

CJ CENTURY LOGISTICS HOLDINGS BERHAD (FORMERLY KNOWN AS CENTURY LOGISTICS HOLDINGS BERHAD) (“CJCEN” OR “THE COMPANY”)

PURCHASE OF COURIER ASSETS BY CJ CENTURY LOGISTICS SDN. BHD. (“FORMERLY KNOWN AS CENTURY TOTAL LOGISTICS SDN. BHD.”) (“CJCL”) FROM CJ KOREA EXPRESS MALAYSIA SDN. BHD. (“CJKX”) (“THE TRANSACTION”)

1. Introduction

- 1.1 Pursuant to Paragraph 10.08(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, the Board of Directors (“**the Board**”) of CJCEN wishes to announce that CJCL, a wholly-owned subsidiary of CJCEN, has on 24 August 2018, entered into an Assets Sale and Purchase Agreement (“**SPA**”) with CJKX to acquire the entire courier assets of CJKX, including but not limited to, motor vehicles, operations related equipment and furniture (“**Assets**”).
- 1.2 Upon Completion (as defined in Section 3.2 of this Announcement) of the SPA, CJKX will also novate various service and tenancy agreements to CJCL as disclosed in Section 12 of this Announcement. All related staffs in CJKX will also be transferred to CJCL on similar terms as when employed in CJKX. Consequently, CJCL will assume the entire last mile delivery services of CJKX with effect from the Completion of the SPA.

2. Related Parties

- 2.1 CJKX is deemed to be related to CJCL by virtue that CJKX is a subsidiary company of CJ Logistics Asia Pte. Ltd. (formerly known as CJ Korea Express Asia Pte. Ltd.), a substantial shareholder of the Company. CJ Logistics Asia Pte. Ltd. is incorporated in Singapore.
- 2.2 Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon who are the Non Independent Non-Executive Directors of the Company, being persons nominated and appointed by CJ Logistics Asia Pte. Ltd., are deemed interested in the Transaction.
- 2.3 CJ Logistics Asia Pte. Ltd., Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon are collectively referred to as the “**Related Parties**”.

3. Salient Terms of the SPA

- 3.1 In consideration of the agreed purchase consideration of Ringgit Malaysia One Million Seven Hundred Fifty One Thousand Five Hundred and Thirty (RM1,751,530.00) (“**Purchase Consideration**”), CJKX has agreed to sell and CJCL has, after having inspected the Assets prior to the execution of the SPA and is satisfied with the present state, condition, nature and character, agreed to purchase the Assets. The Purchase Consideration shall be wholly satisfied in cash via internally generated funds to be paid by CJCL to CJKX upon the execution of the SPA.
- 3.2 The completion of the SPA will take place on 1 September 2018 (“**Completion**”).
- 3.3 Upon Completion, the following shall take place:-

- (a) CJKX shall deliver the Assets and all certificates, licences, permits, invoices, purchase contracts, user's manual and other relevant documents in respect of the Assets to CJCL;
 - (b) CJCL shall become the lawful owner of the Assets and shall enjoy all the rights and assume all the obligations related to the Assets; and
 - (c) CJKX shall not enjoy any rights related to the Assets and bear any obligations or responsibilities related to the Assets, except as otherwise stipulated in the SPA.
- 3.3 The SPA shall be governed by and construed in accordance with the laws of Malaysia. In the event of any dispute, the parties hereto shall submit to the exclusive jurisdiction of the courts of Malaysia.

4. Financial Impact of the Transaction

- 4.1 The Transaction will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Purchase Consideration shall be wholly satisfied in cash via internally generated funds.
- 4.2 The Transaction is expected to contribute positively to the earnings per share of the Company for the financial year ended 31 December 2018. Nevertheless, it is not expected to have any material effect on the net assets per share and gearing of the Company for the financial year ending in 31 December 2018.

5. Basis of Consideration

- 5.1 The Purchase Consideration is based on the net book value of the Assets as at 31 July 2018 as carried in the books of CJKX after having inspected the present state, condition, nature and character of the Assets.

6. Financial Risks

- 6.1 The financial risks associated with the Transaction are expected to be minimal as the risks are limited to the Purchase Consideration.

7. Rationale for the Transaction

- 7.1 The Transaction will result in synergies to operate the last mile delivery services more efficiently and effectively, given the duplication of resources in CJCL and CJKX. The Transaction is also to enable the Company to capitalise on the rapid growth in demand for e-commerce and online business activities. With the growing number of new online market places, the Transaction is timely for the Company to expand its capabilities and capacities in the last mile delivery services. As a result, CJCL will benefit from potential cost savings, improve business efficiencies and achieve economies of scale across group wide operations which in turn, will enable CJCL to fortify its presence in the courier services industry.

7.2 Furthermore, the Transaction is expected to immediately contribute to the earnings of the Company as it includes CJKX novating the Delivery Services Agreement (reference to Section 12.1(a) of this Announcement) to CJCL.

8. Directors' and Major Shareholders' Interests

8.1 The Related Parties are deemed interested in the Transaction and they have abstained from all management and the Board's deliberations in respect of the Transaction. The Related Parties' direct and indirect shareholdings in the Company as at 24 August 2018 are set out in the table below:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
CJ Logistics Asia Pte. Ltd.	120,544,236	30.58	-	-
Cheong Joon Kyo	-	-	-	-
Ahn Jae Ho	-	-	-	-
Lee Eui Sung	-	-	400,000*	0.10
Park Chul Moon	-	-	-	-

** Deemed interested through his wife*

8.2 Save as disclosed, no other directors and/or major shareholders of the Company and/or person connected with them have any interest, whether directly or indirectly in the Transaction.

9. Board of Directors

9.1 The Directors (save for Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung and Park Chul Moon who have abstained as stated in Section 8 of this Announcement) having considered all the relevant factors in respect of the SPA are of the opinion that entering into the SPA is in the best interest of the Company.

10. Approval Required

10.1 The value of the above transactions would not breach the 5% percentage ratio as prescribed under the MMLR. As such, the Company does not require the approval of its shareholders.

11. Highest Percentage Ratio

11.1 The highest percentage ratio applicable to this Transaction is 0.55%.

12. Novation Agreements

- 12.1 Upon Completion of the SPA, CJCL will enter into the following three (3) novation agreements to novate the following to CJCL:-
- (a) a Novation Agreement with CJKX and MP CJ O Shopping Sdn. Bhd. (“MPCJ”) to substitute CJCL in place of CJKX in the Delivery Services Agreement dated 25 January 2017 (“**Delivery Services Agreement**”) and the Addendum to the Delivery Services Agreement dated 29 January 2018, both entered into between CJKX and MPCJ;
 - (b) a Novation Agreement with CJKX and the landlord to substitute CJCL in place of CJKX in the Tenancy Agreement dated 3 April 2017 (“**Tenancy Agreement**”) and the Letter Agreement dated 13 March 2018 with regard to the extension of the Tenancy Agreement, both entered into between CJKX and the landlord; and
 - (c) a Novation Agreement with CJKX and the landlord to substitute CJCL in place of CJKX in the Tenancy Agreement dated 21 March 2016 (“**Tenancy Agreement**”) and the Agreement dated 12 March 2018 with regard to the extension of the Tenancy Agreement, both entered into between CJKX and the landlord.

(Collectively, the “**Novation Agreements**”)

13. Salient Terms of the Novation Agreements

- 13.1 CJKX shall novate, transfer, set over and convey unto CJCL all of CJKX's undertakings, agreements, duties, liabilities, rights and obligations in the agreements to be novated under the Novation Agreements and shall be released and discharged from all its undertakings, agreements, duties, liabilities, rights and obligations thereunder.
- 13.2 MPCJ, ASMSB and SML agree to release and discharge CJKX from the effective date of the Novation Agreements on the basis that, among other things, CJCL undertakes to perform the agreements to be novated under the Novation Agreements and to be bound by the terms of such agreements in place of CJKX, in accordance with the Novation Agreements.
- 13.3 The Novation Agreement shall be governed by and construed according to the laws of Malaysia and the parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Malaysia.

14. Documents available for inspection

- 14.1 The SPA are available for inspection by members at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 24 August 2018.