



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

30 SEPTEMBER 2021

18 NOVEMBER 2021



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))
Interim report on unaudited consolidated results for the financial period ended 30 September 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.09.2021 RM'000	Preceding year corresponding quarter 30.09.2020 RM'000	-----Changes-----		Current to date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Continuing Operations								
Revenue	187,824	197,293	(9,469)	-5%	638,851	417,803	221,048	53%
Direct operating expenses	(160,517)	(165,874)	5,357	3%	(549,054)	(343,618)	(205,436)	-60%
Gross profit	27,307	31,419	(4,112)	-13%	89,797	74,185	15,612	21%
Net other operating expenses	(11,375)	(19,910)	8,535	43%	(55,077)	(52,247)	(2,830)	-5%
Results from operating activities	15,932	11,510	4,422	38%	34,720	21,938	12,782	58%
Net finance costs	(2,399)	(1,353)	(1,046)	-77%	(7,251)	(4,034)	(3,217)	-80%
Profit before taxation from continuing operations	13,533	10,157	3,376	33%	27,469	17,905	9,565	53%
Taxation	(2,547)	(1,876)	(671)	-36%	(6,441)	(190)	(6,251)	-3290%
Profit for the period from continuing operations	10,986	8,281	2,705	33%	21,028	17,715	3,314	19%
Discontinued Operations								
Loss for the period from discontinued operations	-	(8,784)	8,784	100%	(20,406)	(22,427)	2,020	9%
Profit / (loss) for the period	10,986	(503)	11,489	2284%	622	(4,712)	5,334	113%
Other comprehensive income								
Foreign currency translation differences for foreign operations	(2)	(4)	2	50%	(23)	(16)	(7)	-44%
Other comprehensive income for the period from continuing operations	(2)	(4)	2	50%	(23)	(16)	(7)	-44%
Total comprehensive income/ (loss) for the period	10,984	(507)	11,491	2266%	600	(4,728)	5,328	113%
Profit / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	11,062	8,240	2,822	34%	21,039	17,623	3,417	19%
-Discontinued operations	-	(8,784)	8,784	100%	(20,406)	(22,427)	2,020	9%
	11,062	(544)	11,606	2133%	633	(4,804)	5,437	113%
Non-controlling interests								
-Continuing operations	(76)	41	(117)	-285%	(11)	92	(103)	-112%
-Discontinued operations	-	-	-	-	-	-	-	-
	(76)	41	(117)	-285%	(11)	92	(103)	-112%
Profit/ (loss) for the period	10,986	(503)	11,489	2284%	622	(4,712)	5,334	113%
Total comprehensive income / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	11,060	8,236	2,824	34%	21,016	17,607	3,410	19%
-Discontinued operations	-	(8,784)	8,784	100%	(20,406)	(22,427)	2,020	9%
	11,060	(548)	11,608	2118%	610	(4,820)	5,430	113%
Non-controlling interests								
-Continuing operations	(76)	41	(117)	-285%	(11)	92	(103)	-112%
-Discontinued operations	-	-	-	-	-	-	-	-
	(76)	41	(117)	-285%	(11)	92	(103)	-112%
Total comprehensive income/ (loss) for the period	10,984	(507)	11,491	2266%	600	(4,728)	5,328	113%
Earnings / (loss) per share attributable to equity holders of the Company:								
Basic and Diluted (sen)*								
-Continuing operations	1.88	1.40	0.49	35%	3.58	3.77	(0.18)	-5%
-Discontinued operations	-	(1.49)	1.49	100%	(3.48)	(4.79)	1.32	27%
	1.88	(0.09)	1.97	2280%	0.11	(1.03)	1.13	111%

* The Group's basic and diluted earnings per share are the same as the Group does not have any convertible securities as at the end of the reporting period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	As at end of current quarter 30.09.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	430,763	462,018
Other investment	60	60
Right-of-use assets	25,300	22,011
Deferred tax asset	3	3
Intangible assets	<u>23,897</u>	<u>23,166</u>
	<u>480,023</u>	<u>507,258</u>
Current Assets		
Inventories	17,308	36,434
Receivables	203,085	220,118
Deposits, cash and bank balances	<u>54,067</u>	<u>60,205</u>
	<u>274,460</u>	<u>316,757</u>
TOTAL ASSETS	<u><u>754,483</u></u>	<u><u>824,015</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	300,043	300,043
Treasury shares	(3,844)	(3,368)
Reserves	<u>119,841</u>	<u>119,230</u>
	416,040	415,905
Non-controlling Interests	<u>686</u>	<u>1,053</u>
Total Equity	<u>416,726</u>	<u>416,958</u>
Non-current Liabilities		
Borrowings	129,168	148,703
Lease liabilities	9,760	10,287
Deferred taxation	<u>6,229</u>	<u>5,903</u>
	<u>145,157</u>	<u>164,893</u>
Current Liabilities		
Borrowings	40,255	62,132
Payables	136,066	167,820
Lease liabilities	<u>16,278</u>	<u>12,212</u>
	<u>192,599</u>	<u>242,164</u>
Total Liabilities	<u>337,757</u>	<u>407,057</u>
TOTAL EQUITY AND LIABILITIES	<u><u>754,483</u></u>	<u><u>824,015</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.71	0.71

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Current year to date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year		
Continuing Operations	21,028	17,715
Discontinued Operations	(20,406)	(22,427)
	<u>622</u>	<u>(4,712)</u>
Adjustments:		
Non-Cash Items		
-Continuing Operations	38,392	23,964
-Discontinued Operations	3,778	5,847
Non-Operating Items		
-Continuing Operations	(8,413)	(253)
-Discontinued Operations	-	31
	<u>-</u>	<u>31</u>
Operating profit before working capital changes	34,379	24,876
Movement in working capital:		
Net change in current assets	27,300	(18,987)
Net change in current liabilities	(18,799)	(3,071)
	<u>(18,799)</u>	<u>(3,071)</u>
Cash generated from operations	42,879	2,817
Tax paid	(3,555)	(1,706)
	<u>(3,555)</u>	<u>(1,706)</u>
Net cash from operating activities	<u>39,324</u>	<u>1,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	33,304
Acquisition of investment	(356)	-
Interest received	479	1,070
Disposal of property, plant and equipment	461	1,004
Decrease in investment in money market funds	6,486	20,887
Proceeds from disposal of subsidiary companies	1,239	-
Purchase of property, plant and equipment	(9,396)	(16,160)
	<u>(9,396)</u>	<u>(16,160)</u>
Net cash (used in) / from investing activities	<u>(1,087)</u>	<u>40,104</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	29,000	24,000
Repayment of lease liabilities	(13,908)	(8,505)
Net repayment of hire purchase payables	(5,756)	(6,727)
Repayment of borrowings	(39,631)	(10,320)
Purchase of treasury shares	(476)	(167)
Interest paid	(7,120)	(5,487)
	<u>(7,120)</u>	<u>(5,487)</u>
Net cash used in financing activities	<u>(37,891)</u>	<u>(7,206)</u>
Net increase in cash and cash equivalents	347	34,010
Cash and cash equivalents at beginning of the period	43,716	23,046
Cash and cash equivalents at end of the period	<u>44,063</u>	<u>57,056</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	32,632	41,301
Investment in money market funds	10,004	21,066
Deposits with licensed banks	11,431	15,755
	<u>54,067</u>	<u>78,122</u>
Less: Investment in money market funds	(10,004)	(21,066)
	<u>44,063</u>	<u>57,056</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Share Capital RM'000	Attributable to Equity Holders of the Company			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Non-distributable Treasury Shares RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at 1 January 2021	300,043	(3,368)	736	118,494	415,905	1,053	416,958
Purchase of treasury shares	-	(476)	-	-	(476)	-	(476)
Acquisition of non-controlling interests in a subsidiary company	-	-	-	-	-	(356)	(356)
Total comprehensive income for the period	-	-	(23)	633	610	(11)	600
As at 30 September 2021	300,043	(3,844)	713	119,127	416,040	686	416,726
As at preceding year corresponding quarter							
As at 1 January 2020	200,043	(2,506)	3,586	114,741	315,864	929	316,793
Issue of shares	100,000	-	-	-	100,000	-	100,000
Purchase of treasury shares	-	(167)	-	-	(167)	-	(167)
Transfer to retained earnings upon lapse of Employees' Share Option Scheme ("ESOS")	-	-	(2,831)	2,831	-	-	-
Total comprehensive loss for the period	-	-	(16)	(4,804)	(4,820)	92	(4,728)
As at 30 September 2020	300,043	(2,673)	739	112,768	410,877	1,021	411,898

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2020.

Notes To The Financial Statements

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

2. Significant Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia for accounting period beginning on 1 January 2021. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2020, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2021.

Amendments to MFRS 9, MFRS 139 MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments did not have any material impact on the financial statements of the Group.

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective :-

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020	
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture

The above pronouncements do not have any material impact on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2020 was not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows in the financial quarter under review.

6. Changes in Estimates

There was no change in estimates of amounts reported in prior interim periods that had a material effect in the current reporting quarter.

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review.

8. Dividend Paid

No dividend was paid in the financial quarter under review.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 9 months period ended 30 September 2021 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	487,296	151,555	638,851	26,502	-	665,353
Inter-segment sales	10,109	-	10,109	52	(10,161)	-
Total revenue	<u>497,405</u>	<u>151,555</u>	<u>648,960</u>	<u>26,553</u>	<u>(10,161)</u>	<u>665,353</u>
Profit						
Segment results	19,024	7,813	26,837	(19,943)	7,884	14,777
Net finance costs						<u>(7,714)</u>
Profit from ordinary activities before taxation						7,063
Taxation						<u>(6,441)</u>
Profit from ordinary activities after taxation						622
Non-controlling interests						<u>11</u>
Net profit for the period						<u>633</u>

Analysis of the Group's revenue and results for the 9 months period ended 30 September 2020 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	277,357	140,446	417,803	31,533	-	449,336
Inter-segment sales	4,107	-	4,107	-	(4,107)	-
Total revenue	<u>281,464</u>	<u>140,446</u>	<u>421,910</u>	<u>31,533</u>	<u>(4,107)</u>	<u>449,336</u>
Profit						
Segment results	17,217	4,766	21,983	(21,525)	(45)	413
Net finance costs						<u>(4,935)</u>
Loss from ordinary activities before taxation						(4,522)
Taxation						<u>(190)</u>
Loss from ordinary activities after taxation						(4,712)
Non-controlling interests						<u>(92)</u>
Net loss for the period						<u>(4,804)</u>

Total revenue of the Group was RM665.353 million, representing an increase of 48% from RM449.336 million in the corresponding period ended 30 September 2020. The Group recorded an operating profit of RM26.837 million from operating profit of RM21.983 million for the nine months ended 30 September 2021 for Continuing Operations. The Group recorded an operating loss of RM19.943 million from operating loss of RM21.525 million in the nine months ended 30 September 2021 for Discontinued Operations.

Total Logistics Services

Segment revenue and profit from Total Logistics Services operations for the period under review increased by RM209.939 million and RM1.807 million respectively as compared to the corresponding period ended 30 September 2020 mainly due to the contributions from CJ Korea Express Malaysia Sdn. Bhd. as well as overall higher total logistics activities.

Procurement Logistics Services

The Procurement Logistics segment recorded a higher segment revenue and profit of RM151.555 million and RM7.813 million for the nine months ended 30 September 2021 compared to RM140.446 million and RM4.766 million respectively in the corresponding period ended 30 September 2020. The increase in revenue and profit were mainly attributable to the stronger recovery in economic activities and higher exports during the financial period.

Discontinued Operations- Courier Services

For the financial period ended 30 September 2021, the courier services revenue and segment loss were RM26.502 million and RM19.943 million as compared to RM31.533 million and RM21.525 million respectively in the corresponding period ended 30 September 2020. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

9. Segmental Reporting (cont'd)

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Total from Continuing Operations RM'000	Total from Discontinued Operations- Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
As at 30 September 2021						
Segment Assets	966,335	99,004	1,065,338	-	(310,855)	<u>754,483</u>
Segment Liabilities	524,698	51,302	576,000	-	(238,243)	<u>337,757</u>
As at 30 September 2020						
Segment Assets	927,813	117,195	1,045,008	48,059	(305,570)	<u>787,496</u>
Segment Liabilities	508,270	76,737	585,007	23,435	(232,844)	<u>375,598</u>

The comparative condensed consolidated statement of comprehensive income for Courier Services segment had been re-presented to show the Discontinued Operations separately from the Continuing Operations.

The results of the Discontinued Operations are as follows:

	9 Months period ended 30.09.2021 RM'000	9 Months period ended 30.09.2020 RM'000
Revenue	26,553	31,533
Direct operating expenses	<u>(41,101)</u>	<u>(43,916)</u>
Gross loss	(14,547)	(12,383)
Net other operating expenses	<u>(5,396)</u>	<u>(9,142)</u>
Loss from operating activities	(19,943)	(21,525)
Net finance costs	<u>(463)</u>	<u>(901)</u>
Loss before taxation from discontinued operations	(20,406)	(22,427)
Taxation	<u>-</u>	<u>-</u>
Loss for the period from discontinued operations	<u>(20,406)</u>	<u>(22,427)</u>
Net Cash Flows:		
Operating activities	(10,844)	(16,599)
Investing activities	(31,716)	-
Financing activities	<u>48,791</u>	<u>(793)</u>
	<u>6,232</u>	<u>(17,392)</u>

10. Related Party Disclosures

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

11. Financial Instruments

Categories of financial instruments	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Financial assets		
Fair value through profit or loss		
Other investment	60	60
Investment in money market funds	<u>10,004</u>	<u>16,489</u>
Amortised costs		
Trade receivables	129,449	138,680
Other receivables and refundable deposits	34,066	35,556
Amount owing from immediate holding company	965	745
Amount owing from intermediate holding company	465	560
Amount owing from related parties	14,035	12,089
Deposits, cash and bank balances	<u>44,063</u>	<u>43,716</u>
Financial liabilities at amortised costs		
Trade payables	39,992	52,880
Other payables and accrued expenses	49,502	74,721
Amount owing to immediate holding company	32,090	25,181
Amount owing to intermediate holding company	6,821	7,094
Amount owing to related parties	559	279
Total borrowings	160,261	190,893
Hire-purchase payables	9,162	19,942
Lease liabilities	<u>26,039</u>	<u>22,499</u>

The Group uses the following hierarchy in determining the fair value of the financial instruments carried at fair value:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3 inputs are unobservable inputs for the asset or liability.

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

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

12. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost. There is no policy of regular revaluation of its property, plant and equipment as at the end of the financial period under review.

13. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the interim period.

14. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review, except for the following:

On 4 June 2021, the Company has entered into a sale and purchase agreement with CJ Logistics Asia Pte. Ltd. for the disposal of its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn. Bhd. for a total cash consideration of RM7,471,505.91 ("Disposal"). The Disposal was completed on 1 July 2021.

15. Capital Commitments

Capital commitments for the purchase of property, plant and equipment not provided for at the end of the reporting quarter are as follows:-

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for	1,774	6,492
Approved but not contracted for	<u>1,750</u>	<u>2,997</u>

16. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2020.

17. Review of Performance

For the financial quarter ended 30 September 2021, the Group's revenue and pre-tax profit were RM187.824 million and RM13.533 million respectively, compared to revenue and pre-tax profit of RM208.946 million and RM1.373 million respectively for the corresponding period in the previous financial year.

The Group recorded a lower revenue from Continuing Operations of RM187.824 million for the current quarter compared to RM197.293 million for the corresponding period in the previous financial year mainly attributable to the lower activities in Procurement Logistics Services segment. The pre-tax profit was lower at RM5.358 million mainly due to the overall lower activities in the current quarter. Nevertheless, the pre-tax profit recorded an increase of 33% mainly due to the gain on disposal of subsidiary amounting to RM8.175 million.

Discontinued operations recorded a pre-tax loss of RM8.784 million in the previous financial year. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 30.09.2021 RM'000	Immediate preceding quarter 30.06.2021 RM'000	-----Changes-----	
			RM'000	%
Continuing Operations				
Revenue	187,824	231,130	(43,306)	-19%
Direct operating expenses	<u>(160,517)</u>	<u>(200,832)</u>	<u>40,315</u>	<u>20%</u>
Gross profit	27,307	30,298	(2,991)	-10%
Net other operating expenses	<u>(11,375)</u>	<u>(21,219)</u>	<u>9,844</u>	<u>46%</u>
Results from operating activities	15,932	9,079	6,853	75%
Net finance costs	<u>(2,399)</u>	<u>(2,412)</u>	<u>13</u>	<u>1%</u>
Profit before taxation from continuing operations	13,533	6,666	6,867	103%
Taxation	<u>(2,547)</u>	<u>(3,556)</u>	<u>1,009</u>	<u>28%</u>
Profit for the period from continuing operations	<u>10,986</u>	<u>3,110</u>	<u>7,876</u>	<u>253%</u>
Discontinued Operations				
Loss for the period from discontinued operations	<u>-</u>	<u>(11,279)</u>	<u>11,279</u>	<u>100%</u>
Profit / (loss) for the period	<u>10,986</u>	<u>(8,169)</u>	<u>19,155</u>	<u>234%</u>

For the financial quarter ended 30 September 2021, the Group reported revenue and pre-tax profit of RM187.824 million and RM13.533 million respectively, compared to revenue and pre-tax loss of RM243.177 million and RM4.613 million respectively for the preceding quarter.

The decrease in revenue for Continuing Operations was mainly due to the lower activities in both Total Logistics Services segment and Procurement Logistics Services segment. The higher pre-tax profit was mainly due to the reasons as explained in Note 17 above.

Discontinued operations recorded a pre-tax loss of RM11.279 million in the previous quarter. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

19. Prospects for the Current Financial Year

As we enter the recovery phase of the global pandemic that has affected us all, there is renewed optimism and confidence by businesses and consumers alike. The successful vaccination roll-out has enabled the opening of the domestic and global markets, albeit cautiously.

Similarly, we are confident about our prospects moving forward and expect to achieve much improved performance in the quarter ahead. Certainly, this statement is qualified on the basis that there is no resurgence of the pandemic again. Despite the gloom brought about by the pandemic, it has brought about positive opportunities to us as it gave us a chance to relook at ourselves and realign our business strategies towards targeting new areas for growth, while the loss making Courier Services has been disposed of. Our focus on providing effective logistics solutions has enabled us to retain our key customers as well as healthily growing our customer base.

More importantly, the pandemic has demonstrated to us the importance of cost control and a sustainable business model. We constantly challenge ourselves on what more can we do to overcome black swan events which affects lives and livelihoods. The idea of being sustainable and remaining so has now been thrust to the forefront of our business and we intend to make it a key consideration in every decision we make.

20. Profit Forecast

There was no profit forecast announced in relation to the financial quarter under review.

21. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2021 RM'000	Preceding year corresponding quarter 30.09.2020 RM'000	Current year to date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
Provision for taxation	2,181	3,046	6,051	3,736
Deferred taxation	<u>366</u>	<u>(1,170)</u>	<u>390</u>	<u>(3,546)</u>
	<u>2,547</u>	<u>1,876</u>	<u>6,441</u>	<u>190</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

The effective tax rate of the Group for the current quarter was higher than the statutory tax rate principally due to certain expenses not deductible for tax purposes. Taxation for the previous corresponding period was computed after taking into consideration the available capital allowance and the adjusted business losses to set off against taxable profit.

22. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2021 RM'000	Preceding year corresponding quarter 30.09.2020 RM'000	Current year to date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
Interest income	125	249	479	1,070
Interest expenses - borrowings				
-Continuing Operations	(2,210)	(1,379)	(6,714)	(4,694)
-Discontinued Operations	-	(244)	(406)	(793)
Interest expenses - right-of-use assets				
-Continuing Operations	(316)	(224)	(1,018)	(411)
-Discontinued Operations	-	(42)	(57)	(108)
Depreciation and amortisation				
-Continuing Operations	(7,858)	(6,835)	(25,281)	(17,075)
-Discontinued Operations	-	(1,761)	(2,730)	(4,927)
Provision for and write off of receivables	622	(178)	4	(2,643)
Foreign exchange gain				
-Continuing Operations	676	1,352	713	2,126
-Discontinued Operations	-	151	(96)	(47)
Gain on disposal of quoted or unquoted investments or properties	8,199	121	8,388	265
Other income including investment income (excluding items disclosed above)	186	47	291	499

There were no other exceptional items or derivatives during the period under review.

23. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the date of this report.

24. Trade Receivables

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Trade Receivables	132,598	142,415
Less: Allowance for impairment	<u>(3,149)</u>	<u>(3,735)</u>
	<u>129,449</u>	<u>138,680</u>

The ageing of past due but not impaired analysis of the Group's trade receivables is as follows:-

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
1- 30 days	21,775	27,122
31 - 60 days	15,057	11,918
61 - 90 days	6,111	3,226
more than 90 days	<u>6,355</u>	<u>4,512</u>
	<u>49,298</u>	<u>46,778</u>

The credit terms of the Group range from 3 to 120 days. Included in the Group's trade receivables are debtors with a carrying amount of RM49.298 million which are past due for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

The Group does not have any significant credit risk exposure to any single counterparty.

25. Group's Borrowings and Debt Securities

	-----As at 30 September 2021-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	19,000	-	19,000
- Term Loans	18,222	123,039	141,261
- Hire Purchase	<u>3,033</u>	<u>6,129</u>	<u>9,162</u>
	<u>40,255</u>	<u>129,168</u>	<u>169,423</u>
	-----As at 31 December 2020-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	31,000	-	31,000
- Term Loans	21,673	138,220	159,893
- Hire Purchase	<u>9,459</u>	<u>10,483</u>	<u>19,942</u>
	<u>62,132</u>	<u>148,703</u>	<u>210,835</u>

The weighted average effective interest rates of the term loans is 3.89% (2020 : 4.12%) per annum which are subjected to floating interest rates. The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range is 4.92% (2020 : 5.10%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

26. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

27. Material Litigation

Save as disclosed below, the Group is not presently engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Group:

CJ Century Technology Sdn. Bhd. ("CJCT"), a wholly-owned subsidiary of the Company had filed a Writ & Statement of Claim against Axisjaya Sdn. Bhd. ("AJSB") and Seri Mutiara Development Sdn. Bhd. ("SMDSB") for the outstanding sum of RM2,621,823.91 and interest of RM62,043.28 for the supply and delivery of Air Conditioning units. On 19 November 2020, the High Court allowed CJCT's summary judgment application against AJSB and SMDSB where AJSB/SMDSB were jointly and/or severally ordered to pay CJCT, amongst others, the sum of RM2,621,823.91 and interest amounting to RM62,043.28.

Dissatisfied with the High Court's decision, AJSB and SMDSB had filed a Notice of Appeal to the Court of Appeal, appealing against the High Court's Order. However, CJCT and AJSB/SMDSB have subsequently reached a full settlement, whereby a Consent Judgment was recorded before the Court of Appeal on 19 August 2021. Pursuant to the Consent Judgment, SMDSB is ordered to pay CJCT the sum of RM100,000.00 on or before 19 August 2021 being the initial payment of the entire judgment sum ("Initial Payment"). The Initial Payment has been paid by SMDSB. The remaining judgment sum amounting to RM2,521,823.91 is to be paid by SMDSB to CJCT in five (5) equal instalments through five (5) post-dated cheques ("Post-dated Cheques"). A Director of SMDSB, has executed a personal guarantee, guaranteeing the due performance and obligations of SMDSB under the Consent Judgment.

In view that parties have reached into a settlement and Consent Judgment has been recorded before the Court of Appeal, AJSB and SMDSB have withdrawn their appeal with no order as to costs. The Company will make the necessary announcement in the event of any material development.

28. Dividend

The Board of Directors does not recommend any dividend in respect of the reporting quarter and financial year-to-date.

29. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.09.2021 RM'000	Preceding year corresponding quarter 30.09.2020 RM'000	Current year to date 30.09.2021 RM'000	Preceding year corresponding period 30.09.2020 RM'000
Net profit / (loss) attributable to equity holders of the Company				
-Continuing Operations	11,062	8,240	21,039	17,623
-Discontinued Operations	-	(8,784)	(20,406)	(22,427)
	<u>11,062</u>	<u>(544)</u>	<u>633</u>	<u>(4,804)</u>
Weighted average number of ordinary shares in issue	<u>586,904</u>	<u>590,181</u>	<u>586,966</u>	<u>468,012</u>
Basic earnings / (loss) per share (sen)				
-Continuing Operations	1.88	1.40	3.58	3.77
-Discontinued Operations	-	(1.49)	(3.48)	(4.79)
	<u>1.88</u>	<u>(0.09)</u>	<u>0.11</u>	<u>(1.03)</u>
Diluted earnings / (loss) per share (sen)*				
-Continuing Operations	1.88	1.40	3.58	3.77
-Discontinued Operations	-	(1.49)	(3.48)	(4.79)
	<u>1.88</u>	<u>(0.09)</u>	<u>0.11</u>	<u>(1.03)</u>

* The Group's basic and diluted earnings per share are the same as the Group does not have any convertible securities as at the end of the reporting period.

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
18 November 2021