subsidiaries (Note 21)	189,729	205,985
Deposits, cash and bank balances (Note 23)	8,430	198
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Other payables and accrued expenses (Note 29(b))	1,677	1,145
Amount owing to immediate holding company (Note 21)	–	12,422

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the senior management. The Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

## Notes to the Financial Statements (Cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The foreign currency risk exposure is mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Material foreign currency exposures are hedged via forward exchange contracts by using foreign exchange facilities maintained with leading banks in Malaysia. As at 31 December 2022, the Group has entered into USD and Chinese Renminbi ("RMB") forward exchange contracts with a nominal value of RM93,000 (2021: RM9,686,000) and the net gain arising from the fair value changes of the USD and RMB forward exchange contracts is RM433,000 (2021: RM56,000).

The table below demonstrates the sensitivity of the Group's profit after tax as at year end to a possible reasonable change in the USD and SGD exchange rates against Ringgit Malaysia with all other variables held constant:

		Effect on profit after tax	
		2022 RM'000	2021 RM'000
USD	+5%	(1,002)	(1,377)
	-5%	1,002	1,377
SGD	+5%	-	(471)
	-5%	-	471

Changes in the exchange rates of the above currencies has no impact on equity.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to interest-bearing debts. The Group manages its interest rate risk by actively reviewing its debt portfolio to capitalise on more favourable funding in the current environment.

At the reporting date, if interest rates had been 25 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2022 would decrease or increase by RM386,450 (2021: RM385,542), arising mainly as a result of higher or lower interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

Changes in interest rates of the above has no impact on equity.

## Notes to the Financial Statements (Cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (iii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent search agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate the major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by credit limits that are reviewed and approved by the Chief Financial Officer or Financial Controller 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 20(a), the Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk of the Group's and the Company's other financial assets, which comprise of other receivables and refundable deposits, amount owing by subsidiaries, amount owing by related parties, amount owing by immediate and intermediate holding companies, investment in money market funds, 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 subsidiaries, amount owing by related parties, amount owing by immediate and intermediate holding companies on a regular basis and the Group and the Company do not expect any counterparty to fail to meet its obligations. The credit risk on investment in money market funds, deposits, cash and bank balances are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Notes to the Financial Statements  
(Cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

## (iv) Liquidity risk (Cont'd)

## The Group

	Less than 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>2022</b>					
Trade payables	62,590	-	-	-	62,590
Other payables and accrued expenses	52,372	-	-	-	52,372
Amount owing to related parties	84	-	-	-	84
Amount owing to immediate holding company	1,404	-	-	-	1,404
Amount owing to intermediate holding company	14,341	-	-	-	14,341
Hire-purchase payables	2,835	2,558	1,924	-	7,317
Lease liabilities	11,498	3,647	623	-	15,768
Borrowings	56,252	22,252	66,756	52,979	198,239
	201,376	28,457	69,303	52,979	352,115
<b>2021</b>					
Trade payables	47,581	-	-	-	47,581
Other payables and accrued expenses	64,497	-	-	-	64,497
Amount owing to related parties	394	-	-	-	394
Amount owing to immediate holding company	31,913	-	-	-	31,913
Amount owing to intermediate holding company	9,709	-	-	-	9,709
Hire-purchase payables	2,824	2,643	4,135	-	9,602
Lease liabilities	16,306	6,431	635	-	23,372
Borrowings	38,535	21,498	64,492	72,392	196,917
	211,759	30,572	69,262	72,392	383,985

Notes to the Financial Statements  
(Cont'd)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

## (iv) Liquidity risk (Cont'd)

## The Company

	Less than 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>2022</b>					
Other payables and accrued expenses	1,677	-	-	-	1,677
<b>2021</b>					
Other payables and accrued expenses	1,145	-	-	-	1,145
Amount owing to immediate holding company	12,981	-	-	-	12,981
	14,126	-	-	-	14,126

## Notes to the Financial Statements (Cont'd)

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (v) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them. The maximum exposure to credit risk amounted to RM291.3 million (2021: RM246.3 million) representing the banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiaries as disclosed in Note 28.

### 37. SEGMENT INFORMATION

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

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

- Total logistics services
- Procurement logistics services
- Courier services\*

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

- \* The Group has disposed its courier services business in prior year.

Notes to the Financial Statements  
(Cont'd)

## 37. SEGMENT INFORMATION (CONT'D)

## Segment revenue and results

## The Group

	← Continuing Operations →		Discontinued Operation →	
	Total Procurement logistics services RM'000	Adjustment and Elimination RM'000	Courier services RM'000	Adjustment and Elimination RM'000
				Subtotal Consolidated RM'000
<b>2022</b>				
<b>Revenue</b>				
External sales	701,079	-	-	930,396
Inter-segment sales	10,966	(10,982)	-	-
	712,045	(10,982)	-	930,396
<b>Results</b>				
Segment results	43,322	(9,627)	-	45,585
Interest income	87	-	-	171
Profit from operations	43,409	(9,627)	-	45,756
Finance costs	(8,211)	-	-	(8,216)
Income tax expense	(6,302)	-	-	(9,377)
Profit for the year	28,896	(9,627)	-	28,163



Notes to the Financial Statements  
(Cont'd)

## 37. SEGMENT INFORMATION (CONT'D)

## Segment revenue and results (Cont'd)

## The Group

	← Continuing Operations →		← Discontinued Operation →	
	Total Procurement logistics services RM'000	Adjustment and Elimination RM'000	Courier services RM'000	Adjustment and Elimination RM'000
				Subtotal Consolidated RM'000
<b>2021</b>				
<b>Revenue</b>				
External sales	669,639	-	26,501	869,523
Inter-segment sales	11,415	(11,415)	52	-
	681,054	(11,415)	26,553	869,523
<b>Results</b>				
Segment results	30,520	(2,076)	(19,944)	18,201
Gain from disposal of discontinued operations	-	-	-	8,175
Interest income	496	-	-	626
	31,016	(2,076)	(19,944)	(11,769)
Profit/(loss) from operations	31,016	(2,076)	(19,944)	8,175
Finance costs	(9,917)	-	(462)	(10,384)
Income tax expense	(7,425)	-	-	(9,911)
	13,674	(2,076)	(20,406)	8,175
Profit/(loss) for the year	13,674	(2,076)	(20,406)	(12,231)
				6,707

Notes to the Financial Statements  
(Cont'd)

## 37. SEGMENT 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

	← Continuing Operations →		← Discontinued Operation →	
	Total Procurement logistics services RM'000	Adjustment and Elimination RM'000	Courier services RM'000	Adjustment and Elimination RM'000
				Subtotal Consolidated RM'000
<b>2022</b>				
Segment assets	941,765	(271,761)	-	763,635
Deferred tax assets	397	-	-	397
Tax recoverable	4,040	107	-	4,225
Total assets	946,202	(271,654)	-	768,257
<b>2021</b>				
Segment assets	960,725	(283,291)	-	774,780
Deferred tax assets	2,140	-	-	2,140
Tax recoverable	1,747	107	-	1,922
Total assets	964,612	(283,184)	-	778,842

Notes to the Financial Statements  
(Cont'd)

## 37. SEGMENT INFORMATION (CONT'D)

## Segment assets and liabilities (Cont'd)

## The Group

	← Continuing Operations →		← Discontinued Operation →	
	Total Procurement logistics services RM'000	Adjustment and Elimination RM'000	Courier services RM'000	Adjustment and Elimination RM'000
				Subtotal Consolidated RM'000
<b>Reconciliation of liabilities</b>				
<b>2022</b>				
Segment liabilities	474,101	(204,914)	-	313,566
Deferred tax liabilities	2,974	5,079	-	8,150
Tax liabilities	269	-	-	1,547
Total liabilities	477,344	(199,835)	-	323,263
<b>2021</b>				
Segment liabilities	516,203	(216,071)	-	347,694
Deferred tax liabilities	2,536	5,156	-	7,930
Tax liabilities	389	-	-	942
Total liabilities	519,128	(210,915)	-	356,566
<b>2022</b>				
Capital expenditure* Depreciation and amortisation	16,432	-	-	16,894
	33,903	-	-	35,057
<b>2021</b>				
Capital expenditure* Depreciation and amortisation	37,190	-	282	37,581
	32,647	-	2,729	36,502

\* Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

As at 31 December 2022 and 2021, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

## Notes to the Financial Statements (Cont'd)

### 38. FAIR VALUE OF ASSETS AND LIABILITIES

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
<b>2022</b>			
<u>Assets measured at fair value</u>			
Investment in money market funds	–	28,991	–
<b>2021</b>			
<u>Assets measured at fair value</u>			
Investment in money market funds	–	11,476	–

During the year, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

#### Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

#### Investment in money market funds

The fair values of investment in money market funds are based on price quotes for similar instruments or valuation techniques based on market observable inputs as quoted prices of identical instruments from an active market are not available. It is determined based on the quoted prices from investment fund and adjusted to incorporate credit risk.

## Notes to the Financial Statements (Cont'd)

### 38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

#### Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	<b>Note</b>
Trade receivables	20(a)
Other receivables and refundable deposits	20(b)
Amount owing by subsidiaries	21
Amount owing by related parties	21
Amount owing by immediate holding company	21
Amount owing by intermediate holding company	21
Deposits, cash and bank balances	23
Trade payables	29(a)
Other payables and accrued expenses	29(b)
Amount owing to related parties	21
Amount owing to immediate holding company	21
Amount owing to intermediate holding company	21
Borrowings	28, 30
Hire-purchase payables	27
Lease liabilities	14

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### Amount owing by a subsidiary (non-current)

The carrying amount of the amount owing by a subsidiary is reasonable approximation of its fair value due to the insignificant impact of discounting.

Notes to the Financial Statements  
(Cont'd)

## 39. 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 (used in)/generated from financing activities.

**The Group**

	Hire-purchase payables (Note 27) RM'000	Lease liabilities (Note 14) RM'000	Amount due to immediate holding company (Note 21) RM'000	Borrowings (Note 28 and Note 30) RM'000	Total RM'000
At 1 January 2022	8,784	22,414	28,084	154,217	213,499
Net changes from financing cash flows:					
Payments for the principal portion of hire-purchase/lease	(2,599)	(18,720)	-	-	(21,319)
Payments for the principal and interest portion of loan with immediate holding company	-	-	(28,084)	-	(28,084)
Drawdown of bank borrowings	-	-	-	61,000	61,000
Finance costs paid	(395)	(1,099)	(386)	(6,336)	(8,216)
Repayment of bank borrowings	-	-	-	(60,637)	(60,637)
Total net changes from financing cash flows	(2,994)	(19,819)	(28,470)	(5,973)	(57,256)
Other changes:					
Finance costs payable	395	1,099	386	6,336	8,216
New hire purchase/lease	647	12,298	-	-	12,945
Termination	-	(841)	-	-	(841)
Total other changes	1,042	12,556	386	6,336	20,320
At 31 December 2022	6,832	15,151	-	154,580	176,563

Notes to the Financial Statements  
(Cont'd)

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

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 (used in)/generate from financing activities (Cont'd):

## The Group

	Hire-purchase payables (Note 27) RM'000	Lease liabilities (Note 14) RM'000	Amount due to immediate holding company (Note 21) RM'000	Borrowings (Note 28 and Note 30) RM'000	Total RM'000
At 1 January 2021	19,942	22,499	23,302	190,893	256,636
Net changes from financing cash flows:					
Payments for the principal portion of hire-purchase/lease	(7,303)	(16,985)	-	-	(24,288)
Payments for the principal and interest portion of loan with immediate holding company	-	-	(14,978)	-	(14,978)
Drawdown of bank borrowings	-	-	-	33,000	33,000
Finance costs paid	(770)	(1,398)	(1,505)	(6,711)	(10,384)
Advance from immediate holding company	-	-	19,760	-	19,760
Repayment of bank borrowings	-	-	-	(49,676)	(49,676)
Total net changes from financing cash flows	(8,073)	(18,383)	3,277	(23,387)	(46,566)
Other changes:					
Finance costs payable	770	1,398	1,505	6,711	10,384
New hire-purchase/lease	6,178	21,363	-	-	27,541
Termination	-	(2,129)	-	-	(2,129)
Disposal of subsidiary	(10,033)	(2,334)	-	(20,000)	(32,367)
Total other changes	(3,085)	18,298	1,505	(13,289)	3,429
At 31 December 2021	8,784	22,414	28,084	154,217	213,499

## Notes to the Financial Statements (Cont'd)

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

The table below details changes in the Company'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 Company's statement of cash flows as cash flows from/(used in) financing activities:

#### The Company

	<b>Amount due to immediate holding company (Note 21) RM'000</b>
At 1 January 2022	12,422
Net changes from financing cash flows:	
Finance costs paid	(226)
Payments for the principal and interest portion of loan with immediate holding company	(12,422)
<b>Total net changes from financing cash flows</b>	<b>(12,648)</b>
Other changes:	
Finance costs payable	226
<b>Total other changes</b>	<b>226</b>
<b>At 31 December 2022</b>	<b>–</b>
At 1 January 2021	–
Net changes from financing cash flows:	
Advance from immediate holding company	19,760
Finance costs paid	(686)
Payments for the principal and interest portion of loan with immediate holding company	(7,338)
<b>Total net changes from financing cash flows</b>	<b>11,736</b>
Other changes:	
Finance costs payable	686
<b>Total other changes</b>	<b>686</b>
<b>At 31 December 2021</b>	<b>12,422</b>





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## ANALYSIS OF SHAREHOLDINGS

### AS AT 28 FEBRUARY 2023

Total Number of Issued Shares	:	594,229,890 (including the treasury shares of 12,344,000)
Paid-Up Share Capital	:	RM300,043,445.00 (including the treasury shares of RM6,747,257.73)
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	145	3.75	5,391	0.00
100 – 1,000	384	9.95	213,692	0.04
1,001 – 10,000	1,752	45.38	10,161,512	1.75
10,001 – 100,000	1,309	33.90	44,357,582	7.62
100,001 – 29,094,293 (less than 5% of issued holdings)	270	6.99	206,603,477	35.50
29,094,294 and above (5% and above of issued holdings)	1	0.03	320,544,236	55.09
<b>TOTAL</b>	<b>3,861</b>	<b>100.00</b>	<b>581,885,890</b>	<b>100.00</b>

#### 2. DIRECTORS' SHAREHOLDINGS

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

No.	Name	No. of Ordinary Shares Held			%*
		Direct	%*	Indirect	
1.	Datuk Lee Say Tshin	–	–	80,000 <sup>(a)</sup>	0.01
2.	Teow Choo Hing	48,484,194	8.33	2,224,416 <sup>(b)</sup>	0.38
3.	Yeap Khoo Soon Edwin	3,772,100	0.65	–	–
4.	Kang Chang Mo	–	–	–	–
5.	Ko Young Ho	–	–	–	–
6.	Sung Hyunsup	–	–	–	–
7.	Park Chul Moon	–	–	–	–
8.	Saryani Binti Che Ab Rahman	–	–	–	–
9.	Winston Tan Kheng Huang	–	–	–	–

#### Notes:

\* Calculated based on 581,885,890 ordinary shares

<sup>(a)</sup> Deemed interested pursuant to Section 8 of the Companies Act 2016 through the shareholdings of his spouse and son

<sup>(b)</sup> Deemed interested pursuant to Section 8 of the Companies Act 2016 through the shareholding of his spouse

## Analysis of Shareholdings (Cont'd)

### 3. LIST OF SUBSTANTIAL SHAREHOLDERS

The names of the Substantial Shareholders and their respective shareholdings in CJ Century Logistics Holdings Berhad based on the Register of Substantial Shareholders of the Company are as follows:

No.		Direct	No. of Ordinary Shares Held		%*
			%*	Indirect	
1.	CJ Logistics Asia Pte. Ltd.	320,544,236	55.09	–	–
2.	Teow Choo Hing	48,484,194	8.33	2,224,416 #	0.38

#### Notes:

\* Calculated based on 581,885,890 ordinary shares

# Deemed interested pursuant to Section 8 of the Companies Act 2016 through the shareholding of his spouse

### 4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%
1.	CJ Logistics Asia Pte. Ltd.	320,544,236	55.09
2.	Teow Choo Hing	23,009,448	3.95
3.	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,162,018	2.43
4.	Optimum Shine Sdn. Bhd.	13,051,738	2.24
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Teow Choo Hing	13,024,782	2.24
6.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teow Choo Hing	12,449,964	2.14
7.	Fariz Bin Jaafar	6,333,100	1.09
8.	Konsortium Ara Aramani Sdn. Bhd.	6,266,756	1.08
9.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. - Exempt AN For UOB Kay Hian Pte. Ltd.	6,082,000	1.05
10.	Malaysia Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Soon Foo	5,346,056	0.92
11.	Farhanah Binti Jaafar	5,125,000	0.88
12.	Nurmala Binti Abdul Hafiz	3,000,000	0.52
13.	Lee Li Choo	2,900,000	0.50
14.	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Exempt AN For Fortress Capital Asset Management (M) Sdn. Bhd.	2,619,600	0.45
15.	Yeap Khoo Soon Edwin	2,610,000	0.45

## Analysis of Shareholdings (Cont'd)

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

No.	Names	Shareholdings	%
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Yoong Kah Yin	2,430,000	0.42
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Cheah Bee Tin	2,224,416	0.38
18.	Thong Weng Kin	2,095,928	0.36
19.	Cimsec Nominees (Tempatan) Sdn. Bhd. - CIMB For Yoong Kah Yin	2,055,100	0.35
20.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN For Credit Suisse	2,000,000	0.34
21.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chen Hong Eng	1,763,648	0.30
22.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Ravindran A/L Kurusamy	1,638,000	0.28
23.	Foo Loke Weng	1,600,000	0.27
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Dato' Gan Boon Sin	1,443,000	0.25
25.	Thong Weng Kin	1,431,144	0.25
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Phua Sin Mo	1,303,500	0.22
27.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Yeap Khoo Soon Edwin	1,162,100	0.20
28.	RHB Nominees (Asing) Sdn. Bhd. - Exempt AN For Phillip Securities Pte. Ltd.	1,153,048	0.20
29.	Lee Meng Chang	1,119,200	0.19
30.	Santraprise Sdn. Bhd.	1,119,174	0.19
<b>TOTAL</b>		<b>461,062,956</b>	<b>79.24</b>

## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Sixth Annual General Meeting (“AGM”) of the Company will be held at The Space 3, Level 2, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 28 April 2023 at 10:00 a.m. for the following purposes:-

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. (Note 1)
2. To approve the payment of Directors’ fees for the Independent Non-Executive Directors of the Company amounting to RM316,800 to be paid on a quarterly basis for the financial year ending 31 December 2023 and thereafter. (Resolution 1)
3. To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 29 April 2023 until the date of the next AGM of the Company. (Resolution 2)
4. To re-elect the following Directors of the Company in accordance with Clause 118 of the Company’s Constitution:
  - (a) Ko Young Ho; and (Resolution 3)
  - (b) Kang Chang Mo. (Resolution 4)
5. To re-elect the following Directors of the Company who are due to retire by rotation in accordance with Clause 119 of the Company’s Constitution:
  - (a) Datuk Lee Say Tshin; (Resolution 5)
  - (b) Yeap Khoo Soon Edwin; and (Resolution 6)
  - (c) Park Chul Moon. (Resolution 7)
6. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

### **AS SPECIAL BUSINESS**

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

7. **Ordinary Resolution** (Resolution 9)
  - **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 to the Company and/or its subsidiaries to enter into the existing recurrent related party transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in Part A of the Circular/Statement to Shareholders dated 30 March 2023 provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public; and
- (iv) not to the detriment of the minority shareholders of the Company

## Notice of Twenty-Sixth Annual General Meeting (Cont'd)

(the “**Proposed Renewal of Existing Shareholders’ Mandate**”);

**THAT** the authority for the Proposed Renewal of Existing Shareholders’ Mandate shall continue to be in force until the earlier of:-

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 (“**the Act**”) but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (iii) is revoked or varied by resolution passed by the shareholders of the Company in a general meeting before the next AGM;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Existing Shareholders’ Mandate.”

### 8. Ordinary Resolution

(Resolution 10)

#### **- Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Shares**

“**THAT** subject to the Companies Act 2016, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements, the Constitution of the Company, and all other applicable laws, rules and regulations, approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company 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 maximum aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any); and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase;

**THAT** the authority conferred by this resolution shall continue to be in force until the earlier of:

- (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this AGM at which this resolution was passed, at which time the said authority shall lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or



## Notice of Twenty-Sixth Annual General Meeting (Cont'd)

- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/ or any other relevant governmental and/ or regulatory authorities (if any);

**THAT** upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manners:-

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

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps as necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Board may in their discretion deem necessary and to do all such acts and things the Directors may deem fit and expedient in the best interest of the Company.”

## Notice of Twenty-Sixth Annual General Meeting (Cont'd)

9. **Ordinary Resolution** (Resolution 11)  
**- Authority to Issue Shares pursuant to the Companies Act 2016**

**“THAT** subject always to the Companies Act 2016 (**“the Act”**), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors of the Company may in their absolute discretion, deem fit, provided always that 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;

**THAT** in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate;

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

**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.”

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board of Directors

**CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO.: 201908002648)**  
**YEOW SZE MIN (MAICSA 7065735) (SSM PC NO.: 201908003120)**  
 Company Secretaries

Kuala Lumpur  
 30 March 2023

**Notes:**

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 April 2023 (General Meeting Record of Depositors) shall be eligible to participate, speak and vote at the meeting.
3. A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

## Notice of Twenty-Sixth Annual General Meeting (Cont'd)

4. The instrument appointing a proxy shall be in writing under the hand of the member/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds deposited securities in the Company for multiple beneficial owners in one (1) 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.
6. 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 office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. 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 any adjournment thereof.

### Explanatory Notes to Special Business:

#### 1. **Resolution 9**

The proposed Resolution 9 is intended to enable the Company and/or its subsidiaries (“**the Group**”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group’s day-to-day operations to facilitate transactions in the normal course of business of the Group with the specified classes of related party(ies), provided that they are carried out on an arms’ length basis and on normal commercial terms and are not prejudicial to the shareholders and on terms not more favourable to the related party(ies) than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to Part A of the Circular/Statement to Shareholders dated 30 March 2023 for further information.

#### 2. **Resolution 10**

The proposed Resolution 10 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to Part B of the Circular/Statement to Shareholders dated 30 March 2023 for further information.

#### 3. **Resolution 11**

The proposed Resolution 11 is intended to renew the authority granted to the Directors of the Company at the Twenty-Fifth AGM of the Company held on 28 April 2022 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 ten percent (10%) of the total number of issued shares of the Company for the time being.

The authority to issue shares granted by the members at the Twenty-Fifth AGM of the Company had not been utilised and hence, no proceeds were raised therefrom.

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



**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]

Incorporated in Malaysia

CDS Account No.	Mobile / contact number

**PROXY FORM**

\*I/We (full name), \_\_\_\_\_

bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member of CJ Century Logistics Holdings Berhad (“**the Company**”) hereby appoint:-

**First Proxy “A”**

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

\* and

**\* Second Proxy “B”**

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

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

\*failing which, the CHAIRMAN OF THE MEETING, as \*my/ our proxy to attend and vote for \*me/ us on \*my/ our behalf at the Twenty-Sixth Annual General Meeting (“**AGM**”) of CJ Century Logistics Holdings Berhad to be held at The Space 3, Level 2, Menara KEN TTDI, No. 37, Jalan Burhanuddin Helmi, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 28 April 2023 at 10:00 a.m. or any adjournment thereof.

(Please indicate with an “**X**” in the space provided below how you wish your proxy to vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

No.	Agenda	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. <p style="text-align: right;">(Note 1)</p>		
2	To approve the payment of Directors’ fees for the Independent Non-Executive Directors of the Company amounting to RM316,800 to be paid on a quarterly basis for the financial year ending 31 December 2023 and thereafter. <p style="text-align: right;">(Resolution 1)</p>		
3	To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 29 April 2023 until the date of the next AGM of the Company. <p style="text-align: right;">(Resolution 2)</p>		
4(a)	To re-elect Ko Young Ho, who is due to retire in accordance with Clause 118 of the Company’s Constitution, as a Director of the Company. <p style="text-align: right;">(Resolution 3)</p>		



No.	Agenda	For	Against
4(b)	To re-elect Kang Chang Mo, who is due to retire in accordance with Clause 118 of the Company's Constitution, as a Director of the Company. (Resolution 4)		
5(a)	To re-elect Datuk Lee Say Tshin, who is due to retire by rotation in accordance with Clause 119 of the Company's Constitution, as a Director of the Company. (Resolution 5)		
5(b)	To re-elect Yeap Khoo Soon Edwin, who is due to retire by rotation in accordance with Clause 119 of the Company's Constitution, as a Director of the Company. (Resolution 6)		
5(c)	To re-elect Park Chul Moon, who is due to retire by rotation in accordance with Clause 119 of the Company's Constitution, as a Director of the Company. (Resolution 7)		
6	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)		
<b>Special Business</b>			
7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 9)		
8	Proposed Renewal of Share Buy-Back Authority. (Resolution 10)		
9	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 11)		

\* Strike out whichever not applicable.

As witness my/our hand this ..... day of ..... 2023.

.....  
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 deposited securities, only members whose names appear in the Record of Depositors on 20 April 2023 (General Meeting Record of Depositors) shall be eligible to participate, speak and vote at the meeting.
3. A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the member/appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds deposited securities in the Company for multiple beneficial owners in one (1) 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.
6. 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 office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanela, 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 any adjournment thereof.

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AFFIX  
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**CJ CENTURY LOGISTICS HOLDINGS BERHAD**

[Registration No. 199701008845 (424341-A)]

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan

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**CJ CENTURY LOGISTICS HOLDINGS BERHAD** 199701008845 (424341-A)

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