



2023 ANNUAL REPORT

A group of five employees (three men and two women) standing in a warehouse with high shelves in the background. They are all wearing blue polo shirts with rainbow-colored stripes on the sleeves and high-visibility yellow safety vests. They are smiling and have their arms crossed.

CORPORATE VALUES

Upholding a safe and conducive work environment

SAFETY

We ensure our stakeholders feel safe in our hands. Our robust system helps us protect the safety of everyone in our care.

Steering towards positive impact

ACCOUNTABILITY

We acknowledge our duties and pledge our commitment in managing the impact of our operations on the environment and people. We are responsible for what we do.

Prioritising ethical conduct

INTEGRITY

We place great importance on ethical conduct and transparency in every aspect of our business. Relationships with our stakeholders are built on trust, by doing the right thing.

Cover Rationale

The true engine and heart of our overall achievements in the past years deserve our utmost recognition: our employees. We are grateful for their individual contributions and collective forces that fuelled our progress towards providing top-tier logistics services to our customers. Our employees displayed a level of commitment and unwavering dedication that continues to drive excellence. We offer our sincerest gratitude to them for being the foundation of our success.





TABLE OF CONTENTS

002 OVERVIEW

- 002 About Us
- 004 Corporate Structure
- 005 Operating Landscape

006 KEY MESSAGES AND LEADERSHIP

- 006 Chairman's Message
- 008 Chief Executive Officer's Message
(Incorporating Management Discussion and Analysis)
- 013 Financial Highlights
- 014 Corporate Information
- 015 Board at a Glance
- 016 Board of Directors
- 019 Senior Management Team

020 SUSTAINABILITY STATEMENT

061 GOVERNANCE AND TRANSPARENCY

- 061 Additional Compliance Information
- 064 Corporate Governance Overview Statement
- 078 Statement on Risk Management and Internal Control
- 081 Audit Committee Report
- 083 Directors' Responsibilities Statement

084 FINANCIAL STATEMENTS

165 ADDITIONAL INFORMATION

- 165 GRI Content Index
- 169 List of Properties
- 170 Analysis of Shareholdings
- 173 Notice of AGM
Proxy Form



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

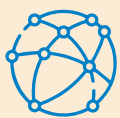


TOTAL LOGISTICS SOLUTIONS PROVIDER

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

As a leading logistics solutions provider, our expertise lies in designing, implementing and managing our customers' logistics requirements. We take pride in providing value-added logistics services that meet every discerning need and are committed to building a strong logistics ecosystem for our customers, ensuring the sustainability of their businesses. Constantly adapting to the changing times, we strive to enhance our customers' competitiveness through our cutting-edge technology and infrastructure, resulting in increased resilience and efficiency.

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



Connecting and enabling
global supply chains
and trade facilitation
to major ports
around the world

Approximately

100

vehicles with real-time
fleet management system



Operating

30

modern warehouses
across Malaysia



Warehouse space
spanning

4.0

million sqft



Workforce strength
of approximately

900

nationwide



AEO ID:S0415



APPROVAL NUMBER(S): ISO 9001-0048410



MS 2400
4059-10/2015



CERTIFIED TO ISO 14001:2015
CERT. NO.: EMS 01023



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



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.: SCSSMS 00102



INTEGRATED LOGISTICS

Total logistics solutions to meet every supply chain requirements

- » Contract Logistics
- » Freight Forwarding
- » Transportation & Distribution
- » Supply Chain Management Consulting



OIL LOGISTICS

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

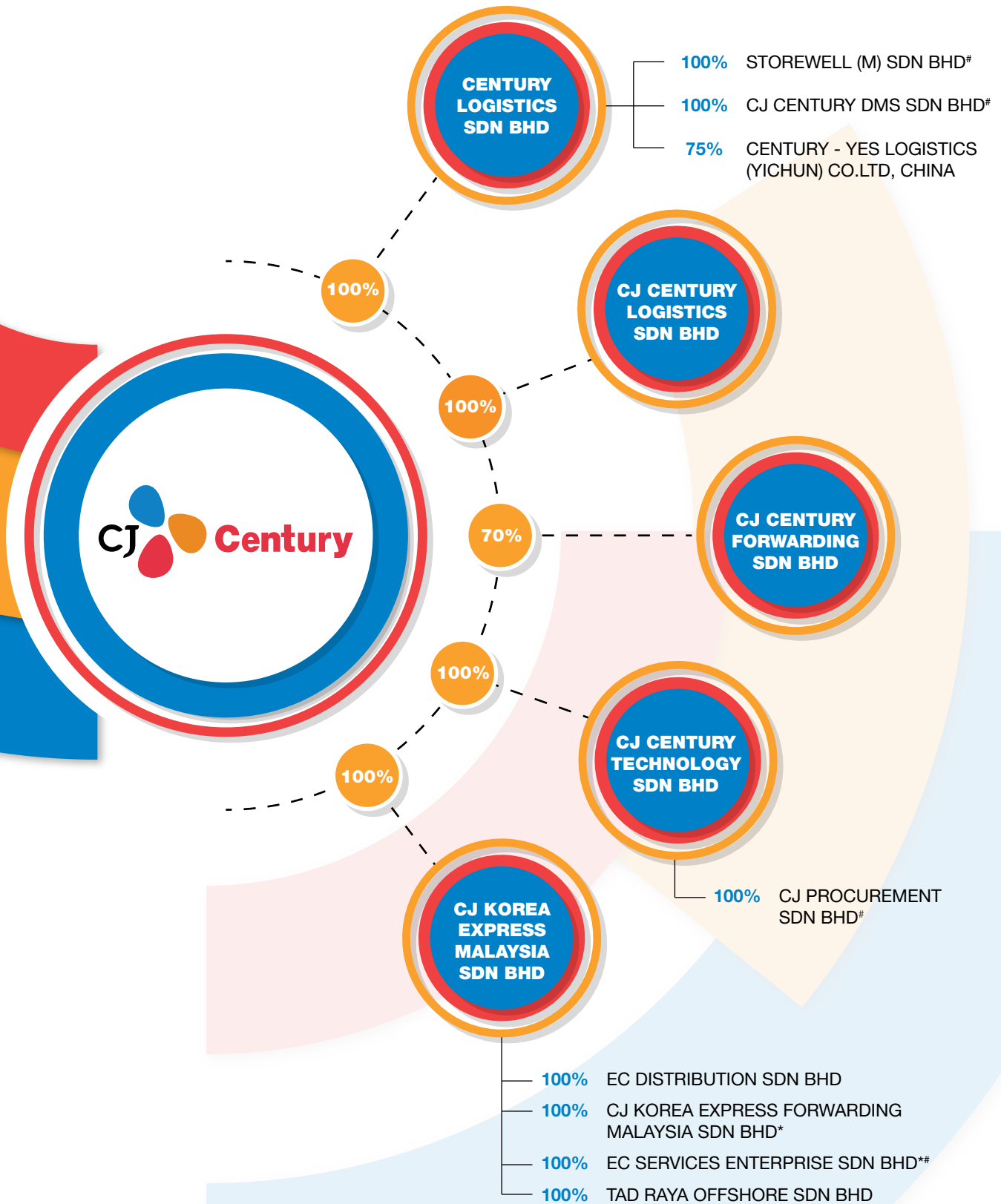


PROCUREMENT LOGISTICS

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

- » Original Equipment Manufacturing
- » Assembly Services

CORPORATE STRUCTURE



[#] In liquidation

^{*} CJKX holds call option on 51% shareholdings

OPERATING LANDSCAPE



At CJ Century, we pride ourselves on our extensive market presence with strategically positioned warehouses across Malaysia. This deliberate placement ensures that we have a wide-reaching network, allowing us to serve our customers with unmatched efficiency and speed.



OWNED WAREHOUSE

We own and operate warehouses located across the nation. These fully-owned warehouses give us complete control over operations, ensuring maximum efficiency and reliability.



LEASED WAREHOUSE

We lease an additional 22 warehouses to support our operations that are strategically located across Malaysia to meet our customers' need.



MARKETING OFFICE

The hub of our customer-centric approach, where we develop innovative solutions to drive supply chain success.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2023 witnessed a confluence of factors that significantly impacted the logistics industry. From climate-related disruptions to geopolitical tensions and ongoing supply chain bottlenecks, the year demanded adaptation and transformation.

Amidst this volatility, I am pleased to share that CJ Century Logistics Holdings Berhad (CJ Century or Company or Group) has continued to demonstrate exceptional resilience. By capitalising on our strengths, we have maintained our reputation as one of the key leaders in the Malaysian logistics industry.



INDUSTRY REVIEW

The gradual decline in global trade and external demand in 2023, subsequent to the post pandemic high experienced in 2022, caused a significant impact on freight demand which in turn resulted in freight rates to fall dramatically from their earlier high levels. In addition to this, the domestic logistics industry also encountered challenges with rising inflation, high interest rates and geopolitical upheavals.

Regardless, with CJ Century's continuous efforts to improve operational excellence supported by careful financial management, a healthy balance sheet and a team of dedicated employees, I am confident that the Company is well-positioned to continue serving our customers with the best supply chain solutions.

FINANCIAL REVIEW

The Group posted a revenue for the Financial Year 2023 (FY2023) of RM736.5 million, a decline compared to RM930.4 million from the previous financial year's record, whilst Profit Before Tax (PBT) decreased to RM16.3 million from RM37.5 million in FY2022. The significant reduction in the profit for FY2023 was due to the overall weak environment which the Group operates in, as explained in Industry Review above.

Notably, we maintained a healthy balance sheet, with shareholders' equity of RM450.2 million, and net assets per share of 77 sen as at 31 December 2023. Our current net gearing has improved marginally from 0.18 times to 0.16 times, allowing us to leverage on borrowings to fund any expansion should the need arise.

A more detailed discussion and analysis of our financial and operational performance can be read in the Chief Executive Officer's Message in this Annual Report.

FUTURE-PROOFING OUR BUSINESS

Responsible Good Governance and Risk Management

In accordance with best practices, including the Malaysian Code on Corporate Governance, we place significant emphasis on corporate governance and integrity, as well as fair labour practices, diversity, equity, and inclusion. Guided by our Board Charter and Directors' Fit & Proper Policy, members of the Board of Directors undergo a rigorous selection process before their appointment and are provided with a comprehensive understanding of their roles and responsibilities in leading CJ Century towards continuous success.

Committed to safeguarding CJ Century's future and delivering lasting value for shareholders, the Board of Directors continue to maintain consistent observances and high standard implementation of corporate governance, potent risk management and meticulous internal control measures throughout the Company. Through such initiatives, the Board strives to deliver value to our shareholders, protect our corporate reputation and enhance investor confidence. Additionally, our Board of Directors undergo continuous training and education to enhance their understanding of governance principles and regulations, as well as emerging risks and trends.

We recognise the critical importance of upholding ethics and integrity in conducting our business. Thus, we remain steadfast in our adherence to our Anti-Bribery and Anti-Corruption Policy, ensuring that a culture of integrity is deeply ingrained within our organisation. As a testament to our commitment to upholding the highest standards of integrity, 90% of the Board members attended anti-bribery and anti-corruption training sessions.

CHAIRMAN'S MESSAGE

(Cont'd)



Driving Sustainable Growth

CJ Century continued to integrate sustainability across its supply chain, acknowledging the importance of weaving Environmental, Social and Governance (ESG) values across its operations. Adopting these values will essentially futureproof our business and improve our competitiveness in the long term.

During the year, we established our inaugural Sustainability Policy, demonstrating our commitment towards integrating ESG values into our business operations. The policy encompasses Environmental Stewardship, Social Responsibility and Governance and Ethical Conduct – all essential principles for driving positive change and ensuring a sustainable future for the organisation, industry, and society at large.

We have made strategic investments in renewable energy to further reduce our greenhouse gas emissions. The utilisation of 860 kilowatt-peak (kWp) solar panels commenced in July 2023 at two of our warehouses, successfully generating 1,568.86GJ and avoiding 330.33tCO₂e. Recognising the potential of this initiative to support the national aspiration of achieving net-zero emissions by 2050, we are committed to installing solar panels at 100% of our owned warehouses by 2030.

LOOKING AHEAD

As we move forward into a new financial year, the Board remains optimistic about CJ Century's outlook amidst the ongoing economic uncertainties. CJ Century's business model allows for the ability to adapt and navigate through changes in the market. Fuelled by a passion for excellence, we will continue to intensify our efforts on various fronts by identifying growth opportunities in emerging markets, improving operational efficiency, investing in sustainable logistics solutions and technologies, as well as implementing talent programmes to drive an agile workforce.

On the sustainability front, we stand together with the world towards achieving net-zero emissions by 2050. Recognising the urgent need for action on climate change, we acknowledge our responsibility to set a precedent through proactive action. In line with this commitment, we are embarking on climate change management as recommended by the Task Force on Climate-Related Financial Disclosures to further strengthen our strategies and implement mitigation plans across our operations.

We remain hopeful of achieving better performance in the coming year as the demand for logistics and warehousing services remain favourable. With the expansion of our warehouses in Penang, we expect a stronger presence in the Northern region, attracting new business prospects. To strengthen our operational framework, we will look into leveraging the latest technology and automation that meets the needs of our customers.

ACKNOWLEDGMENT

On behalf of the Board of Directors of CJ Century, I wish to express my utmost gratitude to our customers, associates, suppliers, and business partners for their continued support and confidence in the Company. We look forward to our continued partnership in the coming year.

I am delighted to welcome Kim Jinmok, Yoo Hyun Chul and Kim Gwon Woong to our Board. Their respective expertise in logistics management, investor relations and global logistics will be invaluable as we continue to navigate the exciting opportunities ahead.

I would also like to express my sincere gratitude to Park Chul Moon, Kang Chang Mo and Sung Hyunsup, who resigned due to the recent changes proposed by our major shareholder, CJ Logistics Corporation, for their dedicated service on the Board. Their contributions have been instrumental in shaping our success thus far.

My sincere appreciation goes to the entire CJ Century team, under the leadership of Steven C.H. Teow. Their unwavering dedication has been instrumental in propelling CJ Century forward towards its goal of becoming Malaysia's largest logistics company.

On behalf of the Board, I humbly seek the support of our esteemed shareholders as we continue our strides forward as a leading total logistics solutions provider. The Company continues to thrive on your unwavering confidence and belief in its commitment towards innovation and excellence. We look forward to meeting you at the Twenty-Seventh Annual General Meeting on Friday, 26 April 2024.

DATUK LEE SAY TSHIN
Chairman

CHIEF EXECUTIVE OFFICER'S MESSAGE

(INCORPORATING MANAGEMENT DISCUSSION AND ANALYSIS)

The financial year 2023 (FY2023) was a year where we had to face continued headwinds due to the weak overall market which we operated in. Nevertheless, we take this as a catalyst for improving our resiliency and focus on further innovation.

I wish to present to you the analysis of our performance for FY2023.



OPERATING ENVIRONMENT

We saw how demand-driven disruption pushed prices to multi-year highs in 2022. Nevertheless, the situation afflicting the logistics industry is one where overcapacity resulted in a substantial reduction in demand, thus resulting in a significant drop in prices.

As a result, the Group implemented and enhanced operational efficiency and synergies. A series of comprehensive assessments were conducted to ensure the cost-effectiveness of our operations whilst removing unnecessary expenses in our processes. Our heads of departments are required to reduce all operating costs, including total wages, of their respective divisions on a yearly basis.

During the financial year, we consolidated our total logistics offerings whilst we expanded our network to the Northern region of Peninsular Malaysia. More importantly, we were able to continue leveraging our parent company to tap the opportunity to serve the ever-expanding Korean businesses operating in Malaysia.

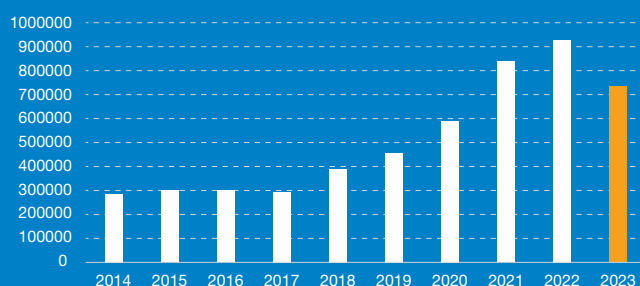
OPERATIONAL REVIEW

The Group's business comprises two major segments namely, Total Logistics Services and Procurement Logistics Services. Whilst the Total Logistics Services performed underwhelmingly, the Procurement Logistics Services achieved another record-breaking performance during the financial year.

Under our Total Logistics Services, CJ Century offers highly customised and competitive supply chain solutions for our customers. The Company's clientele base comprises a varied mix of customers and industries, from fast-moving consumer goods to electrical products. As of 31 December 2023, the Company managed a logistics facility portfolio of approximately 4.0 million square feet, of which 2.0 million square feet were self-owned.

As discussed previously, freight rates suffered a significant decline during FY2023; resulting in a substantial reduction in our revenue, particularly derived from our freight forwarding operations. 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.

10-year Revenue CAGR = 11.2%



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: Record revenue
- 2023: Warehouse expansion to Northern Region

CHIEF EXECUTIVE OFFICER'S MESSAGE

(Cont'd)

Our focus in FY2023 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 whilst maintaining sufficient returns from each of our logistics contracts.

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 of 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.

In line with our previous discussion, the freight forwarding industry faced freight rates compression following the return of capacities and the reduced demand for space, where the freight rate have decreased substantially. Contingency planning such as space arrangements, freight rate renegotiations and flexibility collaborations have been essential to mitigate the impact of these economic circumstances. We continuously monitor current events and market conditions, balancing between economic recovery, supply chain disruptions from political wars, energy price movements and the latest regulatory changes, wherever which may impact the freight rates and business in FY2024.

Our Contract Logistics operation rolled out two main systems to further enhance operational controls especially in inventory, fulfilment accuracy and distribution optimisation.

- Warehouse Management System (WMS) migration across all operations from the previous HighJump system to our Korean Headquarter's in-house WMS, nSolution. The migration is expected to be completed by the end of the first quarter of 2024.
- Transport Management System (TMS) deployment, which started with our electrical and electronics customer base to optimise the routing, truck optimisation, billing accuracy and customer profiling within CJ Century.

Aside from the operational system enhancement, our Contract Logistics operation also upgraded its internal KPI platform for better clarity and tracking across all distribution centres and customers. This will be rolled out to our other operations including Freight Forwarding, Haulage and Distribution in 2024.

CJ Century's Procurement Logistics Services offer a comprehensive solution for distributors of electrical and electronics products, providing procurement and assembly services. In response to the dynamic market landscape, customers are increasingly outsourcing their supply chain needs to third-party logistics providers for seamless delivery. The export business segment experienced significant growth during FY2023, alleviating the impact of slowing local market demand and contributing to the increase in revenue for this business segment.

FINANCIAL REVIEW

Our revenue for FY2023 amounted to RM736.5 million, a decline of 20.8% recorded during FY2022. Profit before taxation was RM16.3 million, down by 56.6% recorded during FY2022, whilst profit after taxation declined by 58.1% to RM11.8 million.

Revenue	FY2023 RM'000	FY2022 RM'000	Variance RM'000	Percentage %
Total Logistics	504,009	701,079	(197,070)	(28.1)
Procurement Logistics	232,505	229,317	3,188	1.4
Group Results	736,514	930,396	(193,882)	(20.8)

Earnings Before Interest and Taxation	FY2023 RM'000	FY2022 RM'000	Variance RM'000	Percentage %
Total Logistics	9,190	43,322	(34,132)	(78.8)
Procurement Logistics	14,852	11,890	2,962	24.9
Consol Adjustment	(527)	(9,627)	9,100	-
Group Results	23,515	45,585	(22,070)	(48.4)

CHIEF EXECUTIVE OFFICER'S MESSAGE

(Cont'd)

Analysis of Results

Total Logistics

Segment revenue and earnings before interest and taxes (EBIT) from the Total Logistics Services declined by RM197.1 million (decrease of 28.1%) and RM34.1 million (decrease of 78.8%) respectively as compared to the previous financial year, mainly due to the sharp decline in freight rates, as well as lower volumes handled by our Total Logistics Services segment. An analysis of revenue of the various operations in Total Logistics Services segment is as follows:

TOTAL LOGISTICS

Revenue	Year ended 31.12.2023 RM'000	Year ended 31.12.2022 RM'000	Variance RM'000	Variance %
Freight Forwarding	193,528	372,531	(179,003)	(48.1)
Contract Logistics	137,754	176,476	(38,722)	(21.9)
Transportation	92,775	60,648	32,127	(53.0)
Oil Logistics	37,668	41,400	(3,732)	(9.0)
Others*	42,283	50,024	(7,741)	(15.5)
Total*	504,009	701,079	(197,070)	(28.1)

* Trading of Resin and Data Management Services

Procurement Logistics

Segment revenue and EBIT for Procurement Logistics Services increased by RM3.2 million (increase of 1.4%) and RM3.0 million (increase of 24.9%) respectively as compared to the previous financial year, mainly due to higher export volumes and margins arising from improved demands, particularly from our export customers.

FINANCIAL MANAGEMENT

During the financial year, our net gearing improved from 0.18 times to 0.16 times and we will continue to manage our expansion on an optimal debt-equity funding mix without unnecessarily stressing our balance sheet. What is more important to note is that our low gearing will enable us to tap into leveraged funding should the need arise to invest for expansion.

The Group's capital expenditures on property, plant and equipment for FY2023 were RM5.0 million and future capital commitments mainly comprises the purchase of new sideloaders, racking systems, IT system upgrades, expansion of solar panels and ongoing maintenance capital expenditures. The investments shall be financed by the Group's internal resources and, if necessary, bank borrowings.



CHIEF EXECUTIVE OFFICER'S MESSAGE

(Cont'd)



SUSTAINABILITY

As the world grapples with intensifying environmental challenges, sustainability is no longer a choice but a necessity. At CJ Century, we acknowledge the crucial role we play in responsibly stewarding our impact on both the environment and society at large.

Adopting Environmental, Social and Governance (ESG) principles within our business has facilitated the identification of strategies to improve our overall management practices. To advance this commitment, we inaugurated our Sustainability Policy in 2023 to emphasise our priorities. This policy serves as the overarching framework governing all other policies, encompassing anti-bribery and anti-corruption measures, human resources and labour standards, safety and health, as well as environmental initiatives, amongst others.

We actively monitor our progress against our predefined 5-year sustainability roadmap through KPIs, ensuring the implemented initiatives directly contribute to achieving the goals.

We have made meaningful progress in our sustainability endeavours by successfully obtaining ISO 14001:2015 - Environmental Management Systems to better manage our environmental impacts. We strengthened our data gathering to include greenhouse gas (GHG) emissions Scope 3: business travel and employee commuting, a full year ahead of Bursa's mandatory requirement. Furthermore, to enhance the transparency of our sustainability reporting, we initiated the monitoring of GHG emissions generated by our supply chain partners.

Aligned with the national aspiration of achieving net zero carbon emissions by 2050, we stand firmly committed to supporting this objective through the implementation of impactful initiatives. Some ongoing initiatives include installation of solar panels to our other warehouses, LED retrofits, standardisation of air-conditioning temperatures

at 24°C with automated shut-off functions, and the strategic utilisation of real-time route monitoring software to optimise our delivery routes for further carbon emission reduction. This year, we proudly achieved a 19.2% decrease in GHG emissions compared to our 2021 baseline. Future-proofing our operations, we have also embarked on comprehensive climate change-related management initiatives, the details of which will be fully discussed in our forthcoming Sustainability Statement.

Recognising the critical role our employees play, CJ Century fosters a thriving work environment where individuals feel valued, engaged and empowered to excel. This year, we conducted a regular employee engagement survey, which garnered a positive score of 77% (3.85 out of 5), providing valuable insights into our workforce's experience working with us. Committed to an engaged and satisfied workforce, we will continuously implement initiatives to further enhance employee satisfaction.

Safety and health considerations are paramount to our business. To safeguard the well-being of our people, we maintained the existing ISO 45001: 2018 Occupational Health and Safety Management Systems certification and extended the scope of our certification to include the entire Bukit Raja Distribution Centre.

During the year, we launched the Integrity Box, a secure manual whistleblowing reporting system, as an alternative platform to our whistleblowing email. This initiative ensures all employees, those with or without internet access, have a proper channel to raise concerns, supporting our commitment to transparency and ethical conduct. Whilst gratified by the absence of reported corruption or misconduct this year, we remain firmly committed to continuous improvement of transparency and accountability across all levels of the organisation.

For a more in-depth discussion and analysis of our sustainability efforts, please refer to the dedicated Sustainability Statement within this Annual Report.

CHIEF EXECUTIVE OFFICER'S MESSAGE

(Cont'd)

OUTLOOK

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

Technology is a key disruptor in the logistics industry, with the constant emergence of new technologies in the entire supply chain. The Group 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 customers.

With the above in motion, I am indeed very positive on the outlook of CJ Century and I am confident we will continue our course to much improved performance in 2024.



ACKNOWLEDGEMENT

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

STEVEN C. H. TEOW

Chief Executive Officer

23 February 2024

FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
PROFITABILITY					
Continuing Operations					
Revenue (RM'000)	461,941	589,850	843,022	930,396	736,514
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	32,983	59,544	71,918	80,642	61,137
Profit before taxation (RM'000)	13,440	27,237	28,849	37,540	16,279
Discontinued Operation					
Loss after tax	(17,993)	(32,208)	(12,231)	-	-
Profit / (Loss) for the year attributable to equity holders (RM'000)	(7,531)	922	6,722	28,151	11,742
FINANCIAL POSITION					
Share capital (RM'000)	200,043	300,043	300,043	300,043	300,043
No of shares in issue (units) ('000)	394,230	594,230	594,230	594,230	594,230
Shareholders' equity (RM'000)	315,864	415,905	421,593	444,299	450,212
FINANCIAL RATIO					
Revenue growth (Continuing Operations only)	18.6%	27.7%	42.9%	10.4%	-20.8%
Earnings growth	-177.0%	112.2%	629.1%	318.8%	-58.3%
Return on equity	-2.4%	0.2%	1.6%	6.3%	2.6%
SHARE INFORMATION					
Weighted average number of ordinary shares (units) ('000)	390,261	498,168	586,919	583,155	581,886
Dividend per share (sen)*	-	-	-	1.5	-
Earnings / (Loss) per share (sen)	(1.93)	0.19	1.15	4.83	2.02
Net assets per share (sen)	81	71	72	76	77

* 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 and paid on 30 March 2023. It was accounted for in equity as an appropriation of retained earnings for the financial year ended 31 December 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK LEE SAY TSHIN
Independent
Non-Executive Chairman

TEOW CHOO HING
Chief Executive Officer

KIM JINMOK
Deputy Chief
Executive Officer

YEAP KHOO SOON EDWIN
Executive Director

KIM GWON WOONG
Non-Independent
Non-Executive Director

KO YOUNG HO
Non-Independent
Non-Executive Director

YOO HYUN CHUL
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

Yoo Hyun Chul
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

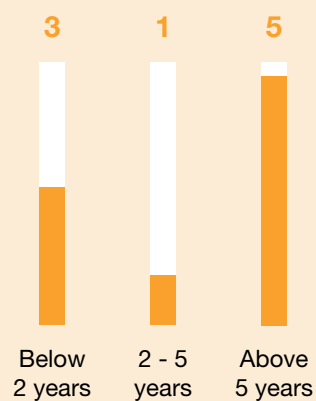
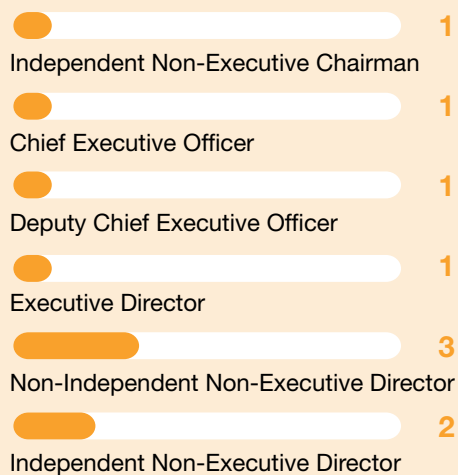
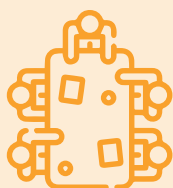
No.12, Persiaran Astana / KU2,
Bandar Bukit Raja, 41050 Klang,
Selangor Darul Ehsan
Tel : 03 3385 5888
Fax : 03 3385 6000
Email : info@cjcentury.com
Website : www.cjcentury.com

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

BOARD AT A GLANCE

BOARD COMPOSITION



BOARD TENURE

GENDER



89%

Male



11%

Female

Average

53

5 50 years and below

2 51 years - 60 years

2 61 years and above

AGE

NATIONALITY

4

Korean

4

Malaysian

1

Singaporean

BOARD OF DIRECTORS



Malaysian | 70 | Male

Date of appointment:
31 October 2016

DATUK LEE SAY TSHIN

Independent Non-Executive Chairman

Holds a Bachelor of Economics (Honours) from the 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.

Also sits on the Board of Padini Holdings Berhad, Alpha IVF Group Berhad and IGB REIT Management Sdn. Bhd. (the management company of IGB Real Estate Investment Trust).

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

Attended three (3) of the four (4) Board Meetings of the Company held in the financial year ended 31 December 2023.



Malaysian | 64 | Male

Date of appointment:
28 July 1997

TEOW CHOO HING

Chief Executive Officer

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 Kitakon Berhad.

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2023



Korean | 47 | Male

Date of appointment:
15 May 2023

KIM JINMOK

Deputy Chief Executive Officer

Holds a Degree in Economics from So-Gang University, Republic of Korea.

Started his career as a Manager of the Management Support Team in CJ Logistics Korea from 2006 till 2012 before serving as the Chief Financial Officer of CJ Logistics Indonesia in 2012. He then acted as the General Manager of the Overseas Business Team in CJ Logistics Korea from 2018 to 2020. Subsequently, he held the position of Managing Director in various CJ Logistics Group including Myanmar and Indonesia before his appointment as the Deputy Chief Executive Officer of the Company.

Chairman of the Remuneration Committee of CJ Century.

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 2023 during his term of appointment as Deputy Chief Executive Officer of the Company since 15 May 2023.

BOARD OF DIRECTORS

(Cont'd)



Malaysian | 53 | Male

Date of appointment:
15 January 2002**YEAP KHOO SOON EDWIN***Executive Director*

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 2023.



Korean | 45 | Male

Date of appointment:
29 April 2022**KO YOUNG HO***Non-Independent Non-Executive Director*

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 the Cross Border Transaction (M&A) and highly knowledgeable in global business environment. Currently, he is the Head of Corporate Development Division as a Senior Vice President of CJ Logistics Corporation.

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

Attended two (2) of the four (4) Board Meetings of the Company held in the financial year ended 31 December 2023.



Korean | 42 | Male

Date of appointment:
17 November 2023**YOO HYUN CHUL***Non-Independent Non-Executive Director*

Holds a Master of Economics and a Bachelor of Business Administration from Yonsei University, Republic of Korea.

His career spanned nearly 15 years, starting in 2008 with Seoul Asset Management, Hongkong and Shanghai Banking Corporation, and Mirae Asset Global Investments. He has gained experience in a variety of investment firms over his career and is familiar with the global business environment. Currently, he is the Head of Investor Relations Executive 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.

There was no Board meeting held during the financial year ended 31 December 2023 subsequent to his appointment as a Non-Independent Non-Executive Director of the Company on 17 November 2023.

BOARD OF DIRECTORS

(Cont'd)



Korean | 50 | Male

Date of appointment:
8 March 2024

KIM GWON WOONG

Non-Independent Non-Executive Director

Holds a Degree in Business Administration from Kookmin University, Republic of Korea.

Has built his career with the CJ Logistics Corporation over a period of close to 33 years from 1991 to present. During that time, he has been involved in CJ Logistics Corporation in various capacities, until his present position as Head of the APAC Division in 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.

He is a newly appointed Director in the financial year ending 31 December 2024.



Malaysian | 57 | Female

Date of appointment:
31 October 2016

SARYANI BINTI CHE AB RAHMAN

Independent Non-Executive Director

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

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

Also sits on the Board of Greenyard Berhad.

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2023.



Singaporean | 49 | Male

Date of appointment:
31 October 2016

WINSTON TAN KHENG HUANG

Independent Non-Executive Director

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.

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

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

Attended all four (4) Board Meetings of the Company held in the financial year ended 31 December 2023.

Save as disclosed above, none of the Directors has:

- Any family relationship with any Director and/or major shareholder of CJ Century
- Any conflict of interest or potential 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 59 | Malaysian | Appointed on 1 July 1996

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



WILLIAM YIN THIN WOI

Chief Operating Officer, Integrated Logistics

Male | Age 53 | 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.



PARK JINWOO

Chief Financial Officer

Male | Age 39 | Korean | Appointed on 3 April 2023

Holds a Professional Qualification in Accounting and Finance from American Institute of Certified Public Accountants and Degree in Business Administration (Accounting) from Soongsil University, Republic of Korea. Joined CJ Logistics Corporation in 2015 and is now part of the Global Planning team for overseas subsidiaries.

The profiles of Teow Choo Hing, Kim Jinmok 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 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 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



SUSTAINABILITY

STATEMENT

ABOUT THIS STATEMENT

Welcome to the CJ Century Logistics Holdings Berhad's (CJ Century or Company) Sustainability Statement (Statement). This Statement delves into our financial and non-financial performance, and the ongoing strides we are making towards achieving sustainable future growth. Through this Statement, we aim to share our journey and unwavering commitment to conducting business responsibly, all whilst delivering value to our esteemed stakeholders.

Reporting Scope and Boundaries

The information disclosed in this Statement spans the reporting period from 1 January 2023 to 31 December 2023, aligning with our established financial reporting cycle. Notably, this Statement encapsulates pivotal events that occurred prior to the Board of Directors' (Board) formal endorsement on 23 February 2024. By including data of three financial years, we seek to offer a more comprehensive narrative of our efforts and accomplishments. All monetary figures are presented in Ringgit Malaysia (RM), in accordance with the Malaysian Financial Reporting Standards.

Reporting Framework

This Statement is meticulously prepared in compliance with BURSA Malaysia Securities Berhad's Main Market Listing Requirements. In addition, we have ensured that our Statement aligns with the following frameworks to provide a thorough discussion of our performance and progress:

- Bursa Malaysia's Sustainability Reporting Guide 3rd Edition
- FTSE4Good assessment criteria
- Global Reporting Initiative (GRI)
- United Nations Sustainable Development Goals (UNSDGs)
- World Business Council for Sustainable Development
- World Resources Institute's GHG Protocol
- Intergovernmental Panel on Climate Change's Fifth Assessment Report
- Greenhouse Gas Reporting: Conversion Factors 2023, Department for Environment, Food & Rural Affairs (DEFRA), United Kingdom
- Task Force on Climate-Related Financial Disclosures (TCFD)

Assurance

In preparing this Statement, we have made sure that all information is clear, balanced and impactful. It went through a thorough review and received approval from our Board of Directors and Management. Our Sustainability Statement is internally reviewed and assured. A dedicated team ensured that our sustainability efforts are accurately represented. This review was also approved by our Audit Committee, emphasising our commitment to responsible business practices.

Feedback Channel

We value the feedback from our esteemed stakeholders to continuously enhance our reporting and sustainability practices. To address any comments or queries, please contact:



+603 3385 5888



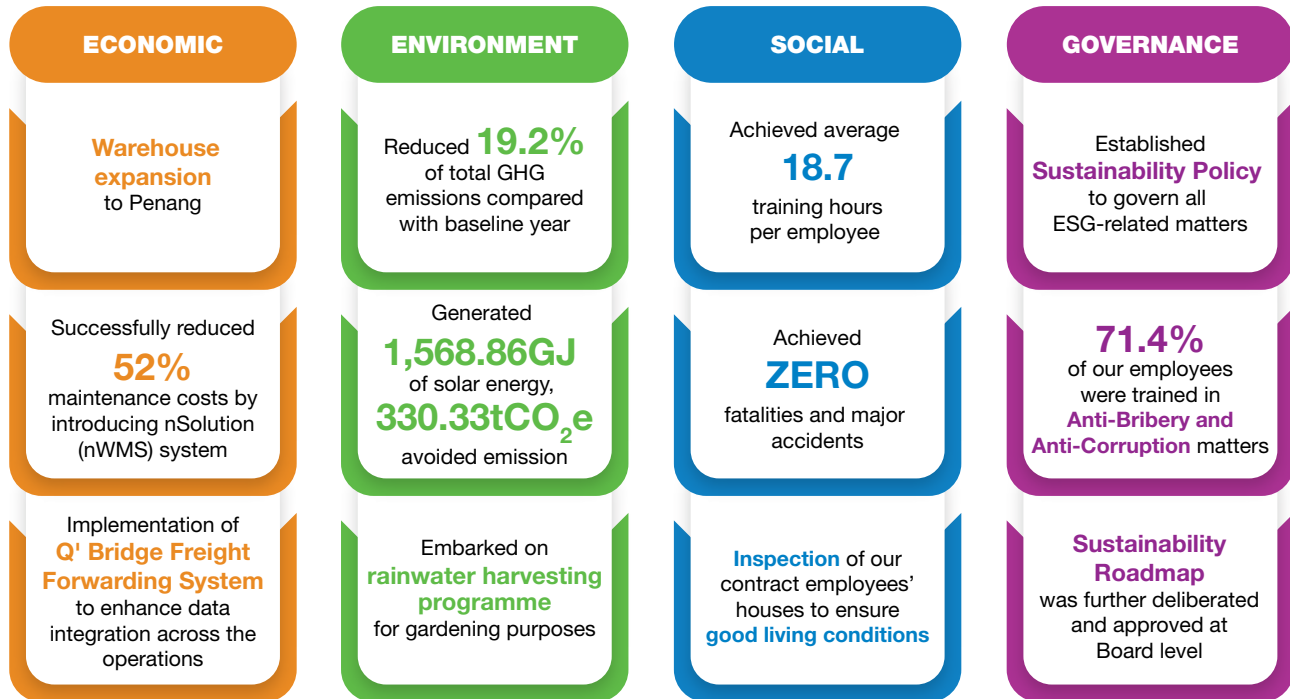
info@cjcentury.com



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

SUSTAINABILITY STATEMENT

Performance Highlights FY2023



Elevating Sustainability: Our Strategic Approach to Performance Advancement

Throughout the year under review, we undertook a series of initiatives to propel our sustainability efforts. We have:



Established a Sustainability Policy to govern all sustainability-related initiatives, whilst advocating our strong commitments to all stakeholders



Completed gap analysis against relevant reporting frameworks and standards in ensuring our disclosures are according to the latest requirement



Conducted limited scale review materiality assessment with our internal stakeholders to update and prioritise material matters



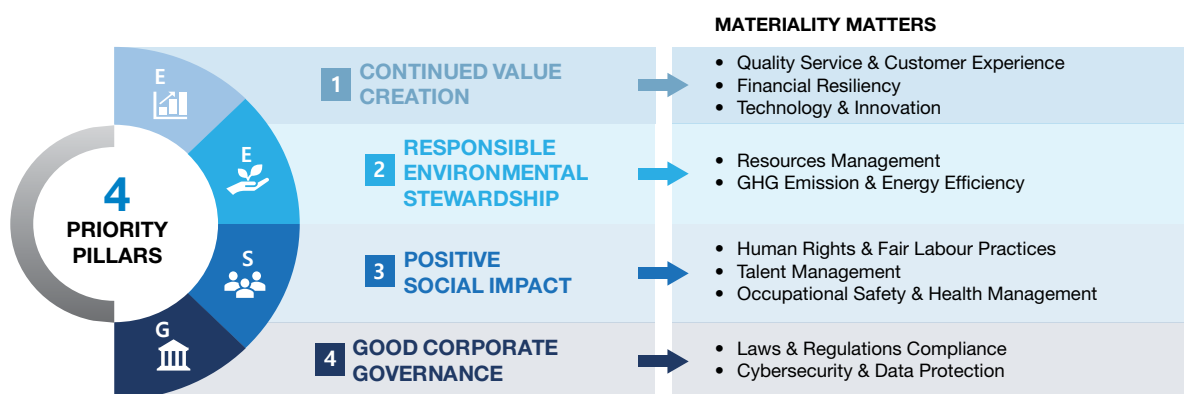
Developed Key Performance Indicators (KPIs) which guides the Company towards delivering a low-carbon future for people and planet

SUSTAINABILITY STATEMENT

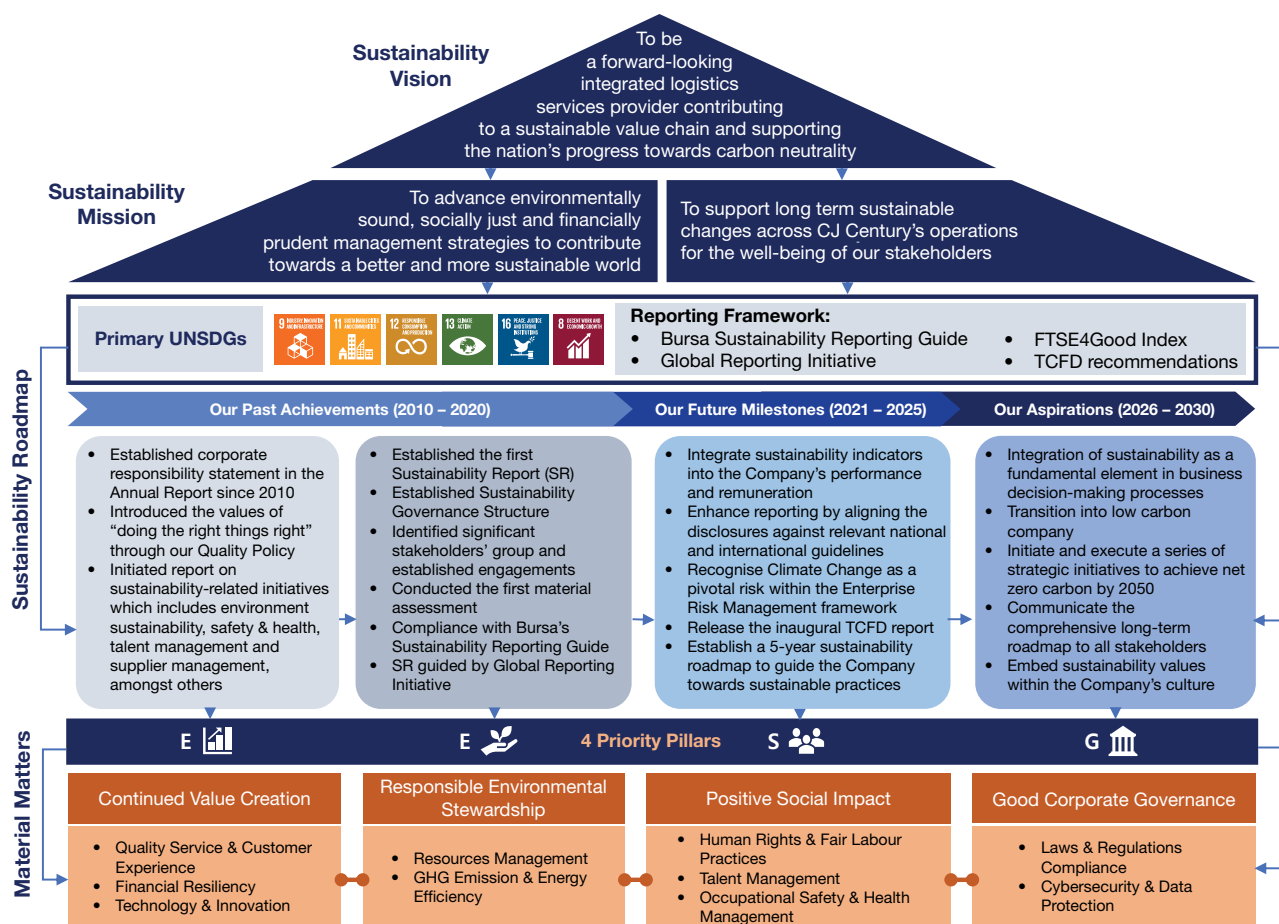
(Cont'd)

Sustainability Framework

We are cognisant of the importance of conducting our business responsibly. Our priority is to deliver excellent services to our customers whilst providing value to our stakeholders, through responsible environmental stewardship, social responsibility and transparent governance. In 2022, we inaugurated the 4 Priority Pillars (4PP), solidifying our dedication to advancing our sustainability performance. Aligned with our materiality matters and KPIs, the 4PP enables us to closely oversee our implementation efforts and measure our strides forward.



Integrating our sustainability mission and vision with the United Nations Sustainable Development Goals (UNSDGs) commitments, as well as our 4PP and material matters, this framework underpins our transition into an ESG-driven company by driving substantial and purposeful sustainability initiatives.



SUSTAINABILITY STATEMENT

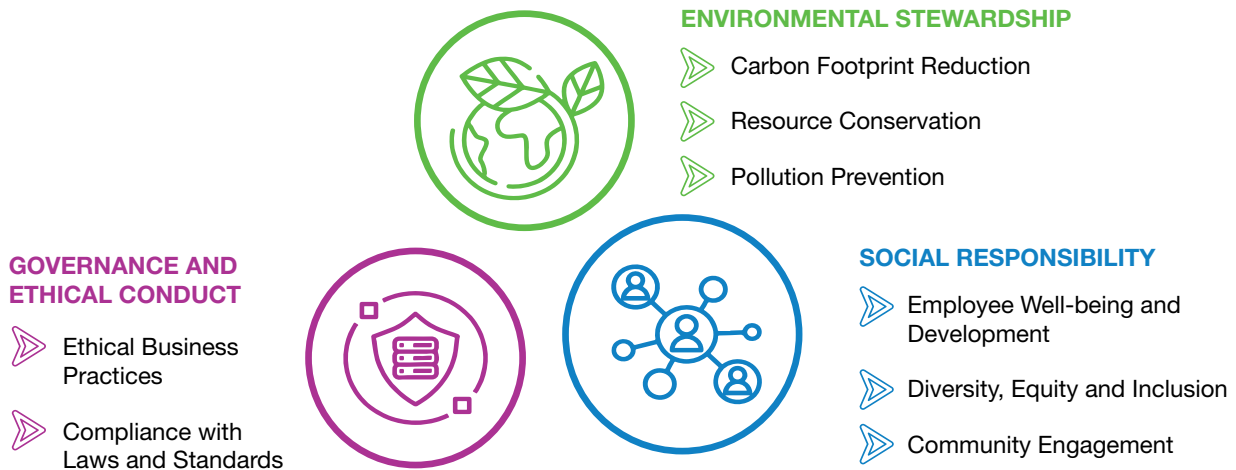
(Cont'd)

Pioneering Sustainability: Our Inaugural Sustainability Policy

We are thrilled to announce the establishment of our inaugural Sustainability Policy, a pivotal milestone in guiding our business towards a future that is both prosperous and sustainable. This policy serves as the cornerstone of our commitment to harmonise Environmental, Social and Governance (ESG) values into every facet of our operations. It was communicated to all employees and our stakeholders through various online platforms.

At CJ Century, sustainability serves as a guiding principle that shapes our strategic endeavours. This policy signifies our unwavering dedication to purpose-driven business practices. By weaving ESG values into the fabric of our organisation, we fortify our resolve to make a positive impact on the ESG structures that underpin our operations. Through this, we strive not only to meet industry standards but to exceed them, setting new benchmarks for sustainable excellence.

Sustainability Policy tenets at a glance:



Member of Associations

We strengthened our approach by forging partnerships and collaborations with external entities. Additionally, we actively participate in various associations, both to gather input and to contribute towards enhancing our overall performance and providing value to the community at large. The following encapsulates our active involvement within the industry.

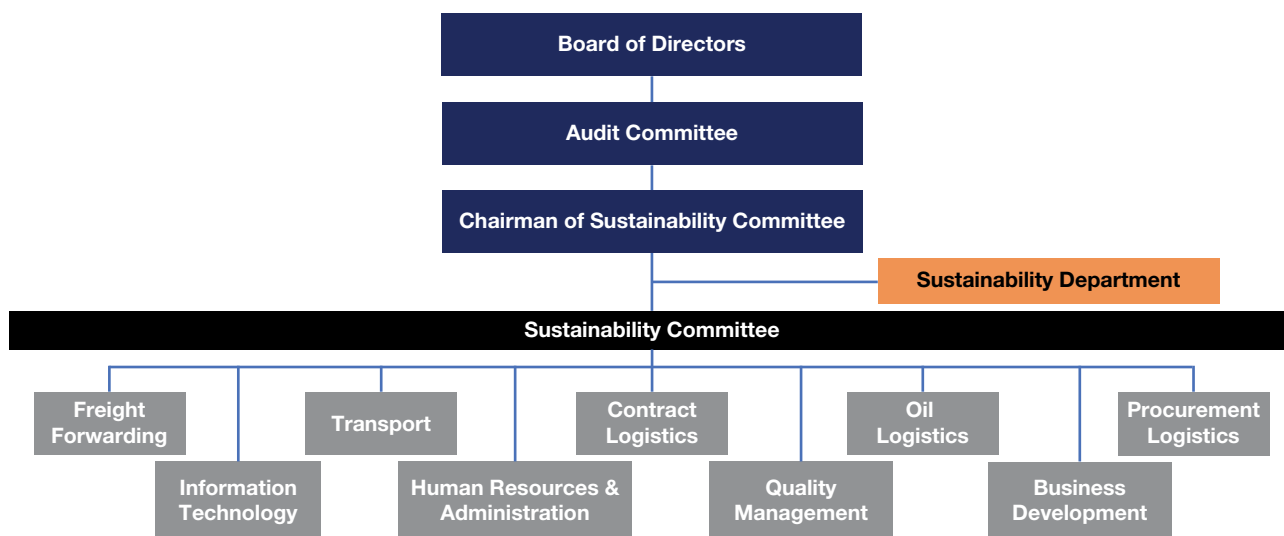
Industry/Associations	Level	Role
International Federation of Freight Forwarders Associations (FIATA)	International	Member
International Air Transport Association (IATA)	International	Member
Federation of Malaysian Freight Forwarders (FMFF)	National	Member
Association of Malaysian Hauliers (AMH)	National	Member
Selangor Freight Forwarders & Logistics Association (SFFLA)	National	Member
Malaysian Employers Federation (MEF)	National	Council Member

SUSTAINABILITY STATEMENT

(Cont'd)

Sustainability Governance

CJ Century recognises that achieving superior sustainability performance hinges on a well-structured governance framework. We firmly believe that sustainability values should permeate from the top-down, underscoring their integral role in our business. Our Board takes on the pivotal role of establishing the overarching strategic direction of the organisation, a responsibility that fundamentally encompasses our sustainability aspirations. To this end, the sustainability agenda is integrated into the proceedings of the Audit Committee meetings, ensuring a specialised focus on ESG issues including sustainability frameworks, roadmap and climate change management, before presenting updates to the Board.



The following figure outlines the specific responsibilities of each function within our sustainability governance structure. We actively engage in regular discussions and reporting exercises, ensuring a continuous flow of insights from all levels. The invaluable inputs serve as a cornerstone in driving the implementation of vital initiatives.

GOVERNANCE STRUCTURE**ROLES & RESPONSIBILITIES**

Board of Directors	<ul style="list-style-type: none"> • Sets the overall strategic direction of the organisation, including its sustainability goals • Oversees the performance and accountability of the executive team in achieving sustainability objectives • Approves and monitors budgets for sustainability initiatives
Audit Committee	<ul style="list-style-type: none"> • Provides specialised oversight on ESG issues • Facilitates the integration of ESG considerations into the organisation's overall strategy
Chairman of Sustainability Committee	<ul style="list-style-type: none"> • Leads the Sustainability Committee in its efforts to develop, implement and monitor sustainability initiatives • Reports progress to the Audit Committee and Board of Directors to ensure alignment with the organisation's overall strategy
Sustainability Department	<ul style="list-style-type: none"> • Acts as the operational arm responsible for executing the organisation's sustainability initiatives • Develops, implements, monitors and reports sustainability strategies, policies and programmes • Collaborates with other departments to integrate sustainability into various functions
Sustainability Committee	<ul style="list-style-type: none"> • Collaborates on specific projects or initiatives to advance sustainability goals • Provides expertise and insights on how sustainability can be integrated into various functions of the organisation

SUSTAINABILITY STATEMENT

(Cont'd)

STAKEHOLDER ENGAGEMENT

CUSTOMERS



Why We Engage

We are committed to providing tailored solutions to our customers, which ultimately will contribute to our mutual business growth and success

Engagement Method and Frequency of Engagement

- Customer complaints
- Feedback and surveys
- Participation in customers' initiatives

AWR

A

AWR

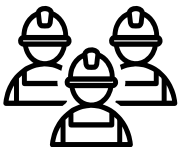
Key Concern

- Product and service quality
- Protection of customer privacy
- Customer welfare
- Innovation
- Competencies and professionalism

Our Responses

- Drive digital transformation across the Company for greater productivity and service quality
- Put in place centralised systems to mitigate cyberattacks and data protection
- Ensure our employees are well-equipped with the latest knowledge and skills for business growth
- Actively participated in customers' engagement programmes

EMPLOYEES



Why We Engage

Recognising our employees' critical role in our success, we strive to continuously support their personal and professional growth

Engagement Method and Frequency of Engagement

- Departmental discussions
- Company intranet
- Performance evaluations
- Compensations and benefits

AWR

D

A

A

Key Concern

- Compensation and employee welfare
- Workplace safety and health
- Career enhancement
- Training and development programmes

Our Responses

- Provide structured training and development programmes to achieve employees' personal and the Company's business goals
- Provide a wide range of competitive benefits and remuneration packages
- Ensure a safe and conducive working environment

Frequency of Engagement:

Daily

D

Weekly

W

Quarterly

Q

Annually

A

As and When Required

AWR

SUSTAINABILITY STATEMENT

(Cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)**INVESTORS/ ANALYSTS****Why We Engage**

Engaging with our investors and analysts provides us with vital capital and strategic insight, enabling us to continuously grow, innovate and create sustainable value

Engagement Method and Frequency of Engagement

- Investor briefings
- Shareholders' meetings
- Annual reports
- Corporate website
- Company announcements & press releases

Q

A

A

D

AWR

Key Concern

- Financial and operational performance
- Good corporate governance and ethical management

Our Responses

- Implement strategies to enhance business and financial resilience
- Engage with investors through briefings, meetings and reports to build investor confidence by demonstrating progress towards our growth potential

GOVERNMENT/ LOCAL AUTHORITIES/ INDUSTRY AFFILIATES**Why We Engage**

By adhering to legal and compliance standards, we are committed to building trust, ensuring long-term sustainability and contributing to the overall socio-economic progress

Engagement Method and Frequency of Engagement

- Facility visits
- Collaborative partnerships
- Audits
- Inspections
- Industry-related initiatives and events

AWR

AWR

A

AWR

AWR

Key Concern

- Regulatory requirements
- ESG-related issues
- Bursa listing requirements

Our Responses

- Uphold good corporate governance through robust policies and management systems
- Support and collaborate in industry affiliations to steer industry initiatives

Frequency of Engagement:

Daily

D

Weekly

W

Quarterly

Q

Annually

A

As and When Required

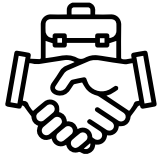
AWR

SUSTAINABILITY STATEMENT

(Cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)

BUSINESS PARTNERS/ SUPPLIERS



Why We Engage

We aim to consistently foster collaboration, streamline operations and encourage innovation, leading to mutual growth and enhanced value creation

Engagement Method and Frequency of Engagement

- Business exchanges
- Written communications
- Supplier evaluations

D

AWR

A

Key Concern

- Supply chain management
- Contract terms and conditions
- Business dealings

Our Responses

- Implement ethical procurement practices
- Set guidelines for suppliers to adopt ethical practices in their operations

LOCAL COMMUNITY



Why We Engage

We believe that engaging with the local community fosters goodwill and enables companies to address community needs, ultimately contributing to a positive social impact

Engagement Method and Frequency of Engagement

- Corporate website and social media platforms
- Community engagement programmes
- Corporate advertisements

D

AWR

AWR

Key Concern

- Environmental impact from operation
- GHG emissions and waste management
- Job opportunities

Our Responses

- Social investment for community enrichment
- Provide job opportunities for the local community

Frequency of Engagement:

Daily

D

Weekly

W

Quarterly

Q

Annually

A

As and When Required

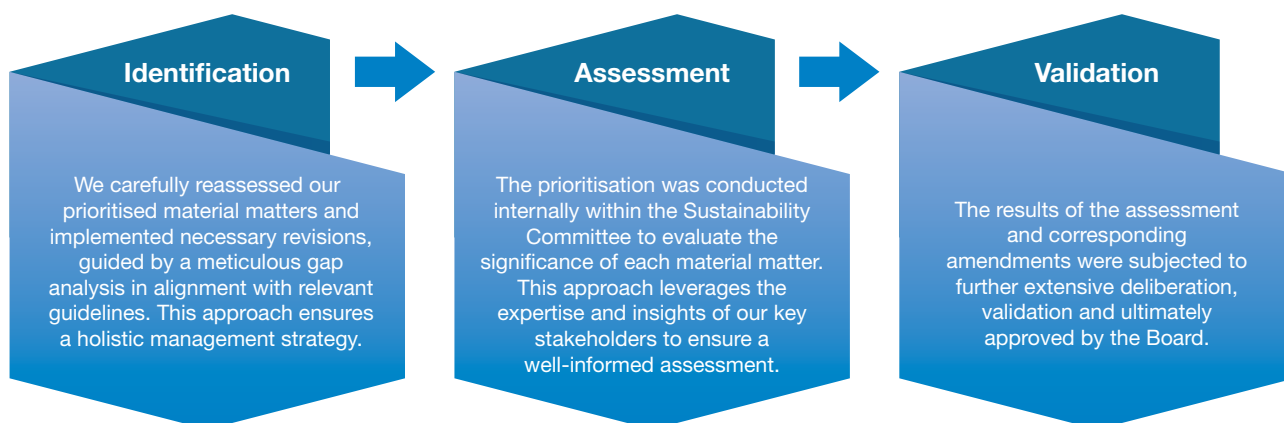
AWR

SUSTAINABILITY STATEMENT

(Cont'd)

Materiality Assessment

Following a thorough assessment conducted last year, our commitment to understanding trends and significant stakeholder concerns remains unwavering. This year, we conducted our assessment which encompassed the Sustainability Committee, with final approval from the Board. This process is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkit: Materiality Assessment (3rd Edition).



As a result of this evaluation, we have implemented a series of refinements aimed at enhancing our management approach and gaining deeper insights into our sustainability endeavours.

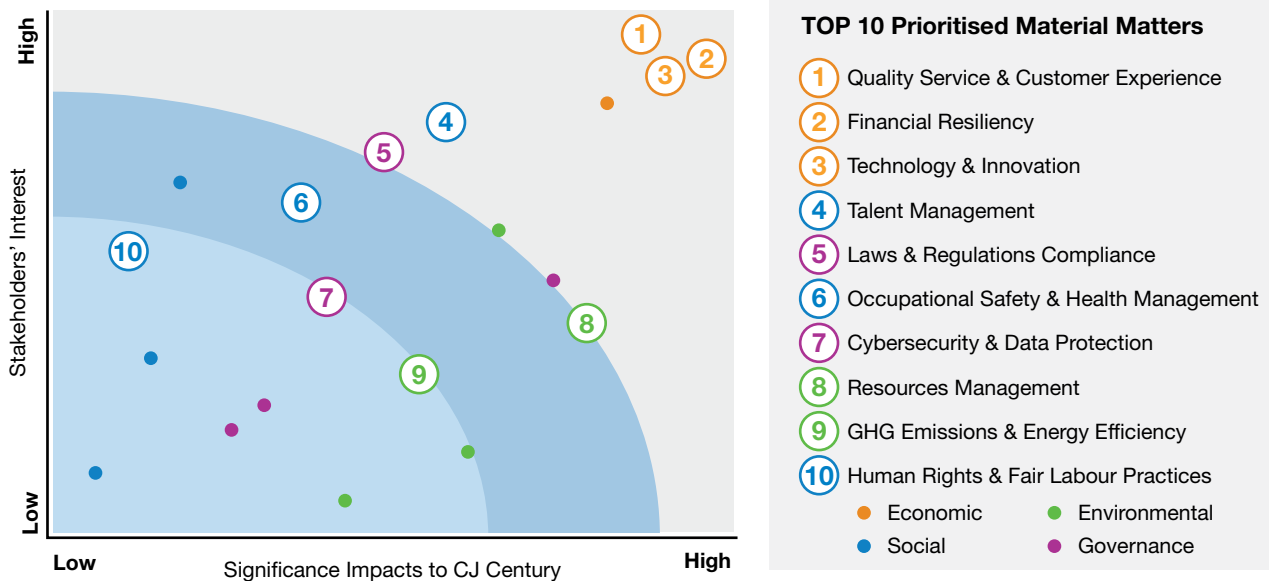
MATERIAL MATTERS	AMENDMENT	RATIONALE
Quality Service & Customer Experience Enhancement	Changed to Quality Service & Customer Experience	The term "Enhancement" in the original title may appear redundant.
GHG Emission Management & Reduction	Changed to GHG Emissions & Energy Efficiency	GHG Emissions & Energy Efficiency covers a wide range of efforts. It is not just about reducing emissions, but also about making sure we use energy efficiently, which is equally important.
Energy Efficiency & Water Saving	Changed to Resources Management	As a logistics company, it is crucial to emphasise efficient resource management. This includes putting in place strategies to handle, use and dispose of resources effectively throughout our operations.
Employee Engagement & Benefits	Changed to Talent Management	Talent Management covers more than just engagement and benefits. It includes acquiring, developing and retaining talent, aligning better with our overall goals and sustainability agenda.
Human Rights & Labour Standards	Changed to Human Rights & Fair Labour Practices	The updated term highlights our commitment to treating our employees fairly and ethically, emphasising a workplace that values dignity, inclusivity and ethical conduct in line with global labour standards and best practices.

SUSTAINABILITY STATEMENT

(Cont'd)

Materiality Matrix

Based on the discussions amongst committee members, it was unanimously agreed that the prioritisation in the materiality matrix from last year remains unchanged. This is due to no significant alterations to laws, policies or compliance requirements that would cause major shifts within the industry. Whilst there may not be ground-breaking innovations, there is a continued focus on efficiency, sustainability and digitalisation within the sector. At CJ Century, our commitment to progress remains resolute.



5-year Roadmap >> From Goals to Results: Our Sustainability Journey

Sustainability is the core element of our commitment to responsible business practices. As we navigate the complexities of the modern logistics industry, it is imperative that we not only meet the needs of today, but also safeguard the interests of future generations. This requires a deliberate and strategic approach to sustainability, one that is underpinned by clear goals and measurable targets.

During the year, we reviewed industry benchmarks and best practices to gain insights into global sustainability trends and standards. This process allows us to set goals that are not only ambitious but also in line with industry-leading performance. The result from the materiality assessment forms the basis for formulating specific sustainability goals. These goals are designed to address our environmental footprint, social impact and governance practices. Each goal is aligned with our overarching sustainability vision and mission. To ensure accountability and track progress, we set measurable targets associated with each sustainability goal.







In our steadfast commitment to enhancing our sustainability performance, we conscientiously deliberated and finalised the Financial Year 2025 (FY2025) key targets pertaining to specific materiality matters. To meet these predefined objectives, we continuously tracked and assessed our progress throughout the year.

SUSTAINABILITY STATEMENT

(Cont'd)







Pillar 1

Continued Value Creation

Materiality Matters	Targets by FY2025	UNSDGs	Progress in FY2023
Quality Service & Customer Experience	<ul style="list-style-type: none"> Achieve more than 80% of annual customer satisfaction rating ≥80% are local suppliers 100% suppliers are screened against ESG indicators Zero ESG non-compliance cases involving suppliers 	  	<ul style="list-style-type: none"> Achieved 88.3% in annual customer satisfaction rating 96% suppliers are local Embarked on ESG assessment to our suppliers Zero ESG non-compliance cases involving suppliers
Financial Resiliency	<ul style="list-style-type: none"> Strengthen our total logistics offering Implementation of cost saving initiatives 		<ul style="list-style-type: none"> Strengthened our total logistics accessibility by expanding our warehouses to Penang Reduced approximately RM364,000 due to a streamlined employment structure
Technology & Innovation	<ul style="list-style-type: none"> Maximise the seamless integration of digital transformation Implementation of cost-effective measures 	 	<ul style="list-style-type: none"> Implemented nSolution (nWMS) and Q'Bridge Freight Forwarding systems Reduced 52% of maintenance cost by decommissioning the physical servers

Pillar 2

Responsible Environmental Stewardship





Materiality Matters	Targets by FY2025	UNSDGs	Progress in FY2023
Resources Management	<ul style="list-style-type: none"> Drive waste diversion from disposal through ongoing 3R (reduce, reuse, recycle) initiatives Increase awareness through water saving initiatives Avoid pollution from our operations by ensuring 100% compliance with government emissions regulations 	  	<ul style="list-style-type: none"> 599.88 tonnes of waste diverted from disposal Conducted a company-wide pledge exercise to inculcate a responsible environmental culture 100% of our fleet complies with the pollutant emissions standards outlined by Puspakom
GHG Emissions & Energy Efficiency	<ul style="list-style-type: none"> Reduce 30% greenhouse gas (GHG) emissions Increase the use of electric forklifts and vehicles by 30% Implement solar projects at all owned warehouses 	  	<ul style="list-style-type: none"> Achieved 19.2% reduction of GHG emissions compared with 2021 baseline 80% of our forklifts are operated electrically Implemented solar projects at 25% of our owned warehouses

SUSTAINABILITY STATEMENT

(Cont'd)







Pillar 3

Positive Social Impact

Materiality Matters	Targets by FY2025	UNSDGs	Progress in FY2023
Human Rights & Fair Labour Practices	<ul style="list-style-type: none"> Maintain zero non-compliance cases regarding human rights & labour standards ≥30% women's representation at Senior Management and Board levels 	 	<ul style="list-style-type: none"> Maintained zero non-compliance cases regarding human rights & labour standards 22% women representation at Senior Management and Board levels
Talent Management	<ul style="list-style-type: none"> Achieve ≥75% rating in the Employee Engagement Survey Achieve a minimum of 16 training hours per employee 		<ul style="list-style-type: none"> Achieved an average rating of 3.85 (out of 5.00) in the Employee Engagement Survey Achieved an average of 18.7 training hours per employee
Occupational Safety & Health Management	<ul style="list-style-type: none"> Maintain zero fatalities Reduce year on year LTIFR by 10% 		<ul style="list-style-type: none"> Maintained zero fatalities Recorded 0.71 of LTIFR

Pillar 4

Good Corporate Governance

Materiality Matters	Targets by FY2025	UNSDGs	Progress in FY2023
Laws & Regulations Compliance	<ul style="list-style-type: none"> Zero non-compliance cases pertaining relevant laws and regulations 100% of operations are to be assessed for corruption risks 100% employees trained for Anti-Bribery and Anti-Corruption (ABAC) 	   	<ul style="list-style-type: none"> Zero non-compliance cases pertaining relevant laws and regulations 100% of operations were assessed for corruption risks 71.4% employees trained for ABAC
Cybersecurity & Data Protection	<ul style="list-style-type: none"> Zero complaints concerning breaches of consumer privacy, as well as leaks and theft of customer data Instill awareness of cybersecurity and data protection amongst the employees 	 	<ul style="list-style-type: none"> Zero complaints concerning breaches of consumer privacy, as well as leaks and theft of customer data Conducted two awareness programmes and regular phishing exercises throughout the year

SUSTAINABILITY STATEMENT

(Cont'd)

Aligning our performance with the United Nations Sustainable Development Goals (UNSDGs)

In an era where global challenges require collective action, aligning organisational performance with the UNSDGs has emerged as of critical importance. As we embark on this transformative journey, it is vital to not only comprehend the significance of the UNSDGs, but also to integrate them into our operations, strategies and values. This alignment not only emphasises a commitment to corporate responsibility but also positions us as one of the key agents of positive change on a global scale. We prioritised and classified the 17 UNSDGs into three categories: Primary, Secondary and Tertiary UNSDGs, aligning them with their respective importance to our business.



Primary UNSDGs		Mapping to 4PP	
	At CJ Century, we ensure fair wages, decent work conditions and professional growth opportunities for all stakeholders, especially our employees and subcontractors.		Pillar 1, 3 & 4
	This goal is crucial for CJ Century as we are directly involved in the development and maintenance of infrastructure.		Pillar 1 & 2
	CJ Century plays a crucial role in ensuring that cities and communities have efficient and sustainable transportation and logistics systems.		Pillar 2
	We are committed to ensuring responsible consumption and production throughout our operations.		Pillar 2 & 4
	Given the significant environmental impact of transportation and logistics, we understand our responsibility to reduce our carbon footprint.		Pillar 2 & 4
	Integrity is at the core of our business. In upholding integrity, we implemented anti-corruption measures to build trust with our stakeholders and foster transparency.		Pillar 1, 3 & 4

SUSTAINABILITY STATEMENT

(Cont'd)

1

QUALITY SERVICE & CUSTOMER EXPERIENCE

GRI 308-1, 414-1



Why is it important?

In our pursuit of excellence, we are committed to consistently delivering high-quality services, which we firmly believe to be the foundation of our exceptional customer experience. This commitment is deeply ingrained in every aspect of our operations, reflecting our understanding that the satisfaction and success of our valued customers hinge on the quality delivery of our services.

Our Approach

Our unwavering commitment is to continuously meet and exceed the expectations of our valued customers. Recognising that customers entrust us with the safe and timely delivery of their goods, we have prioritised efficiency, reliability and safety throughout our logistics and distribution processes. By maintaining a steadfast focus on quality service, we not only differentiate ourselves in a competitive market but also forge lasting relationships built on trust and satisfaction.



Our Performance

We maintain a comprehensive array of quality management systems and certifications, including the ISO 9001:2015 Quality Management Systems, ISO 28000:2017 Supply Chain Security Management Systems and adherence to Good Distribution Practice for Medical Device. By diligently implementing these systems and certifications, we fortify our capability to streamline operations and ensure the highest standards of our service.

Throughout the year, a series of strategic initiatives have been undertaken to bolster our dedication towards delivering excellent services. Amongst these initiatives, the following endeavours have played a pivotal role:

- Initiative:** Expansion of the scope for ISO 9001:2015 Quality Management Systems (QMS).

Objective: To expand the scope of the system to include warehousing and transportation for Contract Logistics operations at the Bukit Raja Distribution Centre (BRDC) and Transportation & Distribution Department, respectively.

Details of activities: External audit for QMS was conducted by the LRQA team in October 2023.

Outcomes/ Achievements: We successfully passed the external audit conducted by the LRQA team resulting in the issuance of a new certification with the added scope.
- Initiative:** Establishment of ISO 14001:2015 Environmental Management Systems.

Objective: To ensure a proactive approach to identifying and managing the environmental footprint of our operations and services.

Details of activities: Development and implementation of the environmental management systems, further evaluated and validated by internal and external auditors.

Outcomes/ Achievements: We have successfully received the certification as a testament to our commitment in managing our impact on the environment.

SUSTAINABILITY STATEMENT

(Cont'd)

3. **Initiative:** Scope extension of MS 2400-2:2019 Halal Supply Chain Management System.

Objective: To extend the certification scope of MS 2400-2:2019 Halal Supply Chain Management System.

Details of activities: Extend the existing system, documentation, and relevant initiatives in accordance with the MS 2400-2:2019 Halal Supply Chain Management System at the BRDC Headquarters.

Outcomes/ Achievements: We plan to register and receive the certification with an extended scope in 2024.

To reinforce our approach in maintaining the highest quality standards throughout our supply network, all appointed suppliers undergo an annual vendor performance evaluation process. Amongst the criteria used for supplier assessment are quality, service and safety. Notably, 100% of our vendors screened into the Approved Vendor List, actively participated in this evaluation, marking a significant stride towards comprehensive supplier evaluation. Additionally, we conduct a thorough due diligence process prior to vendor appointment, aiming to establish and uphold a standardised level of quality across our entire supply chain. This process includes self-declaration forms by new suppliers, followed by interview sessions with contract workers and on-site evidence documentation after they have been approved as vendors. This year, we embarked on an ESG assessment to our vendors to gauge their understanding and level of commitment towards achieving good ESG performance.

To date, we collaborated with a wide range of suppliers and vendors to facilitate seamless operations, encompassing the procurement of packaging materials, fuel and safety tools including personal protective equipment, first aid kit, safety cones, amongst others. This ensured the consistent delivery of products and

services tailored to our customers' requirements. We actively supported local businesses and suppliers that align with our business prerequisites. In 2023, 96% of our suppliers are local.

We consistently engage with our customers to gauge their level of satisfaction and identify areas for improvement. At CJ Century, we have a dedicated team who oversees the customer satisfaction feedback process, which was conducted through our Customer Satisfaction Survey Form. We have successfully received a customer satisfaction rating of 88.33%, a testament to our strong commitment in delivering exceptional customer experiences. Following the feedback received, we improved our operations by undertaking the following initiatives:

1. **Initiative:** Implementation of system-based operations.

Objective: To improve coordination and communications amongst the inventory team and customers.

Details of activities: Appointed competent employees to manage inventory matters in the new system.

Outcomes/ Achievements: Enhanced inventory and stock accuracy results, which have been diligently updated and communicated to the customer.

2. **Initiative:** Forklift driver competency programme.

Objective: To heighten safety awareness and minimise forklift incidents, thereby mitigating potential product damage.

Details of activities: Organised forklift competency training sessions and provided regular refresher briefings on safe forklift handling to drivers.

Outcomes/ Achievements: Ensured the competency of our material handling equipment workers.



Challenges

Enhancing quality service and customer experience poses challenges, including maintaining consistency, meeting diverse customer expectations, keeping up with evolving technology and managing disruptions. To address these, our Company invests in ongoing training, collects and analyses customer feedback, stays updated on the latest technologies and implement robust contingency plans for unforeseen events, ensuring an unfaltering commitment to customer satisfaction.



Outlook

Looking ahead, we will continue to enhance quality service and customer experience. Our focus will be on comprehending and meeting diverse customer needs, as personalised interactions become increasingly important. Embracing new technologies, continuous team training and swift adaptation to market changes will be key strategies to ensure we provide exceptional service and surpass expectations.

SUSTAINABILITY STATEMENT

(Cont'd)

2

FINANCIAL RESILIENCY

GRI 201-1, 201-4



Why is it important?

In the dynamic and often unpredictable logistics industry, the capacity to withstand economic fluctuations, unforeseen disruptions and shifts in operational costs are of paramount importance. Maintaining a robust financial footing ensures that the Company can continue to invest in cutting-edge technology, infrastructure and talent, all of which are instrumental for us to deliver high-quality services to our valued customers.

Our Approach

Throughout the past fiscal year, our focus on sustaining the financial resilience has been evident in our prudent fiscal management practices. We have strategically diversified revenue streams and implemented cost-effective measures to enhance profitability and mitigate potential risks.

Our Performance

This year, CJ Century recorded RM736.5 million revenue and RM11.8 million profit after taxation, respectively.

	Description	2021	2022	2023
Economic Value Generated (i.e. revenue and other income)	Economic Value (RM million)	847.8	935.3	743.6
Economic Value Distributed	Operating costs (RM million)	726.2	801.0	640.3
	Economic value distributed to employees (RM million)	94.6	88.0	78.6
	Payment to capital providers (RM million)	9.9	11.1	14.2
	Payment to government (RM million)	9.9	9.4	4.5
	Investment in community (RM million)	0.4	0.5	0.1
Economic Value Retained	Economic Value Generated – Economic Value Distributed (RM million)	6.7	25.2	5.9

In enhancing our operational efficiency and financial sustainability, we have successfully implemented several initiatives with significant cost savings. We have achieved significant savings by installing solar panels at some of our warehouses, cutting electricity costs by 30% to 50% in each location, compared with the baseline year of 2021. Additionally, a streamlined employment structure has led to monthly cost reductions of approximately RM364,000. These measures not only strengthen our financial position but also underscore our commitment to responsible and prudent business practices.

To further strengthen our business performance, we tapped into new opportunities, including our maiden warehouse expansion to Penang. This strategic move involved the lease of a warehouse spanning 113,000 square feet, amplifying our capabilities in the airfreight sector. This expansion was crucial in securing new customer contracts, further solidifying our market presence and contributing to our continued growth.

Throughout 2023, the Company did not receive any financial assistance from the government.

Further details on the Company's financial review and outlook are discussed in the Chief Executive Officer's Message on page 8 of this Report.



Challenges

Misinterpretations of the company's financial health pose a potential challenge. It is essential to provide a clear and accurate representation of its financial standing, instilling confidence and stability in the market.



Outlook

As we forge ahead, we remain steadfast in our dedication to preserving and fortifying our financial resilience, ensuring a robust foundation for sustained growth and continue providing excellent services.

SUSTAINABILITY STATEMENT

(Cont'd)

3

TECHNOLOGY & INNOVATION

GRI 203-1, 203-2



Why is it important?

In today's dynamic business landscape, technology and innovation stands as the crucial element of success for logistics companies. It revolutionises operations, driving efficiency, accuracy and customer-centric solutions, resulting in enhanced deliverables and profitability whilst minimising our impact on the environment.

Our Approach

We recognise the importance of remaining at the forefront of the swiftly evolving global technology landscape and market demands. Through the adoption of cutting-edge technologies, including advanced tracking systems, our goal is to significantly elevate our overall operational efficiency and resilience.

Our Performance

To further enhance our operational management, we invested in the following initiatives throughout the year:

- Initiative:** Introduction of nSolution (nWMS) to replace the legacy HighJump and Manhattan WMS system.

Objective: To improve the efficiency of our warehouse operations.

Details of activities: We are implementing nWMS to establish a more reliable system with fewer outages. This upgrade will also offer customers a unified view to track their orders and deliveries.

Outcomes/ Achievements: We have successfully reduced 52% of maintenance costs by decommissioning the Manhattan physical server, whilst migration of the HighJump WMS is in progress.
- Initiative:** Q'Bridge Freight Forwarding implementation.

Objective: To enhance data integration across the operations.

Details of activities: This upgrade includes integrating with Group IT for future projects like Big Data Platform and Customer Relationship Management, improving customer cargo tracking visibility with the help of Q'Bridge whilst ensuring compatibility with third-party systems for seamless collaboration with external partners.

Outcomes/ Achievements: Standardised performance measurement framework across all subsidiaries under the CJ Logistics group.



Challenges

Adopting technology and innovation in the logistics sector is essential for staying competitive, yet it comes with its share of challenges. The initial investment costs often pose a significant hurdle to implementation. Thorough research and proof of concepts must be carried out to avert integration complexities and potential disruptions during the transition phase. Additionally, the ever-looming threat of cyber risks presents a substantial challenge. However, it can be effectively mitigated through the implementation of robust security measures.



Outlook

We are embarking on the Technology, Engineering and System project to semi-automate our warehouse operations. This transformative initiative is aimed at achieving improved efficiency and productivity throughout our warehouses.

SUSTAINABILITY STATEMENT

(Cont'd)

8

RESOURCES MANAGEMENT

GRI 303-3, 303-5, 304-4, 306-1, 306-2, 306-4



Why is it important?

Resource efficiency encompasses a strategic approach to managing resources such as energy, water, materials and other inputs, aiming to minimise waste and environmental impact whilst maximising output and productivity.

Our Approach

We are committed to playing our part in sustaining a culture of responsible management of resource use, waste, emissions and pollution, whilst adhering to regulatory requirements and applicable laws relating to environmental protection. We proactively manage resource efficiency by implementing rigorous monitoring systems to track the consumption of key resources such as energy, water and raw materials across our operations. This data-driven approach allows us to identify areas where improvements can be made.

Our Performance

We understand the importance of responsible resource management to minimise our environmental footprint. Our collaborative endeavours to enhance resource utilisation includes the use of water and material conservation measures, as well as waste reduction and pollution prevention initiatives.

Environmental Compliance

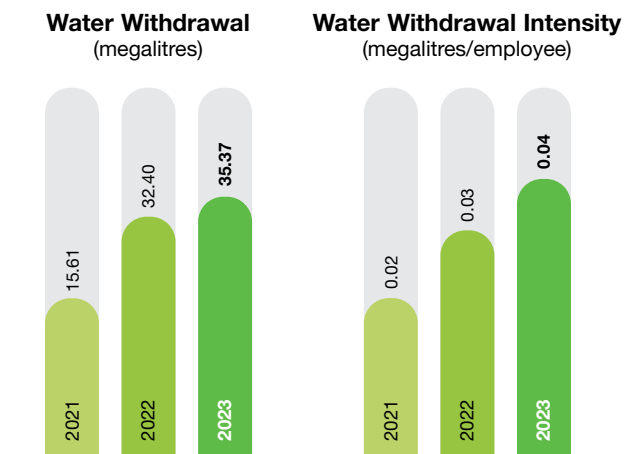
Our commitment to safeguarding the environment is governed by our Environment Policy, strengthened further with the implementation of ISO 14001:2015 Environmental Management Systems (EMS). This system establishes the principles and guidelines for effective risk and impact management, ensuring our dedication to environmental stewardship.

As a testament to our efforts, our BRDC headquarters (12.5% of our owned warehouses) was certified under the ISO 14001:2015 EMS in December of this year.

We are pleased to note that the Group recorded zero non-compliance cases pertaining to environmental laws and regulations in 2023 and we do not operate in areas classified as high conservation value or locations with identified IUCN Red List species.

Water Saving Initiatives

We primarily utilise water for domestic purposes, with our employees being the main users. To calculate our water withdrawal intensity, we use the number of employees as the denominator. Various initiatives have been implemented to ensure the optimal use of water at our premises, including the installation of cutting-edge sensor taps and dual-flushing options. Regular inspections are conducted to swiftly address any potential leakages. Furthermore, our dedication to sustainable practices is reflected in our effort to link our rainwater harvesting tank to the firewater system during emergencies.



Note:

1. It is assumed that purchased water is categorised as freshwater as it is withdrawn from natural water sources

At CJ Century, we use 100% purchased water that is drawn from surface water, and we do not operate at water distressed areas. Whilst domestic water usage is our primary concern, we recognise that water loss can still occur through various processes, including evaporation, runoff and transpiration. Therefore, we are committed to continuously raising awareness amongst our employees about efficient and responsible water consumption through targeted campaigns.

SUSTAINABILITY STATEMENT

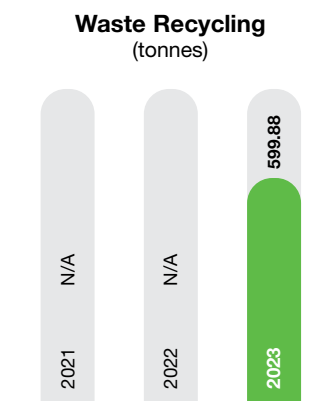
(Cont'd)

Waste Management

We recognise the critical importance of responsible waste management in reducing our environmental footprint and contributing to a more sustainable future. By adopting innovative practices, we aim to minimise waste generation, enhance recycling efforts and promote a culture of resource conservation across our operations.

As a responsible organisation, we have implemented best practices for waste disposal. For general waste, we ensure proper disposal in accordance with the guidelines from local authorities. Meanwhile, for scheduled waste, we employ certified personnel (CePSWaM) in-house to oversee the overall disposal process. This process includes activities such as waste inventory management, identification of areas for improvement, selection of licensed third-party waste disposal contractors and strict adherence to relevant rules and regulations.

With our focus on conscientious waste management, we give priority to the principles of Reduce, Reuse and Recycle (3R) to manage our general waste. This year, we have successfully diverted 599.88 tonnes of waste from landfills, with carton constituting the majority (89.8%) of the overall waste stream. Moreover, we reuse pallets within our warehouses, effectively optimising their lifespan for goods storage. Our efforts also encompass the retreading of used tyres to extend their lifespan. 1,195 tyres were successfully retreaded with a certified vendor, employing methods and machinery that ensure the same level of quality and safety as new tyres. As for end-of-life tyres, we dispatch them to a recycling company for an upcycling process, transforming them into synthetic rubber-based products.



Pollution Prevention Measures

We place significant emphasis on pollution prevention measures and remain resolute in our commitment to conducting business operations with environmental responsibility, striving to minimise our impact on the environment.

Our commitment to better managing our footprints includes various precautionary measures being implemented throughout the year. This encompasses the rigorous adherence to our policy of conducting routine smoke emission tests for our vehicles, biannually or as approved on a periodic schedule. These tests, evaluated and verified by Pusat Pemeriksaan Kendaraan Berkomputer (Puspakom), enable us to collect and monitor smoke exhaust emissions data, thereby enhancing our mitigation plan for potential issues that could lead to pollution. We are pleased to report that 100% of our fleet comply with the pollutant emissions standards outlined by Puspakom.

Our Oil Logistics Division collaborates closely with experienced experts in the field of Oil Spill Response equipped with the latest art of deployment, containment and recovery techniques to mitigate and combat oil spillage within Malaysian waters. This involves rigorously adhering to an approved oil spill emergency planning and response model by the Marine Department of Malaysia and respective international agencies. This proactive approach ensures preparedness and promptly addresses any potential environmental repercussions when the need arises. Our strict Standard Operating Procedure (SOP) and safety policy in handling such operations have successfully enabled us to maintain a record of zero spill incidents over the past 20 years. To further strengthen our dedication to responsible environmental stewardship, our Principals utilise fuels that adhere to the Sulphur content limit of 0.5% as stipulated in the IMO 2020 Sulphur Regulations and the Global Sulphur Cap 2020.



Challenges

A range of challenges are present in effectively managing natural resources throughout our operations. These include ensuring a responsible supply chain, navigating regulatory complexities and adopting innovative technologies to optimise resource use.



Outlook

We will continue to implement best practices to ensure responsible usage of natural resources and work towards reducing the usage using the concept of a circular economy.

SUSTAINABILITY STATEMENT

(Cont'd)

9

GHG EMISSIONS & ENERGY EFFICIENCY

GRI 302-1, 302-2, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5



Why is it important?

Considering how environmental consciousness and management are becoming more critical in recent years, we are aware of the impact our Company has on the environment. In line with the Malaysian government's commitment to significantly reduce the country's carbon emissions, we are committed to doing our part in addressing climate change. Reducing GHG emissions and prioritising energy efficiency is not merely an environmental goal; it is a strategic imperative that positively impacts the bottom line, enhances corporate reputation and contributes to a sustainable future for all. As the world navigates the complex challenges posed by climate change, embracing these principles becomes a defining factor for success and resilience.

Our Approach

Managing GHG emissions and prioritising energy efficiency are paramount to CJ Century. We aim not only to reduce our environmental footprint but also to enhance operational efficiency and cost-effectiveness through the implementation of various initiatives. These proactive approaches reinforce our commitment to responsible business practices, ensuring a resilient and sustainable future for our Company and the communities we serve.

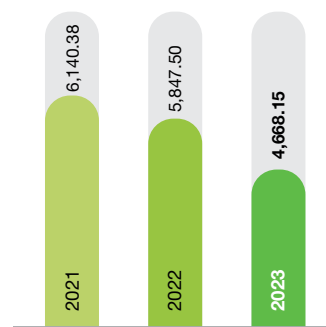
Our Performance

Being a logistics company, our primary energy consumption occurs in our warehouses and transportation operations. These two areas are the focal points for reduction initiatives, integral to our overarching decarbonisation programme, aligning with the nation's aspiration to achieve net-zero carbon emissions by 2050.

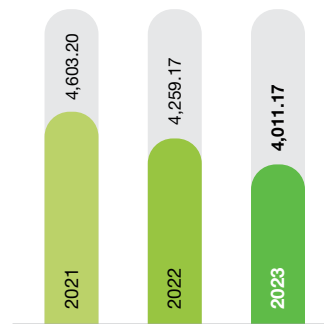
In July 2023, we proudly commissioned our 860kWp solar photovoltaic systems at our Bukit Raja and Port Klang Distribution Centres. This commendable initiative has not only generated an impressive 1,568.86GJ (435.80MWh) of renewable energy but also resulted in substantial cost savings of RM29,335.63, which is equivalent to 42.0% reduction of electric usage at the related warehouses against 2021 baseline year. Looking ahead, we are poised to make an even more significant positive change. By extending the implementation of solar systems to all our owned warehouses by FY2030, we anticipate at least 30% reduction in our electricity consumption.

Our efforts to enhance energy efficiency also play a pivotal role in reducing our GHG emissions. During the year, we continued to reduce our carbon footprint by switching off lighting and appliances when not in use. We set air conditioning temperatures at a comfortable 24°C and implemented automatic power-off at 6 p.m. daily, optimising energy usage. In addition, employees are encouraged to prioritise video conferencing and other communication technologies to minimise the need for business travel.

Scope 1
(tCO₂e)



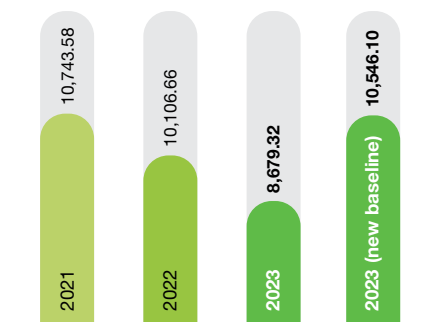
Scope 2
(tCO₂e)



Note: The emissions factor for electricity in Peninsular Malaysia is 0.758 tCO₂e/MWh, in accordance with data reported by Malaysia's Energy Commission (2023)

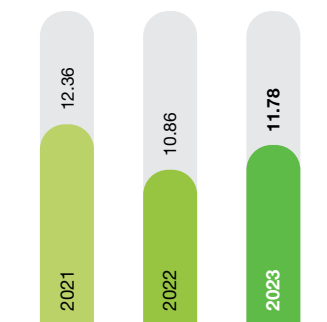
SUSTAINABILITY STATEMENT

(Cont'd)

Total Emissions (Scope 1 + 2)
(tCO₂e)

Note:

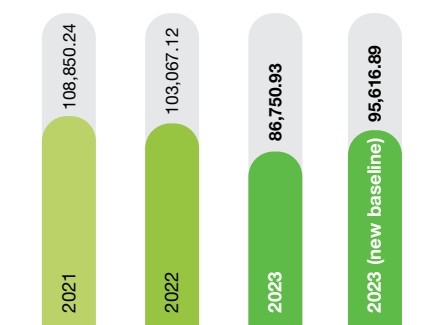
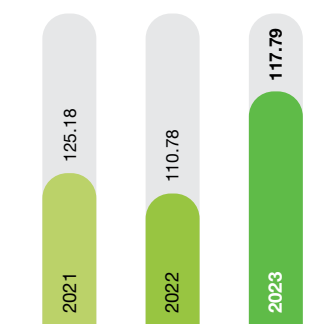
1. The new 2023 baseline comprises all our owned and leased warehouses

GHG Emissions Intensity
(tCO₂e/RM'million Revenue)

Note:

1. Scope 1 emissions are direct GHG emissions that occur from sources owned or controlled by the Company (e.g., emissions from combustion in owned or controlled vehicles)
2. Scope 2 emissions are emissions from the generation of purchased electricity consumed by the Company
3. Consolidation approach for Scope 1 and 2 emissions is by operational control

As a result of our concerted efforts, we consumed 86,750.93GJ of energy and produced 8,679.32tCO₂e of GHG emissions for our owned warehouses in 2023, accounting for a 20.3% (22,099.31GJ) and 19.2% (2,064.26tCO₂e) reduction, respectively, compared to the 2021 baseline year. Acknowledging that leased warehouses are a significant part of our carbon footprint, we have begun to include them in our reporting and have established a new baseline for Scope 2 emissions, accounting for 5,877.95tCO₂e. Moving forward, we will report our sustainability performance against both baselines for better data representation.

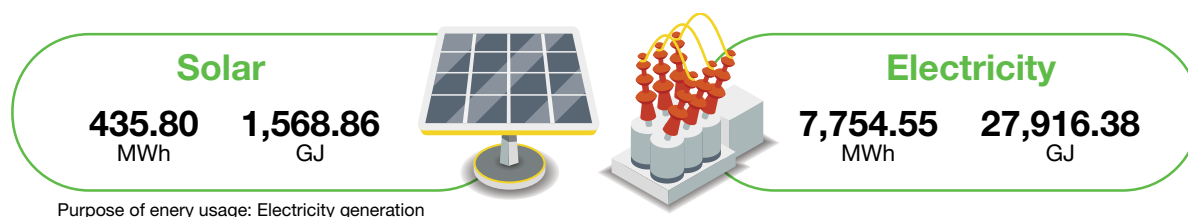
Energy Consumed
(GJ)**Energy Consumed Intensity**
(GJ/RM'million Revenue)

SUSTAINABILITY STATEMENT

(Cont'd)

Breakdown of energy consumption by non-renewable and renewable sources (%)

Description	2021	2022	2023
Diesel (Stationary and mobile consumption)	79.9	80.4	69.2
Electricity (Purchased energy)	20.1	19.6	29.2
Solar (Renewable energy)	0.0	0.0	1.6



This year, we have included employee commuting and business travel in our monitoring efforts. A total of 2,891.51 tCO₂e was generated from these activities, constituting Scope 3 GHG emissions. By monitoring our employees' carbon footprint, we aim to develop relevant programmes to reduce emissions. We also plan to expand the reporting to include operational data on Scope 3 emissions in the future.

We launched the "My Green Pledge" initiative, encouraging our employees to pledge their commitment to environmental protection by adopting green habits at the workplace and in their daily lives. We also distributed recyclable bags in observance of International Plastic Bag Free Day to encourage the employees to reduce their use of single-use plastics, and ultimately eliminate them from their routines.



Challenges

Costly investments and insufficient infrastructure to support green technology often delays businesses from making investments, despite understanding the long-term benefits from the programme.



Outlook

We are committed to proactively mitigating our greenhouse gas emissions, and we pledge to take decisive action by prioritising the adoption of cutting-edge green technologies in our operations. This includes strategic investments aimed at significantly reducing our environmental footprint and fostering a sustainable future for all. Recognising that our operations might have a significant impact on climate change and be affected by it, we aim to mitigate these issues. We plan to conduct a thorough climate risk assessment, climate scenario analysis and prepare a long-term roadmap, aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures to reduce our footprint in the near future.



SUSTAINABILITY STATEMENT

(Cont'd)

10

HUMAN RIGHTS & FAIR LABOUR PRACTICES

GRI 202-1, 402-1, 405-2, 406-1, 407-1, 408-1, 409-1



Why is it important?

Upholding human rights and fair labour practices is of utmost importance to us. It is not only a moral obligation but also essential for fostering a culture of trust, inclusivity and responsible business conduct. This commitment extends beyond mere compliance with legal standards, as it involves actively promoting an environment that values and respects every individual in an organisation.

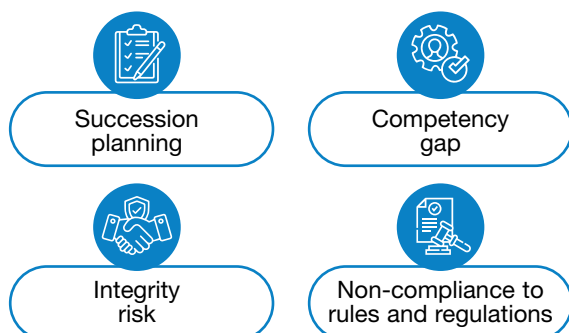
Our Approach

We are mindful of the critical importance of upholding human rights and fair labour practices for our people. By ensuring fair treatment, equal opportunities and safe working conditions for all stakeholders in our value chain, we are committed to contributing to a more just and sustainable society.

Our Performance

We believe that employees are the foundation of our success in delivering excellence. To continuously implement human rights and labour practices, we adhere to the Employment Act 1955 (Act 265) of Malaysia on all our operations across the nation. We established our Human Resources and Labour Standards Policy in 2021 and Sustainability Policy in 2023, drawing from globally recognised standards relevant to our operations, including the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Ten Principles of the United Nations Global Compact.

To continue gauging our performance in endorsing fair labour practices, we include human resources as one of our risks in the Enterprise Risk Management. We conduct regular risk assessments based on the following risks and implemented necessary mitigation actions:



Guided by our policies, we aim to continuously provide a safe and healthy work environment that fosters personal and professional growth for all employees. This includes fair wages, access to training and development opportunities, promoting work-life balance, as well as treating the employees with dignity and respect, of which we do not condone forced and compulsory labour. We are also committed to providing a diverse and inclusive workplace where all employees are treated fairly, regardless of their race, gender, religion, sexual orientation, age, nationality or disability.

We acknowledge and respect employees' right to engage in collective bargaining and freedom of association, for fair and equitable workplace conditions. In the event of any operational changes that might potentially impact our employees, we provide a minimum notice period of one week to one month, depending on the urgency, to ensure their preparedness for the changes.

Our Child Labour Policy strictly prohibits child labour across our operations and those of our partners. If child labour is identified at our suppliers' operation sites, CJ Century will carry out necessary actions to ensure the child's well-being and facilitate a smooth transition back to education. Our commitment to remediate potential child labour cases is not just a policy statement but an ongoing effort embedded in our day-to-day operations.

At CJ Century, we do not condone any unjust treatment. To support this stance, we provide channels for employees to report grievances. Employees are encouraged to file a report to their immediate superior, Head of Department or Head of Human Resources, depending on the nature of the case. For those without internet access, we have introduced the Integrity Box during the year for manual reporting purposes. Both channels are supervised by a dedicated team appointed by the management. We have conducted training sessions for employees to further educate them on workplace grievances, as part of our efforts to eliminate potential cases and enhance understanding amongst our workforce.

SUSTAINABILITY STATEMENT

(Cont'd)

Our continuous commitment to combat bullying and harassment extends to providing training for our dedicated personnel in handling such reports. Two of our employees attended MEF-ILO Knowledge Tools training, a training for employers on advanced investigation guidelines relating to violence and harassment, eliminating discrimination in the world of work and flexible work arrangements. Additionally, 46 employees completed an online course on sexual harassment awareness to provide in-depth understanding on the subject matter. These initiatives aided our efforts in fostering a safe and conducive work environment for all.

We are cognisant of the critical importance of fair and competitive remuneration package for the employees. CJ Century complies with all regulatory requirements, such as the minimum wage, maximum working hours and minimum age for employment, amongst others. Our efforts to ensure adequate measures extend to our contract workers, including our security personnel and general workers. Throughout the year, we conducted Manpower Supply Audits on 15 manpower vendors. This initiative aims to ensure that our contract workers have good living conditions with sufficient necessities, as well as to examine the vendors' adherence to labour laws and scrutinise whether salaries are being paid fairly and in a timely manner.

Further to that, we remain committed to providing an equal entry-level basic salary, ensuring equality for both male and female employees.

Ratio of Salary

CJ Century's entry level salary for non-executive	National minimum wage
1	1

Percentage of EPF

Employee	Employer
11%	13%

For continuous understanding and adherence to the policies and procedures in place, we provide the following information on our intranet and website (https://www.cjcentury.com/corp_governance):

1. Sustainability Policy
2. Code of Conduct and Ethics
3. Human Resources and Labour Standards Policy
4. Child Labour Policy
5. Whistleblowing Policy and Procedures

We are pleased to report that no cases of human rights abuses or discrimination were reported in 2023.



Challenges

The ever-evolving global business environment demands a continuous commitment to ethical standards, as well as international and local regulations pertaining to human rights and fair labour practices. Balancing the pursuit of profitability with the responsibility to provide fair wages, safe working conditions and equal opportunities for all employees require vigilance and adaptability.



Outlook

The outlook for companies lies in embracing transparency, proactive engagement with stakeholders and the integration of sustainable practices into their core operations. At CJ Century, we aim to continuously foster a positive corporate culture, paving the way for a sustainable future for both the Company and our employees.



SUSTAINABILITY STATEMENT

(Cont'd)

4

TALENT MANAGEMENT

GRI 202-2, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1



Why is it important?

Employees are the asset of a company, serving as the driving force behind its success. Attracting, nurturing and retaining the right talents are crucial in driving excellence and advancement of a company, as they significantly contribute their exceptional skills, expertise and innovative thinking to the organisation.

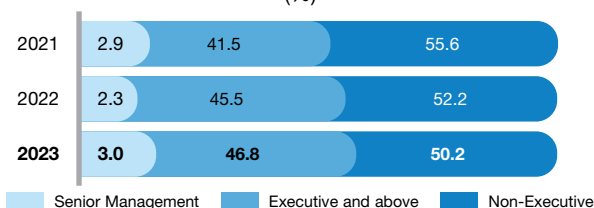
Our Approach

Our aim to maintain business resiliency and sustainability is mainly dependent on our people. To remain competitive in the industry, we endeavour to attract, nurture and retain top-tier talents, recognising them as the forefront of our business.

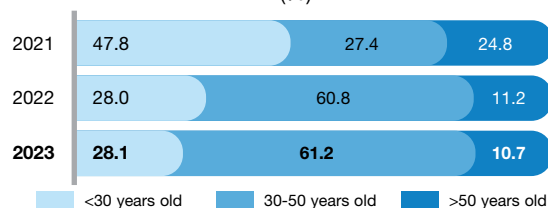
Our Performance

Effective hiring and talent recruitment are essential components for the success of any organisation. It is crucial to hire the right talents who drive innovation, productivity and overall success. We value our employees and provide them with equal opportunities, regardless of their race, gender, religion, sexual orientation, age, nationality or disability. In line with our commitment to social responsibility, we prioritise local hiring in our efforts to contribute to the growth and development of the national economy. Currently, 89% of our employees are local, and 85% of our senior management positions are occupied by local hires.

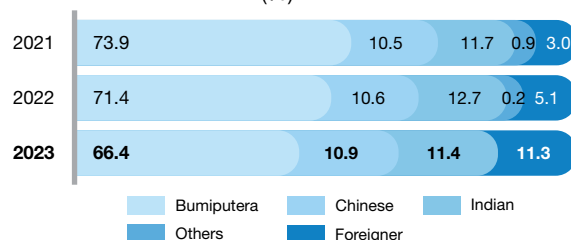
Employees by Employee Level (%)



Employees by Age Group (%)



Employees by Ethnicity (%)

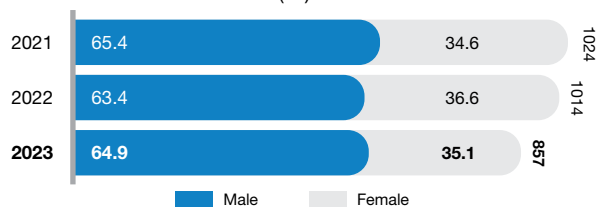


Note: 1. 'Local' refers to individuals with Malaysian nationality
2. Senior Management is defined as Senior Manager and above (G6 and above)

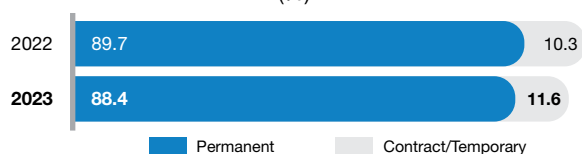
CJ Century recognises that employees are the most valuable asset to its overall success. In recognition of their loyalty and dedication, we hold a yearly long service award ceremony to celebrate and honour all the talents who have remained steadfastly committed to our organisation. This event reflects our commitment to acknowledging and appreciating the valuable contributions of our long serving employees.

Creating a positive work environment is pivotal to retaining our most valuable asset—our employees. We practice an open-door policy, wherein employees are welcome to discuss work-related issues, pose questions and ideas with their supervisor. They also have access to engage with all levels of management, including the Chief Executive Officer.

Total Employees (%)



Employees by Employment Type (%)

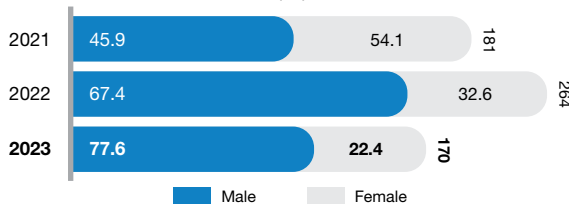


SUSTAINABILITY STATEMENT

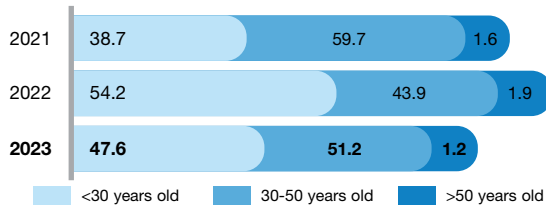
(Cont'd)

We firmly believe that addressing any issues promptly is essential for effective solutions. To continue gauging our employees for their satisfaction level with us, we conducted an Employee Engagement Survey and obtained an average rating of 3.85 (out of 5.00) across 10 categories, including management style and culture, working environment, remuneration and benefits, amongst others. Based on the results obtained, we recognise that there are various opportunities for improvement. Our commitment to enhancing our rating further remains strong through the implementation of necessary actions to address issues identified through the survey.

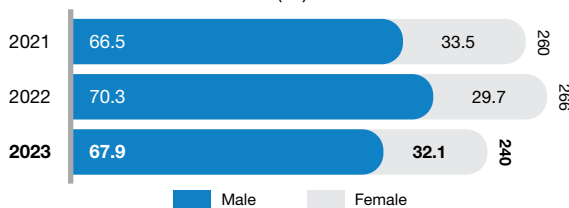
New Hire
(%)



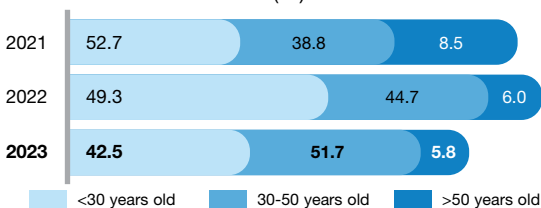
New Hires by Age Group
(%)



Turnover
(%)

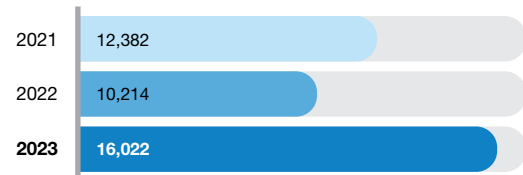


Turnover by Age Group
(%)

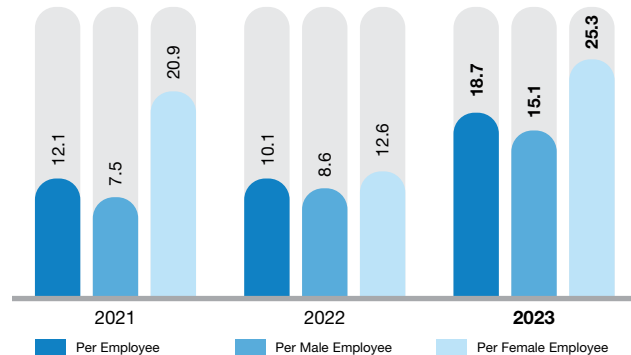


We are committed to enhancing the proficiency of our workforce by providing the necessary training opportunities. The average training hours per employee is 18.7 hours in 2023, which has exceeded our aim to increase it to a minimum of 16 hours per employee by 2025. The training curriculum includes both hard skills and soft skills, acknowledging the importance of equipping our employees with well-rounded skill sets to prepare them for their career advancement and progression within the organisation.

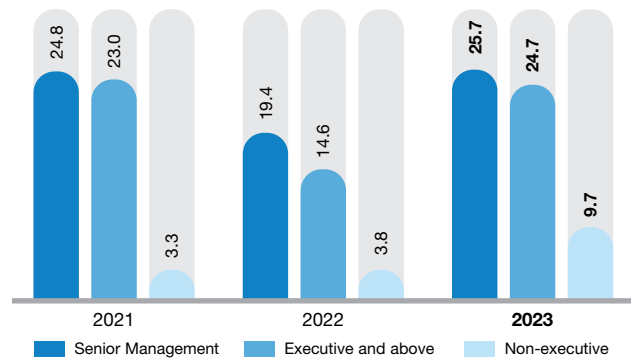
Total Training Hours



Average Training Hours



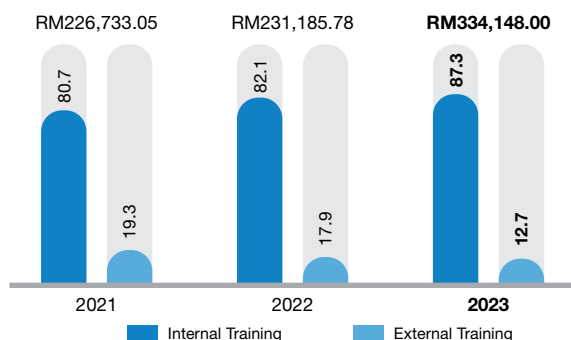
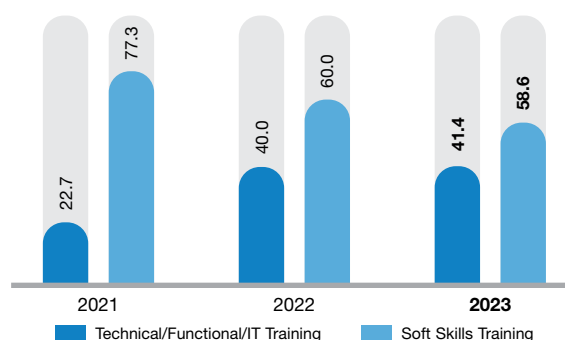
Average Training Hours by Employee Level



This year, we conducted a rightsizing process to optimise efficiency in our business operations that resulted in the acceptance of a mutual separation scheme by 90 employees. Meanwhile, 170 new hires were inducted to replace 240 employees who have resigned. Overall, we recorded an attrition rate of 32%.

SUSTAINABILITY STATEMENT

(Cont'd)

Training Expenditure
(%)Training Expenditure by Training Type
(%)

CJ Century places importance on employee engagement, recognising it as a supplementary tool to increase job satisfaction. We regularly engage our employees through various programmes throughout the year. By doing so, we aim to safeguard our employees' welfare and well-being.

In 2023, 94% of our confirmed employees completed annual performance and career development reviews.

In addition to this, 41 employees availed parental leave in 2023, with 83% of these employees returning to work upon the conclusion of the parental leave period.

Employee Benefits at CJ Century in 2023

Financial Assistance

- Medical benefits & employee insurance
- Meal subsidy
- Phone allowance
- Festival token

Leave Support

- Marriage leave
- Paternity leave
- Maternity leave
- Compassionate leave

Health and Well-being Activities

- Gym
- Weekly badminton sessions
- Futsal tournaments
- 15-minute exercise within working hours

Award Event

- Annual Long Service Award Ceremony

Gender	No. of Employees Taken Parental Leave	No. of Employees Return To Work After Leave	No. of Employees Still Employed After 12-month
Female (Maternity)	16	15	14
Male (Paternity)	25	25	20
Total	41	40	34



Challenges

Addressing challenges pertaining to talent management includes a widened skills gap, diversity and inclusivity, as well as the delicate balance between sustainability goals and employee well-being. To overcome these hurdles, CJ Century is focusing on upskilling initiatives, inclusive talent acquisition and comprehensive well-being programmes.



Outlook

Looking ahead, we aim to optimise our diverse workforce and invest in developing their skills and competencies. Our aim includes fostering a workplace culture that prioritises the holistic well-being of our employees.

SUSTAINABILITY STATEMENT

(Cont'd)

6

OCCUPATIONAL SAFETY & HEALTH MANAGEMENT

GRI 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9



Why is it important?

A comprehensive occupational safety and health (OSH) management system allows our employees to feel safe and secure whilst at work. It helps in preventing accidents and injuries by fostering a workplace culture of responsibility and care. Prioritising occupational safety and health is not just a legal obligation, but it is an ethical commitment to the individuals who contribute to the success of the Company.

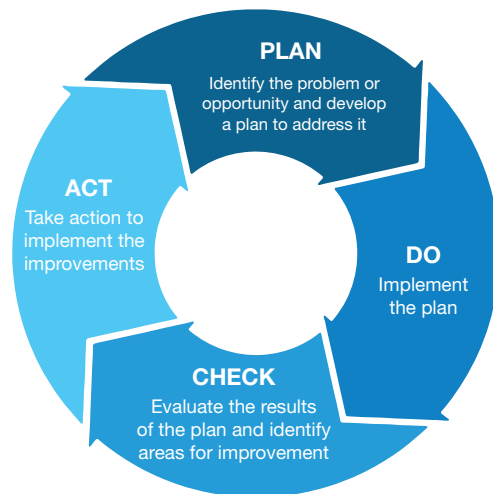
Our Approach

CJ Century is committed to providing a safe and conducive workplace for our employees and those who work within our operations, as evidenced by our robust safety and health system. We ensure that all employees are well-informed about this system through effective communication strategies.



Our Performance

CJ Century adheres to the Occupational Safety and Health Act 1994 (Act 514) and relevant legislations. We continue to uphold our Safety and Health Policy and system to govern our business operations and protect all of our employees throughout Malaysia. In addition, we have successfully maintained our ISO 45001:2018 Occupational Health & Safety Management Systems (OHSMS) and expanded the scope of this certification to encompass the entire Bukit Raja Distribution Centre, showcasing our ongoing efforts to enhance employee safety and minimise workplace risks, as well as create improved and secure working conditions. To date, 100% of our operations adhered to legal requirements pertaining to safety and health set out by relevant local authorities.



We strive to enhance our safety and health management systems by conducting thorough risk assessments using the Hazard Identification, Risk Assessment, and Determining Control (HIRADC) process every quarter. We strongly believe that a continuous risk assessment process is crucial to eliminating all potential hazards that could lead to accidents and illnesses. By adopting a Plan-Do-Check-Act (PDCA) approach, we can better manage our monitoring and reporting processes, in line with relevant laws and regulations.

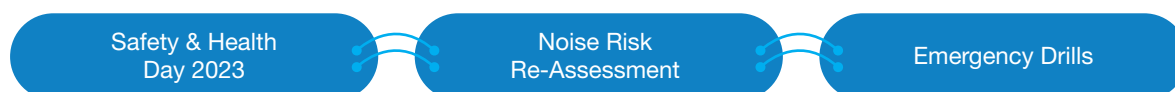
SUSTAINABILITY STATEMENT

(Cont'd)

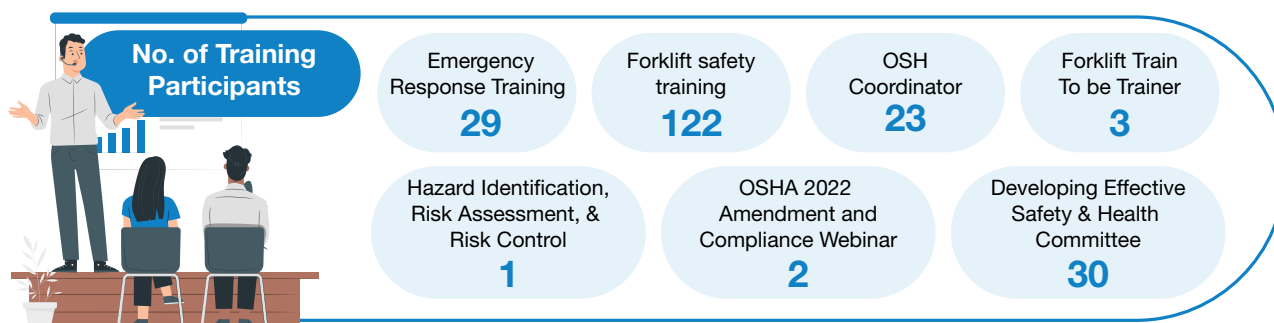
Additionally, we strive to maintain our safety and health management system at the highest level of effectiveness by conducting regular audits and reviews on the existing system and workflow, as well as providing ongoing training to our employees and relevant stakeholders.

Regular training and safety briefings are conducted for both employees and visitors to ensure ongoing awareness and understanding of safety procedures and protocols within the business operations and premises.

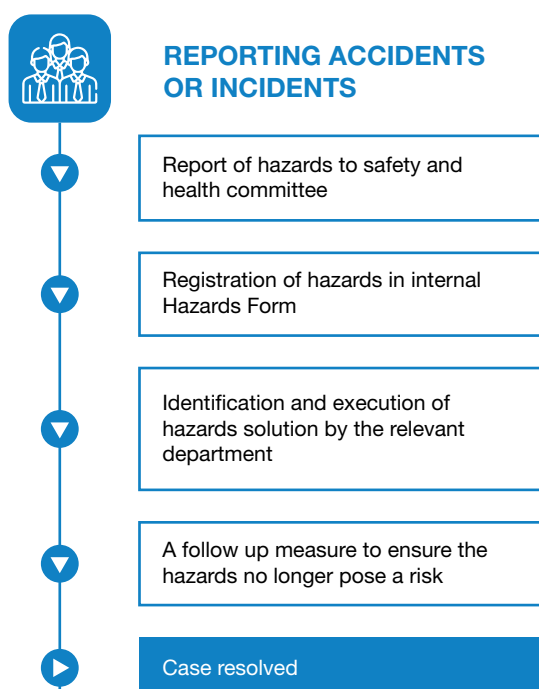
Safety and health initiatives conducted throughout the year:



Safety and health trainings conducted throughout the year:



The following infographic illustrates the workflow for reporting accidents or incidents and how we manage these reports.

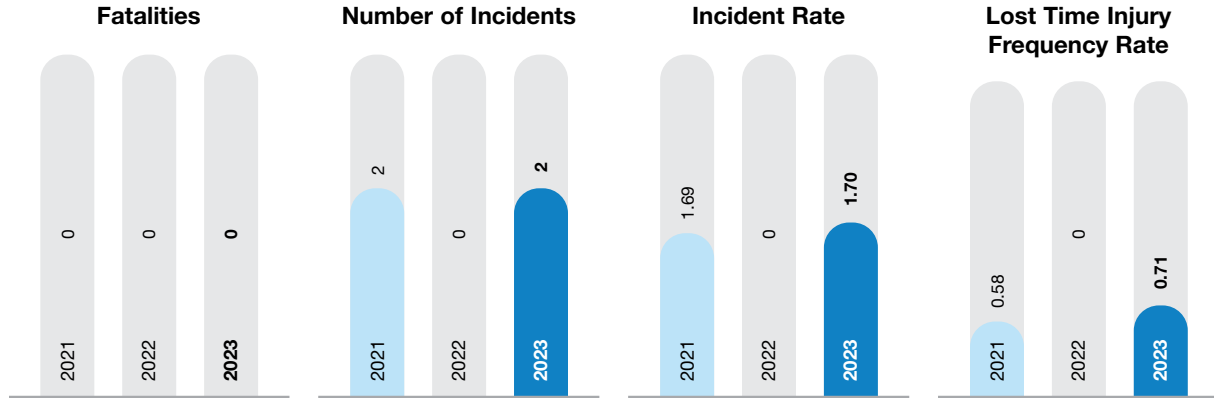


Our safety and health committee comprises the employer's representative and the employees' representative, chaired by the highest leadership position at the respective operation. To further strengthen our system, the committee meets every quarter to review policies, procedures and reporting processes, as well as to discuss potential and actual accidents in identifying mitigation plans and actions. The results of these discussions are then compiled and presented to the management team and Board level for their oversight and guidance.

As a testament to our unwavering commitment to upholding safety and health across our operations, we diligently maintain ISO 39001:2012 Road Traffic Safety Management Systems (RTSMS) for our transport operations. We strictly adhere to the RTSMS policy in our ongoing efforts to minimise road accidents. This encompasses stringent compliance with all applicable laws and regulations, safeguarding the competency and performance of our drivers, ensuring rigorous investigation procedures, as well as implementing continuous improvement measures to prevent road traffic accidents and incidents.

SUSTAINABILITY STATEMENT

(Cont'd)



Source: The rates above were calculated based on 1,000,000 hours worked using the formulae provided by the Department of Occupational Safety and Health (DOSH), under the Ministry of Human Resources Malaysia

The total number of hours worked in 2023: 2,801,200 hours

Close monitoring and reporting enable us to proactively identify potential accidents and incidents within our operations. Throughout 2023, two incidents were recorded, both involving our trucking operation, primarily attributed to driver negligence.

To continuously ensure our employees' good health and well-being, we provide voluntary health promotion programmes, including a gym and futsal court, weekly badminton games, medical awareness and checkups, as well as daily 15-minute exercises within the working hours.

Our employees are at the heart of our safety efforts. We actively engage them in identifying potential hazards and developing effective mitigation strategies. In light of this, we are committed to continuously enhancing employee awareness of the importance of staying vigilant whilst performing tasks and proactively implementing measures to mitigate potential risks.



Challenges

One of the most significant challenges to OSH management is the ever-changing nature of work. New technologies, processes and materials are constantly being introduced, which can potentially create new hazards and risks. To address this issue, we will continue to proactively identify and assess those risks and implement appropriate controls.



Outlook

Despite these challenges, CJ Century remains committed in upholding safety and health. By taking a proactive approach to OSH management, we can create a safer and healthier workplace for all employees.

SUSTAINABILITY STATEMENT

(Cont'd)

Corporate Responsibility

CJ Century is steadfast in its commitment to building positive relationships with the communities it operates within. This year, we engaged with several local community groups through a comprehensive array of initiatives encompassing welfare and well-being, education and disaster relief.

We are confident that our contributions will have a transformative impact on the lives of the targeted underprivileged individuals and communities. The Company's contributions, amounting to approximately RM100,000 was distributed in the following manner:

Welfare and Well-being: We have provided financial assistance to vulnerable communities, improving their access to basic necessities and contributed to local infrastructure development.

Education: Our support extends to educational initiatives, including donations to underprivileged students.

Disaster Relief: We have mobilised resources and personnel to respond to natural disasters, providing immediate relief and supporting long-term recovery efforts through monetary contributions.

Moving forward, our goal is to implement more personalised programmes tailored specifically to the needs of the targeted group, enhancing the effectiveness and influence of our contributions.

Employee Engagement Programmes



Christmas Celebration



Deepavali Celebration



Hari Raya Aidilfitri Luncheon



Long Service Award Ceremony



Drivers Appreciation Day



Safety & Health Day



SOCSO Health Screening Program



Badminton Tournament



Chinese New Year Luncheon



Futsal Tournament

SUSTAINABILITY STATEMENT

(Cont'd)

5

LAWS & REGULATIONS COMPLIANCE

GRI 205-1, 205-2, 205-3, 206-1



Why is it important?

Compliance with laws and regulations stands as the foundation of ethical business conduct, ensuring transparency and fostering trust amongst stakeholders. These elements are pivotal in contributing significantly to our sustained success.

Our Approach

At CJ Century, we are steadfast in our commitment to ethical business practices. We actively monitor and adapt current policies and frameworks to ensure their ongoing relevance, not only in meeting regulatory standards, but also cultivating long-term trust and resilience throughout our operations.

Our Performance

Our corporate governance is under the vigilant oversight of the Board of Directors, responsible for the Group's leadership and supported by a highly qualified management team and dedicated employees.

To ensure ethical conduct across the Group, Board appointments follow a meticulous and transparent process, guided by the Directors' Fit and Proper Policy. This commitment further extends to our hiring practices, where directors and management team are selected based on their competencies, experiences and skills, regardless of their age, cultural background and gender.

Our dedication to advancing gender equality in our governance body is evident in our 2023 performance, with women comprising 11% of our Board members. We understand the importance of enhancing workforce and governance diversity, recognising it as essential in providing added value to the organisation.

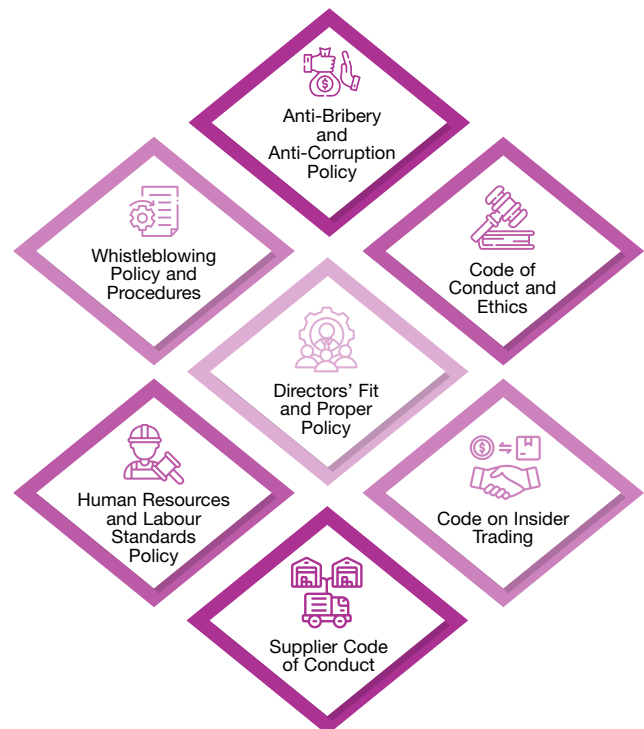
The Board diligently oversees our overall compliance with relevant laws and regulations to ensure our business operations operate responsibly, and without adverse impacts. Their oversight extends to anti-bribery measures, evaluating the effectiveness of control actions, as well as anti-corruption training and awareness programmes. This is important to ensure that all employees and stakeholders possess an in-depth knowledge of anti-corruption and practice ethical conduct in their daily routines.

Communications and Training

CJ Century established specific policies designed to uphold the standards of its business ethics and corporate governance. These policies align with the principles of the Malaysian Code on Corporate Governance (MCCG) and corresponding integrity requirements. Our Human Resources and Administration Department reviews these policies as and when required to ensure alignment with the latest developments.

We disseminate our policies and procedures to our stakeholders through various platforms, ensuring clarity in communication to aid them in thoroughly understanding the implementation of organisational policies for responsible business conduct. To enhance accessibility, these policies are made available on our intranet and website.

The following are the policies and procedures relevant to anti-corruption:



SUSTAINABILITY STATEMENT

(Cont'd)

Simultaneously, we extend our commitment to transparent communication, effectively sharing all policies and relevant procedures with external stakeholders such as vendors and suppliers. In a proactive move to integrate anti-corruption measures into our operations, we have incorporated the Supplier Code of Conduct and the Declaration on Anti-Bribery and Anti-Corruption into the New Vendor Registration form for our new vendors.

In 2023, several initiatives were implemented to enhance the communication to our employees as follows:

Activity	Description
Induction for New Employees New employee orientation, which involves a briefing session on Company's policies, procedures and guidelines.	100 new employees were communicated on the Company's policies with the Code of Ethics and Conduct.
Anti-Bribery and Anti-Corruption (ABAC) Policy Training Briefing on the four primary offenses associated with corruption, as well as policies and procedures in place to combat corruption.	612 employees (71.4%) were trained on the ABAC policy, providing a thorough understanding and impactful insights to promote ethical behaviour in the organisation.
Email Broadcast Informative emails were delivered to all employees.	Posters providing information on corruption and grievance descriptions, along with whistleblowing channels, were communicated to all employees via email.



Anti-Corruption Risk Assessment

The following are key corruption risks identified as a result of the assessment, as well as the mitigation actions that were implemented.

Potential of Risk	Significant Risk	Mitigation Measures
Adequacy of internal control systems	Integrity Risk	<ul style="list-style-type: none"> An agent is engaged to conduct background checks including criminal and MACC cases, whilst our team conducts reference checks with previous employers for all new hires Due diligence is performed for vendors with contracts or purchases of RM100k and above
Effectiveness of corruption and bribery awareness	Integrity Risk	<ul style="list-style-type: none"> A Grievance and Disciplinary Manual is established to inform and guide employees on the consequences of misconduct
Sabotage, i.e., selling the Company's information to competitors	Integrity Risk	<ul style="list-style-type: none"> The Code of Conduct and Ethics is communicated to all employees A Grievance and Disciplinary Manual is established to inform and guide employees on the consequences of misconduct

We are pleased to report that the Group received no cases of employees being disciplined or dismissed due to non-compliance pertaining to anti-corruption and anti-competitive practices, as well as no cost of fines, penalties or settlements has been imposed.

SUSTAINABILITY STATEMENT

(Cont'd)

Whistleblowing

Our Whistleblowing Policy and Procedures establish the structure for addressing allegations of misconduct, encompassing various forms of corruption like bribery and conflicts of interest. Instances of unethical or illegal behaviour can be reported via a dedicated whistleblowing email address or directly to members of the Whistleblowing Committee. We have also put in place an Integrity Box as an additional measure for reporting any concerns related to misconduct.



We are pleased to announce that no documented cases were reported through our whistleblowing channels this year. However, we did receive one reported grievance case and was resolved during the reporting year. We promptly took necessary actions, including conducting a thorough investigation and mitigation actions to close the case.



Challenges

Various challenges were present in implementing a robust system to combat corruption. The following are the challenges CJ Century anticipates encountering in implementing its strategy and approach to ensure sound corporate governance and integrity:

- Conflict of interest
- Accountability concerns
- Transparency hurdles
- Violations of ethical standards



Outlook

We are actively working towards ensuring that ethical culture is being engraved amongst our employees by providing sufficient training on anti-bribery and anti-corruption. Furthermore, our commitment extends to enhancing the diversity of our governance bodies. Aligned with the recommendation from the Securities Commission Malaysia to have 30% women on the Board, we will enhance our efforts in bringing more women directors to get more diverse and valuable insights.

SUSTAINABILITY STATEMENT

(Cont'd)

7

CYBERSECURITY & DATA PROTECTION

GRI 418-1



Why is it important?

In the ever-evolving digital landscape, safeguarding our stakeholders' data is paramount. Not only is it a legal obligation under the Personal Data Protection Act (2010), but it also serves as a preventive measure against the rising threats of data breaches and violations.

Our Approach

We take a pre-emptive approach to data security, prioritising the confidentiality of our stakeholders' information. We consistently evolve our data security measures to exceed regulatory standards and set a benchmark for excellence that aligns with our commitment to responsible corporate practices.

Our Performance

Guided by the Group's Information Technology (IT) Policy, we implement mechanisms such as separation of duties and role-based access control to meticulously track and retain records of those accessing confidential data. Our commitment to the highest data protection standards is reinforced by robust policies consistently implemented by our IT personnel.

To effectively protect and manage our stakeholders' personal data, we have taken a vigilant approach and implemented robust cybersecurity initiatives, including annual internal and external audits, regular reviews and updates of internal policies, as well as a strong firewall that monitors all network traffic.

Programmes and Training

CJ Century took essential measures to fortify data security. The introduction of a cloud-based storage solution ensured regular backups of crucial data from local personal computer (PC), particularly those of key personnel, to the cloud. This step protects against risks like PC loss or file corruption, enabling efficient restoration of accidentally deleted files.

Simultaneously, the adoption of a specialised email security solution enhanced for key personnel, including those in the process of resigning, has been implemented. This solution facilitates seamless email backup and restoration, reinforcing our commitment to robust data protection.

Training on cybersecurity is vital, ensuring every employee has adequate knowledge and a high level of awareness. Below are the cybersecurity trainings conducted in 2023:

Name of training	Description of training	Frequency
Cybersecurity Awareness Training	Attaining knowledge on the implication of cyberattacks and prevention actions	Once a year
Phishing Email Test	Create awareness of phishing email	Half-yearly
IT Security Updates	Provide IT security updates via email	As and when required

We are pleased to report that there were zero cases reported of non-compliance involving breaches of customer privacy and no substantiated complaints from external parties or regulatory bodies.



Challenges

Facing challenges in ensuring data privacy and security, CJ Century is carefully evaluating cost-effective solutions for high-security software licensing. These considerations demand careful resource allocation and meticulous assessment to mitigate risks effectively.



Outlook

We will continue our efforts to enhance data privacy and security. Our key initiatives include the introduction of advanced data encryption software, underscoring our commitment to staying ahead of evolving threats and maintaining stakeholder trust.

SUSTAINABILITY DATA PERFORMANCE

Key Performance Indicator

Economic

Indicator	Unit of Measurement	2021	2022	2023
ECONOMIC VALUE				
Revenue	RM Million	843.0	930.4	736.5
Profit/Loss	RM Million	6.7	28.2	11.8
Investment in Community	RM Million	0.4	0.5	0.1
CUSTOMER SATISFACTION				
Average Score of Customer Satisfaction Rating	Percentage	87.5	89.3	88.3

Environmental

Indicator	Unit of Measurement	2021	2022	2023
EMISSIONS				
i. GHG Emissions				
Scope 1				
<i>Stationary Combustion - Diesel (forklift)</i>				
- CO ₂	tCO ₂ e	-	-	17.24
- CH ₄		-	-	0.00
- N ₂ O		-	-	0.23
Total Stationary Combustion		-	-	17.47
<i>Mobile Combustion - Diesel (heavy good vehicle)</i>				
- CO ₂	tCO ₂ e	6,059.25	5,770.23	4,589.23
- CH ₄		0.71	0.68	0.54
- N ₂ O		80.43	76.59	60.91
Total Mobile Combustion		6,140.38	5,847.50	4,650.68
Sub-total Scope 1		6,140.38	5,847.50	4,668.15
Scope 2				
Purchased Electricity	tCO ₂ e	4,603.20	4,259.17	4,011.17
Sub-total Scope 2		4,603.20	4,259.17	4,011.17
Overall GHG Emissions (Scope 1 and 2)		10,743.58	10,106.66	8,679.33
ii. GHG Emissions Avoidance				
Scope 2				
Renewable Energy - Solar	tCO ₂ e	-	-	330.33
Overall GHG Emissions Avoidance		-	-	330.33

SUSTAINABILITY DATA PERFORMANCE

(Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
iii. GHG Emissions Intensity				
Intensity	tCO ₂ e/RM million	12.36	10.68	11.78
Overall GHG Emissions Intensity		12.36	10.68	11.78
iv. Indirect Emissions From External Sources				
Scope 3				
Employee Commuting	tCO ₂ e	-	-	1,926.47
Business Travel		-	-	965.05
Overall GHG Emissions Scope 3		-	-	2,891.52

ENERGY

i. Energy source

Stationary Combustion

Diesel	GJ	-	-	247.44
Total Energy for Stationary Combustion		-	-	247.44

Mobile Combustion

Diesel	GJ	86,988.10	82,838.89	66,131.64
Total Energy for Mobile Combustion		86,988.10	82,838.89	66,131.64

Renewable Energy

Solar Energy	GJ	-	-	1,568.86
Total Renewable Energy		-	-	1,568.86

Purchased Energy

Electricity	GJ	21,862.14	20,228.23	19,050.42
Total Purchased Energy		21,862.14	20,228.23	19,050.42
Total Energy Consumed		108,850.24	103,067.12	86,750.92

ii. Energy Intensity

Intensity	GJ/ RM Million	125.18	110.78	117.79
Total Energy Intensity		125.18	110.78	117.79

WATER

i. Water Withdrawal

Water Withdrawal by Source

Purchased Water	Megalitres	15.61	32.40	35.37
Total Water Withdrawal		15.61	32.40	35.37

ii. Water Withdrawal Intensity

Intensity	Megalitres/employee	0.02	0.03	0.04
Total Water Withdrawal Intensity		0.02	0.03	0.04

SUSTAINABILITY DATA PERFORMANCE

(Cont'd)

Indicator	Unit of Measurement	2021	2022	2023
WASTE				
i. Directed to Disposal				
Landfill	Tonnes			
General Waste		-	-	137,942.50
Total General Waste Directed to Disposal		-	-	137,942.50
ii. Diverted from Disposal				
Recycling of General Waste	Tonnes			
General Waste		-	-	599.88
Total General Waste Diverted from Disposal		-	-	599.88

Social

Indicator	2021		2022		2023	
	Number	%	Number	%	Number	%
EMPLOYEE DISTRIBUTION						
i. Employee Distribution by Gender						
Male	670	65.4	643	63.4	556	64.9
Female	354	34.6	371	36.6	301	35.1
Total	1024	100	1014	100	857	100
ii. Employee Distribution by Age						
Under 30 years old	489	47.8	284	28.0	241	28.1
30-50 years old	281	27.4	616	60.7	524	61.2
More than 50 years old	254	24.8	114	11.2	92	10.7
Total	1024	100	1014	100	857	100
iii. Employee Distribution by Employee Level						
Senior Management	30	2.9	23	2.3	26	3.0
Executive and Above	425	41.5	462	45.5	401	46.8
Non-Executive	569	55.6	529	52.2	430	50.2
Total	1024	100	1014	100	857	100
iv. Employee Distribution by Ethnicity						
Bumiputera	757	73.9	724	71.4	569	66.4
Chinese	107	10.5	107	10.6	93	10.9
Indian	120	11.7	129	12.7	98	11.4
Others	9	0.9	2	0.2	0	-
Foreigner	31	3.0	52	5.1	97	11.3
Total	1024	100	1014	100	857	100

SUSTAINABILITY DATA PERFORMANCE

(Cont'd)

Indicator	2021		2022		2023	
	Number	%	Number	%	Number	%
NEW HIRES						
i. New Hires by Gender						
Male	83	45.9	178	67.4	132	77.6
Female	98	54.1	86	32.6	38	22.4
Total	181	100	264	100	170	100
ii. New Hires by Age						
Under 30 years old	70	38.7	143	54.2	81	47.6
30-50 years old	108	59.7	116	43.9	87	51.2
More than 50 years old	3	1.6	5	1.9	2	1.2
Total	181	100	264	100	170	100
EMPLOYEE TURNOVER						
i. Turnover by Gender						
Male	173	66.5	187	70.3	163	67.9
Female	87	33.5	79	29.7	77	32.1
Total	260	100	266	100	240	100
ii. Turnover by Age						
Under 30 years old	137	52.7	131	49.2	102	42.5
30-50 years old	101	38.8	119	44.7	124	51.7
More than 50 years old	22	8.5	16	6.0	14	5.8
Total	260	100	266	100	240	100
TRAINING AND DEVELOPMENT						
i. Training Hours						
Total	12,382	-	10,214	-	16,022	-
<i>Average training hours per employee</i>						
Hours per employee	12.1		10.1		18.7	
Total	12.1	-	10.1	-	18.7	-
<i>Average training hours by gender</i>						
Male	7.5	-	8.6	-	15.1	-
Female	20.9	-	12.6	-	25.3	-
Total	28.4	-	21.2	-	40.4	-
ii. Training Expenditures (RM)						
<i>Training Methods</i>						
Internal training	182,923.50	80.7	189,914.42	82.1	291,608.00	87.3
External training	43,809.55	19.3	41,271.36	17.9	42,540.00	12.7
Total	226,733.05	100	231,185.78	100	334,148.00	100
<i>Training Types</i>						
Technical/Functional	51,369.10	22.7	92,434.72	40.0	138,210.00	41.4
Soft Skills	175,363.95	77.3	138,751.06	60.0	195,938.00	58.6
Total	226,733.05	100	231,185.78	100	334,148.00	100

SUSTAINABILITY DATA PERFORMANCE

(Cont'd)

Indicator	2021		2022		2023	
	Number	%	Number	%	Number	%
SAFETY AND HEALTH						
Occupational Safety and Health Performance						
Fatalities	0	-	0	-	0	-
Number of Incidents	2	-	0	-	2	-
Accident Rate	1.69	-	0	-	1.70	-
Lost Time Injury Frequency Rate	0.58	-	0	-	0.71	-
SUPPORTING LOCAL BUSINESS						
Local Suppliers						
Percentage of Local Suppliers	-	99.9	-	94.1	-	96.0

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 2023 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 2023 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2023 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") - logistics services to CJ Century Logistics Sdn Bhd ("CJCL") - recovery cost & guarantee fee to CJKX - brand royalty fees to CJKX - brand royalty fees to EC Distribution Sdn Bhd - logistics services by CJKX - logistics services by CJCL	4,406 299 632 648 10 374 118
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 - information technology services to CJKX - logistics services to CJCL - logistics services to CJKX - logistics services by CJCL - logistics services by CJKX	1,246 841 19 30 1,595 625
CJ Logistics America, LLC (Principal activities are warehouse and transportation services)	A wholly owned subsidiary of CJ Logistics Holdings America Corporation	Provision of: - logistics services to CJCL	6
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 CJKX	54

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2023 RM'000
CJ Logistics PH Corp. (Principal activity is logistics services)	A wholly owned subsidiary of CJ Asia	Provision of : - logistics services to CJCL - logistics services to CJKX - logistics services by CJCL - logistics services by CJKX	1,015 13 6 49
CJ Bio Malaysia Sdn. Bhd (Principal activity is feed manufacturing)	An associate of CJ Corporation	Provision of : - logistics services by CJCL - logistics services by CJKX	199 52,780
CJ Logistics (Thailand) Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJCL - logistics services to CJKX - logistics services by CJKX	1 34 82
CJ Korea Express Freight Vietnam Co., Ltd. (Principal activity is logistics services)	An associate of CJ Asia	Provision of : - logistics services to CJKX - logistics services by CJCL - logistics services by CJKX	7 32 8
Korea Express Shanghai Co., Ltd. (Principal activity is freight transportation)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJCL - logistics services to CJKX - logistics services by CJCL - logistics services by CJKX	18 23 1 25
CJ Smart Cargo Hong Kong Limited (Principal activity is logistics services)	A subsidiary of Shanghai Smart	Provision of : - logistics services by CJKX	54
CJ ICM FZCO (Principal activity is logistics services)	A subsidiary of CJ Logistics Middle East FZE	Provision of : - logistics services to CJKX - logistics services by CJKX	4 6
CJ Logistics Holdings America Corporation (Principal activity is investment holding)	A wholly owned subsidiary of CJ Logistics Corporation	Provision of: - logistics services by CJKX	53
CJ Olivenetworks Co., Ltd. (Principal activity is comprehensive total information technology services)	A subsidiary of CJ Corporation	Provision of : - information technology services to CJKX	8

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2023 RM'000
PT. CJ Logistics Indonesia (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJCL - logistics services to CJKX - logistics services by CJKX	2 3 66
CJ Korea Express Qingdao Co., Ltd. (Principal activity is logistics services)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJCL - logistics services to CJKX	4 7
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	2
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	3
CJ Korea Express Shenzhen Co., Ltd (Principal activity is logistics services)	A subsidiary of CJ Asia	Provision of : - logistics services to CJCL - logistics services to CJKX	9 1
CJ Logistics Japan Corporation Services (Principal activity is forwarding services)	A wholly owned subsidiary of CJ Logistics	Provision of : - logistics services to CJCL - logistics services by CJKX	14 1
CJ ICM Logistics Espana SL (Principal activities are air and land cargo handling business)	A subsidiary of CJ ICM (UK) Ltd	Provision of : - logistics services by CJCL	2

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	552	108
Fee for non-audit services rendered	130	10

Utilisation of Proceeds

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

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 2023 (“**FY2023**”) as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) with reference to the following three (3) key principles under the leadership of the Board:

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

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 FY2023 which is available on the Company’s website at www.cjcentury.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board’s leadership on Objectives and Goals

- 1.1 The Board of CJ Century 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 FY2023, 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"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Teow Choo Hing	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption
Kim Jinmok (Appointed on 15 May 2023)	<ul style="list-style-type: none"> Mandatory Accreditation Programme 2023 CJ Compliance Training II - Anti-Corruption and Fair Competition

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"> CAN – MOT Sustainability Workshop (as speaker) 15th Malaysian Property Summit 2023 (as speaker) Business Continuity Management Awareness Understanding Cyber Security & Insurance 2023 Budget Webinar Why ESG: A Governance Perspective Being Digitally Enabled: PLCT Guidebook 4 Highlights Cyber Threats and Risks Post Pandemic – How Secure are you? ESG Governance and Strategy How to Invest in a start-up: A workshop for Corporate Investors How do start-up Investors and VCs View Valuation Developing effective safety and health committee Cyber Security Awareness The Cooler Earth Sustainability Summit MEF National Conference Environmental, Social and Governance – IFRS S1 and S2: Beyond compliance Management of Cyber Risk Anti-Bribery and Anti-Corruption Green Logistics Partnership Conference 2023 ICAEW Regional Forum: CPTPP and RCEP Sounds Legal – Diversity, Equity & Inclusion in the workplace #digital4ESG Roundtable Discussion Environmental, Social and Governance – Confidence in sustainability reporting
Saryani Binti Che Ab Rahman	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption Management of Cyber Risk Asia Pacific Board Leadership Centre Webinar – “2023 Board and Audit Committee Priorities” EY New ISSB Sustainability Standards: Beyond Compliance Russells Reynolds Associates APAC Board Leadership Forum 2023 Mandatory Accreditation Programme Part II : Leading for Impact (LIP)
Winston Tan Kheng Huang	<ul style="list-style-type: none"> Anti-Bribery and Anti-Corruption IP Dispute Resolution Framework by the Law Society of Singapore
Sung Hyunsup (Resigned on 8 March 2024)	<ul style="list-style-type: none"> 2023 CJ Compliance Training II – Anti-Corruption and Fair Competition
Ko Young Ho	<ul style="list-style-type: none"> 2023 CJ Compliance Training II – Anti-Corruption and Fair Competition
Yoo Hyun Chul (Appointed on 17 November 2023)	<ul style="list-style-type: none"> Mandatory Accreditation Programme 2023 CJ Compliance Training II – Anti-Corruption and Fair Competition

Kim Gwon Woong was only appointed on 8 March 2024, after FY2023.

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.

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)

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.

1.2 The Chairman of the Board had during the FY2023:

- 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-Sixth 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

2.0 Demarcation of Responsibilities (Cont'd)

2.1 (Cont'd)

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 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 2023 Corporate Governance Report.

NC

During the FY2023 to-date, the NC comprised three (3) Independent Non-Executive Directors and two (2) 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
Sung Hyunsup (Resigned on 8 March 2024)	Member	Non-Independent Non-Executive Director
Kim Gwon Woong (Appointed on 8 March 2024)	Member	Non-Independent Non-Executive Director

Activities of the NC

During the FY2023 to-date, the NC had met once and performed the following activities in the discharge of its duties:

- Reviewed, assessed and recommended the appointment of three (3) 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-Sixth 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 2023 for the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

2.0 Demarcation of Responsibilities (Cont'd)

2.1 (Cont'd)

Activities of the NC (Cont'd)

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 FY2023 is set out below:

Director	Designation	AC	NC	RC
Datuk Lee Say Tshin	Independent Non-Executive Director	3/4	0/1	1/1
Winston Tan Kheng Huang	Independent Non-Executive Director	4/4	1/1	1/1
Saryani Binti Che Ab Rahman	Independent Non-Executive Director	4/4	1/1	1/1
Kang Chang Mo (Resigned on 17 November 2023)	Non-Independent Non-Executive Director	3/4	Not member	Not member
Sung Hyunsup (Resigned on 8 March 2024)	Non-Independent Non-Executive Director	Not member	Not applicable ¹	1/1
Park Chul Moon (Resigned on 15 May 2023)	Non-Independent Non-Executive Director	Not member	0/1	Not member
Kim Jinmok (Appointed on 15 May 2023)	Deputy CEO	Not member	Not member	Not applicable ²
Yoo Hyun Chul (Appointed on 17 November 2023)	Non-Independent Non-Executive Director	Not applicable ³	Not member	Not member
Kim Gwon Woong (Appointed on 8 March 2024)	Non-Independent Non-Executive Director	Not member	Not applicable ⁴	Not member

¹ There was no NC meeting held subsequent to his appointment as a member of the NC on 15 May 2023.

² There was no RC meeting held subsequent to his appointment as the Chairman of the RC on 15 May 2023.

³ There was no AC meeting held subsequent to his appointment as a member of the AC on 17 November 2023.

⁴ He was only appointed on 8 March 2024, after FY 2023.

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.

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 FY2023, 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 FY2023, with a particular focus on environmental and social dimensions. Please refer to the Sustainability Statement 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 FY2023 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 Sustainability 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 FY2023, 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 2023.
- 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.
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

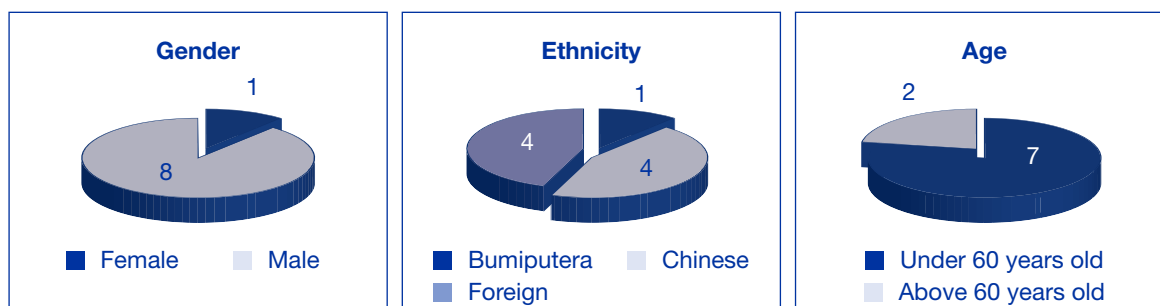
(Cont'd)

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

5.0 Board Composition (Cont'd)

5.5 (Cont'd)

For the FY2023, 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 Kim Jinmok, Yoo Hyun Chul and Kim Gwon Woong to be appointed as the Directors in place of Park Chul Moon, Kang Chang Mo and Sung Hyunsup who resigned on 15 May 2023, 17 November 2023 and 8 March 2024 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 Kim Jinmok, Yoo Hyun Chul and Kim Gwon Woong'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.
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

6.0 Overall Effectiveness of the Board

6.1 The Board has, through the NC, conducted the following annual assessments in the FY2023:

- 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 FY2023, the RC comprised a majority of Independent Non-Executive Directors with one Executive Director, who is the Deputy Chief Executive Officer of the Company.

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	3,357,325	28,000	3,385,325
Yeap Khoo Soon Edwin, Executive Director	1,070,433	23,950	1,094,383

Executive Director (from the Group)

Director	Salary, Bonus and EPF (RM)	Other benefits (RM)	Total (RM)
Sung Hyunsup, Deputy CEO (re-designated to Non-Independent Non-Executive Director on 15 May 2023 & resigned on 8 March 2024)	178,568	576,883	755,451
Kim Jinmok, Deputy CEO (appointed on 15 May 2023)	199,631	516,382	716,013

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

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

8.1 The breakdown of the remuneration of each individual director is as follows: (Cont'd)

Independent Non-Executive Directors

Director	Fees (RM)	Meeting allowances (RM)	Total (RM)
Datuk Lee Say Tshin	132,000	5,000	137,000
Saryani Binti Che Ab Rahman	105,600	6,000	111,600
Winston Tan Kheng Huang	79,200	6,000	85,200

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 (to 15 May 2023), Kang Chang Mo (to 17 November 2023), Yoo Hyun Chul (from 17 November 2023) and Kim Gwon Woong (from 8 March 2024) do not receive any fees or any other form of remuneration from the Company or the Group during the FY2023. Mr. Sung Hyunsup who was also redesignated as Non-Independent Non-Executive Director on 15 May 2023 and resigned on 8 March 2024 also do not receive any fees or any other form of remuneration from the Company or the Group since his re-designation.

- 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.

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 Terms of Reference of the AC includes 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**9.0 Effective and Independent AC (Cont'd)**

- 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 FY2023, 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-Sixth 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 comprise 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.

- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

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

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).

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 Continuous Communication between the Company and Stakeholders

- 13.1 The Notice for the Twenty-Sixth AGM that was scheduled to be held on 28 April 2023 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**13.0 Continuous Communication between the Company and Stakeholders (Cont'd)**

13.2 Save and except for one (1) Director, all the Directors of the Company attended or participated at the Twenty-Sixth AGM of the Company held on 28 April 2023 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.

13.3 As the Company had convened its AGM virtually from years 2020 to 2022, the Board decided to convene the 2023 AGM physically to welcome the opportunity to meet with the Company's shareholders and stakeholders face to face to enhance communication, and for better networking. Therefore, all voting were done physically at the physical meeting venue.

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.

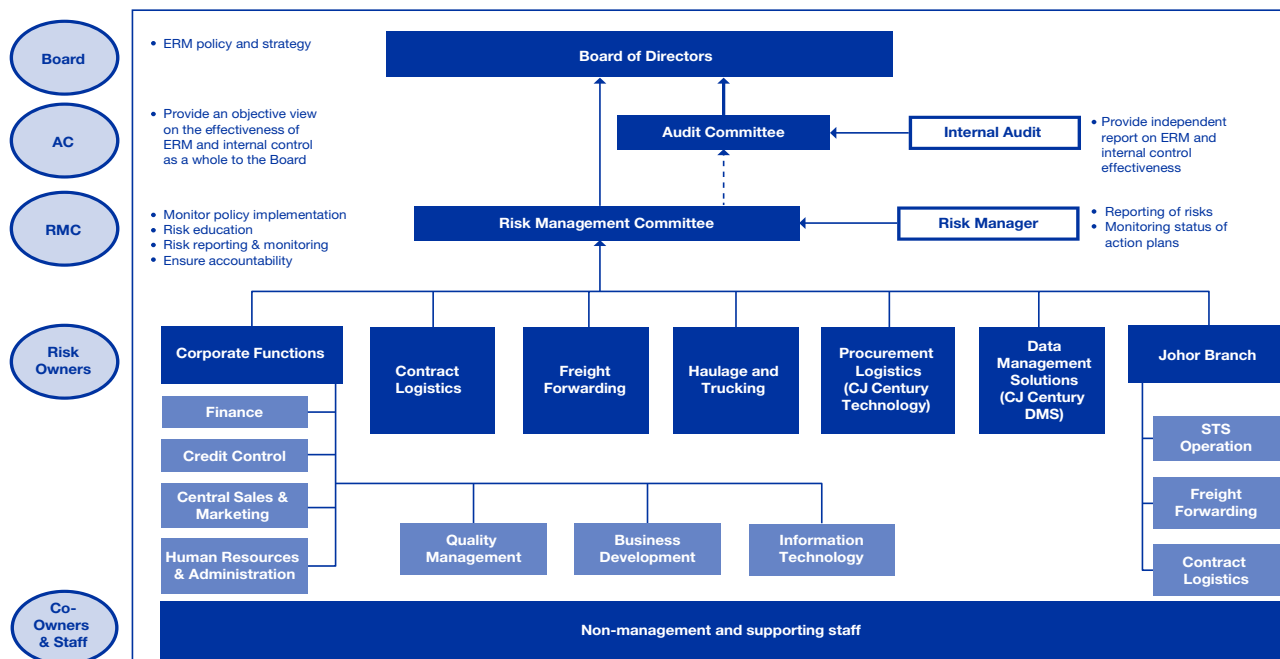
13.5 The Board will consider convening future AGMs either virtually or on a hybrid basis.

13.6 The Minutes of the Twenty-Sixth 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-Sixth AGM at the Company's website at <https://www.cjcentury.com/investor-relations/agm>.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board passed on 22 February 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Reporting Structure



INTRODUCTION

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

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

BOARD’S RESPONSIBILITY

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

RISK MANAGEMENT

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

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

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

INTERNAL CONTROL

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

INTERNAL AUDIT

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

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

A total cost of RM69,000 was spent on internal audit activities in 2023.

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 22 February 2024.

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 2023, where a total of four (4) meetings were held, are as follows:

	Number of Meetings Attended/Held
Saryani Binti Che Ab Rahman (Chairperson / Independent Non-Executive Director)	4/4
Datuk Lee Say Tshin (Member / Independent Non-Executive Director)	3/4
Winston Tan Kheng Huang (Member / Independent Non-Executive Director)	4/4
Yoo Hyun Chul (Member / Non-Independent Non-Executive Director)	N/A ¹

¹ There was no Audit Committee Meeting held subsequent to his appointment as a member of the Audit Committee on 17 November 2023.

The Terms of Reference of the Audit Committee is available for reference on the Company's website at https://www.cjcentury.com/corp_governance.

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 2023 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) reviewed and confirmed the minutes of the Audit Committee meetings every quarter;
- (g) reviewed and received internal audit reports by the internal auditors;
- (h) reviewed the annual audited financial statements of the Group while engaging actively with the external auditor prior to recommending the same for the Board's approval, taking into consideration significant risks and areas of audit focus, contingent liability, and compliance with the applicable approved accounting standards in Malaysia and other legal and regulatory requirements;
- (i) reviewed the external audit reports and assessed the auditor's findings and management's responses thereto in respect of the audit in respect of the financial year ended 31 December 2022;
- (j) reviewed and approved the external audit plan in respect of the financial year ended 31 December 2023;
- (k) met privately twice with the external auditors without the presence of the executive directors and management during Audit Committee meetings to enquire on whether there were any issues to be highlighted to the Audit Committee, awareness of fraud concerning the Group, if any, and/or management cooperation level, as well as to share the Audit Committee's expectations of the external auditors;
- (l) reviewed and evaluated with the external and internal auditors, the adequacy of the internal control and risk management systems of the Group;

AUDIT COMMITTEE REPORT

(Cont'd)

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

- (m) reviewed the external audit fees for the financial year ended 31 December 2023 prior to recommending the same for the Board's approval;
- (n) reviewed and approved the internal audit plan, including changes as necessary for the years 2024 and 2025;
- (o) assessed the performance of the internal auditors;
- (p) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Company's 2022 Annual Report;
- (q) reviewed the Circular to Shareholders dated 30 March 2023 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;
- (r) reviewed the Conflict of Interest policy prior to recommending the same for the Board's approval;
- (s) reviewed the sustainability updates and sustainability framework of the Company; and
- (t) reported to the Board on the proceedings of each Audit Committee meeting (through the Audit Committee Chairperson).

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

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

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

A summary of the work of the internal audit function for the financial year ended 31 December 2023 is as follows:

- (a) Performed internal audit work in accordance with the pre-approved internal audit plan, focusing on contract logistics, freight forwarding and operation in Johor branch;
- (b) Followed up on the implementation of agreed action plans for past internal audits;
- (c) Carried out reviews on the systems of internal control of the Group in ensuring proper safeguarding of assets, maintenance of accurate records and transactions, monitoring the quality of assets, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;
- (d) Presented the internal audit reports to the Audit Committee 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 internal audit plan, including changes as necessary for the years 2024 and 2025.

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 at any time, the financial position of the Group and the Company and are kept in accordance with the Companies Act 2016. The Directors also have general responsibilities for taking the necessary and reasonable steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

FINANCIAL STATEMENTS

085	Directors' Report
090	Statement by Directors
090	Statutory Declaration
091	Independent Auditors' Report
095	Statements of Comprehensive Income
096	Statements of Financial Position
098	Statements of Changes in Equity
100	Statements of Cash Flows
103	Notes to the Financial Statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

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	11,803	(445)
Attributable to:		
Owners of the company	11,742	(445)
Non-controlling interests	61	-
	11,803	(445)

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 2022 is as follows:

In respect of financial year ended 31 December 2022:

	RM'000
Single tier interim dividend of 1.00 sen per ordinary share, declared on 24 February 2023 and paid on 30 March 2023.	5,819

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

DIRECTORS' REPORT

(Cont'd)

DIRECTORS

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

Datuk Lee Say Tshin
 Teow Choo Hing
 Sung Hyunsup
 Yeap Khoo Soon Edwin
 Saryani Binti Che Ab Rahman
 Winston Tan Kheng Huang
 Ko Young Ho
 Kim Jinmok (appointed on 15 May 2023)
 Yoo Hyun Chul (appointed on 17 November 2023)
 Park Chul Moon (resigned on 15 May 2023)
 Kang Chang Mo (resigned on 17 November 2023)

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

Teow Choo Hing
 Yeap Khoo Soon Edwin
 Heng Mon Sing
 Wan Zani Hairiz Bin Harun
 Zurkarnain Bin Aziddin
 Mohamad Azlin Bin Dzulkifli
 Mohd Najmi Bin Taslin
 Park Jinwoo (appointed on 3 April 2023)
 Kim Jinmok (appointed on 8 June 2023)
 Mohd Sofian bin Muhamad Yusof (appointed on 26 October 2023)
 Yoo Hyun Chul (appointed on 1 December 2023)
 Kim Pil Young (resigned on 3 April 2023)
 Sung Hyunsup (resigned on 8 June 2023)
 Park Chul Moon (resigned on 8 June 2023)
 Lee Hyo Hee (resigned on 1 December 2023)

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.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' BENEFITS (CONT'D)

The Directors' remuneration are as disclosed below:

	Group RM'000	Company RM'000
Directors of the Group/Company		
Executive directors:		
Salaries and other emoluments	5,553	3,817
Defined contribution plans	740	611
	6,293	4,428
Non-executive directors:		
Fees	343	317
	6,636	4,745

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. The amount of insurance premium paid by the Company for the financial year ended 31 December 2023 was RM10,000 (2022: RM10,000).

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 1.1.2023	Number of ordinary shares		Balance as at 31.12.2023
		Bought	Sold	
Shares in the Company				
Direct interest				
Teow Choo Hing	48,134,194	350,000	-	48,484,194
Yeap Khoo Soon Edwin	3,772,100	-	-	3,772,100

	Balance as at 1.1.2023	Number of ordinary shares		Balance as at 31.12.2023
		Bought	Sold	
Indirect interest				
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.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS (CONT'D)

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

The Company did not issue or buy back any treasury shares during the financial year. 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 at year end.

SIGNIFICANT EVENTS

Significant events are as disclosed in Note 32 to the financial statements.

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.

DIRECTORS' REPORT

(Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

(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.

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 2023 is as disclosed below:

	Group RM'000	Company RM'000
Statutory audit	552	108
Other services	130	10
	682	118

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 February 2024.

TEOW CHOO HING

KIM JINMOK

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **Teow Choo Hing** and **Kim Jinmok**, 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 95 to 164 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 2023 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 23 February 2024.

TEOW CHOO HING

KIM JINMOK

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Park Jinwoo**, 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 95 to 164 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 Park Jinwoo
at Selangor on 23 February 2024.

PARK JINWOO

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 2023 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 accounting policy information, as set out on pages 95 to 164.

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 2023, 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 RM462.0 million, representing 63% of the Group's revenue for the year ended 31 December 2023.

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

To the members of CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Incorporated in Malaysia)
(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 ("IT") specialists to test the operating effectiveness of the IT applications involved in the recognition of revenue;
- 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; and
- 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.

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 reviewed management's determination of CGU;
- 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.

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.

INDEPENDENT AUDITORS' REPORT

To the members of CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)*Information other than the financial statements and auditors' report thereon (Cont'd)*

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.
- 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.

INDEPENDENT AUDITORS' REPORT

To the members of CJ CENTURY LOGISTICS HOLDINGS BERHAD
(Incorporated in Malaysia)
(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 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

Kuala Lumpur, Malaysia
23 February 2024

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	736,514	930,396	-	10,000
Cost of sales	5	(621,547)	(796,572)	-	-
Gross profit		114,967	133,824	-	10,000
Other income		5,970	4,743	4,920	5,531
Interest income	9(a)	1,114	171	85	-
Administrative expenses		(59,800)	(57,925)	(5,411)	(5,663)
Finance costs	9(b)	(8,350)	(8,216)	-	(226)
Depreciation of property, plant and equipment and amortisation of intangible asset		(15,287)	(15,279)	-	-
Depreciation of right-of-use assets		(22,335)	(19,778)	-	-
Profit/(loss) before tax	6	16,279	37,540	(406)	9,642
Taxation	10	(4,476)	(9,377)	(39)	(141)
Profit/(loss) for the year		11,803	28,163	(445)	9,501
Other comprehensive (loss)/income:					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(10)	15	-	-
Other comprehensive (loss)/income for the year, net of tax		(10)	15	-	-
Total comprehensive income/(loss) for the year		11,793	28,178	(445)	9,501
Profit/(loss) attributable to:					
Owners of the Company		11,742	28,151	(445)	9,501
Non-controlling interests		61	12	-	-
Profit/(loss) for the year		11,803	28,163	(445)	9,501
Total comprehensive income/(loss) attributable to:					
Owners of the Company		11,732	28,166	(445)	9,501
Non-controlling interests		61	12	-	-
Total comprehensive income/(loss) for the year		11,793	28,178	(445)	9,501
Earnings per ordinary share					
Basic/diluted (sen)	11	2.02	4.83		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	351,636	362,396	-	-
Other asset	13	-	60	-	-
Right-of-use assets	14	82,892	65,396	-	-
Investment in subsidiaries	15	-	-	284,275	111,275
Goodwill on consolidation	16	23,375	23,375	-	-
Deferred tax assets	17	684	397	23	17
Intangible asset	18	348	426	-	-
Amounts owing by a subsidiary	21	-	-	-	178,871
Total non-current assets		458,935	452,050	284,298	290,163
Current assets					
Inventories	19	23,938	37,527	-	-
Trade receivables	20(a)	102,536	125,380	-	-
Other receivables, deposits and prepaid expenses	20(b)	40,956	21,731	24	28
Amount owing by subsidiaries	21	-	-	14,297	10,858
Amount owing by related parties	21	10,600	7,802	-	-
Amount owing by immediate holding company	21	256	576	-	-
Amount owing by intermediate holding company	21	956	484	-	-
Contract assets	22	15,486	19,896	-	-
Tax recoverable		5,541	4,225	374	187
Investment in money market funds	23	11,941	28,991	-	-
Deposits, cash and bank balances	23	82,106	69,595	4,232	8,430
Total current assets		294,316	316,207	18,927	19,503
Total assets		753,251	768,257	303,225	309,666

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023
(Cont'd)

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	300,043	300,043	300,043	300,043
Treasury shares	25	(6,747)	(6,747)	(6,747)	(6,747)
Reserves	26	156,916	151,003	8,429	14,693
Equity attributable to owners of the Company		450,212	444,299	301,725	307,989
Non-controlling interests		756	695	-	-
Total equity		450,968	444,994	301,725	307,989
Non-current liabilities					
Hire-purchase payables	27	2,185	4,268	-	-
Lease liabilities	14	12,447	3,920	-	-
Long-term borrowings	28	87,328	103,954	-	-
Deferred tax liabilities	17	6,514	8,150	-	-
Total non-current liabilities		108,474	120,292	-	-
Current liabilities					
Trade payables	29(a)	45,386	62,590	-	-
Other payables and accrued expenses	29(b)	60,877	57,827	1,500	1,677
Amount owing to subsidiaries	21	-	-	-	-
Amount owing to related parties	21	46	84	-	-
Amount owing to immediate holding company	21	2,707	1,404	-	-
Amount owing to intermediate holding company	21	16,224	14,341	-	-
Hire-purchase payables	27	2,483	2,564	-	-
Lease liabilities	14	21,642	11,231	-	-
Short-term borrowings	30	41,626	50,626	-	-
Contract liabilities	22	986	757	-	-
Tax liabilities		1,832	1,547	-	-
Total current liabilities		193,809	202,971	1,500	1,677
Total liabilities		302,283	323,263	1,500	1,677
Total equity and liabilities		753,251	768,257	303,225	309,666

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 2023

The Group	Note	Non-distributable reserves			Distributable reserves		Attributable to equity holders of the Company	Non-controlling interests	Total
		Share capital	Treasury shares	Translation reserve	Retained earnings				
		RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
As at 1 January 2022		300,043	(4,197)	531	125,216		421,593	683	422,276
Purchase of treasury shares	25	-	(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		300,043	(6,747)	546	150,457		444,299	695	444,994
As at 1 January 2023		300,043	(6,747)	546	150,457		444,299	695	444,994
Profit for the year		-	-	-	11,742		11,742	61	11,803
Other comprehensive loss for the year		-	-	(10)	-		(10)	-	(10)
Total comprehensive (loss)/income for the year		-	-	(10)	11,742		11,732	61	11,793
Dividend paid	31	-	-	-	(5,819)		(5,819)	-	(5,819)
As at 31 December 2023		300,043	(6,747)	536	156,380		450,212	756	450,968

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023
(Cont'd)

The Company	Note	Non-distributable reserves		Distributable reserves	Total
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
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)
As at 31 December 2022		300,043	(6,747)	14,693	307,989
As at 1 January 2023		300,043	(6,747)	14,693	307,989
Total comprehensive loss for the year		-	-	(445)	(445)
Dividend paid	31	-	-	(5,819)	(5,819)
As at 31 December 2023		300,043	(6,747)	8,429	301,725

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 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit/(loss) before tax		16,279	37,540	(406)	9,642
Adjustments for:					
Depreciation of property, plant and equipment	6	15,209	15,202	-	-
Depreciation of right-of-use assets	6	22,335	19,778	-	-
Amortisation of intangible asset	6	78	77	-	-
Interest expense	9(b)	8,350	8,216	-	226
Property, plant and equipment written off	6	20	382	-	-
Allowance for expected credit loss on trade receivables	6	1,636	8	-	-
Gain on disposal of other asset	6	(70)	-	-	-
Interest income	9(a)	(1,114)	(171)	(85)	-
Net gain on disposal of property, plant and equipment	6	(1,009)	(708)	-	-
Gain on termination of leases	6	(17)	(17)	-	-
Net unrealised loss/(gain) on foreign exchange	6	762	(641)	-	-
Write back of allowance for expected credit loss	6	(753)	(1,374)	-	-
Write back of allowance for expected credit loss ("ECL") on deposits with licensed bank	6	-	(1,135)	-	-
Reversal of impairment on other assets	6	-	(60)	-	-
Dividend income	4	-	-	-	(10,000)
Operating profit/(loss) before working capital changes					
		61,706	77,097	(491)	(132)
Movement in working capital:					
Changes in inventories		13,589	(11,725)	-	-
Changes in receivables		7,146	32,772	4	(12)
Changes in related companies balances		198	16,492	-	-
Changes in subsidiaries balances	15	-	-	2,432	26,256
Changes in payables		(14,697)	303	(177)	532
Cash generated from operations					
		67,942	114,939	1,768	26,644
Tax paid		(7,430)	(9,112)	(232)	(304)
Net cash generated from operating activities					
		60,512	105,827	1,536	26,340

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023
(Cont'd)

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Interest received		1,114	171	85	-
Proceeds from disposal of property, plant and equipment		1,507	3,508	-	-
Additions of property, plant and equipment (Note 1 below)		(4,566)	(3,949)	-	-
Proceeds from reversal of deposits pledged as securities		-	1,135	-	-
Proceeds from disposal of other asset		130	-	-	-
Withdrawal/(placement) in investment in money market funds		17,050	(17,515)	-	-
Net cash generated from/(used in) investing activities		15,235	(16,650)	85	-
Cash flows from financing activities					
Drawdown of bank borrowings		25,000	61,000	-	-
Repayment of bank borrowings		(50,626)	(60,637)	-	-
Interest paid		(8,350)	(8,216)	-	(226)
Repayment of hire-purchase payables		(2,564)	(2,599)	-	-
Repayment of principal portion of lease liabilities		(20,877)	(18,720)	-	-
Repayment of principal and interest portion of advance received from immediate holding company		-	(28,084)	-	(12,422)
Purchase of treasury shares	25	-	(2,550)	-	(2,550)
Dividend paid to shareholders	31	(5,819)	(2,910)	(5,819)	(2,910)
Net cash used in financing activities		(63,236)	(62,716)	(5,819)	(18,108)
Net increase/(decrease) in cash and cash equivalents		12,511	26,461	(4,198)	8,232
Cash and cash equivalents at beginning of year		69,595	43,134	8,430	198
Cash and cash equivalents at end of year	23	82,106	69,595	4,232	8,430
Cash and cash equivalents comprise of:					
Cash and bank balances		26,545	24,345	175	8,430
Deposits with licensed banks		55,561	45,250	4,057	-
		82,106	69,595	4,232	8,430

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2023
(Cont'd)

Note 1

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

	Note	The Group	
		2023 RM'000	2022 RM'000
Additions during the year	12	4,966	4,596
Less: Acquisition under hire-purchase arrangements		(400)	(647)
Cash outflows		4,566	3,949

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 23 February 2024.

2. 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 2023, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

Description	Effective for annual periods beginning on or after
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 and MFRS Practice Statement 2	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 112 - Income taxes - International Tax Reform - Pillar Two Model Rules	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

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

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

The adoption of the amendments to MFRS101 *Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies* has impacted the extent of the accounting policy disclosures of the Group and the Company. The Group and the Company have revisited the accounting policy information disclosures to only include material accounting policy disclosures. In making these assessments, the Group and the Company have considered whether standardised information, or information that only duplicates or summarises the requirements of the standards is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

On 2 June 2023, the Malaysian Accounting Standards Board ("MASB") issued the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on 1 January 2025. The Group has preliminarily assessed that there would be no significant impact to the financial statements arising from these amendments.

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 101 - Non current Liabilities with Covenants	1 January 2024
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 107 and MFRS 7 - Disclosure of Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 - Lack of exchangeability	1 January 2025
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 2023. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)**2.4 Basis of consolidation (Cont'd)**

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

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

(i) Business combination (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(b) Revenue (Cont'd)

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

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

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

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.

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

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of 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.

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 establishes, 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

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of 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 probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)**2.5 Summary of accounting policies (Cont'd)****(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 and structures	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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(i) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

(i) Financial assets at amortised cost (debt instruments) (Cont'd)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(i) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Derecognition (Cont'd)

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.

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

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)**2.5 Summary of 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

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

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

(k) Fair value measurement

The Group measures financial instruments such as derivatives 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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)**2.5 Summary of accounting policies (Cont'd)****(l) 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.

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(n) Leases (Cont'd)

(i) Definition of leases (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

2. ACCOUNTING POLICIES (CONT'D)

2.5 Summary of accounting policies (Cont'd)

(n) 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.

(o) 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.

(p) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

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.

4. REVENUE

Set out below is the disaggregation of the Group's and the Company's revenue:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Total logistics services	504,009	701,079	-	-
Procurement logistics services	232,505	229,317	-	-
Dividend income	-	-	-	10,000
	736,514	930,396	-	10,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
(Cont'd)

4. REVENUE (CONT'D)

Timing of revenue recognition:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Over time:				
<u>Total logistics services</u>				
Freight forwarding	193,528	372,531	-	-
Contract logistics	137,754	176,476	-	-
Oil logistics	37,668	41,400	-	-
Transportation	92,775	60,648	-	-
Data management services	328	311	-	-
	462,053	651,366	-	-
<u>Procurement logistics services</u>				
Contract logistics	6,758	7,107	-	-
At a point in time:				
<u>Total logistics services</u>				
Trading of resin	41,956	49,713	-	-
<u>Procurement logistics services</u>				
Assembling services	14,106	9,517	-	-
Contract manufacturing	211,641	212,693	-	-
	225,747	222,210	-	-
<u>Dividend income</u>	-	-	-	10,000
	736,514	930,396	-	10,000

5. COST OF SALES

(a) Cost of sales comprises of:

	The Group	
	2023	2022
	RM'000	RM'000
Direct operating costs	576,987	742,579
Direct staff costs	44,560	53,993
	621,547	796,572

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

5. COST OF SALES (CONT'D)

(b) Expenses classified by nature are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Direct operating costs	576,987	742,579	-	-
Staff costs, included under:				
Cost of sales	44,560	53,993	-	-
Administrative expenses	34,196	34,032	4,826	4,890
	78,756	88,025	4,826	4,890
Depreciation of property, plant and equipment and amortisation of intangible asset	15,287	15,279	-	-
Depreciation of right-of-use assets	22,335	19,778	-	-
Finance costs	8,350	8,216	-	226
Other expenses	25,604	23,893	585	773
	727,319	897,770	5,411	5,889

6. PROFIT/(LOSS) BEFORE TAX

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

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
After charging:				
Rental expenses of:				
- premises	3,221	1,095	-	-
- motor vehicles and equipment	5,740	5,865	-	-
Depreciation of property, plant and equipment	15,209	15,202	-	-
Depreciation of right-of-use assets	22,335	19,778	-	-
Amortisation of intangible asset	78	77	-	-
Allowance for ECL	1,636	8	-	-
Auditors' remuneration:				
- statutory audit	552	560	108	108
- other services	130	10	10	10
Property, plant and equipment written off	20	382	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
(Cont'd)

6. PROFIT/(LOSS) BEFORE TAX (CONT'D)

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

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
After charging (cont'd):				
Loss on foreign exchange				
- realised	48	802	-	409
- unrealised	915	177	-	-
And crediting:				
Gain on foreign exchange:				
- realised	2,577	1,718	-	491
- unrealised	153	818	-	-
Net gain on disposal of property, plant and equipment	1,009	708	-	-
Gain on termination of lease	17	17	-	-
Reversal of allowance for ECL	753	1,374	-	-
Reversal of allowance for ECL on deposits with licensed bank	-	1,135	-	-
Gain on disposal of other asset	70	-	-	-
Fair value gain on investment in money market fund	1,043	-	-	-
Reversal of impairment on other asset	-	60	-	-

7. STAFF COST

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	65,713	73,106	4,134	4,162
Defined contribution plans	7,331	8,317	582	642
Other staff related expenses	5,712	6,602	110	86
	78,756	88,025	4,826	4,890

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Salaries and other emoluments	3,817	3,793	3,817	3,793
Defined contribution plans	611	606	611	606
	4,428	4,399	4,428	4,399
Non-executive directors:				
Fees	317	288	317	288
	4,745	4,687	4,745	4,687
Directors of subsidiaries				
Executive directors:				
Salaries and other emoluments	1,736	2,757	-	-
Defined contribution plans	129	174	-	-
Fees	26	47	-	-
	1,891	2,978	-	-
Total	6,636	7,665	4,745	4,687

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 RM824,327 (2022: RM348,286) and RM51,950 (2022: RM51,950) respectively.

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

	The Company	
	Number of directors	
	2023	2022
Executive directors:		
RM1,050,001 - RM1,100,000	1	1
RM3,300,001 - RM3,400,000	1	1
Non-executive directors:		
RM50,001 - RM100,000	1	2
RM100,001 - RM150,000	2	1
Total	5	5

At the reporting date, one (2022: one) executive director and five (2022: five) 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 have been disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

9. INTEREST INCOME AND FINANCE COSTS

(a) Interest income

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income on short-term deposits	1,114	171	85	-

(b) Finance costs

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loans	5,412	4,468	-	-
Hire-purchases	271	395	-	-
Bank overdraft	179	157	-	-
Bank guarantees	397	219	-	-
Revolving credit	569	1,492	-	-
Amount owing to immediate holding company	-	386	-	226
Lease liabilities (Note 14)	1,522	1,099	-	-
	8,350	8,216	-	226

10. TAXATION

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current year	6,514	8,700	23	22
(Over)/under provision in prior years	(115)	(1,286)	22	4
	6,399	7,414	45	26
Deferred income tax				
Relating to origination and reversal of temporary differences	(784)	2,180	(6)	(1)
(Over)/under provision in prior years	(1,139)	(217)	-	116
	(1,923)	1,963	(6)	115
Taxation	4,476	9,377	39	141

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

10. TAXATION (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit/(loss) for the year.

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	16,279	37,540	(406)	9,642
Tax at the statutory tax rate of 24% (2022: 24%)	3,907	9,010	(97)	2,314
Expenses that are not deductible	1,968	1,686	114	107
Income not subject to tax	(316)	(279)	-	(2,400)
Net deferred tax assets not recognised	171	463	-	-
(Over)/under provision of income tax in prior years	(115)	(1,286)	22	4
(Over)/under provision of deferred tax in prior years	(1,139)	(217)	-	116
Taxation	4,476	9,377	39	141

11. EARNINGS PER SHARE ("EPS")

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

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

	The Group	
	2023	2022
Profit attributable to ordinary equity holders of the Company (RM'000)	11,742	28,151
Weighted average number of ordinary shares in issue ('000)	581,886	583,155
Basic/diluted earnings per share (sen)	2.02	4.83

The basic earnings per share and the diluted earnings 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

31 December 2023

(Cont'd)

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Buildings and structures 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
Cost							
As at 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 2022/1 January 2023	78,349	302,438	17,426	41,274	48,830	1,007	489,324
Additions	-	1,492	443	1,206	1,813	12	4,966
Disposals	-	(335)	(16)	(5,005)	(311)	-	(5,667)
Write-offs	-	-	(677)	-	(11,340)	-	(12,017)
Reclassification	-	910	7	-	90	(1,007)	-
As at 31 December 2023	78,349	304,505	17,183	37,475	39,082	12	476,606
Accumulated depreciation							
As at 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 2022/1 January 2023	-	49,370	14,114	30,114	33,330	-	126,928
Charge for the year	-	6,701	1,558	2,604	4,346	-	15,209
Disposals	-	-	(13)	(4,866)	(291)	-	(5,170)
Write-offs	-	-	(678)	-	(11,319)	-	(11,997)
As at 31 December 2023	-	56,071	14,981	27,852	26,066	-	124,970
Net carrying amount							
As at 31 December 2022	78,349	253,068	3,312	11,160	15,500	1,007	362,396
As at 31 December 2023	78,349	248,434	2,202	9,623	13,016	12	351,636

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

- (a) Land and buildings with carrying amount totalling RM167,862,711 (2022: RM300,922,722) 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 RM7,135,597 (2022: RM11,199,939). 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	
	2023 RM'000	2022 RM'000
At cost		
Transferable club membership	60	-
Less: Disposal	(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

31 December 2023
(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:

	The Group RM'000
Cost	
As at 1 January 2022	106,438
Additions	12,298
Terminations	(15,340)
As at 31 December 2022/1 January 2023	103,396
Additions	41,510
Terminations	(13,208)
As at 31 December 2023	131,698
Accumulated depreciation	
As at 1 January 2022	31,002
Charge for the year	19,778
Terminations	(14,516)
As at 31 December 2022/1 January 2023	36,264
Charge for the year	22,335
Terminations	(11,529)
As at 31 December 2023	47,070
Accumulated impairment	
As at 1 January 2022/ 31 December 2022/1 January 2023/ 31 December 2023	1,736
Carrying amount	
As at 31 December 2022	65,396
As at 31 December 2023	82,892

During the financial year, the Group recognised an amount of RM7,547,832 and RM1,412,547 (2022: RM5,538,739 and RM1,420,890) of short-term leases and leases of low value assets on a straight-line basis as expenses, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

14. LEASES (CONT'D)

Group as a lessee (Cont'd)

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

	The Group	
	2023 RM'000	2022 RM'000
As at 1 January	15,151	22,414
Additions	41,511	12,298
Terminations	(1,696)	(841)
Interest expenses (Note 9(b))	1,522	1,099
Payment of lease rental	(22,399)	(19,819)
As at 31 December	34,089	15,151
Analysed as:		
Non-current	12,447	3,920
Current	21,642	11,231
	34,089	15,151

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
2022			
Group			
Current	11,498	(267)	11,231
Non-current	4,270	(350)	3,920
	15,768	(617)	15,151
2023			
Current	22,208	(566)	21,642
Non-current	13,744	(1,297)	12,447
	35,952	(1,863)	34,089

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

15. INVESTMENT IN SUBSIDIARIES

	The Company	
	2023 RM'000	2022 RM'000
Unquoted shares (Note 21)	293,848	120,848
Less: Accumulated impairment losses	(9,573)	(9,573)
	284,275	111,275

In the current year, the Company converted RM173,000,000 of amounts owing by its subsidiary, to additional investment in its subsidiary, CJ Century Logistics Sdn Bhd.

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

	Effective interest		Place of incorporation and operation	Principal activities
	2023 %	2022 %		
Direct subsidiaries				
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	Commenced winding up procedures
CJ Century DMS Sdn. Bhd.**	100	100	Malaysia	Commenced winding up procedures
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	Under winding up procedures

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Effective interest		Place of incorporation and operation	Principal activities
	2023	2022		
	%	%		
<u>Subsidiaries of CJ Korea</u>				
<u>Express Malaysia</u>				
<u>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	Commenced winding up procedures
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 2023 and audited by Ernst & Young PLT.

*** The Company holds call option on 51% shareholdings and the Company is in the process of winding up during the year ended 31 December 2023 and audited by 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 RM431,950 (2022: RM393,800) to CJ Century Logistics Sdn. Bhd.

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

16. GOODWILL ON CONSOLIDATION

	The Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 January/ 31 December	23,375	23,375
As at year ended 31 December 2023/2022, the carrying amounts were allocated to the Group's cash-generating units ("CGU") as follows:		
		2023 RM'000
Total logistics operations		22,557
Oil logistics		818
		23,375

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

16. GOODWILL ON CONSOLIDATION (CONT'D)

As at year ended 31 December 2023/2022, the carrying amounts were allocated to the Group's cash-generating units ("CGU") as follows (cont'd):

	2022 RM'000
CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")	21,932
Oil logistics	818
Lot 8 contract logistics	625
	23,375

During the year, the Group has reassessed its determination of CGUs due to the internal restructuring of the Total Logistic Services business. The allocation of goodwill to the new CGUs as at 31 December 2023 is as above.

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 five-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 five-year period are 12.31% (2022: 14.6%) and 2% (2022: 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. |

Sensitivity to change in assumptions

CGUs of total logistics operations (2022: CJKX)

- An increase of 0.5 percentage point in the discount rate used would have decreased the VIU by RM20,166,000 (2022: RM8,396,000).
- A decrease of 0.5 percentage point in the terminal growth rate used would have decreased the VIU by RM14,411,000 (2022: RM7,110,000).
- A decrease of 0.5 percentage point in the budgeted gross margin used would have decreased the VIU by RM25,257,000 (2022: RM13,826,000).

The oil logistics CGU is not sensitive to change in assumptions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

17. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,753	5,790	(17)	(132)
Recognised in profit or loss (Note 10)	(1,923)	1,963	(6)	115
At 31 December	5,830	7,753	(23)	(17)
Presented as follows:				
Deferred tax assets	(684)	(397)	(23)	(17)
Deferred tax liabilities	6,514	8,150	-	-
	5,830	7,753	(23)	(17)

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	Others	Total
	RM'000	RM'000	RM'000
At 1 January 2023	20,347	17	20,364
Recognised in profit or loss	402	-	402
At 31 December 2023	20,749	17	20,766
At 1 January 2022	19,973	15	19,988
Recognised in profit or loss	374	2	376
At 31 December 2022	20,347	17	20,364

Deferred tax assets of the Group

	Unabsorbed capital allowances	Unused tax losses	Other payables and accrued expenses	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	(8,463)	(3,345)	(803)	(12,611)
Recognised in profit or loss	818	-	(3,143)	(2,325)
At 31 December 2023	(7,645)	(3,345)	(3,946)	(14,936)
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)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

Deferred tax assets of the Company

	Other payables RM'000	Total RM'000
At 1 January 2023	(17)	(17)
Recognised in profit or loss	(6)	(6)
At 31 December 2023	(23)	(23)

	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)

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	
	2023 RM'000	2022 RM'000
Unused tax losses	5,691	4,971
Other deductible temporary differences	1,591	1,598
	7,282	6,569

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the Group, as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Utilisation period		
10 years	720	1,604
9 years	1,604	320
8 years	320	215
7 years	215	2,832
6 years	2,832	-

18. INTANGIBLE ASSET

	The Group	
	2023	2022
	RM'000	RM'000
Cost		
At 1 January/ 31 December	619	619
Accumulated amortisation		
At 1 January	193	116
Amortisation for the year	78	77
At 31 December	271	193
Net carrying amount		
As at 31 December	348	426

Intangible asset relates to customer relationship stated at cost and amortised on a straight line basis over a remaining period of 5 years (2022: 6 years).

19. INVENTORIES

	The Group	
	2023	2022
	RM'000	RM'000
At cost		
Assembled products	4,794	11,991
Assembling parts	5,991	4,204
Trading goods	8,916	10,556
Goods in transit	4,237	10,776
	23,938	37,527

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

19. INVENTORIES (CONT'D)

The cost of inventories recognised as cost of sales during the year amounted to RM229,000,220 (2022: RM232,875,597).

20. TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	The Group	
	2023	2022
	RM'000	RM'000
Trade receivables	104,652	126,613
Less: Allowance for expected credit loss	(2,116)	(1,233)
Net	102,536	125,380

The Group's credit terms range from 3 to 120 days (2022: 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 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	ECL	Net amount	ECL rate
	RM'000	RM'000	RM'000	
2023				
Current	75,626	-	75,626	0%
1 - 30 days past due	19,102	-	19,102	0%
31 - 60 days past due	5,518	-	5,518	0%
61 - 90 days past due	1,252	-	1,252	0%
More than 90 days past due	3,154	(2,116)	1,038	67%
	104,652	(2,116)	102,536	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

	Gross amount RM'000	ECL RM'000	Net amount RM'000	ECL rate
2022				
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	

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

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	1,233	2,630
Allowance for expected credit loss (Note 6)	1,636	8
Write back of allowance for expected credit loss (Note 6)	(753)	(1,374)
Write-off against trade receivables	-	(31)
At 31 December	2,116	1,233

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 29% (2022: 33%) 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	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	89,464	119,300
United States Dollar	15,182	7,313
Singapore Dollar	6	-
	104,652	126,613

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

20. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables, deposits and prepaid expenses

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	23,567	11,740	-	-
Refundable deposits	11,357	6,852	10	14
Prepaid expenses	6,032	3,139	14	14
Total other receivables, deposits and prepaid expenses	40,956	21,731	24	28
Less: Prepaid expenses	(6,032)	(3,139)	(14)	(14)
Total other receivables and refundable deposits at amortised cost	34,924	18,592	10	14

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 customer's behalf totalling RM21,318,461 (2022: RM6,987,071).

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

	The Group	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	38,259	19,318
United States Dollar	2,695	2,411
Chinese Renminbi	2	2
	40,956	21,731

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current asset				
Amounts owing by:				
<u>Non-trade</u>				
Subsidiary	-	-	-	178,871
Current assets				
Amounts owing by:				
<u>Non-trade</u>				
Subsidiaries	-	-	14,297	10,858
<u>Trade</u>				
Related parties	10,600	7,802	-	-
Immediate holding company	256	576	-	-
Intermediate holding company	956	484	-	-
	11,812	8,862	14,297	189,729
Amounts owing to:				
<u>Non-trade</u>				
Subsidiaries	-	-	-	-
<u>Trade</u>				
Related parties	(46)	(84)	-	-
Immediate holding company	(2,707)	(1,404)	-	-
Intermediate holding company	(16,224)	(14,341)	-	-
	(18,977)	(15,829)	-	-

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

- In the current year, RM14,296,932 of amount owing by subsidiary to the Company is mainly due to dividend payable from CJ Century Technology Sdn Bhd amounting to RM10,000,000. The remaining amounts are due to payments on behalf.
- In the prior year, RM178,871,000 of amount owing by subsidiary was expected to be repaid after 12 months from the year end, unsecured and interest free. In the current year RM173,000,000 was converted into additional investment in subsidiaries. Refer to details in Note 15. The remaining amount owing was settled in the current year.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

As at 31 December 2023 and 31 December 2022, no demand for repayment has been made by the Company for any of the balances due from its subsidiaries. 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	10,527	7,862	14,297	189,729
United States Dollar	1,273	1,000	-	-
Singapore Dollar	12	-	-	-
	11,812	8,862	14,297	189,729

The currency profile of amount owing to subsidiaries, related parties, immediate and intermediate holding companies as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	-	(126)	-	-
United States Dollar	(18,977)	(15,703)	-	-
	(18,977)	(15,829)	-	-

The trade balances are subject to a normal credit term of 30 days (2022: 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

31 December 2023

(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 Gemadept Logistics Holdings Company Limited	A subsidiary of CJ Logistics Hong Kong Holdings Limited
CJ ICM FZCO	A subsidiary of CJ Logistics Middle East FZE
CJ GLS Hong Kong Ltd	A subsidiary of CJ Logistics Asia Pte. Ltd.
Gemadept Logistics One Member Company Limited	A subsidiary of CJ Gemadept 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
CJ ICM (UK) Ltd	A subsidiary of CJ ICM FZCO
CJ ICM Logistics Espana SL	A subsidiary of CJ ICM (UK) Ltd
<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

31 December 2023

(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	
	2023	2022
	RM'000	RM'000
CJ Logistics Corporation		
Provision of logistics services to CJ Century Logistics Sdn. Bhd. ("CJCL")	299	803
Provision of logistics services by CJCL	118	2
Provision of logistics services by CJ Korea Express Malaysia Sdn. Bhd. ("CJKX")	374	1,258
Provision of logistics services to CJKX	4,406	34,646
Provision of recovery cost and guarantee fees to CJKX	632	605
Provision of brand royalty fees to CJKX	648	1,316
Provision of brand royalty fees to EC Distribution Sdn Bhd ("ECD")	10	10
Provision of guarantee fees to CJCL	-	252
CJ Logistics Asia Pte. Ltd.		
Provision of loan interest to CJ Century Logistics Holdings Berhad ("CJCEN")	-	226
Provision of information technology services to CJCL	1,246	182
Provision of logistics services by CJCL	1,595	2,726
Provision of logistics services to CJCL	19	23
Provision of information technology services to CJKX	841	959
Provision of logistics services by CJKX	625	538
Provision of logistics services to CJKX	30	23
Provision of loan interest to CJKX	-	160
Shanghai Smart Cargo Supply Chain Management Co., Ltd		
Provision of logistics services by CJCL	-	7
Provision of logistics services by CJKX	54	-
CJ Logistics PH Corp.		
Provision of logistics services by CJCL	6	24
Provision of logistics services to CJCL	1,015	2,391
Provision of logistics services by CJKX	49	1
Provision of logistics services to CJKX	13	-
CJ Bio Malaysia Sdn Bhd		
Provision of logistics services by CJKX	52,780	124,113
Provision of logistics services to CJKX	-	44
Provision of logistics services by CJCL	199	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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	
	2023	2022
	RM'000	RM'000
PT. CJ Logistics Indonesia		
Provision of logistics services by CJKX	66	123
Provision of logistics services by CJCL	-	143
Provision of logistics services to CJCL	2	-
Provision of logistics services to CJKX	3	35
CJ Logistics (Thailand) Co.,Ltd		
Provision of logistics services to CJCL	1	-
Provision of logistics services by CJKX	82	157
Provision of logistics services to CJKX	34	201
CJ Korea Express Shenzhen Co., Ltd.		
Provision of logistics services to CJCL	9	3
Provision of logistics services to CJKX	1	15
CJ Korea Express Qingdao Co., Ltd.		
Provision of logistics services by CJKX	-	3
Provision of logistics services to CJCL	4	-
Provision of logistics services to CJKX	7	38
CJ Korea Express Freight Vietnam Co.,Ltd		
Provision of logistics services by CJKX	8	6
Provision of logistics services to CJCL	-	1
Provision of logistics services by CJCL	32	-
Provision of logistics services to CJKX	7	4
CJ Korea Express Tianjin Co., Ltd.		
Provision of logistics services to CJKX	2	269
CJ Logistics Japan Corporation		
Provision of logistics services by CJKX	1	4
Provision of logistics services to CJCL	14	-
CJ ICM Logistics GMBH		
Provision of logistics services by CJCL	-	22
Gemadept Logistics One Member Company Limited		
Provision of logistics services by CJKX	-	1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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	
	2023	2022
	RM'000	RM'000
CJ Logistics America, LLC		
Provision of logistics services to CJCL	6	-
CJ ICM Services DWC LLC		
Provision of logistics services by CJKX	-	25
CJ Logistics Europe GMBH		
Provision of logistics services to CJKX	3	4
Korea Express Shanghai Co., Ltd.		
Provision of logistics services by CJCL	1	-
Provision of logistics services to CJCL	18	-
Provision of logistics services by CJKX	25	395
Provision of logistics services to CJKX	23	783
CJ Smart Cargo Hong Kong Limited		
Provision of logistics services by CJKX	54	-
Provision of logistics services to CJKX	-	2
CJ Olivenetworks Co., Ltd.		
Provision of information technology services to CJCL	-	18
Provision of information technology services to CJKX	8	60
CJ Logistics Express Malaysia Sdn. Bhd.		
Provision of courier services to CJCL	-	15
Provision of rental by CJCL	-	285
Provision of courier services to CJKX	-	18
Provision of rental by CJKX	-	14
CJ Logistics Holdings America Corporation		
Provision of logistics services by CJKX	53	-
CJ ICM FZCO		
Provision of logistics services by CJKX	6	-
Provision of logistics services to CJKX	4	-
CJ GLS Hong Kong Ltd		
Provision of logistics services to CJKX	-	10
CJ ICM Logistics Espana SL		
Provision of logistics services by CJCL	2	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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 Company	
	2023	2022
	RM'000	RM'000
CJ Logistics Asia Pte. Ltd.		
Provision of loan interest to CJCEN	-	226
CJ Century Logistics Sdn. Bhd.		
Management fee income	4,320	4,320
CJ Century Technology Sdn. Bhd.		
Management fee income	600	600
Dividend income	-	10,000
CJ Century DMS Sdn. Bhd.		
Management fee income	-	120

22. CONTRACT ASSET/(LIABILITIES)

	The Group	
	2023	2022
	RM'000	RM'000
Contract assets		
Accrued billings in respect of revenue from total logistics services (Note a)	15,486	19,896
Contract liabilities		
Deferred income (Note b)	(986)	(757)

Set out below is the amount of revenue recognised from:

	The Group	
	2023	2022
	RM'000	RM'000
Amounts included in contract liabilities at the beginning of the year	757	3,882

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
(Cont'd)

22. CONTRACT ASSET/(LIABILITIES) (CONT'D)

(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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss	11,941	28,991	-	-

Investment in money market funds of the Group are managed by one (2022: 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	26,545	24,345	175	8,430
Deposits with licensed banks	55,561	44,115	4,057	-
Add: Reversal of allowance for expected credit loss	-	1,135	-	-
	55,561	45,250	-	-
	82,106	69,595	4,232	8,430

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

	The Group	
	2023	2022
	RM'000	RM'000
At 1 January	-	1,135
Reversal of allowance for expected credit loss (Note 6)	-	(1,135)
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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

The weighted average interest rate of deposits with licensed banks is 3.10% (2022: 2.75%) per annum. The maturity periods of deposits of the Group range from 3 to 20 days (2022: 1 to 19 days).

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	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	78,785	67,592
Chinese Renminbi	1,222	1,197
United States Dollar	2,091	798
Others	8	8
	82,106	69,595

24. SHARE CAPITAL

	The Group/ The Company			
	Number of shares		Amount	
	2023	2022	2023	2022
			RM'000	RM'000
Issued and fully paid:				
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.

25. TREASURY SHARES

	The Group/ The Company			
	Number of shares		Amount	
	2023	2022	2023	2022
			RM'000	RM'000
At 1 January	12,344,000	7,960,700	6,747	4,197
Shares bought back during the year	-	4,383,300	-	2,550
At 31 December	12,344,000	12,344,000	6,747	6,747

In the prior 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 (2022: RM6,747,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

26. RESERVES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Translation reserve	536	546	-	-
Retained earnings	156,380	150,457	8,429	14,693
	156,916	151,003	8,429	14,693

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 2023 are distributable as dividends under the single tier income tax system.

27. HIRE PURCHASE PAYABLES

	The Group	
	2023 RM'000	2022 RM'000
Total outstanding	4,925	7,317
Less: Interest-in-suspense	(257)	(485)
Principal outstanding	4,668	6,832
Less: Portion due within the next 12 months (shown under current liabilities)	(2,483)	(2,564)
Non-current portion	2,185	4,268

The non-current portion is repayable as follows:

	The Group	
	2023 RM'000	2022 RM'000
Within 1 to 2 years	1,422	2,410
Within 2 to 5 years	763	1,858
	2,185	4,268

The term of the hire-purchase ranges from one to five years (2022: one to five years) and the weighted average effective interest rates implicit in the hire-purchase arrangements is 4.77% (2022: 4.79%) 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

31 December 2023

(Cont'd)

28. LONG-TERM BORROWINGS

	The Group	
	2023	2022
	RM'000	RM'000
Secured:		
Term loan	103,954	120,580
Less: Portion due within the next 12 months (Note 30)		
Term loan	(16,626)	(16,626)
Non-current portion	87,328	103,954

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

	The Group	
	2023	2022
	RM'000	RM'000
Within 1 to 2 years	16,626	16,626
Within 2 to 5 years	48,026	49,878
5 years and thereafter	22,676	37,450
	87,328	103,954

The weighted average effective interest rate of the above long-term loans is 5.21% (2022: 4.24%) 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

31 December 2023

(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	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	29,882	48,301
United States Dollar	15,440	14,261
Others	64	28
	45,386	62,590

(b) Other payables and accrued expenses

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	28,994	17,370	1	6
Accrued expenses	24,648	33,714	1,499	1,671
Refundable deposits	1,198	1,288	-	-
Sales and service tax payable	6,038	5,455	-	-
Total other payables and accrued expenses	60,877	57,827	1,500	1,677
Less: Sales and service tax payable	(6,038)	(5,455)	-	-
Total other payables and accrued expenses at amortised cost	54,839	52,372	1,500	1,677

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 RM21,934,837 (2022: RM6,623,909).

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

	The Group	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	35,504	50,347
United States Dollar	25,324	7,436
Others	49	44
	60,877	57,827

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

30. SHORT-TERM BORROWINGS

	The Group	
	2023	2022
	RM'000	RM'000
Unsecured:		
Revolving credit	25,000	34,000
Secured:		
Term loans/portion due during next 12 months (Note 28)	16,626	16,626
	41,626	50,626

The Group also has bank guarantees, trade facilities, unutilised bank overdrafts and revolving credit facilities amounting to RM125.3 million (2022: RM146.8 million) obtained from various financial institutions.

The revolving credit bears interest at rates ranging from 4.03% to 4.78% (2022: 4.03% to 4.78%) 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	
	2023	2022
	RM'000	RM'000
In respect of financial year ended 31 December 2022:		
Single tier final dividend of 1.00 sen per ordinary share, declared on 24 February 2023 and paid on 30 March 2023.	5,819	-
Single tier interim dividend of 0.50 sen per ordinary share, declared on 25 August 2022 and paid on 27 September 2022.	-	2,910

32. SIGNIFICANT EVENTS

In the current year, the Company converted RM173,000,000 of amounts owing by its subsidiary, to additional investment in its subsidiary, CJ Century Logistics Sdn Bhd as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

33. CAPITAL COMMITMENTS

As of the end of the financial year, the Group has the following capital commitments:

	The Group	
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
- Buildings and structures	865	-
- Warehouse, office and other equipment	6,830	1,567
	7,695	1,567
Approved but not contracted for		
- Warehouse, office and other equipment	340	494
	8,035	2,061

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, hire-purchase payables and borrowings as detailed in notes 14, 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.

Gearing ratio

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

	The Group	
	2023	2022
	RM'000	RM'000
Debts, comprising:		
Lease liabilities (Note 14)	34,089	15,151
Hire-purchase payables (Note 27)	4,668	6,832
Borrowings (Notes 28 and 30)	128,954	154,580
	167,711	176,563
Less: Investment in money market funds (Note 23)	(11,941)	(28,991)
Less: Deposits, cash and bank balances (Note 23)	(82,106)	(69,595)
Net debt	73,664	77,977
Equity	450,968	444,994
Net debt to equity ratio	16%	18%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group	
	2023	2022
	RM'000	RM'000
Financial assets		
Fair value through profit or loss:		
Investment in money market funds (Note 23)	11,941	28,991
Amortised cost:		
Trade receivables (Note 20(a))	102,536	125,380
Other receivables and refundable deposits (Note 20(b))	34,924	18,592
Amount owing by related parties (Note 21)	10,600	7,802
Amount owing by immediate holding company (Note 21)	256	576
Amount owing by intermediate holding company (Note 21)	956	484
Deposits, cash and bank balances (Note 23)	82,106	69,595
Financial liabilities		
Amortised cost:		
Trade payables (Note 29(a))	45,386	62,590
Other payables and accrued expenses (Note 29(b))	54,839	52,372
Amount owing to related parties (Note 21)	46	84
Amount owing to immediate holding company (Note 21)	2,707	1,404
Amount owing to intermediate holding company (Note 21)	16,224	14,341
Borrowings (Notes 28 and 30)	128,954	154,580
Hire-purchase payables (Note 27)	4,668	6,832
Lease liabilities (Note 14)	34,089	15,151
	The Company	
	2023	2022
	RM'000	RM'000
Financial assets		
Amortised cost:		
Other receivables and refundable deposits (Note 20(b))	10	14
Amount owing by subsidiaries (Note 21)	14,297	189,729
Deposits, cash and bank balances (Note 23)	4,232	8,430
Financial liabilities		
Amortised cost:		
Other payables and accrued expenses (Note 29(b))	1,500	1,677

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

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.

(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 Chinese Renminbi ("RMB").

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 2023, the Group has entered into USD and Chinese Renminbi ("RMB") forward exchange contracts with a net nominal value of RM9,917,047 (2022: RM93,000) and the net loss arising from the fair value changes of the USD and RMB forward exchange contracts is RM112,982 (2022: Net gain of RM433,000).

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 RMB exchange rates against Ringgit Malaysia with all other variables held constant:

		Effect on profit after tax	
		2023	2022
		RM'000	RM'000
USD	+5%	(1,924)	(1,002)
	-5%	1,924	1,002
RMB	+5%	131	-
	-5%	(131)	-

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 2023 would decrease or increase by RM322,385 (2022: RM386,450), 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

31 December 2023

(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 rate 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

31 December 2023
(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
2023					
Trade payables	45,386	-	-	-	45,386
Other payables and accrued expenses	54,839	-	-	-	54,839
Amount owing to related parties	46	-	-	-	46
Amount owing to immediate holding company	2,707	-	-	-	2,707
Amount owing to intermediate holding company	16,224	-	-	-	16,224
Hire-purchase payables	2,646	1,491	788	-	4,925
Lease liabilities	22,208	9,667	4,077	-	35,952
Borrowings	46,819	21,819	63,212	32,899	164,749
	190,875	32,977	68,077	32,899	324,828
2022					
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

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
2023					
Other payables and accrued expenses	1,500	-	-	-	1,500
2022					
Other payables and accrued expenses	1,677	-	-	-	1,677

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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 RM315.3 million (2022: RM291.3 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

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

Segment revenue and results

The Group

	Total logistics services RM'000	Procurement logistics services RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
2023				
Revenue				
External sales	504,009	232,505	-	736,514
Inter-segment sales	6,510	17	(6,527)	-
	510,519	232,522	(6,527)	736,514
Results				
Segment results	9,190	14,852	(527)	23,515
Interest income	730	450	(66)	1,114
Profit from operations	9,920	15,302	(593)	24,629
Finance costs	(8,082)	(334)	66	(8,350)
Income tax expense	(1,401)	(3,153)	78	(4,476)
Profit/(loss) for the year	437	11,815	(449)	11,803

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
(Cont'd)

37. SEGMENT INFORMATION (CONT'D)

Segment revenue and results (Cont'd)

The Group (Cont'd)

	Total logistics services RM'000	Procurement logistics services RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
2022				
Revenue				
External sales	701,079	229,317	-	930,396
Inter-segment sales	10,966	16	(10,982)	-
	712,045	229,333	(10,982)	930,396
Results				
Segment results	43,322	11,890	(9,627)	45,585
Interest income	87	84	-	171
Profit/(loss) from operations	43,409	11,974	(9,627)	45,756
Finance costs	(8,211)	(5)	-	(8,216)
Income tax expense	(6,302)	(3,075)	-	(9,377)
Profit/(loss) for the year	28,896	8,894	(9,627)	28,163

Segment assets and liabilities

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

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

The Group

	Total logistics services RM'000	Procurement logistics services RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
Reconciliation of assets				
2023				
Segment assets	935,096	115,756	(303,826)	747,026
Deferred tax assets	416	268	-	684
Tax recoverable	5,434	-	107	5,541
Total assets	940,946	116,024	(303,719)	753,251

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(Cont'd)

37. SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities (Cont'd)

The Group (Cont'd)

	Total logistics services RM'000	Procurement logistics services RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
Reconciliation of assets (Cont'd)				
2022				
Segment assets	941,765	93,631	(271,761)	763,635
Deferred tax assets	397	-	-	397
Tax recoverable	4,040	78	107	4,225
Total assets	946,202	93,709	(271,654)	768,257

Reconciliation of liabilities

2023				
Segment liabilities	302,666	54,724	(63,453)	293,937
Deferred tax liabilities	1,514	-	5,000	6,514
Tax liabilities	303	1,529	-	1,832
Total liabilities	304,483	56,253	(58,453)	302,283
2022				
Segment liabilities	474,101	44,379	(204,914)	313,566
Deferred tax liabilities	2,974	97	5,079	8,150
Tax liabilities	269	1,278	-	1,547
Total liabilities	477,344	45,754	(199,835)	323,263

The Group	Total logistics services RM'000	Procurement logistics services RM'000	Adjustment and Elimination RM'000	Consolidated RM'000
2023				
Capital expenditure*	44,926	1,550	-	46,476
Depreciation and amortisation	36,333	1,289	-	37,622
2022				
Capital expenditure*	16,432	462	-	16,894
Depreciation and amortisation	33,903	1,154	-	35,057

* Capital expenditure consists of additions of property, plant and equipment and right-of-use assets.

As at 31 December 2023, there was one customer (2022: one customer) of the Group that exceeded 10% of the total Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023
(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
2023			
<u>Assets measured at fair value</u>			
Investment in money market funds	-	11,941	-
2022			
<u>Assets measured at fair value</u>			
Investment in money market funds	-	28,991	-

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.

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:

	Note
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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 (Cont'd)

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.

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 from financing activities.

The Group

	Hire- purchase payables (Note 27) RM'000	Lease liabilities (Note 14) RM'000	Borrowings (Note 28 and Note 30) RM'000	Total RM'000
At 1 January 2023	6,832	15,151	154,580	176,563
Net changes from financing cash flows:				
Payments for the principal portion of hire-purchase/lease	(2,564)	(20,877)	-	(23,441)
Drawdown of bank borrowings	-	-	25,000	25,000
Finance costs paid	(271)	(1,522)	(6,557)	(8,350)
Repayment of bank borrowings	-	-	(50,626)	(50,626)
Total net changes from financing cash flows	(2,835)	(22,399)	(32,183)	(57,417)
Other changes:				
Finance costs payable	271	1,522	6,557	8,350
New hire purchase/lease	400	41,511	-	41,911
Terminations	-	(1,696)	-	(1,696)
Total other changes	671	41,337	6,557	48,565
At 31 December 2023	4,668	34,089	128,954	167,711

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

(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 from financing activities (cont'd):

The Group

	Hire- purchase payables (Note 27)	Lease liabilities (Note 14)	Amount due to immediate holding company (Note 21)	Borrowings (Note 28 and Note 30)	Total
	RM'000	RM'000	RM'000	RM'000	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
Terminations	-	(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

31 December 2023

(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 in the prior year:

The Company

	RM'000
At 1 January 2022	12,422
Net changes from financing cash flows:	
Advance from immediate holding company	-
Finance costs paid	(226)
Payments for the principal and interest portion of loan with immediate holding company	(12,422)
Total net changes from financing cash flows	(12,648)
Other changes:	
Finance costs payable	226
Total other changes	226
At 31 December 2022/ 31 December 2023	-

GRI STANDARD INDEX

Statement of Use

CJ Century has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.

GRI 1 Used

GRI 1: Foundation 2021

GRI Standard	Disclosure		Page Reference
General Disclosures			
GRI 2: General Disclosures 2021	The organization and its reporting practices		
	2-1	Organizational details	5
	2-2	Entities included in the organization’s sustainability reporting	21
	2-3	Reporting period, frequency and contact point	21
	2-4	Restatements of information	21
	2-5	External assurance	21
	Activities and workers		
	2-6	Activities, value chain, and other business relationships	2-5
	2-7	Employees	45
	2-8	Workers who are not employees	44
	Governance		
	2-9	Governance structure and composition	15, 25, 71-72
	2-10	Nomination and selection of the highest governance body	52, 69
	2-12	Role of the highest governance body in overseeing the management of impacts	25, 52, 67-69
	2-13	Delegation of responsibility for managing impacts	25, 67-69
	2-14	Role of the highest governance body in sustainability reporting	21, 25, 70-71
	2-15	Conflicts of interest	18, 19
	2-16	Communication of critical concerns	43, 54
	Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	23, 31-32
	2-23	Policy commitments	24
	2-24	Embedding policy commitments	52
	2-26	Mechanisms for seeking advice and raising concerns	43, 54
	2-27	Compliance with laws and regulations	34, 38, 43, 49, 52, 55
	2-28	Membership associations	24
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	26-28
	2-30	Collective bargaining agreements	43

GRI STANDARD INDEX

(Cont'd)

GRI Standard		Disclosure	Page Reference
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	26-30
	3-2	List of material topics	30
Quality Service & Customer Experience			
GRI 3: Material Topics 2021	3-3	Management of material topics	34-35
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	35
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	35
Financial Resiliency			
GRI 3: Material Topics 2021	3-3	Management of material topics	36
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	36
	201-4	Financial assistance received from government	36
Technology & Innovation			
GRI 3: Material Topics 2021	3-3	Management of material topics	37
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	37
	203-2	Significant indirect economic impacts	37
Resources Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	38-39
GRI 303: Water and Effluents	303-3	Water withdrawal	38
	303-5	Water consumption	38
GRI 304: Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	38
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	39
	306-2	Management of significant waste-related impacts	39
	306-4	Waste diverted from disposal	39
GHG Emissions & Energy Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	40-42
GRI 302: Energy	302-1	Energy consumption within the organization	41
	302-2	Energy consumption outside of the organization	42
	302-3	Energy intensity	41
	302-4	Reduction of energy consumption	41
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	40
	305-2	Energy indirect (Scope 2) GHG emissions	40
	305-3	Other indirect (Scope 3) GHG emissions	42
	305-4	GHG emissions intensity	41
	305-5	Reduction of GHG emissions	41

GRI STANDARD INDEX

(Cont'd)

GRI Standard		Disclosure	Page Reference
Human Rights & Fair Labour Practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	43-44
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	44
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	43
GRI 405: Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	44
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	44
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	43
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labour	43
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	43
Talent Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	45-47
GRI 202: Market Presence	202-2	Proportion of senior management hired from the local community	45
GRI 401: Employment	401-1	New employee hires and employee turnover	46
	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	47
	401-3	Parental leave	47
GRI 404: Training and Education	404-1	Average hours of training per year per employee	46
	404-2	Programs for upgrading employee skills and transition assistance programs	47
	404-3	Percentage of employees receiving regular performance and career development reviews	47
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	15, 45
Occupational Safety & Health Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	48-50
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	48
	403-2	Hazard identification, risk assessment, and incident investigation	48
	403-4	Worker participation, consultation, and communication on occupational health and safety	49-50
	403-5	Worker training on occupational health and safety	49
	403-6	Promotion of worker health	48-50
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49
	403-8	Workers covered by an occupational health and safety management system	48-49
	403-9	Work-related injuries	50

GRI STANDARD INDEX

(Cont'd)

GRI Standard		Disclosure	Page Reference
Corporate Responsibility			
GRI 3: Material Topics 2021	3-3	Management of material topics	51
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	51
Laws & Regulations Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	52-54
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	53
	205-2	Communication and training about anti-corruption policies and procedures	52-53
	205-3	Confirmed incidents of corruption and actions taken	53
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	53
Cybersecurity & Data Protection			
GRI 3: Material Topics 2021	3-3	Management of material topics	55
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55

LIST OF PROPERTIES

As at 31 December 2023

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2023 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	22 years	558,647	Leasehold Expiry: 29 March 2087	26,819,768
Plot D16 & D18, Jalan Tanjung A/3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2008*	17 years	335,412	Sub Lease Expiry: 23 March 2055	21,999,976
Plot D12, Jalan Tanjung A/2 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2007	16 years	321,037	Sub Lease Expiry: 23 March 2055	18,259,705
Plot D14, Jalan Tanjung A/3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	Single storey warehouse with office building	2009	14 years	156,511	Sub Lease Expiry: 23 March 2055	12,166,805
Plot D28-B, D28-C & D28-D Jalan DPB 3 Kawasan Zon Bebas Pelabuhan Tanjung Pelepas 81560 Gelang Patah Johor Darul Takzim	2 single storey warehouses	2014*	11 years	653,400	Sub Lease Expiry: 23 March 2055	65,649,508
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	25 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	16,180,602
No.12, Persiaran Astana/KU2 Bandar Bukit Raja 41050 Klang Selangor Darul Ehsan	Three storey warehouse with office building	2019	4 years	358,105	Freehold	148,794,224
No.4, Jalan Jenjarum 28/39 Seksyen 28 40400 Shah Alam Selangor Darul Ehsan	Single storey warehouse with office building	2020*	17 years	296,825	Freehold	51,119,719
PT 10633, Kawasan Perindustrian Teluk Kalung Kemaman Terengganu Darul Iman	Single storey warehouse with office building	2020*	3 years	215,278	Leasehold Expiry: 7 July 2079	12,947,957
						373,938,264

ANALYSIS OF SHAREHOLDINGS

As at 29 February 2024

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	146	3.94	5,509	0.00
100 - 1,000	368	9.93	201,626	0.03
1,001 - 10,000	1,646	44.40	9,515,423	1.64
10,001 - 100,000	1,283	34.61	43,661,858	7.50
100,001 - 29,094,293 (less than 5% of issued holdings)	263	7.09	207,957,238	35.74
29,094,294 and above (5% and above of issued holdings)	1	0.03	320,544,236	55.09
TOTAL	3,707	100.00	581,885,890	100.00

2. DIRECTORS' SHAREHOLDINGS

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

No.		No. of Ordinary Shares Held			
		Direct	%*	Indirect	%*
1	Datuk Lee Say Tshin	-	-	80,000 ^(a)	0.01
2	Teow Choo Hing	48,484,194	8.33	2,224,416 ^(b)	0.38
3	Yeap Khoo Soon Edwin	3,772,100	0.65	-	-
4	Kim Gwon Woong [#]	-	-	-	-
5	Kim Jinmok	-	-	-	-
6	Ko Young Ho	-	-	-	-
7	Yoo Hyun Chul	-	-	-	-
8	Saryani Binti Che Ab Rahman	-	-	-	-
9	Winston Tan Kheng Huang	-	-	-	-

Notes:

* Calculated based on 581,885,890 ordinary shares

^(a) Deemed interested pursuant to Section 8 of the Companies Act 2016 through the shareholdings of his spouse and son

^(b) Deemed interested pursuant to Section 8 of the Companies Act 2016 through the shareholding of his spouse

[#] He was appointed on 8 March 2024

ANALYSIS OF SHAREHOLDINGSAs at 29 February 2024
(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.	13,551,738	2.33
5	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Teow Choo Hing	13,024,782	2.24
6	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teow Choo Hing	12,449,964	2.14
7	UOB Kay Hian Nominees (Asing) Sdn. Bhd. - Exempt AN For UOB Kay Hian Pte. Ltd.	10,022,000	1.72
8	Fariz Bin Jaafar	6,706,300	1.15
9	Malaysia Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Soon Foo	5,346,056	0.92
10	Farhanah Binti Jaafar	5,308,400	0.91
11	Konsortium Ara Aramani Sdn. Bhd.	5,000,019	0.86
12	Nurmala Binti Abdul Hafiz	3,000,000	0.52
13	Lee Li Choo	2,700,000	0.46
14	Yeap Khoo Soon Edwin	2,610,000	0.45
15	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account For Yoong Kah Yin	2,430,000	0.42

ANALYSIS OF SHAREHOLDINGS

As at 29 February 2024
(Cont'd)

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

No.	Names	Shareholdings	%
16	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Cheah Bee Tin	2,224,416	0.38
17	Thong Weng Kin	2,095,928	0.36
18	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB For Yoong Kah Yin	2,065,100	0.35
19	Citigroup Nominees (Asing) Sdn. Bhd. - Exempt AN For UBS AG Singapore	2,000,000	0.34
20	Lim Kian Wat	1,954,758	0.34
21	Lee Meng Chang	1,937,500	0.33
22	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chen Hong Eng	1,763,648	0.30
23	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Ravindran A/L Kurusamy	1,638,000	0.28
24	Lim Pei Tiam @ Liam Ahat Kiat	1,500,000	0.26
25	Thong Weng Kin	1,431,144	0.25
26	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Dato' Gan Boon Sin	1,430,000	0.25
27	CIMB Group Nominees (Tempatan) Sdn. Bhd. - Exempt AN For Fortress Capital Asset Management (M) Sdn. Bhd.	1,217,000	0.21
28	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Yeap Khoo Soon Edwin	1,162,100	0.20
29	RHB Nominees (Asing) Sdn. Bhd. - Exempt AN For Phillip Securities Pte. Ltd.	1,153,048	0.20
30	Santraprise Sdn. Bhd.	1,119,174	0.19
TOTAL		464,556,777	79.84

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting (“AGM”) of the Company will be held at Ballroom 2, Level 10, Courtyard by Marriott Setia Alam, No. 6, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 26 April 2024 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 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 2024 and thereafter. (Resolution 1)
3. To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 27 April 2024 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) Kim Jinmok; and (Resolution 3)
 - (b) Yoo Hyun Chul; and (Resolution 4)
 - (c) Kim Gwon Woong. (Resolution 5)
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) Teow Choo Hing; and (Resolution 6)
 - (b) Winston Tan Kheng Huang; (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 27 March 2024 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-SEVENTH 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
- (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);

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

(Cont'd)

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."

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.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

(Cont'd)

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)(SSM PC NO.: 201908002648)

YEOW SZE MIN (MAICSA 7065735)(SSM PC NO.: 201908003120)

Company Secretaries

Kuala Lumpur

27 March 2024

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 19 April 2024 (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 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 27 March 2024 for further information.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

(Cont'd)

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 27 March 2024 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-Sixth AGM of the Company held on 28 April 2023 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-Sixth 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.



PROXY FORM

CJ CENTURY LOGISTICS HOLDINGS BERHAD

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

CDS Account No.	Mobile / contact number

*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 / or

*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-Seventh Annual General Meeting ("**AGM**") of CJ Century Logistics Holdings Berhad to be held at Ballroom 2, Level 10, Courtyard by Marriott Setia Alam, No. 6, Jalan Setia Dagang AH U13/AH, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 26 April 2024 at 10:00 a.m. or any adjournment thereof.

(Please indicate with an "**X**" in the space provided below how you wish your proxy to vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

No.	Agenda		
1	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon.		(Note 1)
		For	Against
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 2024 and thereafter. (Resolution 1)		
3	To approve the payment of benefits to the Independent Non-Executive Directors up to RM18,000 from 27 April 2024 until the date of the next AGM of the Company. (Resolution 2)		
4(a)	To re-elect Kim Jinmok, who is due to retire in accordance with Clause 118 of the Company's Constitution, as a Director of the Company. (Resolution 3)		
4(b)	To re-elect Yoo Hyun Chul, who is due to retire in accordance with Clause 118 of the Company's Constitution, as a Director of the Company. (Resolution 4)		
4(c)	To re-elect Kim Gwon Woong, who is due to retire in accordance with Clause 118 of the Company's Constitution, as a Director of the Company. (Resolution 5)		
5(a)	To re-elect Teow Choo Hing, 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(b)	To re-elect Winston Tan Kheng Huang, 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)		
Special Business			
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 _____ 2024

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 19 April 2024 (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 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.

Then fold here

AFFIX
STAMP

CJ CENTURY LOGISTICS HOLDINGS BERHAD

[Registration No. 199701008845 (424341-A)]

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

1st fold here



APPROVAL NUMBER(S): ISO 9001-0048410



MS 2400
4059-10/2015



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



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



CERTIFIED TO ISO 14001:2015
CERT. NO.: EMS 01023



CJ CENTURY LOGISTICS HOLDINGS BERHAD 199701008845 (424341-A)

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

Tel : +603 3385 5888 **Fax :** +603 3385 6000 **Email :** info@cjcentury.com