We Are Now

CJ Century

Annual Report

2017


Daimler Trucks
CJ Century
FUSO
VBF 2138
VBE 9402

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FINANCIAL STATEMENTS

FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
Profitability					
Revenue (RM'000)	255,813	275,232	297,876	300,289	294,597
Earnings before interest, tax, depreciation and amortisation (RM'000)	42,645	55,187	54,619	37,930	31,537
Profit before taxation (RM'000)	27,209	42,439	41,003	25,594	21,113
Profit for the year attributable to equity holders (RM'000)	22,553	33,287	31,948	20,170	15,222
Balance Sheet					
Share capital (RM'000)	122,064	183,096	186,818	192,367	199,184
No of shares in issue (units) ('000)	122,064	366,193	373,635	384,735	392,799
Shareholders' equity (RM'000)	252,578	270,514	288,768	301,485	319,229
Financial Ratio					
Revenue growth	-0.4%	7.6%	8.2%	0.8%	-1.9%
Earnings growth	28.0%	47.6%	-4.0%	-36.9%	-24.5%
Return on equity	8.9%	12.3%	11.1%	6.7%	4.8%
Share Information					
Weighted average number of ordinary shares (units) ('000)*	328,059	365,019	370,067	380,705	391,281
Dividend per share (sen)*	4.0	4.7	5.5	3.5	1.5
Earnings per share (sen)*	6.87	9.12	8.63	5.30	3.89
Net assets per share (sen)*	77	74	78	78	81

* Weighted average number of ordinary shares in issue in 2013 has been adjusted as if the proportionate change in the number of shares arising from the bonus issue and share split exercises in 2014 had taken place at the start of 2013.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK LEE SAY TSHIN
Independent Non-Executive Chairman

TEOW CHOO HING
Managing Director

YEAP KHOO SOON EDWIN
Executive Director

CHEONG JOON KYO
Non Independent Non-Executive Director

AHN JAE HO
Non Independent Non-Executive Director

LEE EUI SUNG
Non Independent Non-Executive Director

PARK CHUL MOON
Non Independent Non-Executive Director

SARYANI BINTI CHE AB RAHMAN
Independent Non-Executive Director

WINSTON TAN KHENG HUANG
Independent Non-Executive Director

AUDIT COMMITTEE

SARYANI BINTI CHE AB RAHMAN
Chairperson

DATUK LEE SAY TSHIN
Member

WINSTON TAN KHENG HUANG
Member

CHEONG JOON KYO
Member

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)

Yeow Sze Min
(MAICSA 7065735)

AUDITORS

Deloitte PLT

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

REGISTERED OFFICE

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

CORPORATE OFFICE

Lot 8, Lingkaran Sultan Mohamed 1,
Bandar Sultan Suleiman,
P.O. Box 93, 42000 Port Klang,
Selangor Darul Ehsan
Tel : 03 3375 5888
Fax : 03 3375 5969
Email : info@cjcentury.com
Website : www.cjcentury.com

SHARE REGISTRAR

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

ABOUT CJ CENTURY

From a forwarding agent in 1970, Century has through the years, diversified into integrated logistics, oil logistics, procurement logistics and data management solutions. Century's unique model of value-added solutions encompasses warehousing and distribution services that can be scaled and customised to cater to the needs of customers based on the demands and delivery service requirements for their products. With the innovative solutions offered, Century has evolved to managing the contract logistics of discerning clientele, where the value proposition is to improve operational efficiency that positively enhance the clientele and their end customers.

In 2016, Century became a member of the CJ Logistics family and will complete the transformation to "CJ Century" upon the change of name to be tabled at the forthcoming Annual General Meeting.

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

CHAIRMAN'S MESSAGE

Dear Shareholders

It is my pleasure to present Century Logistics Holdings Berhad's ("Century" or "Company") Annual Report for the financial year ended 31 December 2017.

Our Group was affected by poor market conditions during the year, where business confidence was suppressed by the weak local currency and challenging macroeconomic conditions, resulting in competitive pressures across our business sectors.

INDUSTRY REVIEW

Malaysia's GDP grew by 5.9% in 2017, up from 4.2% in 2016. Despite the improved GDP growth figures, the logistics industry was affected by poor business sentiment, resulting in cost and competitive pressures posing constant threat to our business.

Nevertheless, I am confident that our balance sheet strength and our dedicated employees will enable us to continue serving our discerning customers by providing excellent supply chain solutions that effectively enhance their value chain. Century has been delivering trusted and reliable service while adapting and improving in tune with the changing times.

FINANCIAL REVIEW

We achieved revenue of RM294.6 million and profit after taxation of RM15.3 million in 2017, representing a decline in revenue of 1.9% while profit after taxation declined by 24.5% from the previous financial year. A more detailed discussion and analysis of our performance is contained in the Managing Director's Message of this Annual Report.

Despite the reduction in financial performance, our balance sheet remained healthy with shareholders' equity of RM319.2 million, and net assets per share of 81 sen as at 31 December 2017. Our cash and bank balance amounted to RM71.7 million and we continued to maintain our net cash position for the fourth consecutive year running.

Nevertheless, the ongoing construction of the new multi-storey warehouse in Bukit Raja as well as our expansion into courier services is expected to reduce our cash and bank balances as well as increase our debt level. You can rest assured that we will continue to manage our expansion on an optimal debt-equity funding mix, without unnecessarily stressing our balance sheet.

CHAIRMAN'S MESSAGE (CONT'D)

DIVIDEND

The Board has proposed a single tier final dividend of 1.0 sen per share pending your approval at the forthcoming Annual General Meeting. We had earlier paid an interim single-tier dividend, bringing the total single-tier dividends for 2017 to 1.5 sen per share. For 2017, the total dividend quantum translates to 39% of profit after taxation.

PROSPECTS

For this year, Century intends to continue leveraging on the strength of the CJ Logistics group and continue with the roll-out of the 3 core synergy plans which I have written about in my Chairman's Message for the previous Annual Report.

- Sales expansion via development of new multi-national and Korean customers utilizing CJ Logistics' TES (technology, engineering and system) solution and combined operational strengths.
- Profit maximisation via combined competency and cost control, which will include integration of operational and administration activities while avoiding duplication.
- Expansion into courier services as our new core activity, where Century will ride on the momentum of the booming e-commerce industry in Malaysia.

I am pleased to tell you that the plans above are currently work-in-progress. For example, our new multi-storey facility in Bukit Raja is currently being constructed and upon completion, expected by early next year, would result in the front-end as well as the back-room teams to be consolidated in one location, thus ensuring better communication as well as cost control.

You will also see that one of the agenda to be tabled for your approval at the forthcoming Annual General Meeting is the change of our company name. The new name reflects the global presence of our parent company, CJ Logistics Corporation. This name change allows us to incorporate CJ Logistics' corporate branding into Century's culture of excellence. You can be assured that the Group will continue to operate at the highest level in its improved structure, and operations will continue unhindered.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors of Century, I would like to convey our sincerest appreciation to our customers, business associates and partners for your continued support and confidence in the Company.

It gives me great pleasure to welcome Park Chul Moon to our Board while acknowledging the contributions of Lee Jae Jin who had resigned because of a change in nominee Director proposed by our major shareholder, CJ Logistics Corporation. I would also like to extend my appreciation to the current management team, led by Teow Choo Hing, to join us in our drive to become Malaysia's largest logistics company.

We recognize that the continued success of the Company very much depends on your support, our esteemed shareholders, and on behalf of the Board, I would like to extend our gratitude for your unwavering confidence and belief in Century. We look forward to meeting you at the forthcoming Annual General Meeting on Friday, 27 April 2018 at Setia City Convention Centre in Setia Alam.

DATUK LEE SAY TSHIN
Chairman

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

For the year 2017, Century has commenced putting its courier services infrastructure into place as well as continued to strengthen its position as one of Malaysia's leading logistics solutions group, bolstered by the support of its major Korean conglomerate, CJ Logistics Corporation. I am now pleased to present to you our performance for year 2017.

OPERATING ENVIRONMENT

Even though the global environment is uncertain and turbulent, it is indeed encouraging to note that there was a recovery in 2017, with sustained growth continuing into 2018. Reflecting this, the Malaysian economy recorded a growth of 5.9% in 2017, which is higher than the 4.2% and 5.0% registered in 2016 and 2015, respectively. Despite the improved economy, the Group continued to be affected by a very competitive environment in its traditional sectors, resulting in lower volumes and cost pressure. It is therefore necessary for Century to diversify and differentiate itself to be part of the next wave of growth.

The Group has successfully obtained its courier services licence from the Malaysian Communications and Multimedia Commission in June 2017. This will enable the Group to ride on the momentum of the booming e-commerce sector in Malaysia. With new innovative policies, including the world's first "digital free trade zone", the Malaysian Government hopes to register a Compound Annual Growth Rate of 23.2% for 2017-2021 or double the e-commerce growth from 10.8% to 20.8% by 2020 under the National E-Commerce Strategic Roadmap.

E-commerce will remain an important growth factor for Century in the coming years. The Group plans to grow in tandem with the increasing scope and scale of the e-commerce trade to provide integrated cross-border logistics and supply chain solutions for a new era of strategic commercial partners. The investment and expansion shall be financed by the Group's internal resources and/or bank borrowing. In the year ahead, Century and CJ Logistics will benefit through sharing of key logistics hubs and networks, cross-selling and new business opportunities. With its solid foundation, the Group is confident of maintaining sustainable growth and improved profitability.

FINANCIAL REVIEW

Revenue of the Group decreased marginally to RM294.6 million in 2017 (2016: RM300.3 million) resulting from a tough operating environment. The domestic competitive environment has resulted in the Group's operating profit to decrease by 20.7% to RM21.4 million (2016: RM27.0 million). Net profit dropped in tandem by 24.6% to RM15.3 million (2016: RM20.3 million) mainly attributable to the above reasons.

Revenue for the year comprises RM248.0 million (2016: RM251.7 million) contributed by Total Logistics Services and RM48.3 million (2016: RM50.0 million) by Procurement Logistics Services operations. Earnings before interest and tax ("EBIT") for the year was RM21.4 million (2016: RM27.0 million), of which RM19.3 million (2016: RM21.1 million) was from Total Logistics Services, RM3.3 million (2016: RM5.7 million) from Procurement Logistics Services operations while start-up costs of RM1.2 million (2016: NIL) was incurred by the Courier Services operations. In terms of EBIT, Total Logistics Services and Procurement Logistics Services operations recorded a decrease of 8.5% and 42.1% respectively.

Most of the Group's assets and liabilities are denominated in Ringgit Malaysia. However, the Group is exposed marginally to foreign currency risk arising from trade sales and trade purchases by its subsidiaries. The currency giving rise to this risk is primarily United States dollar ("USD"). In respect of the appreciation of USD since early 2017, the net exposure in terms of its potential impact on both profitability and financial position of the Group is considered not material. For the foreign currency exposure arising from business activities, the Procurement Logistics Services operations used a mixture of forward contracts to hedge their foreign exchange exposure from trading transactions during the year. The Group will continue to closely monitor its foreign exchange position and if necessary, continue to hedge its foreign exchange exposure by entering appropriate hedging instruments. As at 31 December 2017, total foreign currency forward contracts outstanding amounted to the equivalent of RM5.2 million.

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

FINANCIAL REVIEW (CONT'D)

The Group has centralized financing policies and control over all its operations. With tight control on treasury operations, yields from excess funds are maximized without compromising on risks while average cost of funds for borrowings are lowered. The Group has deposits, cash and bank balances of RM71.7 million as at 31 December 2017, of which RM49.4 million is invested in money market funds which yielded returns of 3.4% to 3.8% per annum tax free. The bank loans were borrowed at floating interest rates and were not held for hedging purposes. As at 31 December 2017, the Company managed to maintain a net cash position for the fourth consecutive year running.

The Group's capital expenditures for year 2017 was RM12.3 million and future approved capital commitments of RM118.5 million which are mainly comprised of construction of the new multi-storey warehouse in Bukit Raja, additional trucks for the courier service operation, IT system upgrades, expansion of the logistics business infrastructure and ongoing maintenance capital expenditure. The investment shall be financed by the Group's internal resources and/ or bank borrowings.

The Board has recommended a single tier final dividend of 1.0 sen per share for the year ended 31 December 2017. The Company had earlier paid one interim single tier dividends, bringing the total dividends for 2017 to 1.5 sen per share. This translates to close to 40% of earnings. We shall continue to manage our future declaration of dividends against our future investment needs.

OPERATIONAL REVIEW

The Group's business comprises 2 major segments i.e. Total Logistics Services and Procurement Logistics Services. Under its Total Logistics Services, Century offers highly customized and competitive supply chain solutions to its customers. The Group's domestic customers comprise a varied mix of customers and industries, from fast moving customer goods to paper products. As at 31 December 2017, the Group managed a logistics facility portfolio of 2.2 million square feet, of which 1.5 million square feet were self-owned. Of this total, Century managed a total of 1.3 million square feet in Port Klang, Subang and Shah Alam. Our five blocks of distribution centres in the Port of Tanjong Pelepas (PTP), with warehousing capacity totaling 860,000 square feet, create the competitive edge for domestic importers and also for the foreign entities who wish to extend their footprint into Malaysia.

The Group will expand its earnings base further via the construction of a three-storey warehouse building of approximately 470,000 square feet in Eastern Gateway Industrial Hub in Klang. The building is expected to be completed by early 2019, thereby expanding the storage capacity of the Group further from 2019. The building is earmarked for our courier service and distribution centre operations. The Group will continue to monitor and review its portfolio of assets to ensure optimal utilization and operational efficiency.

Century's Procurement Logistics Services offers original equipment manufacturing solutions to locally-based electrical and electronic products manufacturers and traders. With today's market requirement changing at an incredible pace, customers are outsourcing more of their supply chain to third party logistics provider to include procurement, assembly and repackaging services. The traditional practice of third party logistics providers merely handling the movement of goods has since evolved to providing increased levels of value added services. We will pursue new products, new projects, new customers and new regions to expand the procurement logistics offering, including diversifying beyond the electrical and electronic sector. Of the total, Century will work to achieve sales by securing sales growth in steadily growing businesses, which are mainly comprised of white goods.

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

OPERATIONAL REVIEW (CONT'D)

From 2018, the Group's business shall expand to include a third major segment, which is Courier Services. The Group is currently putting the necessary infrastructure for courier services into place, by tapping on the successes and strengths of its major shareholder. CJ Logistics is the dominant parcel delivery company in Korea with presence in more than 50 countries globally. As at end of year 2017, the Group has set up 9 branches and purchased 46 courier trucks solely for its courier services, of which revenue services have commenced in January 2018.

HUMAN RESOURCE MANAGEMENT

The objective of the Group's human resource management is to recognize and reward performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff are encouraged to enroll in training courses, seminars, professional and technical courses with appropriate sponsorship from the Group to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. Staff also participate in social activities organized by the Group to promote team spirit and build a cohesive workforce. Options to subscribe for new shares in the Company were granted to employees of the Group pursuant to the Company's share option scheme. In the year 2017, 8,064,000 share options to subscribe for shares in the Company were exercised by employees of the Group. As at 31 December 2017, the Group's staff force stood at 784 employees with total staff-related costs amounting to RM46.6 million (2016: RM47.1 million).

PROSPECTS

The medium and longer-term outlook for Malaysia's logistics industry remains bright. Urban middle-class consumption in Malaysia is rapidly becoming a major engine of growth for the local economy. In the shorter term however, there are challenges in the global economy. China has slowed down while Europe is still struggling; the U.S. is seeing some recovery but of uncertain strength. Despite these challenges, Century sees opportunities for expansion and growth as there are numerous changes in manufacturing, properties and consumption across the country, which will drive demand for complex logistics solutions.

Looking ahead, e-commerce logistics is expected to play a more important part in the Group's business. Leveraging its extensive ground network as well as the unwavering support of CJ Logistics to roll-out their innovative logistics solutions and expertise in courier services, Century is ready to ride on the rapid growth of e-commerce and drive faster growth for the logistics business.

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

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

CONCLUSION

I would like to take this opportunity to convey my sincerest appreciation to all customers, suppliers, bankers and staff for your continued support and confidence in the Company.

I would also like to welcome Park Chul Moon to the Board of Century and express my thanks to Lee Jae Jin for his invaluable guidance and contribution. Lastly, I wish to record my deepest appreciation to the Founder, Datuk Richard Phua, for leaving his legacy to Century.

TEOW CHOO HING

Managing Director

BOARD OF DIRECTORS

FROM LEFT TO RIGHT :

SARYANI BINTI CHE AB RAHMAN
Independent Non-Executive Director
Chairperson of Audit Committee

DATUK LEE SAY TSHIN
Independent Non-Executive Chairman

TEOW CHOO HING
Managing Director

YEAP KHOO SOON EDWIN
Executive Director

LEE EUI SUNG
Non Independent Non-Executive Director

PARK CHUL MOON
Non Independent Non-Executive Director

WINSTON TAN KHENG HUANG
Independent Non-Executive Director

AHN JAE HO
Non Independent Non-Executive Director

CHEONG JOON KYO
Non Independent Non-Executive Director

BOARD OF DIRECTORS
(CONT'D)

DATUK LEE SAY TSHIN

Independent Non-Executive Chairman | Male, Age 65, Malaysian | Appointed on 31 October 2016

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

An accomplished banker with over 38 years of experience in the banking industry, his last position held in HSBC Bank Malaysia Berhad was as the Managing Director of Strategic Business Development prior to his retirement in 2013.

Appointed as Advisor to the advisory board of the Secretariat for the Advancement of Malaysian Entrepreneurs ("SAME") in the Prime Minister's Department since April 2015. Also, currently a senior advisor of HSBC Bank Malaysia Berhad.

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

Sits on the Boards of IOI Properties Berhad and Pacific Mutual Fund.

TEOW CHOO HING

Managing Director | Male, Age 58, Malaysian | Appointed on 28 July 1997

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

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

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

YEAP KHOO SOON EDWIN

Executive Director | Male, Age 47, Malaysian | Appointed on 15 January 2002

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

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

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

BOARD OF DIRECTORS
(CONT'D)

CHEONG JOON KYO

Non Independent Non-Executive Director | Male, Age 53, Korean | Appointed on 31 October 2016

Holds a Master of Business Administration (Majoring in Financial Management) and Bachelor of Business Administration from Seoul National University, Republic of Korea.

During the period from 1991 to 2016, was in several Management support roles before he left Samsung Electronics as its Senior Vice President. Currently the Chief Financial Officer, Head of Management Support Unit, Senior Vice President of CJ Logistics Corporation.

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

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

AHN JAE HO

Non Independent Non-Executive Director | Male, Age 46, Korean | Appointed on 31 October 2016

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

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

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

LEE EUI SUNG

Non Independent Non-Executive Director | Male, Age 47, Korean | Appointed on 31 October 2016

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

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

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

PARK CHUL MOON

Non Independent Non-Executive Director | Male, Age 43, Korean | Appointed on 27 February 2018

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

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

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

BOARD OF DIRECTORS
(CONT'D)

SARYANI BINTI CHE AB RAHMAN

Independent Non-Executive Director | Female, Age 51, Malaysian | Appointed on 31 October 2016

Holds a Diploma in Accountancy from Universiti Teknologi MARA, Bachelor of Arts in Accountancy from London Guildhall University, United Kingdom (formerly known as City of London Polytechnic) and ACCA from Emile Woolf College, London.

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

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

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

WINSTON TAN KHENG HUANG

Independent Non-Executive Director | Male, Age 43, Malaysian | Appointed on 31 October 2016

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

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

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

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

None of the Directors has:

- Any family relationship with any Director and/or major shareholder of the Century Group
- Any conflict of interest with the Century Group
- Any conviction for offences within the past five (5) years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year

SENIOR MANAGEMENT TEAM

HENG MON SING

Chief Operating Officer, Procurement Logistics | Male, Age 53, Malaysian | Joined on 1 July 1996

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

KWAK HEE SEOK

Chief Operating Officer, Integrated Logistics | Male, Age 42, Korean | Joined on 1 December 2016

Holds a Bachelor of Science (Major in Industrial Engineering) from Kyung Hee University, Republic of Korea. Have been with CJ Logistics since 2002, before joining the Century Group in 2016 as Chief Operating Officer.

LIM CHEE KHOON

Chief Operating Officer, Integrated Logistics | Male, Age 38, Malaysian | Joined on 15 March 2011

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

KIM PIL YOUNG

Chief Financial Officer | Male, Age 41, Korean | Joined on 1 December 2016

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

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

None of the Senior Management staff above have :

- Any family relationship with any Director and/or major shareholder of the Century Group
- Any conflict of interest with the Century Group
- Any conviction for offences within the past five (5) years other than traffic offences
- Any directorship in other public companies in Malaysia

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiary companies which involve directors' and major shareholders' interests for the financial year ended 31 December 2017 except as disclosed in Note 15 of the financial statements.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The recurrent related party transactions entered into by the Group during the financial year ended 31 December 2017 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2017 RM'000
CJ Century Forwarding Sdn. Bhd. ("CJCF") (Formerly known as Century Forwarding Agency Sdn. Bhd.) (Principal activity is freight forwarding and shipping agency)	A company in which Sabarin Bin Ibrahim, a director in CJCF and CJ Century Logistics Sdn. Bhd. (formerly known as Century Total Logistics Sdn. Bhd.) ("CJCL"), has 30% equity interest	Provision of freight forwarding services to CJCL	193
CJ Korea Express Malaysia Sdn. Bhd. ("CJ Malaysia") (Principal activity is investment holding and providing total logistics solutions)	A subsidiary company of CJ Logistics Asia Pte. Ltd. (formerly known as CJ Korea Express Asia Pte. Ltd.), a substantial shareholder of the Company	Provision of :	
		- consultation services to CJCL	750
		- logistics services by CJCL	99
		- logistics services to CJCL	79
		- data management solutions by CJ Century DMS Sdn. Bhd. (formerly known as Century DMS Sdn. Bhd.)	5
EC Services Enterprise Sdn. Bhd. (Principal activity is providing transportation, haulage and cleaning services)	A subsidiary of CJ Malaysia	Provision of :	
		- logistics services by CJCL	757
		- logistics services to CJCL	10

Audit and Non-Audit Fees

The amount of audit and non-audit fees charged for services rendered to the Group and to the Company by the external auditors and its affiliates in Malaysia for the financial year are as follows:

	Group RM'000	Company RM'000
Audit Fees	239	62
Non-Audit Fees	124	17

Utilisation of Proceeds

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

CORPORATE STRUCTURE

CJ Century

- **CJ CENTURY LOGISTICS SDN BHD** (Formerly known as Century Total Logistics Sdn Bhd) – 100%
- **CJ CENTURY TECHNOLOGY SDN BHD** (Formerly known as Century Advance Technology Sdn Bhd) – 100%
  - 100% CJ Century Procurement Sdn. Bhd. (Formerly known as Century LED Sdn. Bhd.)
- **CJ CENTURY FORWARDING SDN BHD** (Formerly known as Century Forwarding Agency Sdn Bhd) – 70%
- **CENTURY LOGISTICS SDN BHD** – 100%
  - 100% Storewell (M) Sdn Bhd
  - 100% Century Logistics (Sarawak) Sdn Bhd
  - 100% Century Logistics (S'pore) Pte Ltd, Singapore
  - 75% Century - YES Logistics (Yichun) Co. Ltd, China
  - 70% CJ Century DMS Sdn Bhd (Formerly known as Century DMS Sdn Bhd)
- **CENTURY LOGISTICS (JOHORE) SDN BHD** – 100%

SUSTAINABILITY REPORT

Century recognises corporate responsibility commitments based on ethical values and respect for the people, to contributing sustainably to the communities and environment. For Century, sustainability means managing its business for long term success while creating enduring values for our shareholders.

COMMUNITY DEVELOPMENT

Education

Century has been a long term strong supporter of educational development. Through its Century Adoption Program, Century has provided financial assistance to underprivileged students with the objective of keeping these children of all races in school. The programme adopts a holistic approach by addressing every aspect of a student's educational requirements, from equipping them for the new school year and arranging meals in school to paying their school and tuition fees.

During the year, Century hosted interns and management trainees from University Tunku Abdul Rahman as well as Universiti Teknologi MARA to enable the trainees to have the feel of practical real life working experience. Other collaborations with various other Universities and Colleges for internship intake training programmes are currently being established as well.

Furthermore, Century held career talks in various Universities and Colleges as well as hosted several educational visits for undergraduates to its premises. These enabled the students to acquire knowledge of logistics operations, explore the concepts of international freight forwarding and warehousing experience, as well as better understand what Century can offer to them.

Community Sports

Sports programmes are important as they promote good health, unity and develop a wide range of positive societal attributes. Century supports activities related to sports development and provides opportunities that nurture Malaysia's young talents and athletes. Since year 2013, we have honoured our yearly commitment towards sponsoring the Malaysian Tenpin Bowling Congress.

SUSTAINABILITY REPORT
(CONT'D)

COMMUNITY DEVELOPMENT (CONT'D)

Support of The Underprivileged

Century endeavours to bring cheer and joy to the less fortunate during Malaysia's major festive occasions. We are dedicated to support the community, particularly the less fortunate. Our contributions are largely monetary donations to underprivileged children as well as the poor.

Healthcare

Century's community investment also encompasses support actions for the improvement of community healthcare. Century has been actively involved with the National Blood Bank for the last 2 years. During the year, Century continued to arrange blood donation activities held at its premises. These activities have heightened the awareness among Century's employees about this noble act and encouraged them to participate in blood donation.

MARKET PLACE

Supplier Management

Century maintains strong governance in its procurement activities and this is demonstrated in its well-defined procurement policy, which reflects transparency and accountability.

- Procurement policy
  - Adoption of tender exercises for procurement of all major items
  - Centralising procurement functions at Head Office to ensure that the best and optimum value in terms of quality, quantity and pricing is obtained

- Selection of vendors and service providers with
  - Sound management background with good business ethics
  - Competitive pricing
  - Reliability and quality of products and services
  - Speedy delivery

- Prompt payment to vendors and service providers
  - Payment using electronic payment system instead of cheques
  - Educate and give clear guidance to suppliers to reduce mismatched invoices

SUSTAINABILITY REPORT
(CONT'D)

MARKET PLACE (CONT'D)

Customer care

Century is committed to delivering the best customer care without compromising on our ethical standards. The two following statements can best sum up our responsibility to our customers:

(i) To provide customers with innovative products supported by customer-focused service excellence in line with our Quality Policy.
(ii) To continue to support them with excellent service throughout the duration of our relationship with them.

In fulfilling these obligations, Century has prioritised innovation in its products to provide better service to the customers, and to ensure that they are affordable while meeting our customers' needs. We have rigorously trained and equipped our staff with the right expertise so that they will in turn be able to provide all the support and advice that our customers need, while always keeping the customers' best interests in mind.

Responsible business

Century has always sought to strike a balance between taking risks and business prudence to ensure sustainable returns without jeopardising the long-term sustainability of our business. That the Group has remained profitable and continued to grow value for our shareholders is evidence that our strategy, based on a foundation of good corporate governance and strong business ethics, is working. The Group is also committed to the principles of transparency and accountability.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions. For example, the company despatches its Annual Report to shareholders within three months after financial close, well in advance of the requirements of the Main Market Listing Requirements.

WORK PLACE DEVELOPMENT

Developing employees is always a core business value in growing Century. Century takes a holistic view in harnessing employees as the company acknowledges that skilled human capital is not only imperative for an organisation's long term development, it is also an integral component of a country's sustainable growth. Century encourages all team members to be leaders - to lead themselves, lead their teams, and lead the business. Century holds all team members accountable for their business and strives to propel them with the knowledge, skills and training for their current job performance and future advancement.

Health and well-being play a crucial role in Century – contributing to bottom-line growth through the productivity of its employees. The management employees are encouraged to attend medical check-ups for an update of their health status and to facilitate early detection and treatment of any serious illness. During the year, the company has arranged for all its truck drivers to undergo medical check-up to ensure that they are physically fit to carry out their duties.

All Century employees receive coverage under Group Personal Accident and Group Hospitalisation and Surgical insurances. This is further supplemented by a Group Term Life Insurance scheme for the Executive employees. The insurance policies are designed to lessen the burden to the employees and their families in cases of accident or illness. Our hope is to help our staff ease the financial burden of rising medical and surgical costs.

SUSTAINABILITY REPORT
(CONT'D)

WORK PLACE DEVELOPMENT (CONT'D)

To sustain a dedicated and effective workforce, Century continues to invest in a host of trainings and seminars to continuously improve its employees such as:

- Well-being programmes encompassing health and safety at work place, enhancing quality of life, the basic and legal responsibilities and how to avoid work related accidents.
- Skills and competency development.
- Employees undergo a series of induction programmes to enable them to be oriented to the Company's culture.

As part of Century's efforts to help middle management build their technical and people management skills, the Group collaborated with Open University Malaysia to offer a certification programme in Freight Logistics Management and Operations to selected employees. Upon completion of the programme, these employees were awarded a Professional Diploma in Freight Logistics Management and Operations.

ENVIRONMENT SUSTAINABILITY

Social Responsibility, High Performance and Integrity are some of Century's core values that underpin its commitment to protecting the safety and health of the company's staff and the communities where the company operates. The safety and health management system and its processes are the key to the Century's operational excellence.

Preventing Traffic accidents through Vehicle Maintenance

Century emphasises on maintenance of company vehicles with the goals of eliminating traffic accidents caused by vehicle maintenance defect and reducing their environmental impact.

Most of our vehicles are equipped with GPS to accurately determine the whereabouts of the vehicles. The GPS system assigns scores to measure drivers' ability and to monitor the idling time and routes of vehicles.

Sound Environmental Practices

While Century strives to meet customers' needs and exceed their expectations through our provision of value-added total logistics solutions, we also ensure that our operations result in minimal environmental impact. Our initiatives to environmental stewardship include our fleet renewal programme, where all our new trucks are fitted with at least Euro 4 Engines, which entitles us to Green Engine Certification from SIRIM and JPJ, resulting in 50% of road tax rebate. In addition, Century operates double decker and 45' curtain sider trucks amongst its fleet, enabling shippers to consolidate more cargo into fewer trips. Our increased use of higher capacity vehicles and effective capacity planning means we are carrying more freight and using less fuel, without the need for safety compromises.

In order to reduce carbon footprint and contribute to a better environment, our Data Management Solutions help our customers to convert their documents into digital form to promote "paperless office" and to help improve the urban ecosystem. We continue to promote the responsible usage of resources and the importance of environmental protection amongst our employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is committed to achieving high standards of corporate governance that is in line with the Malaysian Code on Corporate Governance ("**MCCG**") that was issued on 26 April 2017. Below is the overview statement on the corporate governance practices for the financial year ended 31 December 2017. The comprehensive Corporate Governance Report is published 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 is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board had governed and set the strategic direction of the Group while exercising oversight on management. The Board had ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.

All the Directors of the Company had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company. Every director has taken proactive actions to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. This includes attending trainings and briefings and receiving updates on the latest Companies Act 2016, MCCG and Main Market Listing Requirements of Bursa Malaysia Securities Berhad as the Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, and other operational and regulatory issues. The Directors are also briefed by the Company Secretary on the latest letters and circulars issues by Bursa Malaysia Berhad at every scheduled Board meeting.

During the financial year ended 31 December 2017, all Directors had attended appropriate training programmes to equip themselves with the knowledge to discharge their duties more effectively and to keep abreast of the developments in the marketplace. The trainings and/or courses attended by each Director are as follows:

Director	Training/courses attended
Datuk Lee Say Tshin	• Companies Act 2016 • NCCIM Economic Forum 2017 • Bursa Risk Management Programme: "I Am Ready To Manage Risks" • Technical Workshop On Green Finance in Malaysia • Leadership Energy Summit Asia (LESA) "Open Source Leadership" • Integrated Reporting Briefing by PwC • HSBC Asian Outlook and BRI Forum 2018 • Corporate Governance Guide 3rd Edition: "Moving from Aspiration to Actualisation" - Unstacking the Guide for Application
Teow Choo Hing	• Companies Act 2016
Yeap Khoo Soon Edwin	• Companies Act 2016 • Affin Hwang Transport & Logistics Conference • Burning International Tax Issues - Opportunities & Challenges • Transfer Pricing Audit Trends & New Reporting Requirements • E-Commerce Delivery Symposium • Business Impact Analysis Workshop • UOB Kay Hian New Economy Conference • Amazing Sticky Presentations

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Director	Training/courses attended
Cheong Joon Kyo	• Mandatory Accreditation Programme • Companies Act 2016
Ahn Jae Ho	• Mandatory Accreditation Programme
Lee Eui Sung	• Mandatory Accreditation Programme • Companies Act 2016
Saryani Binti Che Ab Rahman	• Mandatory Accreditation Programme • Companies Act 2016 • Directors Risk Management Programme: "I Am Ready to Manage Risks" • Driving Finance Integrity and Performance - Enhancing Financial Literacy • Workshop for Board Audit Committee members on Effective Internal Function
Winston Tan Kheng Huang	• Mandatory Accreditation Programme • Companies Act 2016 • Driving Financial Integrity and Performance - Enhancing Financial Literacy
Lee Jae Jin *(resigned on 17 January 2018)*	• Mandatory Accreditation Programme • Companies Act 2016

The Board had four Board Meetings during the financial year ended 31 December 2017.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board had, among others:

- together with senior management, promoted good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- reviewed, challenged and decided on management's proposals for the Company, and monitor its implementation by management;
- ensured that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervised and assessed management performance to determine whether the business is being properly managed;
- ensured there is a sound framework for internal controls and risk management;
- understand the principal risks of the Company's business and recognised that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- ensured that the Company has in place procedures to enable effective communication with stakeholders; and
- ensured the integrity of the Company's financial and non-financial reporting.

1.2 The Chairman of the Board had:

- provided leadership for the Board so that the Board can perform its responsibilities effectively;
- through the Executive Director and Company Secretary, set the Board agenda and ensured that board members receive complete and accurate information in a timely manner;
- led Board meetings and discussions;
- encouraged active participation and allowed dissenting views to be freely expressed;
- managed the interface between Board and management;
- ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- led the Board in establishing and monitoring good corporate governance practices in the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

1.3 The positions of the Chairman and Managing Director are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

1.4 The Company is supported by two suitably qualified and competent company secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 139A(a) of the Companies Act 1965 or Section 235(2)(a) of the Companies Act 2016 and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries had:

- 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;
- facilitated and conducted the relevant directors' training;
- advised the Board on corporate disclosures and compliance with company and securities regulations and listing requirements; and
- managed processes pertaining to the Twentieth Annual General Meeting.

The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing chartered secretaries.

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

1.5 All meeting materials are circulated to Directors at least five business days in advance of Board / Board Committee meetings. The Minutes of Board / Board Committee meetings are circulated to the respective Chairman/Chairperson in a timely manner for review before they are confirmed. All Board members reviewed and confirmed the minutes of meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter.

2.0 Demarcation of Responsibilities

2.1 The Board has a Board Charter, which is published on the Company's website at http://www.cjcentury.com/corporate_governance.php#startpoint, and which was being reviewed up until 31 December 2017 and approved by the Board on 27 February 2018. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors and management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and terms of reference of the Board, Board Committees and management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The three Board Committees i.e., Audit Committee ("AC"), Nomination Committee ("NC"), and Remuneration Committee ("RC"), are entrusted with specific responsibilities to assist the Board in overseeing the Group's affairs, in accordance with their limits of authority and respective Terms of References ("TOR"), which are published on the Company's website at www.cjcentury.com together with the Board Charter. These TOR are reviewed as and when the need arises, and were amended in February 2018 to reflect the latest compliance requirement 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 from the respective Board Committee chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.

Further details on the Audit Committee are in the Audit Committee Report contained in this Annual Report while further details on the Remuneration Committee are published in the Corporate Governance Report.

NC

During the financial year ended 31 December 2017, the NC comprised three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:

Name	Designation	Directorship
Datuk Lee Say Tshin	Chairman	Independent Non-Executive Director
Winston Tan Kheng Huang	Member	Independent Non-Executive Director
Saryani Binti Che Ab Rahman	Member	Independent Non-Executive Director
Lee Jae Jin *(resigned on 17 January 2018)*	Member	Non-Independent Non-Executive Director

The term of office of the current NC members is two (2) years from 31 October 2016 when they were all first appointed in accordance with the TOR of the NC.

The NC is empowered by the Board to oversee the selection and assessment of Director to ensure that board composition meets the needs of the Company, and hence, is tasked with the following duties and responsibilities:

- Assessment and recommendation of candidates for directorships to the Board and Board committees
- Assessment of the independence of Independent Directors annually
- Assessment of the effectiveness of the Board, Board committees and each individual Director

Activities of the NC

During the financial year ended 31 December 2017, the NC had met twice and performed the following activities in the discharge of its duties:

- Recommended the re-election of the directors who are to retire by rotation at the Twentieth Annual General Meeting
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system
- Reviewed the required mix of skills and experience and other qualities of the Board
- Evaluated the performance of the Board and the Board committees
- Assessed the independence of the Independent Directors of the Company
- Reviewed training programmes for year 2017 for the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (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. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

The attendance of Directors who are members of Board committees during the financial year ended 31 December 2017 is set out below:

Director	Designation	AC	NC	RC
Teow Choo Hing	Managing Director	Not member	Not member	1/1
Datuk Lee Say Tshin	Independent Non-Executive Director	4/4	2/2	1/1
Winston Tan Kheng Huang	Independent Non-Executive Director	4/4	2/2	1/1
Saryani Binti Che Ab Rahman	Independent Non-Executive Director	4/4	2/2	1/1
Cheong Joon Kyo	Non-Independent Non-Executive Director	3/4	Not member	1/1
Lee Jae Jin *(resigned on 17 January 2018)*	Non-Independent Non-Executive Director	Not member	2/2	Not member

3.0 Good Business Conduct and Healthy Corporate Culture

3.1 The Company adopts a Code of Conduct and Ethics, which is set out in the Company's Employee Handbook, and which covers ethical behaviour in all aspects of the Company's business operations. This includes areas concerning confidentiality of information, conflict of interest, gifts, gratuities, bribes, dishonest conduct and assault, unlawful or unethical behaviour, protection and proper use of the Company's assets and compliance with laws, rules and regulations. The said Code is expected to govern the standards of ethics and good conduct expected of Directors and employees of the Group. A summary of the same is published on the Company's website at http://www.cjcentury.com/corporate_governance.php#startpoint.

Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct that is in contravention with the ethos of the said Code. Heads of Business Divisions play an important role to oversee the culture of the Company to ensure it engenders ethical conduct.

3.2 The Board has always encouraged employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace and is now formalising this in a formalised whistleblowing policy. A formalised whistleblowing policy is incorporated in the Code of Conduct and Ethics, where appropriate communications and feedbacks can be channeled to the Managing Director and/or Executive Director and/or the Senior Manager, Human Resources and Administration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

4.0 Board's Objectivity

4.1 Although less than half of the Board comprises independent directors, there are 7 Non-Executive Directors (vs 2 Executive Directors) who by virtue of their non-executive status, are not involved in the day-to-day management of the Group's businesses. The Board is of the view that having a majority of Non-Executive Directors on the Board provides reasonably effective checks and balances within the Board. The Board believes that a balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively. Nevertheless, the Board also recognises and appreciates the valuable advice, guidance and insights of the 4 Non-Independent Non-Executive Directors nominated by the Company's substantial shareholder, CJ Logistics Asia Pte. Ltd. (formerly known as CJ Korea Express Asia Pte. Ltd.), which is a major dominant player in the Group's industry, to bring the Group to the forefront of its industry.

4.2 No independent director is currently serving beyond 9 years. However, if the Board intends to retain an independent director beyond nine years and twelve years, it will justify and seek annual shareholders' approval appropriately.

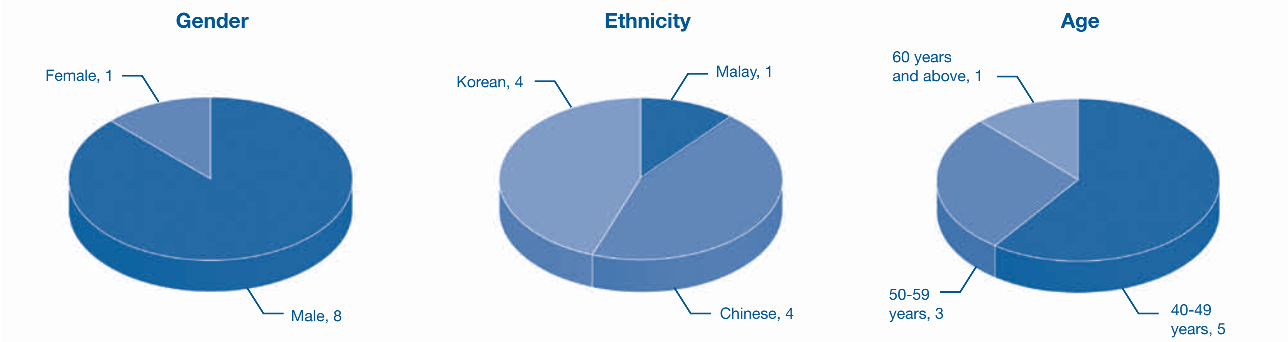
4.3 The Board has not adopted a policy which limits the tenure of its independent directors to 9 years.

4.4 The Board is judicious of the gender diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to board discussions and constructive debates at senior management level.

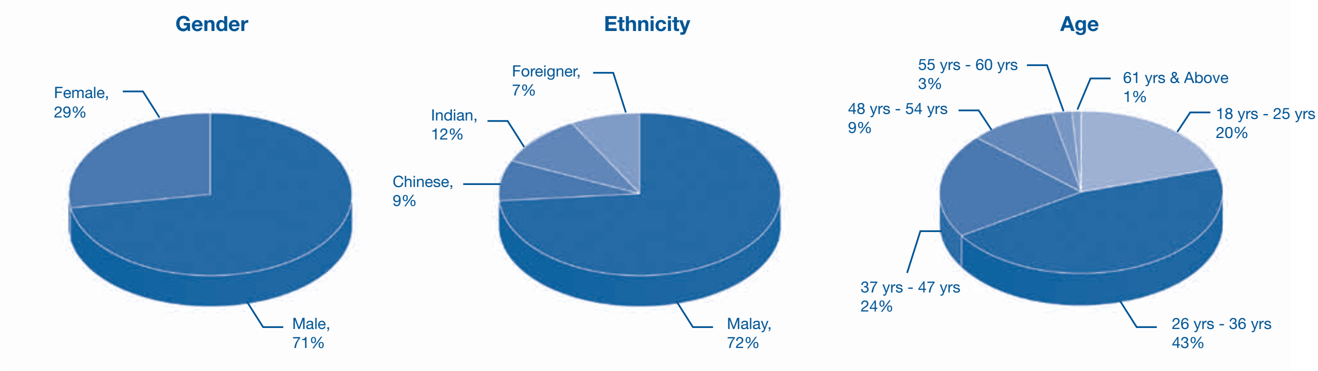
The Group is an equal opportunity employer and all appointments to the Board and employment of all staff are based on objective criteria, merit, skills and experience, and may not be driven by any age, cultural background or gender.

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

Gender, ethnicity and age diversities in the Board



Gender, Ethnicity And Age Diversities In The Workforce



CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

4.5 When the need arises, the Board would give more weightage on the appointment of female Directors to the Board and senior management. However, the Board would want to avoid the pitfall of tokenism which is not in the best interest of the Group.

4.6 There was no new appointment of Board members during the financial year ended 31 December 2017. The Board is aware of the guidance to utilise independent sources for future appointments of independent directors and to disclose how a Board member is sourced in the Company's annual report.

4.7 The NC is chaired by Datuk Lee Say Tshin, the Senior Independent Director identified by the Board on 21 February 2017, who is also Chairman of the Board. The Chairman had 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, including the future Chairman and Managing Director.

5.0 Overall Effectiveness of the Board

5.1 Annual assessment of Directors is based on a comprehensive assessment system, which commences with the completion of a set of comprehensive self-assessment form detailing all assessment criteria to be completed individually by all Directors in advance. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the mission and goals of the Company, time commitment, and active participation on the Board. During the financial year ended 31 December 2017, the completed forms were submitted to the Company Secretaries, who tabulated the results for tabling at the NC and Board meetings held on 17 August 2017.

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

6.0 Level and Composition of Remuneration

6.1 As fair remuneration is critical to attract, retain and motivate Directors, the RC reviews all proposed remuneration packages with regards to each Director's role, responsibility, and expertise, taking into consideration also the complexity of the Company's business, performance of the Group, industry average and a study of companies in the same industry with similar market capitalisation.

6.2 On 16 November 2017, there was a change in the composition of the RC in compliance with the MCCG. The RC now consists of only non-executive directors and a majority of them are independent with the cessation of Teow Choo Hing as a member of the RC on the same date thereof.

7.0 Remuneration of Directors and Senior Management

7.1 The details of the remuneration of each individual director for the financial year ended 31 December 2017 is as follows:

Executive Directors

Director	Salary RM	Bonus RM	EPF RM	Other benefits RM	Total RM
Teow Choo Hing	1,236,000	618,000	296,640	28,000	2,178,640
Yeap Khoo Soon Edwin	408,000	204,000	97,920	17,400	727,320

The Managing Director and Executive Director do not receive any other form of remuneration from the Company or the Group, other than their respective entitlement of the Company's Employee Share Option Scheme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Independent Non-Executive Directors

Director	Fees RM	Meeting allowances RM	Total RM
Datuk Lee Say Tshin	60,000	6,000	66,000
Saryani binti Che Ab Rahman	48,000	6,000	54,000
Winston Tan Kheng Huang	36,000	6,000	42,000

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

Non-Independent Non-Executive Directors

The four Non-Independent Non-Executive Directors, namely, Lee Jae Jin (resigned on 17 January 2018), Cheong Joon Kyo, Ahn Jae Ho, and Lee Eui Sung, do not receive any fees or any other form of remuneration from the Company or the Group.

7.2 The top five senior management's remuneration for the financial year ended 31 December 2017, in bands of RM50,000, is as follows:

Senior Management	Total remuneration RM
Teow Choo Hing	2,150,001 – 2,200,000
Yeap Khoo Soon Edwin	700,001 – 750,000
Heng Mon Sing	500,001 – 550,000
Lim Chee Khoon	350,001 – 400,000
Charles Edward a/l Lawrence Sebastian	350,001 – 400,000

The senior management above do not receive any other form of remuneration from the Company or the Group, other than their respective entitlement of the Company's Employee Share Option Scheme.

7.3 The Company is of the view that there is no necessary for the disclosure of the detailed remuneration of each member of senior management on a named basis.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

8.0 Effective and Independent AC

8.1 The Chairperson of the AC is Puan Saryani Binti Che Ab Rahman, an Independent Non-Executive Director, while the Chairman of the Board is Datuk Lee Say Tshin, also an Independent Non-Executive Director. This had ensured that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Puan Saryani 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:

(a) the AC is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
(b) the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
(c) 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
(d) there is co-ordination between internal and external auditors.

8.2 In order to safeguard the independence of the audit by avoiding the potential threats which may arise when a former key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements, the AC had adopted a policy, which is included in its latest TOR, that requires a former key audit partner, to observe a cooling-off period of at least two years before being appointed as a member of the AC.

8.3 In recommending the re-appointment of the external auditor to the Board, the AC has established policies and procedures that consider among others:

(a) the competence, audit quality, experience and resource capacity of the external auditor in relation to the audit;
(b) the persons assigned to the audit;
(c) the audit firm's other audit engagements;
(d) the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
(e) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
(f) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The AC was of the view that Messrs. Deloitte PLT, the external auditor, is suitable, objective and independent to be re-appointed based on the following:

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

Messrs. Deloitte PLT has in their reports on audit plan and audit findings provided their written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.

8.4 The AC comprises only a majority of Independent Directors, which is in compliance with the Main Market Listing Requirements.

8.5 All members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged management's assertions on the Company's financials. Any inconsistencies in the financial and operational reports would be questioned to ensure that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

9.0 Risk Management and Internal Control

9.1 Risk management was previously under the purview of the Executive Committee but during the financial year ended 31 December 2017, a Risk Management Committee was established to receive risk reports from business units, review risk management activities and report and recommend the necessary action(s) to be taken to the Board of Directors for further action, which promulgates the Board's efforts to ensure that internal controls and risk management are further enhanced.

The member of the Risk Management Committee comprises the Managing Director, an Advisor, the Executive Director, the Chief Financial Officer, the Chief Operating Officers and selected Heads of Business Divisions.

Risk Manager is assumed by the Executive Director, and additional resources or manpower would be identified to facilitate the coordination and monitoring process as and when required.

The AC may provide an objective view on the effectiveness of the enterprise risk management and internal control framework as a whole to the Board.

9.2 The Internal Auditors were engaged to prepare and present a Risk Re-assessment Report, which summarises the results of the risk re-assessment, revised risk profiles and the top 10 risks identified during the risk re-assessment process of the Group in July 2017. The risk re-assessment was carried out on the active business units of the Company covering contract logistics, oil and gas logistics, freight forwarding, haulage and trucking, procurement logistics, data management solutions and corporate functions.

The deliverables included in the Internal Auditor's report had been discussed with the Senior Management of the Group. The results of risk re-assessment represent management's views on the critical focus areas of the Group. The on-going identification and management of risks remain the responsibility of the Board of Directors and management of the Company.

The Company adopts a risk based approach to internal audit as guided by the International Professional Practice Framework (IPPF).

The external auditors had and would continue to evaluate the design and implementation of the relevant internal controls for the financial year, and report to the AC if there is any identified deficiency.

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 of Risk Management and Internal Control of the 2017 Annual Report.

9.3 There is a Risk Management Committee, although it does not comprise a majority of independent directors, to oversee the company's risk management framework and policies.

10.0 Effective Governance, Risk Management and Internal Control Framework

10.1 The Internal Auditors reported directly to both the AC and the Board on the internal audit function.

The AC also assessed the scope of work, performance evaluation and budget for the internal audit function. The internal audit plan for the financial year ending 31 December 2018 was also tabled to the AC and the Board for approval.

The internal auditors had and would continue to keep abreast with developments in the profession, relevant industry and regulations.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

Areas for improvements are highlighted to the AC and the Board, and the implementation of recommendations have consistently been monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this Annual Report.

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

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

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

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

11.0 Continuous Communication between the Company and Stakeholders

11.1 The Board strives to ensure there are channels for effective communication with shareholders and all other stakeholders. Announcements, news and all relevant updates are posted on the Company's website and social media sites regularly, and shareholders and other stakeholders can subscribe to the Company's Investor Relations alerts via its website and mobile app, "Century Logistics IR", which will enable subscribers to be alerted whenever new announcements, news or updates are posted to its website. Shareholders may also communicate with the Company on investor relation matters by emailing the Executive Director at invest@cjcentury.com or post their enquiries to the Company through the Company's web enquiry form on its website. The Company's Investor Relations team will endeavour to reply to these enquiries in the shortest possible time. The Company also communicates with its stakeholders through its Annual Reports and Annual General Meetings.

11.2 The Company is not categorised as a "Large company" and hence, has not adopted integrated reporting based on a globally recognised framework.

12.0 Encourage Shareholders Participation at General Meetings

12.1 The Twentieth Annual General Meeting of the Company was held on 21 April 2017, before the MCCG came into effect on 26 April 2017. The Company is now giving all shareholders a notice of at least 28 days prior to all Annual General Meetings moving forward, starting with its Twenty-First Annual General Meeting to be held on 27 April 2018.

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

12.2 All the Directors of the Company attended the Twentieth Annual General Meeting of the Company held on 21 April 2017, save and except for Ahn Jae Ho, due to work commitment. Ahn Jae Ho is not a chair of the Audit, Nomination, Risk Management or other committees. In compliance with the new MCCG that came into effect on 26 April 2017, all the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the Audit, Nomination, Risk Management and other committees will provide meaningful response to questions addressed to them.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

12.3 Shareholders who wish to attend General Meeting are given at least 21 days (in the past) or currently at least 28 days, to ensure that shareholders are able to make the necessary arrangements to attend General Meetings, review agenda items, and formulate questions, if any. Where they are not able to attend, they may appoint proxies to attend on their behalf to vote and represent them.

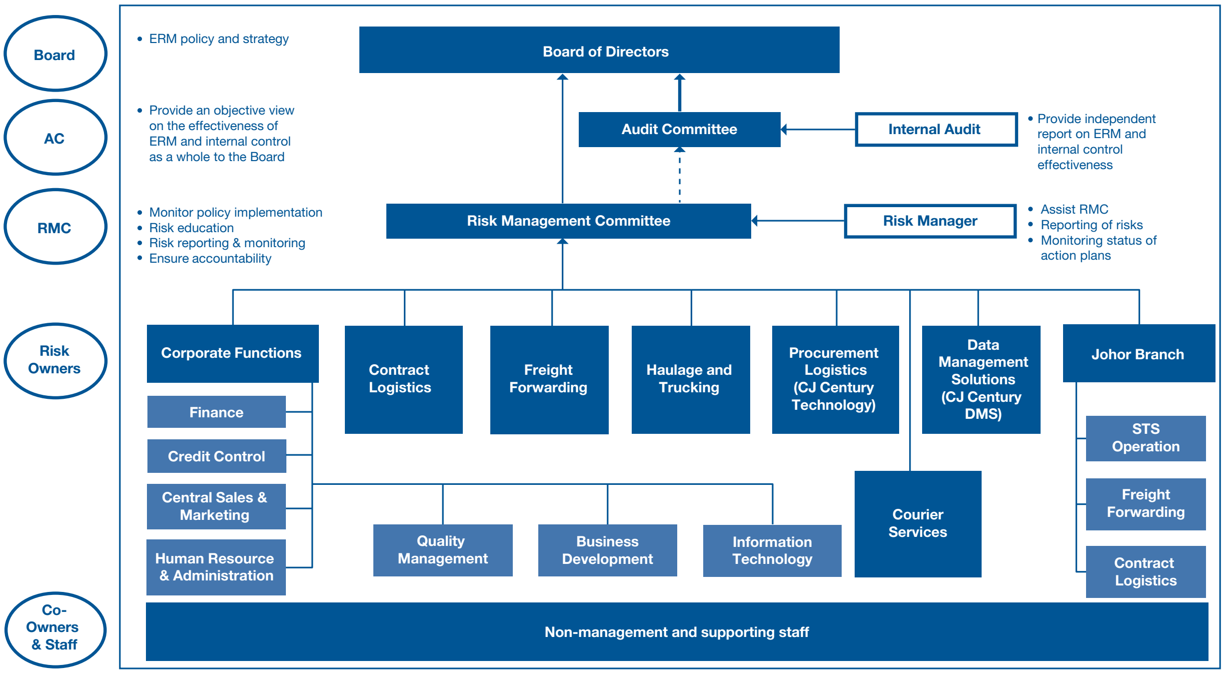
General Meetings are always held in the Klang Valley in a well established and convenient location. The Company has less than 5,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at General Meetings, considering the costs involved, it is not economically justifiable to enable voting in absentia or remote shareholders' participation at General Meetings. Nonetheless, with the advent of technology, proxies who are appointed to attend on behalf can communicate with shareholders instantaneously on matters deliberated at all General Meetings.

All polls conducted at the Twentieth Annual General Meetings were voted upon electronically and this will continue to be practised for all future General Meetings.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 27 February 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Reporting Structure of Century Group



INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("the Code") 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 and in accordance with the Principles and Recommendations relating to risk management and internal controls provided in the Code 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 RM38,000 was spent on internal audit activities in 2017.

REVIEW BY BOARD

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

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

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

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

The Board also received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system 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 27 February 2018.

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 2017, where a total of four (4) meetings were held, are as follows:

	Number Of Meetings Attended
Saryani Binti Che Ab Rahman *(Chairperson / Independent Non-Executive Director)*	4/4
Datuk Lee Say Tshin *(Member / Independent Non-Executive Director)*	4/4
Cheong Joon Kyo *(Member / Non-Independent Non-Executive Director)*	3/4
Winston Tan Kheng Huang *(Member / Independent Non-Executive Director)*	4/4

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

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The activities of the Audit Committee as stipulated in Duties and Responsibilities were undertaken by the Audit Committee during the financial year ended 31 December 2017. The Audit Committee had also undertaken the following activities during the year:

(a) Reviewed the audit plan of the external auditors, in terms of the nature of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements;

(b) Reviewed the year-end external auditors' reports in relation to their audit findings and the accounting issues arising from the audit of the Company's annual financial results;

(c) Reviewed the recovery of major long outstanding debts;

(d) Reviewed the unaudited quarterly reports on the consolidated results and financial statements and financial results prior to tabling of the same to the Board for approval;

(e) Reviewed the recurrent related party transactions of a revenue of trading nature of the Company; and

(f) Assessed the suitability, objectivity and independence of the external auditors.

AUDIT COMMITTEE REPORT
(CONT'D)

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

A summary of the activities of the Audit Committee for the financial year ended 31 December 2017 is as follows:

(a) The Audit Committee had reviewed the unaudited quarterly financial results as well as the annual audited financial statements of the Group. The review, covers amongst others, an assessment on the appropriateness of the accounting policies applied. The Audit Committee had sought explanations and additional information from the Executive Director and Chief Financial Officer on the reasons for the variances/ fluctuations in the financial performance of the Group, including the key income and operating expenses;

(b) For the review of the annual financial results of the Group, the Audit Committee communicated with the external auditor, Messrs. Deloitte PLT ("Deloitte") with particular focus on significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements;

(c) The Audit Committee reviewed and evaluated Deloitte's audit plan for the financial year ended 31 December 2017. Deloitte's audit plan covered its engagement team, concept of materiality, independence and objectivity, and the areas of audit emphasis. The Audit Committee also reviewed key audit issues raised by Deloitte from its annual audit in its management letter including Management's responses/actions taken on the resolution of such issues;

(d) The Audit Committee had assessed the independence and objectivity of Deloitte prior to the appointment of Deloitte for non-audit services. Based on the assessment, the Audit Committee is satisfied that there is no conflict of interest situation. In addition, the accumulated fees quoted for non-audit services are within the allowable threshold set;

(e) In its oversight over the Internal Audit function, the Audit Committee approved the internal audit framework and the annual audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group and ensured that all high risk areas are audited at least annually; and

(f) The Audit Committee has reviewed recurrent related party transactions for the pricing to ensure that they are comparable to market price and that the transactions are entered on arm's length basis and benefits the Group in terms of revenue, efficiency, improving the profile and increasing the Group's customer base.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Plan, setting out the internal audit work expected to be carried out for a period of two (2) years, is tabled to the Audit Committee at the beginning of the two (2) years term.

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

AUDIT COMMITTEE REPORT
(CONT'D)

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION (CONT'D)

A summary of the activities of the internal audit function for the financial year ended 31 December 2017 is as follows:

(a) Performed audit work in accordance with the pre-approved internal audit plan, which mainly focused on key subsidiaries providing integrated logistics services such as oil and gas logistics, freight forwarding, contract logistics, haulage and trucking services, data management solutions and procurement logistics;

(b) Carried out reviews on the systems of internal control of the Group in ensuring proper safeguarding of assets, maintenance of accurate records and transactions, monitoring the quality of assets, compliance with relevant laws and regulations, adherence to established policies and procedures as well as management efficiency;

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

(d) Reviewed and commented on the effectiveness and adequacy of the existing internal control policies and procedures; and

(e) Provided recommendations, if any, for the improvement of the internal control policies and procedures.

EMPLOYEES' SHARE OPTION SCHEME

The Company established and implemented the ESOS on 8 January 2015.

There was no options pursuant to the ESOS which was granted to Datuk Lee Say Tshin, Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung, Saryani Binti Che Ab Rahman and Winston Tan Kheng Huang as at 31 December 2017.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors of **CENTURY LOGISTICS HOLDINGS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the Company's subsidiary companies are disclosed in Note 15 to the Financial Statements.

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit before tax	21,113	13,515
Tax (expense)/credit	(5,855)	120
Profit for the year	15,258	13,635
Attributable to:		
Owners of the Company	15,222	
Non-controlling interests	36	
	15,258	

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

DIVIDENDS

Since the end of the previous financial year, the following dividends were paid by the Company:

(a) A single tier final dividend of 0.5 sen per ordinary share, amounting to RM1,960,354, in respect of the previous financial year were paid on 25 May 2017; and

(b) A single tier first interim dividend of 0.5 sen per ordinary share, amounting to RM1,963,694, in respect of the current financial year were paid on 20 September 2017.

The directors propose a single tier final dividend of 1.0 sen per ordinary share in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2018.

RESERVES AND PROVISIONS

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

REPORT OF THE DIRECTORS
(CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital by the issuance of:

(i) 7,824,000 new ordinary shares at the issue price of RM0.60 per share pursuant to the Company's Employees' Share Option Scheme ("ESOS"); and

(ii) 240,000 new ordinary shares at the issue price of RM0.73 per share pursuant to the Company's ESOS.

The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

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

TREASURY SHARES

The Company did not issue or buy back any treasury shares during the financial year. As of the end of the financial year, none of the Company's issued ordinary shares were held as treasury shares.

SHARE OPTIONS

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6 January 2015. The ESOS was implemented on 8 January 2015 and will be in force for a maximum period of 5 years from the effective date.

Salient features of the ESOS are disclosed in Note 33 to the Financial Statements.

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

	Number of options to subscribe for ordinary shares					
Grant date	Balance as of 1.1.2017	Granted	Exercised	Cancelled	Balance as of 31.12.2017	Exercise price per share (RM)
8.1.2015	24,300,000	–	(7,824,000)	(807,000)	15,669,000	0.60
16.4.2015	720,000	–	(240,000)	–	480,000	0.73

OTHER STATUTORY INFORMATION

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

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

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

REPORT OF THE DIRECTORS
(CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Teow Choo Hing
Yeap Khoo Soon Edwin
Datuk Lee Say Tshin
Cheong Joon Kyo
Ahn Jae Ho
Lee Eui Sung
Winston Tan Kheng Huang
Saryani Binti Che Ab Rahman
Park Chul Moon *(appointed on 27.2.2018)*
Lee Jae Jin *(resigned on 17.1.2018)*

REPORT OF THE DIRECTORS
(CONT'D)

DIRECTORS (CONT'D)

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

Albert Soo Boon Hock
Heng Mon Sing
Sabarin Bin Ibrahim
Wan Salleh @ Wan Ahmad Bin Wan Abdullah
Wan Zanil Hairiz Bin Harun

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	Balance as of 1.1.2017	Exercise of ESOS/ Bought	Sold	Balance as of 31.12.2017
Shares in the Company				
Direct interest				
Teow Choo Hing	42,644,294	1,080,000	–	43,724,294
Yeap Khoo Soon Edwin	3,540,000	320,000	(1,500,000)	2,360,000
Indirect interest				
Teow Choo Hing	2,224,416	–	–	2,224,416
Datuk Lee Say Tshin	–	70,000	–	70,000
Lee Eui Sung	–	311,000	–	311,000

	Number of options over ordinary shares			
	Balance as of 1.1.2017	Granted	Exercised	Balance as of 31.12.2017
Options pursuant to ESOS of the Company				
Direct interest				
Teow Choo Hing	3,240,000	–	(1,080,000)	2,160,000
Yeap Khoo Soon Edwin	3,060,000	–	(320,000)	2,740,000

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

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

REPORT OF THE DIRECTORS
(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 8 to the Financial Statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those as disclosed in Note 15 to the Financial Statements.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a directors and officers' liability insurance commencing 1 April 2017, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance premium paid during the financial year amounted to RM9,747.

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2017 is as disclosed in Note 10 to the Financial Statements.

AUDITORS

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

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

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
27 February 2018

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTURY LOGISTICS HOLDINGS BERHAD

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **CENTURY LOGISTICS HOLDINGS BERHAD**, which comprise the statements of financial position as of 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 103.

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 of 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue Recognition

The risk

The timing of revenue recognition for total logistics operations, particularly with respect to freight forwarding and transportation services, has been identified as a critical area in relation to revenue recognition due to the lead time between rendering of services and receipt of proof of delivery of services to trigger the billing process.

The accounting policies for revenue recognition are set out in Note 3 to the Financial Statements and the different revenue streams for the Group have been disclosed in Note 5 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTURY LOGISTICS HOLDINGS BERHAD (CONT'D)

Revenue Recognition (Cont'd)

Our audit response

We obtained update on our understanding of revenue recognition process and evaluated the business process controls surrounding revenue recognition.

We tested a selected samples of recorded revenue before and after year end, covering a period in excess of the normal lead time between rendering of services and receipt of proof of delivery of services, and verified against the underlying proof of delivery to ascertain whether revenue are recognised during the period in which services are rendered.

We reviewed management's basis in computing accrued revenue in respect of unbilled services rendered before year-end, and verified against the underlying proof of delivery to ascertain whether services have been rendered during the period of revenue recognition.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Report of the Directors, Financial Highlights, Management Discussion and Analysis and List of Properties (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Chairman's Message and Analysis of Shareholdings which are expected to be made available to us after that date.

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

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

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

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTURY LOGISTICS HOLDINGS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTURY LOGISTICS HOLDINGS BERHAD (CONT'D)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 15 to the Financial Statements.

OTHER MATTER

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 contents of this report.

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

LAI CAN YIEW
Partner - 02179/11/2018 J
Chartered Accountant

27 February 2018

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Revenue	5	294,597	300,289	15,000	20,000
Cost of sales	6 (a)	(224,319)	(219,399)	–	–
Gross profit		70,278	80,890	15,000	20,000
Other income		1,665	1,530	5,400	5,400
Interest income	9 (a)	2,405	2,405	–	16
Administrative expenses		(40,406)	(42,240)	(6,885)	(6,428)
Finance costs	9 (b)	(2,645)	(3,826)	–	–
Settlement of legal case		–	(2,250)	–	–
Depreciation of property, plant and equipment	14	(10,184)	(10,915)	–	–
Profit before tax	10	21,113	25,594	13,515	18,988
Tax (expense)/credit	11	(5,855)	(5,342)	120	97
Profit for the year		15,258	20,252	13,635	19,085
Other comprehensive income:					
Item that will be reclassified subsequently to profit or loss -					
Exchange differences on translating foreign operations		21	1	–	–
Other comprehensive income for the year, net of tax		21	1	–	–
Total comprehensive income for the year		15,279	20,253	13,635	19,085
Profit attributable to:					
Owners of the Company		15,222	20,170	13,635	19,085
Non-controlling interests		36	82	–	–
		15,258	20,252	13,635	19,085
Total comprehensive income attributable to:					
Owners of the Company		15,243	20,171	13,635	19,085
Non-controlling interests		36	82	–	–
		15,279	20,253	13,635	19,085
Earnings per ordinary share					
Basic (sen)	12	3.89	5.30		
Diluted (sen)	12	3.82	5.19		

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

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2017

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
ASSETS					
Non-current Assets					
Property, plant and equipment	14	260,042	257,947	–	–
Investment in subsidiary companies	15	–	–	11,521	7,070
Goodwill on consolidation	16	1,443	1,443	–	–
Deferred tax assets	25	120	–	120	–
Total Non-current Assets		261,605	259,390	11,641	7,070
Current Assets					
Inventories	17	7,884	4,269	–	–
Trade receivables	18	67,844	60,546	–	–
Other receivables, deposits and prepaid expenses	19	20,303	18,609	10	8
Amount owing by subsidiary companies	15	–	–	215,614	207,417
Amount owing by an affiliated company	15	113	–	–	–
Tax recoverable		347	369	80	286
Deposits, cash and bank balances	20	71,675	91,640	285	456
Total Current Assets		168,166	175,433	215,989	208,167
Total Assets		429,771	434,823	227,630	215,237

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2017
(CONT'D)

	Note	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	21	199,184	192,367	199,184	192,367
Reserves	22	120,045	109,118	25,141	15,822
Equity attributable to owners of the Company		319,229	301,485	224,325	208,189
Non-controlling interests		1,082	1,046	–	–
Total Equity		320,311	302,531	224,325	208,189
Non-current and Deferred Liabilities					
Hire-purchase payables	23	2,720	2,914	–	–
Long-term borrowings	24	31,163	48,839	–	–
Deferred tax liabilities	25	7,398	7,048	–	–
Total Non-current and Deferred Liabilities		41,281	58,801	–	–
Current Liabilities					
Trade payables	26	20,833	18,013	–	–
Other payables and accrued expenses	27	32,093	36,260	1,410	3,057
Amount owing to subsidiary companies	15	–	–	1,895	3,991
Amount owing to an affiliated company	15	1	114	–	–
Hire-purchase payables	23	2,389	2,809	–	–
Short-term borrowings	28	11,592	14,802	–	–
Tax liabilities		1,271	1,493	–	–
Total Current Liabilities		68,179	73,491	3,305	7,048
Total Liabilities		109,460	132,292	3,305	7,048
Total Equity and Liabilities		429,771	434,823	227,630	215,237

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

The Group

		← Non-distributable reserves →				Distributable reserve -			
	Note	**Issued capital RM'000**	**Share premium RM'000**	**Translation reserve RM'000**	**Equity-settled employees' benefits reserve RM'000**	**Retained earnings RM'000**	**Attributable to equity holders of the Company RM'000**	**Non-controlling interests RM'000**	**Total RM'000**
Balance as of 1 January 2016		186,818	748	704	662	99,836	288,768	964	289,732
Share-based payments	33	–	–	–	1,136	–	1,136	–	1,136
Issue of shares pursuant to exercise of ESOS	21	5,549	1,200	–	(18)	–	6,731	–	6,731
Transfer to retained earnings upon exercise of ESOS		–	–	–	(1,766)	1,766	–	–	–
Profit for the year		–	–	–	–	20,170	20,170	82	20,252
Other comprehensive income for the year		–	–	1	–	–	1	–	1
Total comprehensive income for the year		–	–	1	–	20,170	20,171	82	20,253
Dividends paid	13	–	–	–	–	(15,321)	(15,321)	–	(15,321)
Balance as of 31 December 2016		192,367	1,948	705	14	106,451	301,485	1,046	302,531

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STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017
(CONT'D)

The Group

	Note	Issued capital RM'000	← Non-distributable reserves → Share premium RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000
Balance as of 1 January 2017		192,367	1,948	705	14	106,451	301,485	1,046	302,531
Share-based payments	33	–	–	–	1,538	–	1,538	–	1,538
Issue of shares pursuant to exercise of ESOS	21	4,869	–	–	18	–	4,887	–	4,887
Transfer to retained earnings upon exercise of ESOS		–	–	–	(1,469)	1,469	–	–	–
Transfer arising from "no par value" regime of the Companies Act, 2016	21	1,948	(1,948)	–	–	–	–	–	–
Profit for the year		–	–	–	–	15,222	15,222	36	15,258
Other comprehensive income for the year		–	–	21	–	–	21	–	21
Total comprehensive income for the year		–	–	21	–	15,222	15,243	36	15,279
Dividends paid	13	–	–	–	–	(3,924)	(3,924)	–	(3,924)
Balance as of 31 December 2017		199,184	–	726	101	119,218	319,229	1,082	320,311

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017
(CONT'D)

The Company

			Non-distributable reserves		Distributable reserve -	
	Note	**Issued capital RM'000**	**Share premium RM'000**	**Equity-settled employees' benefits reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
Balance as of 1 January 2016		186,818	748	662	8,330	196,558
Share-based payments	33	–	–	1,136	–	1,136
Issue of shares pursuant to exercise of ESOS	21	5,549	1,200	(18)	–	6,731
Transfer to retained earnings upon exercise of ESOS		–	–	(1,766)	1,766	–
Profit for the year/Total comprehensive income for the year		–	–	–	19,085	19,085
Dividends paid	13	–	–	–	(15,321)	(15,321)
Balance as of 31 December 2016		192,367	1,948	14	13,860	208,189
Balance as of 1 January 2017		192,367	1,948	14	13,860	208,189
Share-based payments	33	–	–	1,538	–	1,538
Issue of shares pursuant to exercise of ESOS	21	4,869	–	18	–	4,887
Transfer to retained earnings upon exercise of ESOS		–	–	(1,469)	1,469	–
Transfer arising from "no par value" regime of the Companies Act, 2016	21	1,948	(1,948)	–	–	–
Profit for the year/Total comprehensive income for the year		–	–	–	13,635	13,635
Dividends paid	13	–	–	–	(3,924)	(3,924)
Balance as of 31 December 2017		199,184	–	101	25,040	224,325

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

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash Flows From/(Used In) Operating Activities				
Profit before tax	21,113	25,594	13,515	18,988
Adjustments for:				
Depreciation of property, plant and equipment	10,184	10,915	–	–
Finance costs	2,645	3,826	–	–
Share-based payments expenses	1,538	1,136	517	309
Allowance for doubtful debts	583	156	–	–
Unrealised loss/(gain) on foreign exchange (net)	289	(489)	–	–
Impairment loss on investment in subsidiary companies	–	–	49	–
Interest income	(2,405)	(2,405)	–	(16)
Allowance for doubtful debts no longer required	(423)	(186)	–	–
(Gain)/Loss on disposal of:				
Property, plant and equipment	(89)	51	–	–
Other financial assets	–	(67)	–	–
Dividend income	–	–	(15,000)	(20,000)
Operating Profit/(Loss) Before Working Capital Changes	33,435	38,531	(919)	(719)
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(3,615)	(717)	–	–
Trade receivables	(7,726)	(2,378)	–	–
Other receivables, deposits and prepaid expenses	(1,694)	19	(2)	(1)
Amount owing by subsidiary companies	–	–	(7,176)	(10,646)
Amount owing by an affiliated company	(113)	–	–	–
Increase/(Decrease) in:				
Trade payables	2,820	516	–	–
Other payables and accrued expenses	(4,167)	3,637	(1,647)	272
Amount owing to subsidiary companies	–	–	(2,096)	(22)
Amount owing to an affiliated company	(113)	114	–	–
Cash Generated From/(Used In) Operations	18,827	39,722	(11,840)	(11,116)
Tax (paid)/refunded	(5,825)	(7,065)	206	(46)
Net Cash From/(Used In) Operating Activities	13,002	32,657	(11,634)	(11,162)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017
(CONT'D)

	The Group 2017 RM'000	The Group 2016 RM'000	The Company 2017 RM'000	The Company 2016 RM'000
Cash Flows From/(Used In) Investing Activities				
Decrease/(Increase) in investment in money market funds	15,074	(16,235)	–	–
Interest received	2,405	2,405	–	16
Proceeds from disposal of:				
Property, plant and equipment	89	600	–	–
Other financial assets	–	67	–	–
Dividend received	–	–	15,000	20,000
Additions of property, plant and equipment (Note 1 below)	(9,895)	(2,302)	–	–
Decrease/(Increase) in deposits with maturities exceeding 3 months	89	(2)	–	–
Net Cash From/(Used In) Investing Activities	7,762	(15,467)	15,000	20,016
Cash Flows From/(Used In) Financing Activities				
Proceeds from issuance of shares	4,887	6,731	4,887	6,731
Repayment of bank borrowings	(20,886)	(15,612)	–	–
Dividends paid	(3,924)	(15,321)	(3,924)	(15,321)
Repayment of hire-purchase payables	(2,998)	(3,212)	–	–
Finance costs paid	(2,645)	(3,826)	–	–
Subscription of shares issued by a subsidiary company	–	–	(4,500)	–
Net Cash Used In Financing Activities	(25,566)	(31,240)	(3,537)	(8,590)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(4,802)	(14,050)	(171)	264
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,120	41,170	456	192
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 29)	22,318	27,120	285	456

Note 1

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

	Note	The Group 2017 RM'000	The Group 2016 RM'000
Additions during the year	14	12,279	2,302
Less: Acquisition under hire-purchase arrangements		(2,384)	–
Cash outflows		9,895	2,302

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is principally an investment holding company. The principal activities of the Company's subsidiary companies are disclosed in Note 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 Lot 8, Lingkaran Sultan Mohamed 1, Bandar Sultan Suleiman, 42000 Port Klang, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 February 2018.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Adoption of new and revised MFRSs

During the current financial year, the Group and the Company have adopted a number of Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2017 and relevant to their operations as follows:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle

The adoption of the above Amendments to MFRSs did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

Standards and Interpretations in issue but not yet effective

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

MFRS 9	Financial Instruments[1]
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications)[1]
MFRS 16	Leases[2]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts[1]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures[2]
Amendments to MFRS 140	Transfer of Investment Property[1]
IC Int. 22	Foreign Currency Transactions and Advance Consideration[1]
IC Int. 23	Uncertainty over Income Tax Payments[2]

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
[3] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted
[4] Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned Standards and Interpretation will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Interpretation will have no material impact on the financial statements of the Group and the Company in the period of initial application, except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. MFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of MFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of MFRS 9:

- All recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

- With regards to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liabilities, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about any entity's risk management activities have also been introduced.

The Group and the Company will apply MFRS 9 effectively on 1 January 2018. The directors of the Group and Company anticipate that upon adoption of MFRS 9:

- The Group's and the Company's financial assets and financial liabilities, all of which are currently carried at amortised costs, will continue to be measured on the same basis as are currently measured under MFRS 139.

- The application of expected credit loss model of MFRS 9 may result in earlier recognition of credit losses for the Group's trade receivables and thus, increase the amount of loss allowance recognised.

- There will be no impact arising from the new general hedge accounting requirements as the Group and the Company do not adopt hedge accounting.

MFRS 15 Revenue from Contract with Customers

In May 2014, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Subsequently, amendments to MFRS 15 were issued in April 2016 which provide clarifications on certain requirements of MFRS 15 and provide additional transitional relief upon implementing MFRS 15. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretation when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

MFRS 15 Revenue from Contract with Customers (Cont'd)

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligations is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Group currently recognises revenue from the following major sources (Note 31) of which revenue is recognised when rendering of services has been completed:

- Total logistics services which include freight forwarding, transport management and distribution, contract management and oil logistics.
- Procurement logistics services.

The directors of the Group and the Company have assessed that the performance obligations of freight forwarding, transport management and distribution and oil logistics are satisfied over time and as such, the adoption of MFRS 15 effectively on 1 January 2018 may result in a change in the timing of revenue recognition of these services if the tenure of service offering exceeds one (1) day.

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

As of 31 December 2017, the Group has operating lease commitments of RM10,346,000 [Note 32(b)]. Presently MFRS 117 does not require the recognition of any right-of-use asset or liability for future payments for these leases. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of MFRS 16 on 1 January 2019. The new requirement to recognise a right-of-use asset and a related liability is expected to have a significant impact on the amounts recognised in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

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

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

Subsidiary Companies and Basis of Consolidation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies and Basis of Consolidation (Cont'd)

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

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

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

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

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

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

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

Subsidiary companies

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

Business Combinations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill on Consolidation

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

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

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

Revenue

Revenue of the Group comprises income earned from provision of services comprising total logistics services and procurement logistics services. Revenue of the Company represents gross dividend income from subsidiary companies.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company and the amount of the revenue can be measured reliably. Revenue is recognised on the following basis:

(i) Revenue from services

Revenue from services rendered is recognised net of discounts when rendering of services has been completed.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(iii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee Benefits

(i) Short-term Benefits

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

(ii) Defined Contribution Plan

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

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

(iii) Share-based Payments

Equity-settled share-based payments to eligible employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 33.

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

Foreign Currency

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation

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

Current Tax

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

Deferred Tax

Deferred tax is recognised on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

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

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

Impairment of Assets Excluding Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment

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

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

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

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

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

Assets Acquired Under Hire-Purchase Arrangements

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

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

Inventories

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

Operating Leases and Rental Income Recognition

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Financial Instruments

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

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

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

Financial assets of the Group and the Company are classified as financial "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Effective interest method

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

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

(b) Loans and receivables

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

(c) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(c) Impairment of financial assets (Cont'd)

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

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

(d) Derecognition of financial assets

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

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

(a) Classification as debt or equity

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

(b) Equity instruments

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

(c) Financial guarantee contract liabilities

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

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

(d) Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(e) Other financial liabilities

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

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

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

(f) Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. Further details of foreign exchange forward contracts are disclosed in Note 30.

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

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

Statements of Cash Flows

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(ii) Key sources of estimation uncertainty

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

Allowance for doubtful debts

Allowance for doubtful debts is made based on the evaluation of collectability and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows. The carrying amount of goodwill at the reporting date was RM1,443,000 (2016: RM1,443,000).

Estimated useful lives of property, plant and equipment

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

Share-based payments

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. REVENUE

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total logistics services	246,315	250,416	–	–
Procurement logistics services	48,282	49,873	–	–
Dividend income from subsidiary companies	–	–	15,000	20,000
	294,597	300,289	15,000	20,000

6. COST OF SALES AND EXPENSES CLASSIFIED BY NATURE

(a) Cost of sales comprise:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Direct operating costs	199,180	197,362	–	–
Direct staff costs	25,139	22,037	–	–
	224,319	219,399	–	–

(b) Expenses classified by nature are as follows:

	Note	The Group		The Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Direct operating costs		199,180	197,362	–	–
Staff costs, included under:					
Cost of sales		25,139	22,037	–	–
Administrative expenses		21,412	25,090	5,119	6,072
	7	46,551	47,127	5,119	6,072
Depreciation of property, plant and equipment	14	10,184	10,915	–	–
Finance costs	9 (b)	2,645	3,826	–	–
Settlement of legal case		–	2,250	–	–
Other expenses		18,994	17,150	1,766	356
		277,554	278,630	6,885	6,428

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. STAFF COSTS

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	38,353	38,740	3,990	4,968
Contributions to defined contribution plan	4,576	4,929	615	766
Share-based payment expenses	1,538	1,136	517	309
Short-term accumulating compensated absences	192	48	(21)	6
Other staff related expenses	1,892	2,274	18	23
	46,551	47,127	5,119	6,072

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

8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive directors:				
Salaries and other emoluments	2,466	4,558	2,466	4,558
Contributions to defined contribution plan	395	729	395	729
Share-based payment expenses	517	309	517	309
Fees	–	60	–	60
	3,378	5,656	3,378	5,656
Non-executive directors:				
Fees	144	120	144	120
	3,522	5,776	3,522	5,776
Directors of subsidiary companies				
Executive directors:				
Salaries and other emoluments	984	1,214	–	–
Contributions to defined contribution plan	149	186	–	–
Share-based payment expenses	240	180	–	–
	1,373	1,580	–	–
Total	4,895	7,356	3,522	5,776

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 RM80,400 (2016: RM106,343) and RM45,400 (2016: RM58,317) respectively.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of directors	
	2017	2016
Executive directors:		
RM700,001 - RM750,000	1	1
RM2,100,001 - RM2,150,000	–	1
RM2,150,001 - RM2,200,000	1	–
RM2,550,001 - RM2,600,000	–	1
	2	3
Non-executive directors:		
RM50,000 and below	6	6
RM50,001 - RM100,000	1	–
	9	9

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

9. INTEREST INCOME AND FINANCE COSTS

(a) Interest income

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income on short-term deposits	2,405	2,405	–	16

(b) Finance costs

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Term loans	2,379	3,420	–	–
Hire-purchase payables	266	406	–	–
	2,645	3,826	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. PROFIT BEFORE TAX

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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
After charging:				
Rental of:				
Premises	11,136	8,034	–	–
Motor vehicles and equipment	3,869	4,192	–	–
Allowance for doubtful debts (Note 18)	583	156	–	–
Loss on foreign exchange:				
Unrealised	293	27	–	–
Realised	20	310	–	–
Audit fees:				
Statutory audit	240	255	62	62
Other services	46	64	7	7
Impairment loss on investment in subsidiary companies	–	–	49	–
And crediting:				
Gain on foreign exchange:				
Realised	1,040	490	–	–
Unrealised	4	516	–	–
Allowance for doubtful debts no longer required (Note 18)	423	186	–	–
Gain/(Loss) on disposal of property, plant and equipment	89	(51)	–	–
Gain on disposal of other financial assets	–	67	–	–

11. TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current year:				
Income tax	(6,123)	(7,515)	–	–
Deferred tax (Note 25)	(221)	(214)	120	–
	(6,344)	(7,729)	120	–
Over/(Under)provision in prior years:				
Income Tax	498	2,042	–	97
Deferred tax (Note 25)	(9)	345	–	–
	489	2,387	–	97
	(5,855)	(5,342)	120	97

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. TAX (EXPENSE)/CREDIT (CONT'D)

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

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	21,113	25,594	13,515	18,988
Tax at the applicable tax rate of 24% (2016: 24%)	5,067	6,143	3,244	4,557
Tax effects of:				
Expenses not deductible for tax purposes	1,918	1,695	236	128
Income not subject to tax	(663)	(228)	(3,600)	(4,804)
Deferred tax assets not recognised	22	119	–	119
(Over)/Underprovision in prior years:				
Estimated tax payable	(498)	(2,042)	–	(97)
Deferred tax	9	(345)	–	–
Tax charged/(credited) to profit or loss	5,855	5,342	(120)	(97)

12. EARNINGS PER ORDINARY SHARE

Basic

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

	The Group	
	2017	2016
Profit attributable to ordinary equity holders of the Company (RM'000)	15,222	20,170
Weighted average number of ordinary shares in issue ('000)	391,281	380,705
Basic earnings per share (sen)	3.89	5.30

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. EARNINGS PER ORDINARY SHARE (CONT'D)

Diluted

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

	The Group	
	2017	2016
Profit attributable to ordinary equity holders of the Company (RM'000)	15,222	20,170
Weighted average number of ordinary shares in issue ('000)	391,281	380,705
Effect of share options dilution ('000)	7,322	7,568
Adjusted weighted average number of ordinary shares in issue ('000)	398,603	388,273
Diluted earnings per share (sen)	3.82	5.19

13. DIVIDENDS

	The Company	
	2017 RM	2016 RM
Single tier final dividend of 0.5 sen per ordinary share in respect of 2016 (2016: 1 sen per ordinary share in respect of 2015)	1,960,354	3,822,684
Single tier first interim dividend of 0.5 sen per ordinary share in respect of 2017 (2016: 1 sen per ordinary share in respect of 2016)	1,963,694	3,823,304
Nil in 2017 (2016: Single tier second interim dividend of 1.5 sen per ordinary share in respect of 2016)	–	5,751,703
Nil in 2017 (2016: Single tier third interim dividend of 0.5 sen per ordinary share in respect of 2016)	–	1,923,674
	3,924,048	15,321,365

The directors propose a single tier final dividend of 1.0 sen per ordinary share in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Cost									
As of 1 January 2016	39,849	62,435	157,678	9,240	59,461	27,107	2,520	60	358,350
Additions	–	–	–	292	688	740	48	534	2,302
Disposals and write-offs	–	–	–	–	(1,706)	(334)	–	–	(2,040)
Reclassification	–	–	–	–	–	30	–	(30)	–
As of 31 December 2016	39,849	62,435	157,678	9,532	58,443	27,543	2,568	564	358,612
As of 1 January 2017	39,849	62,435	157,678	9,532	58,443	27,543	2,568	564	358,612
Additions	–	–	–	90	2,486	1,007	8	8,688	12,279
Disposals and write-offs	–	–	–	–	(369)	(772)	–	–	(1,141)
Reclassification	–	–	–	339	–	–	–	(339)	–
As of 31 December 2017	39,849	62,435	157,678	9,961	60,560	27,778	2,576	8,913	369,750

CJ Century

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Improvements and renovations RM'000	Motor vehicles RM'000	Warehouse, office and other equipment RM'000	Furniture, fixtures and fittings RM'000	Capital assets in-progress RM'000	Total RM'000
Accumulated Depreciation									
As of 1 January 2016	–	2,997	15,453	4,495	42,442	22,133	1,883	–	89,403
Charge for the year	–	1,249	3,588	789	3,345	1,736	208	–	10,915
Disposals and write-offs	–	–	–	–	(1,055)	(334)	–	–	(1,389)
As of 31 December 2016	–	4,246	19,041	5,284	44,732	23,535	2,091	–	98,929
As of 1 January 2017	–	4,246	19,041	5,284	44,732	23,535	2,091	–	98,929
Charge for the year	–	1,249	3,587	776	2,931	1,444	197	–	10,184
Disposals and write-offs	–	–	–	–	(369)	(772)	–	–	(1,141)
As of 31 December 2017	–	5,495	22,628	6,060	47,294	24,207	2,288	–	107,972
Accumulated Impairment									
As of 1 January 2016/ 31 December 2016/ 1 January 2017/ 31 December 2017	–	1,736	–	–	–	–	–	–	1,736
Net Carrying Amount									
As of 31 December 2016	39,849	56,453	138,637	4,248	13,711	4,008	477	564	257,947
As of 31 December 2017	39,849	55,204	135,050	3,901	13,266	3,571	288	8,913	260,042

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) Property, plant and equipment with carrying amount totalling RM126,310,473 (2016: RM148,075,887) were charged to financial institutions as securities for credit facilities granted to the Group (Note 24).

(b) Carrying amount of motor vehicles acquired under hire-purchase arrangements amounted to RM10,279,023 (2016: RM9,926,416).

(c) Leasehold land as of 31 December 2017 relate to:

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

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

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

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

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

Investment in subsidiary companies comprises:

	The Company	
	2017 RM'000	2016 RM'000
Unquoted shares - at cost	22,232	17,732
Accumulated impairment losses	(10,711)	(10,662)
Net	11,521	7,070

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

Direct Subsidiary Companies	Proportion of ownership interest and voting power 2017 %	2016 %	Principal Activities
CJ Century Logistics Sdn. Bhd. (formerly known as Century Total Logistics Sdn. Bhd.)	100	100	Total logistics provider
CJ Century Technology Sdn. Bhd. (formerly known as Century Advance Technology Sdn. Bhd.)	100	100	Procurement logistics services
Century Logistics Sdn. Bhd.	100	100	Investment holding
Century Logistics (Johore) Sdn. Bhd.	100	100	Dormant
CJ Century Forwarding Sdn. Bhd. (formerly known as Century Forwarding Agency Sdn. Bhd.)	70	70	Freight forwarding and shipping agency

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Indirect Subsidiary Companies	Proportion of ownership interest and voting power 2017 %	2016 %	Principal Activities
Storewell (M) Sdn. Bhd.	100	100	Bonded warehousing
CJ Century DMS Sdn. Bhd. (formerly known as Century DMS Sdn. Bhd.)	70	70	Data management solutions
Century Logistics (Sarawak) Sdn. Bhd.	100	100	Dormant
Century LED Sdn. Bhd.	100	100	Procurement logistics services
Century Logistics (S'pore) Pte. Ltd.* (Incorporated in Singapore)	100	100	Dormant
Century-YES Logistics (Yichun) Co. Ltd.* (Incorporated in the People's Republic of China)	75	75	Dormant

* The financial statements of these companies were examined by auditors other than the auditors of the Company.

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operations	Number of wholly-owned subsidiary companies 2017	2016
Total logistics services	Malaysia	1	1
Procurement logistics services	Malaysia	2	1
Investment holding	Malaysia	1	1
Bonded warehousing	Malaysia	1	1
Dormant	Malaysia	2	3
Dormant	Singapore	1	1

Principal activity	Place of incorporation and operations	Number of non-wholly-owned subsidiary companies 2017	2016
Freight forwarding and shipping agency	Malaysia	1	1
Data management solutions	Malaysia	1	1
Dormant	People's Republic of China	1	1

As of 31 December 2017 and 2016, none of the Company's non-wholly owned subsidiary companies has material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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

Affiliated company refers to a subsidiary company of CJ Logistics Asia Private Ltd. (formerly known as CJ Korea Express Asia Private Ltd.), a substantial shareholder of the Company. Amount owing by/to an affiliated company, which arose mainly from trade transactions, is unsecured, interest-free and repayable within the credit period of 30 days.

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

	The Company	
	2017 RM'000	2016 RM'000
CJ Century Logistics Sdn. Bhd. ("CJCL")		
(Formerly known as Century Total Logistics Sdn. Bhd.)		
Management fee income	4,680	4,680
CJ Century Technology Sdn. Bhd.		
(Formerly known as Century Advance Technology Sdn. Bhd.)		
Management fee income	576	576
CJ Century DMS Sdn. Bhd. ("CJCD")		
(Formerly known as Century DMS Sdn. Bhd.)		
Management fee income	144	144

Related parties with recurrent related party transaction with the Group are as follows:

Name of related parties	Relationship
CJ Century Forwarding Sdn. Bhd. ("CJCF") (Formerly known as Century Forwarding Agency Sdn. Bhd.)	A company in which Sabarin Bin Ibrahim, a director in CJCF and CJCL, has 30% equity interest
CJ Korea Express Malaysia Sdn. Bhd.	A subsidiary company of CJ Logistics Asia Private Ltd. (formerly known as CJ Korea Express Asia Private Ltd.), a substantial shareholder of the Company
EC Services Enterprise Sdn. Bhd.	A subsidiary company of CJ Korea Express Malaysia Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

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

	The Group	
	2017 RM'000	2016 RM'000
CJ Century Forwarding Sdn. Bhd.		
(Formerly known as Century Forwarding Agency Sdn. Bhd.)		
Provision of freight forwarding services to CJCL	193	283
CJ Korea Express Malaysia Sdn. Bhd.		
Provision of consultation services to CJCL	750	125
Provision of logistics services by CJCL	99	26
Provision of logistics services to CJCL	79	17
Provision of data management solution services by CJCD	5	–
EC Services Enterprise Sdn. Bhd.		
Provision of logistics services by CJCL	757	–
Provision of logistics services to CJCL	10	–

16. GOODWILL ON CONSOLIDATION

	The Group	
	2017 RM'000	2016 RM'000
At beginning and end of year	1,443	1,443

Goodwill on consolidation of the Group arose from the acquisition of certain subsidiary companies of which their underlying assets and operations were subsequently transferred to another subsidiary company, CJ Century Logistics Sdn. Bhd. (formerly known as Century Total Logistics Sdn. Bhd.) ("CJCL"), to enable CJCL to operate as a total logistics service provider. Accordingly, goodwill on consolidation has been allocated to cash generating units ("CGUs") within CJCL that benefited from the business combination. As of 31 December 2017 and 2016, CGUs to which the carrying value of goodwill related to are ship-to-ship transfer operations and Lot 8 General Warehouse.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. GOODWILL ON CONSOLIDATION (CONT'D)

Key assumptions used in value in use calculations

The recoverable amount of the CGUs is determined from a value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and expected changes to pricing and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in service rates and direct costs are based on past practices and expectations of future changes in the market. These calculations use pre-tax cash flow projections based on financial budgets approved by management and extrapolated cash flows for a three-year period based on growth rates consistent with the long-term average growth rate for the industry. The rate used to discount the forecasted cash flows of 4.78% (2016: 4.77%) reflects specific risks and expected returns relating to the industry. Management determined budgeted gross margin based on past performance and its expectations of market development.

17. INVENTORIES

	The Group	
	2017 RM'000	2016 RM'000
Assembled products	4,460	1,687
Assembling parts	2,994	2,582
Trading merchandise	430	–
	7,884	4,269

18. TRADE RECEIVABLES

	The Group	
	2017 RM'000	2016 RM'000
Trade receivables	68,979	61,651
Less: Allowance for doubtful debts	(1,135)	(1,105)
Net	67,844	60,546

The credit terms of the Group range from 3 to 60 days (2016: 3 to 60 days).

Included in the Group's trade receivables are debtors with a carrying amount of RM19,726,376 (2016: RM22,894,177) which are past due at the reporting date for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. TRADE RECEIVABLES (CONT'D)

Ageing of past due but not impaired receivables is as follows:-

	The Group	
	2017 RM'000	2016 RM'000
1-30 days	12,738	14,058
31-60 days	3,957	6,670
61-90 days	1,393	1,309
More than 90 days	1,638	857
Total	19,726	22,894

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2017 RM'000	2016 RM'000
At beginning of year	1,105	6,411
Allowance for doubtful debts (Note 10)	583	156
Allowance for doubtful debts no longer required (Note 10)	(423)	(186)
Write-off against trade receivables	(130)	(5,276)
	30	(5,306)
At end of year	1,135	1,105

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 directors believe that no further write down is required in excess of the allowance for doubtful debts.

As of the end of the reporting period, amount owing by ten (10) major customers of the Group, which transacted with a subsidiary company principally involved in the provision of total logistics services and another subsidiary company principally involved in the provision of procurement logistics services, accounted for 53% (2016: 52%) 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	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	66,027	58,910
United States Dollar	2,952	2,741
	68,979	61,651

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables	10,256	11,145	–	–
Prepaid expenses	4,958	3,280	8	6
Refundable deposits	4,617	3,870	2	2
Goods and Services Tax recoverable	472	314	–	–
	20,303	18,609	10	8

Included in other receivables of the Group are amounts recoverable from customers of a subsidiary company engaged in procurement logistics services for purchases of raw materials and consumables inventories made on their behalf totalling RM9,811,006 (2016: RM9,194,102).

The currency profile of the Group's other receivables, deposits and prepaid expenses is as follows:

	The Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	17,396	17,012
United States Dollar	2,905	1,595
Others	2	2
	20,303	18,609

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

20. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Investment in money market funds	49,357	64,431	–	–
Cash and bank balances	19,466	18,714	285	456
Deposits with licensed banks	2,852	8,495	–	–
	71,675	91,640	285	456

Investment in money market funds of the Group are managed by three (3) licensed fund management companies of which amounts deposited can be withdrawn at the discretion of the Group given a two (2) days-notice period.

The weighted average interest rate of deposits with licensed bank is 3.03% (2016: 2.93%) per annum. The maturity periods of deposits of the Group range from 1 to 14 days (2016: 1 to 365 days).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

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

	The Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	63,673	84,623
United States Dollar	6,809	5,614
Chinese Renminbi	1,177	1,219
Others	16	184
	71,675	91,640

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

21. SHARE CAPITAL

	The Company			
	No. of Shares			
	2017	2016	2017 RM'000	2016 RM'000
Authorised:				
Ordinary shares of RM0.50 each	–	1,000,000,000	–	500,000
Issued and fully paid:				
At beginning of year	384,734,890	373,635,390	192,367	186,818
Exercise of ESOS shares (Note 33)	8,064,000	11,099,500	4,869	5,549
Transfer arising from "no par value" regime of the Companies Act, 2016 (Note 22)	–	–	1,948	–
At end of year	392,798,890	384,734,890	199,184	192,367

The Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM0.50 each. The new Companies Act, 2016 ("Act"), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Company's share premium account became part of the Company's share capital. This change does not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders. The Company has a period of 24 months from the effective date of the Act to use the existing balance credited in the share premium account in a manner as specified by the Act. Included in issued capital as of 31 December 2017 is an amount of RM1,948,000 transferred from share premium on 31 January 2017, which can be utilised in a manner as specified by the Act during the 24 month-transitional period.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up ordinary share capital by the issuance of:

(i) 7,824,000 new ordinary shares at the issue price of RM0.60 per share pursuant to the Company's Employees' Share Option Scheme ("ESOS"); and

(ii) 240,000 new ordinary shares at the issue price of RM0.73 per share pursuant to the Company's ESOS.

The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

22. RESERVES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share premium	–	1,948	–	1,948
Equity-settled employees' benefits reserve	101	14	101	14
Translation reserve	726	705	–	–
Retained earnings	119,218	106,451	25,040	13,860
	120,045	109,118	25,141	15,822

Share Premium

Share premium arose from the issuance of ESOS shares at premium in prior year. As mentioned in Note 21, on the effective date of Companies Act, 2016, the amount standing to the credit of the Company's share premium account became part of the Company's share capital.

Equity-Settled Employees' Benefits Reserve

The equity-settled employees' benefits reserve relates to share options granted by the Company to employees of the Group under the ESOS. Further information about share-based payments to employees is set out in Note 33.

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 the consolidated financial statements.

Retained Earnings

The Company's retained earnings as of 31 December 2017 are distributable as dividends under the single tier income tax system.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. HIRE-PURCHASE PAYABLES

	The Group	
	2017 RM'000	2016 RM'000
Total outstanding	5,501	6,112
Less: Interest-in-suspense	(392)	(389)
Principal outstanding	5,109	5,723
Less: Portion due within the next 12 months (shown under current liabilities)	(2,389)	(2,809)
Non-current portion	2,720	2,914

The non-current portion is repayable as follows:

	The Group	
	2017 RM'000	2016 RM'000
Within 1 to 2 years	1,338	1,694
Within 2 to 5 years	1,382	1,220
	2,720	2,914

The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range from 4.68% to 5.16% (2016: 4.80% to 5.64%) 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.

Hire-purchase payables are predominantly denominated in Ringgit Malaysia.

24. LONG-TERM BORROWINGS

	The Group	
	2017 RM'000	2016 RM'000
Secured:		
Principal outstanding	42,755	63,641
Portion due within the next 12 months (Note 28)	(11,592)	(14,802)
Non-current portion	31,163	48,839

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. LONG-TERM BORROWINGS (CONT'D)

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

	The Group	
	2017 RM'000	2016 RM'000
Within 1 to 2 years	12,030	14,549
Within 2 to 5 years	18,677	31,121
5 years and thereafter	456	3,169
	31,163	48,839

The weighted average effective interest rate of the above long-term loans is 4.78% (2016: 4.77%) per annum.

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

(i) a deed of assignment by a subsidiary company in favour of the bank over all areas of certain sub-leases of land and buildings (Note 14);
(ii) a specific debenture over a sub-lease of land and building together with fixture and fittings now or from time to time on the said building (Note 14);
(iii) a specific debenture over certain sub-leases of land (Note 14); and
(iv) corporate guarantee by the Company amounting to RM92,750,000 (2016: RM113,900,000).

The Group's borrowings are denominated in Ringgit Malaysia.

25. DEFERRED TAX (ASSETS)/LIABILITIES

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets	(120)	–	(120)	–
Deferred tax liabilities	7,398	7,048	–	–
	7,278	7,048	(120)	–

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

The Group

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of year RM'000
2017			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	7,073	237	7,310
Others	405	(7)	398
	7,478	230	7,708
Offsetting:			
Deferred tax asset			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(407)	123	(284)
Others	(23)	(123)	(146)
	(430)	–	(430)
Deferred tax liabilities (after offsetting)	7,048	230	7,278
2016			
Deferred tax liabilities (before offsetting)			
Tax effect of temporary differences arising from:			
Property, plant and equipment	7,456	(383)	7,073
Others	363	42	405
	7,819	(341)	7,478
Offsetting:			
Deferred tax asset			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(399)	(8)	(407)
Others	(241)	218	(23)
	(640)	210	(430)
Deferred tax liabilities (after offsetting)	7,179	(131)	7,048

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

The Company

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of year RM'000
2017			
Deferred tax assets			
Tax effect of unused capital allowances and tax losses	–	(120)	(120)

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

	The Group	
	2017 RM'000	2016 RM'000
Unused capital allowances and tax losses	1,686	1,594

The unused capital allowances and tax losses, which are available to offset against future taxable income, are subject to agreement by the Inland Revenue Board.

26. TRADE PAYABLES

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

The currency profile of trade payables is as follows:

	The Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	17,846	16,293
United States Dollar	2,876	1,680
Others	111	40
	20,833	18,013

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other payables	16,100	19,074	6	–
Accrued expenses	13,766	14,759	1,375	3,031
Refundable deposits	1,884	1,989	–	–
Goods and Services Tax payable	343	438	29	26
	32,093	36,260	1,410	3,057

Included in other payables of the Group is amount payable to designated suppliers of raw materials and consumables of customers, which engaged a subsidiary company to provide procurement logistics services, amounting to RM13,026,519 (2016: RM15,396,861).

The currency profile of the Group's other payables and accrued expenses is as follows:

	The Group	
	2017 RM'000	2016 RM'000
Ringgit Malaysia	18,113	20,803
United States Dollar	13,933	15,397
Others	47	60
	32,093	36,260

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

28. SHORT-TERM BORROWINGS

	The Group	
	2017 RM'000	2016 RM'000
Secured:		
Portion of long-term loans due within the next 12 months (Note 24)	11,592	14,802

The Group has term loans, bank overdrafts and revolving credit facilities amounting to RM98.8 million (2016: RM132.9 million) obtained from various financial institutions.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

29. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances (Note 20)	19,466	18,714	285	456
Deposits with licensed banks (Note 20)	2,852	8,495	–	–
	22,318	27,209	285	456
Less: Deposits with maturities in excess of 3 months	–	(89)	–	–
	22,318	27,120	285	456

30. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 23, 24 and 28) offset by cash and bank balances and equity of the Group (comprising issued capital, reserves and non-controlling interests as detailed in Notes 21 and 22).

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	
	2017 RM'000	2016 RM'000
Debts, comprising:		
Borrowings (Note 24)	42,755	63,641
Hire-purchase payables (Note 23)	5,109	5,723
	47,864	69,364
Cash and bank balances	(71,675)	(91,640)
Net cash	(23,811)	(22,276)
Shareholders' equity	320,311	302,531
Net debt to equity ratio	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Significant accounting policies

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

Categories of financial instruments

	The Group	
	2017 RM'000	2016 RM'000
Financial assets		
Loans and receivables:		
Trade receivables	67,844	60,546
Other receivables and refundable deposits (Note 19)	15,345	15,329
Amount owing by an affiliated company	113	–
Deposits, cash and bank balances	71,675	91,640
	154,977	167,515
Financial liabilities at amortised costs		
Trade payables	20,833	18,013
Other payables and accrued expenses	32,093	36,260
Amount owing to an affiliated company	1	114
Total borrowings (Note 24)	42,755	63,641
Hire-purchase payables (Note 23)	5,109	5,723
	100,791	123,751

	The Company	
	2017 RM'000	2016 RM'000
Financial assets		
Loans and receivables:		
Other receivables and refundable deposits (Note 19)	2	2
Amount owing by subsidiary companies	215,614	207,417
Deposits, cash and bank balances	285	456
	215,901	207,875
Financial liabilities at amortised costs		
Other payables and accrued expenses	1,410	3,057
Amount owing to subsidiary companies	1,895	3,991
	3,305	7,048

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives

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

Foreign currency risk management

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

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

Outstanding contracts	Range of exchange rates	Foreign currency USD'000	Notional value RM'000	Fair value (loss)/gain RM'000
2017				
Buy USD				
Less than 3 months	4.05 - 4.25	1,261	5,237	(128)
2016				
Buy USD				
Less than 3 months	4.44 - 4.49	1,607	7,206	21
3 to 6 months	4.50	211	949	1

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

In respect of USD denominated monetary assets and liabilities not covered by FC forward exchange contracts, if USD were to change 5% against Ringgit Malaysia, profit and equity will increase/decrease by approximately RM55,000 (2016: RM51,000).

Interest rate risk management

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

The Group is mainly exposed to interest rate risk through long-term loans, with the underlying weighted average effective interest rate of 4.78% (2016: 4.77%) per annum. The Group's exposure to interest rate risk via hire-purchase is minimal as these liabilities are subject to fixed interest rate.

Under the current stable interest rate environment, management anticipates that any changes in interest rate in the near term are not expected to have a significant impact on the Group's profit or loss. Accordingly, no sensitivity analysis is prepared.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk management

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

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Other than those disclosed in Note 18, 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 on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Liquidity risk management

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

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

The Group	Weighted average effective interest rate %	Less than 1 year RM'000	Within 1 to 2 years RM'000	Within 2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2017						
Hire-purchase payables	4.68- 5.16	2,602	1,454	1,445	–	5,501
Borrowings	4.78	13,415	13,415	20,894	565	48,289
		16,017	14,869	22,339	565	53,790
2016						
Hire-purchase payables	4.80 –5.64	3,048	1,797	1,267	–	6,112
Borrowings	4.77	17,557	16,886	34,962	4,081	73,486
		20,605	18,683	36,229	4,081	79,598

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by them. The maximum exposure to credit risk amounted to RM124.1 million (2016: RM167.7 million) representing the banking facilities of the subsidiary companies as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 24.

31. SEGMENTAL INFORMATION

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

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

- Total logistics services
- Procurement logistics services

Inter-segment sales comprises provision of total logistics services to other business segment. These transactions are conducted on an arm's length basis under terms, conditions and prices not materially different from transactions with non-related parties.

Segment Revenue and Results

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
2017				
REVENUE				
External sales	246,315	48,282	–	294,597
Inter-segment sales	1,694	–	(1,694)	–
Total revenue	248,009	48,282	(1,694)	294,597
RESULTS				
Segment results	18,106	3,292	(45)	21,353
Interest income	1,592	813	–	2,405
Profit from operations	19,698	4,105	(45)	23,758
Finance costs	(2,480)	(165)	–	(2,645)
Income tax expense	(5,021)	(834)	–	(5,855)
Profit for the year	12,197	3,106	(45)	15,258

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. SEGMENTAL INFORMATION (CONT'D)

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
2016				
REVENUE				
External sales	250,416	49,873	–	300,289
Inter-segment sales	1,254	–	(1,254)	–
Total revenue	251,670	49,873	(1,254)	300,289
RESULTS				
Segment results	21,122	5,688	205	27,015
Interest income	1,872	533	–	2,405
Profit from operations	22,994	6,221	205	29,420
Finance costs	(3,320)	(506)	–	(3,826)
Income tax expense	(3,852)	(1,490)	–	(5,342)
Profit for the year	15,822	4,225	205	20,252

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	Elimination RM'000	Consolidated RM'000
2017				
SEGMENT ASSETS				
Segment assets	598,346	74,704	(243,279)	429,771
Consolidated total assets				429,771
SEGMENT LIABILITIES				
Segment liabilities	285,196	53,365	(229,101)	109,460
Consolidated total liabilities				109,460

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. SEGMENTAL INFORMATION (CONT'D)

Segment Assets and Liabilities (Cont'd)

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
2016				
SEGMENT ASSETS				
Segment assets	578,537	82,799	(226,513)	434,823
Consolidated total assets				434,823
SEGMENT LIABILITIES				
Segment liabilities	299,607	49,566	(216,881)	132,292
Consolidated total liabilities				132,292

OTHER SEGMENT INFORMATION

The Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
2017				
Capital expenditure	12,234	45	–	12,279
Depreciation	9,079	1,105	–	10,184
2016				
Capital expenditure	2,248	54	–	2,302
Depreciation	9,742	1,173	–	10,915

32. COMMITMENTS

(a) Capital commitments

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

	The Group 2017 RM'000	The Group 2016 RM'000
Approved and contracted for	118,538	3,246
Approved but not contracted for	804	260

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. COMMITMENTS (CONT'D)

(b) Lease commitments

As of the end of the financial year, the Group has the following commitments in respect of rental of premises pertaining to a subsidiary company:

	The Group Future minimum lease payments	
	2017 RM'000	2016 RM'000
Financial years ending 31 December:		
2017	–	10,247
2018	7,931	4,204
2019	2,415	–
	10,346	14,451

33. SHARE-BASED PAYMENTS

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 6 January 2015. The ESOS was implemented on 8 January 2015 and will be in force for a maximum period of 5 years from the effective date.

The maximum number of the Company's shares under the ESOS should not exceed 15% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the duration of the scheme.

Other salient features of the ESOS are as follows:

(i) The employees eligible to participate in the ESOS must have attained the age of 18 years, is not an undischarged bankrupt or subject to any bankruptcy proceedings, is a Malaysian citizen and has been confirmed in service and in permanent employment of the Group.

(ii) The actual entitlement of an eligible employee shall essentially be based on the seniority of job position and work performance. Notwithstanding the foregoing, not more than 10% of the shares under ESOS shall be allocated to any eligible employee who, either singly or collectively, through persons connected to him, holds 20% or more in the issued and paid-up capital (excluding treasury shares) of the Company.

(iii) The price of which the grantee is entitled to subscribe for shares under ESOS shall be the higher of:

(a) The volume weighted average market price of the shares for the 5 market days immediately preceding the date of offer, subject to a discount of not more than 10% which the Company may at its discretion decide to give; or

(b) The par value of the shares.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. SHARE-BASED PAYMENTS (CONT'D)

Other salient features of the ESOS are as follows: (Cont'd)

(iv) The option granted to a grantee under the ESOS is exercisable only by the grantee during his employment within the Group and within the option period subject to the by-laws.

(v) The shares to be allotted upon the exercise of the option shall, upon issue and allotment, rank pari passu in all respects with the existing issued and paid-up share capital of the Company, except that such shares will not be entitled for any dividend, rights, transfer, allotment or distribution declared, made or paid to shareholders which record date thereof precedes the date of allotment of the shares and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

(vi) Upon acceptance of the offer, eligible employees at the commencement of the scheme may exercise their options at a maximum percentage of 20% each year over the option period. Persons who become eligible after the commencement of the scheme may exercise their options in equal percentage for each of the remaining years of the scheme.

Options granted pursuant to ESOS during 2015, which are vested and exercisable over a period of 5 years, are as follows:

Option series	Grant date	Number of options	Expiry date	Exercise price RM	Fair value per option at grant date RM
Grant 1	8.1.2015	53,090,000	7.1.2020	0.60	0.1927
Grant 2	16.4.2015	1,800,000	7.1.2020	0.73	0.2398

Fair value of share options granted in the year

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	At 1 January 2017 RM'000	Cash Flows RM'000	New Hire-Purchase Arrangements RM'000	At 31 December 2017 RM'000
The Group				
Hire-purchase payables (Note 23)	5,723	(2,998)	2,384	5,109
Long-term borrowings (Note 24)	63,641	(20,886)	–	42,755

STATEMENT BY DIRECTORS

The Directors of **CENTURY LOGISTICS HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2017 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

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

TEOW CHOO HING

YEAP KHOO SOON EDWIN

Selangor,
27 February 2018

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

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

KIM PIL YOUNG

Subscribed and solemnly declared by
the above named **KIM PIL YOUNG** at
SELANGOR this 27th day of February,
2018.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES AS AT 31 DECEMBER 2017

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2017 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	16 years	558,647	Leasehold Expiry: 29 March 2087	31,356,252
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*	11 years	335,412	Sub Lease Expiry: 23 March 2055	26,235,272
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	10 years	321,037	Sub Lease Expiry: 23 March 2055	21,774,261
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	8 years	156,511	Sub Lease Expiry: 23 March 2055	14,505,879
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*	5 years	653,400	Sub Lease Expiry: 23 March 2055	78,300,940
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	19 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	18,078,409
Lot No. PT 77522 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Land	2015	Currently under construction	358,105	Freehold	39,848,882
						230,099,895

ANALYSIS OF SHAREHOLDINGS AS AT 12 MARCH 2018

Total Number of Issued Shares	:	394,184,890
Paid-Up Share Capital	:	RM200,016,445.00
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	124	2.90	4,509	0.00
100 - 1,000	379	8.85	243,637	0.06
1,001 - 10,000	2,153	50.28	12,186,088	3.09
10,001 - 100,000	1,388	32.41	46,078,576	11.69
100,001 - 19,709,243 (less than 5% of issued holdings)	237	5.53	215,127,844	54.58
19,709,244 and above (5% and above of issued holdings)	1	0.02	120,544,236	30.58
TOTAL	4,282	100.00	394,184,890	100.00

2. DIRECTORS' SHAREHOLDINGS

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

		No. of Ordinary Shares Held			
No.		Direct	%*	Indirect	%*
1.	Datuk Lee Say Tshin	–	–	70,000 [a]	0.02
2.	Teow Choo Hing	43,724,294	11.09	2,224,416 [b]	0.56
3.	Yeap Khoo Soon Edwin	2,360,000	0.60	–	–
4.	Cheong Joon Kyo	–	–	–	–
5.	Ahn Jae Ho	–	–	–	–
6.	Lee Eui Sung	–	–	400,000 [b]	0.10
7.	Park Chul Moon	–	–	–	–
8.	Saryani Binti Che Ab Rahman	–	–	–	–
9.	Winston Tan Kheng Huang	–	–	–	–

Notes:

* Calculated based on 394,184,890 ordinary shares
(a) Deemed interested through his wife and son
(b) Deemed interested through his wife

ANALYSIS OF SHAREHOLDINGS AS AT 12 MARCH 2018 (CONT'D)

3. LIST OF SUBSTANTIAL SHAREHOLDERS

The Substantial Shareholders of Century Logistics Holdings Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings are as follows:-

		No. of Ordinary Shares Held			
		No. Direct	%*	Indirect	%*
1.	CJ Logistics Asia Pte. Ltd. (formerly known as CJ Korea Express Asia Pte. Ltd.)	120,544,236	30.58	–	–
2.	Teow Choo Hing	43,724,294	11.09	2,224,416 [a]	0.56

Notes:

* Calculated based on 394,184,890 ordinary shares
[a] Deemed interested through his wife.

4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%
1	CJ Logistics Asia Pte. Ltd. (formerly known as CJ Korea Express Asia Pte. Ltd.)	120,544,236	30.58
2	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,126,018	3.58
3	Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt An For AIA Bhd.	13,165,700	3.34
4	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Teow Choo Hing	13,024,782	3.30
5	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teow Choo Hing	12,332,016	3.13
6	Optimum Shine Sdn. Bhd.	12,291,738	3.12
7	Teow Choo Hing	10,107,432	2.56
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank For Teow Choo Hing	8,260,064	2.10
9	CIMB Group Nominees (Tempatan) Sdn. Bhd. - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	5,733,700	1.45
10	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Soon Foo	5,346,056	1.36

ANALYSIS OF SHAREHOLDINGS AS AT 12 MARCH 2018
(CONT'D)

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

No.	Names	Shareholdings	%
11	Amanahraya Trustees Berhad - PB Islamic Smallcap Fund	4,917,200	1.25
12	Konsortium Ara Aramani Sdn. Bhd.	3,717,856	0.94
13	Maybank Nominees (Tempatan) Sdn. Bhd. - Etiqa Life Insurance Berhad (Life Non Par)	3,587,900	0.91
14	Cartaban Nominees (Asing) Sdn. Bhd. - Exempt An For RBC Investor Services Trust	3,395,232	0.86
15	Nurmala Binti Abdul Hafiz	3,000,000	0.76
16	Citigroup Nominees (Tempatan) Sdn. Bhd. - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	2,915,300	0.74
17	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For Credit Suisse	2,762,472	0.70
18	UOB Kay Hian Nominees (Asing) Sdn. Bhd. - Exempt An For UOB Kay Hian Pte. Ltd.	2,758,000	0.70
19	Maybank Nominees (Tempatan) Sdn. Bhd. - Etiqa Life Insurance Berhad	2,683,600	0.68
20	HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd For Singular Value Fund	2,366,900	0.60
21	Yeap Khoo Soon Edwin	2,360,000	0.60
22	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Cheah Bee Tin	2,224,416	0.56
23	Thong Weng Kin	2,095,928	0.53
24	Citigroup Nominees (Tempatan) Sdn. Bhd. - Exempt An For AIA Public Takaful Bhd.	1,895,200	0.48
25	Cartaban Nominees (Tempatan) Sdn. Bhd. - SSBT AIFM Fund SAFP For Lembaga Tabung Haji	1,716,600	0.44
26	Lim Pay Kaon	1,620,000	0.41
27	Foo Loke Weng	1,600,000	0.41
28	Thong Weng Kin	1,431,144	0.36
29	HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd. For Malaysian Agents Provident Fund	1,429,700	0.36
30	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Dato' Gan Boon Sin	1,300,000	0.33
TOTAL		264,709,190	67.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("**AGM**") of the Company will be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 27 April 2018 at 3:00 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon. (Note 1)

2. To approve the declaration and payment of a single-tier final dividend of 1 sen per share for the financial year ended 31 December 2017. (Resolution 1)

3. To approve the payment of Directors' fees payable to Non-Executive Directors of the Company amounting to RM144,000 for the financial year ended 31 December 2017. (Resolution 2)

4. To approve the payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2018 and thereafter. (Resolution 3)

5. To approve the payment of Directors' benefits to the Directors up to RM18,000 from 28 April 2018 until the Twenty-Second AGM of the Company. (Resolution 4)

6. To re-elect the following Directors who are due to retire pursuant to Article 82 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Yeap Khoo Soon Edwin (Resolution 5)
   (b) Winston Tan Kheng Huang (Resolution 6)
   (c) Lee Eui Sung (Resolution 7)

7. To re-elect Park Chul Moon who is due to retire pursuant to Article 85 of the Company's Articles of Association and being eligible, has offered himself for re-election. (Resolution 8)

8. To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 9)

As Special Business

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

9. **Ordinary Resolution** (Resolution 10)

   - **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, a shareholders' mandate be and is hereby granted to Century Logistics Holdings Berhad and its subsidiary companies to enter into the Recurrent Related Party Transactions as described in the Circular to Shareholders dated 29 March 2018 with the related parties mentioned therein **PROVIDED THAT**:

   (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

   (ii) disclosure is made in the annual report of a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

AND THAT the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting, at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

10. **Ordinary Resolution** (Resolution 11)

- **Proposed Renewal of Share Buy-Back Authority of Up to 10% of the Issued and Paid-Up Share Capital of the Company**

"**THAT** subject to the compliance with Section 127 of the Companies Act 2016 ("**the Act**") 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 Malaysia Securities Berhad ("**Bursa Securities**") as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase, upon such terms and conditions as set out in the Circular/Statement to Shareholders dated 29 March 2018.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion to cancel all the shares so purchased; and/or retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or retain part thereof as treasury shares and cancel the remainder; or in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of the Company's shares."

11. **Ordinary Resolution** (Resolution 12)

- **Authority to Issue Shares pursuant to the Companies Act 2016**

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

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."

12. **Special Resolution** (Resolution 13)

- **Proposed Change of Name of the Company from "Century Logistics Holdings Berhad" to "CJ Century Logistics Holdings Berhad"**

"**THAT** the name of the Company be changed from "Century Logistics Holdings Berhad" to "CJ Century Logistics Holdings Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company ("**Proposed Change of Name**").

AND THAT the Directors and/or the Secretaries be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

13. To transact any other ordinary business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Single-Tier Final Dividend of 1 sen per share in respect of financial year ended 31 December 2017, will be payable on 31 May 2018 to depositors who are registered in the Record of Depositors at the close of business on 10 May 2018, if approved by shareholders at the forthcoming Twenty-First Annual General Meeting on Friday, 27 April 2018.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

A Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 May 2018 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
YEOW SZE MIN (MAICSA 7065735)
Company Secretaries

Kuala Lumpur
29 March 2018

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 2018 shall be eligible to attend the Meeting.

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

4. Where a holder appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.

6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes To Special Business:

1. **Resolution 2, Resolution 3 and Resolution 4**

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

In this respect, the Board wishes to seek shareholders' approval for the following payments to Directors at the Twenty-First AGM in three (3) separate resolutions as below:

- Resolution 2 on payment of Directors' fees totalling RM144,000 in respect of the financial year ended 31 December 2017;
- Resolution 3 on payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2018 and thereafter; and
- Resolution 4 on payment of Directors' benefits of up to RM18,000 in respect of meeting allowances payable for attendance of Board and/or Board Committee Meetings and Annual General Meeting by the Non-Executive Directors with effect from 28 April 2018 up to the next Annual General Meeting.

2. **Resolution 10**

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular/Statement to Shareholders dated 29 March 2018 of the Company which is despatched together with the Company's 2017 Annual Report.

3. **Resolution 11**

The proposed Resolution 11 is intended to allow the Company to purchase its own shares up to 10% of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 29 March 2018 of the Company which is despatched together with the Company's 2017 Annual Report

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes To Special Business: (Cont'd)

4. **Resolution 12**

The proposed Resolution 12 is intended to renew the authority granted to the Directors of the Company at the Twentieth Annual General Meeting of the Company held on 21 April 2017 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "Authority to Issue Shares").

The General Mandate granted by the shareholders at the Twentieth Annual General Meeting of the Company had not been utilised and hence no proceeds were raised therefrom.

The new General Mandate 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.

5. **Resolution 13**

The proposed resolution 13 is to reflect the combination of the corporate identities of the major shareholder, CJ Logistics Corporation (incorporated in Korea) as well as the existing company, Century.

The proposed resolution 13, if passed, will allow the change of name of the Company from "Century Logistics Holdings Berhad" to "CJ Century Logistics Holdings Berhad" effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company.

CENTURY LOGISTICS HOLDINGS BERHAD
(Company No. 424341-A)
(Incorporated in Malaysia)

PROXY FORM

*I/We ....(NRIC/Company No. ....)

of ....

being a *Member/Members of **CENTURY LOGISTICS HOLDINGS BERHAD** ("Company"), do hereby appoint

.... (NRIC No. ....)

of ....

or failing *him/her,.. (NRIC No. ....)

of ....

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy to vote and act for *me/us, and on *my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at Function Room 1, Mezzanine Floor, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Friday, 27 April 2018 at 3:00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. 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 2017 together with the Reports of the Directors and the Auditors thereon		
		For	**Against**
2	To approve the declaration and payment of a single-tier final dividend of 1 sen per share for the financial year ended 31 December 2017 (Resolution 1)		
3	To approve the payment of Directors' fees payable to Non-Executive Directors of the Company amounting to RM144,000 for the financial year ended 31 December 2017 (Resolution 2)		
4	To approve the payment of Directors' fees to Non-Executive Directors of the Company amounting to RM288,000 to be paid on a quarterly basis for the financial year ending 31 December 2018 and thereafter (Resolution 3)		
5	To approve the payment of Directors' benefits to the Directors up to RM18,000 from 28 April 2018 until the Twenty-Second AGM of the Company (Resolution 4)		
6	To re-elect Yeap Khoo Soon Edwin who is due to retire pursuant to Article 82 of the Company's Articles of Association (Resolution 5)		
7	To re-elect Winston Tan Kheng Huang who is due to retire pursuant to Article 82 of the Company's Articles of Association (Resolution 6)		
8	To re-elect Lee Eui Sung who is due to retire pursuant to Article 82 of the Company's Articles of Association (Resolution 7)		
9	To re-elect Park Chul Moon who is due to retire pursuant to Article 85 of the Company's Articles of Association (Resolution 8)		
10	To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration (Resolution 9)		
Special Business			
11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 10)		
12	Proposed Renewal of Share Buy-Back Authority of Up to 10% of the Issued and Paid-Up Share Capital of the Company (Resolution 11)		
13	Authority to Issue Shares pursuant to the Companies Act 2016 (Resolution 12)		
14	Proposed Change of Name of the Company from "Century Logistics Holdings Berhad" to "CJ Century Logistics Holdings Berhad" (Resolution 13)		

* Strike out whichever not applicable.

As witness my/our hand this ....day of.. 2018.

....
Signature of Member/Common Seal

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

Fold this flap for sealing

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 2018 shall be eligible to attend the Meeting.
3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. Where a holder appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.
6. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a shareholder is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

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AFFIX
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