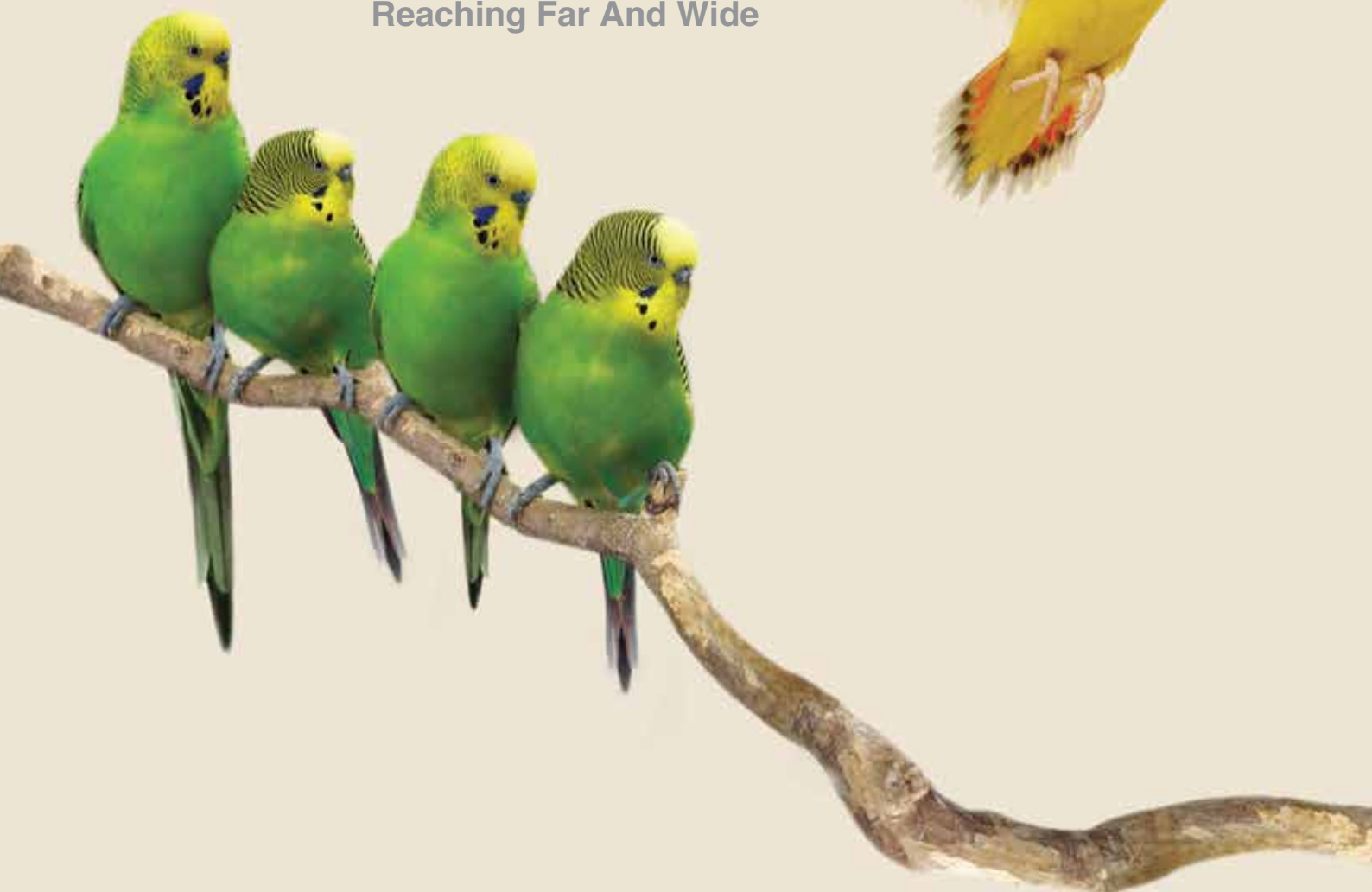




Century Logistics Holdings Berhad (424341-A)

Annual Report 2016

## Soaring High Reaching Far And Wide



# ‘ Doing The Right Things Right ’

**Century  
provides a safe  
and healthy  
working  
environment for  
all employees  
and contractors**

## Quality Policy

---

### The Objectives

The objectives of Century are to perform efficient and responsible business activities to enhance the interest and quality of life of our stakeholders.

Our Quality Policy is based on the following corporate values:-

- **CUSTOMER SATISFACTION**  
meeting customers' needs and their expectations.
- **HUMAN RESOURCE CONSIDERATIONS**  
promoting a conducive work place to work, learn and grow.
- **SERVICE EXCELLENCE**  
measurement and review of performance through set Key Performance Indicators for continuous improvement.
- **CORPORATE RESPONSIBILITY**  
practise respectable corporate responsibility towards safety, environment and society.

## Safety & Health Policy

---

### The Objectives

- Develop and enforce safe working practices and provide training to employees.
- Compliance to all applicable legal requirements and take every measure to prevent job related hazards.
- Employees of Century and contractors shall strive in preventing occupational illnesses, accidents and injuries and pollution to the environment.
- Assess risks and hazards, which may potentially lead to accidents or illnesses.

Century is committed to continuously improve the Safety and Health Policy.

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## Financial Highlights

	2012	2013	2014	2015	2016
<b>Profitability</b>					
Revenue (RM'000)	256,853	255,813	275,232	297,876	300,289
Earnings before interest, tax, depreciation and amortisation (EBITDA) (RM'000)	40,386	42,645	55,187	54,619	37,930
Profit before taxation (RM'000)	24,861	27,209	42,439	41,003	25,594
Profit for the year attributable to equity holders (RM'000)	17,614	22,553	33,287	31,948	20,170
<b>Balance Sheet</b>					
Share capital (RM'000)	95,820	122,064	183,096	186,818	192,367
No of shares in issue (units) ('000)	95,820	122,064	366,193	373,635	384,735
Shareholders' equity (RM'000)	218,785	252,578	270,514	288,768	301,485
<b>Financial Ratio</b>					
Revenue growth	-8.8%	-0.4%	7.6%	8.2%	0.8%
Earnings growth	-41.4%	28.0%	47.6%	-4.0%	-36.9%
Return on equity	8.1%	8.9%	12.3%	11.1%	6.7%
<b>Share Information</b>					
Weighted average number of ordinary shares (units) ('000)*	256,886	328,059	365,019	370,067	380,705
Dividend per share (sen)*	3.2	4.0	4.7	5.5	3.5
Earnings per share (sen)*	6.86	6.87	9.12	8.63	5.30
Net assets per share (sen)*	85	77	74	78	78

\* Weighted average number of ordinary shares in issue in years 2012 and 2013 have 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 each of these years.

# Corporate Information

## Board Of Directors

**Datuk Lee Say Tshin**  
*Independent Non-Executive Chairman*

**Teow Choo Hing**  
*Managing Director*

**Yeap Khoo Soon Edwin**  
*Executive Director*

**Lee Jae Jin**  
*Non Independent Non-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*

**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@century.com.my  
Website : www.century.com.my

## 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 Century



Century is a leading provider of supply chain solutions. From a forwarding agent in the 1970s, the Group has since diversified into integrated logistics, oil logistics, procurement logistics as well as 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 propositions are to improve operational efficiencies that positively enhance the clientele and their end customers.

## Founder's Message



### Dear Centurions & Shareholders

*It gives me great pleasure to write my farewell message and greetings in Century Logistics Holdings Berhad's ("Century" or "Company") Annual Report, this time not as the Chairman of the Board but as your friend.*

As you are very much aware, in September 2016, some members of my family and I had entered into a Conditional Sale and Purchase Agreement with CJ Korea Express Asia Pte Ltd for the disposal of 120,544,236 issued and fully paid ordinary shares in Century representing approximately 31.44% of the issued share capital, which was completed on 31 October 2016. Pursuant to the share sale, I volunteered to stay on in Century as Adviser for another year to facilitate a smooth transition.

I want to take this opportunity to let you know what a great and distinct pleasure it has been for me to be part of Century's journey. Century has certainly grown from a forwarding agency which I started in 1970, to being one of the largest logistics companies in Malaysia with revenue in excess of RM300 million

per annum. As much as I am proud to have led the Company to the present size, I am confident that the CJ Logistics Group would bring Century to another level altogether, from being a national level player to a regional champion.

Please know that we could not have reached where we are today without the unending support of all stakeholders. I would especially like to thank our loyal customers who have contributed to Century's growth story through the years: Words cannot express my gratitude. I hope this support to Century would continue into the future.

I have been fortunate enough to work with some great and talented Managers whom I interacted on a daily basis. Let me assure them that there will always be good opportunity in Century for hardworking and capable people.

Once again, I would like to convey my sincerest appreciation to all staff, customers, business associates and partners for your continued support and confidence in Century. I would also like to extend my special appreciation to my nephew and Managing Director, Steven Teow as well as the Executive Director, Edwin Yeap who have continued to remain on the Board together with the current management team to ensure the continuity of the Management of Century. And I wish the Company and all stakeholders the very best in your future endeavours.

Thank you

**DATUK RICHARD PHUA**



## 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 2016.*

I am pleased to announce that Century has produced yet another year of record revenue, having exceeded the RM300 million mark for the first time. This was achieved despite the poor market conditions during the year, where business confidence continued to be suppressed led by the weak local currency.

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.

### Recent Changes

On 8 September 2016, the founder of Century, Datuk Phua Sin Mo and members of his family have entered into a Conditional Sale and Purchase Agreement with CJ Korea Express Asia Pte Ltd for the proposed disposal of 120,544,236 issued and fully paid ordinary shares in the Company representing approximately 31.44%

of its entire issued share capital at a disposal price of RM1.45 per share fully satisfied via cash consideration. The transaction was completed on 31 October 2016.

CJ Korea Express Asia Pte Ltd is a member company of CJ Logistics Corporation ("CJ Logistics"), the largest logistics provider in Korea with a diversified business portfolio offering integrated logistics solutions to both local and global customers. CJ Logistics, which is listed on the Korea Exchange, is also the dominant parcel delivery company in South Korea, commanding an estimated 40% market share.

Following completion of the transaction, the Board was reconstituted with a fresh mix of qualified and experienced individuals, who have distinguished themselves in the banking, finance and legal arenas, together with senior members of the CJ Logistics management team who have vast experience in logistics.

The senior management team of Century will continue to be led by the Managing Director, Mr Teow Choo Hing who has been helping the Company since 1997.

### Industry Review

The logistics industry is one which is very much in-sync with the general economic climate. Due to the poor business sentiment, cost and competitive pressures remained as constant threats to our business. When consumption decreases, less products and services have to be moved and therefore, less of our services are required.

Notwithstanding the challenges, I am pleased to advise that Century has remained resilient, resulting in the commendable performance of the Group during 2016.

### Financial Review

We achieved revenue of RM300.3 million and profit after taxation of RM20.3 million in 2016, representing a marginal improvement in revenue of 0.8% while profit after taxation declined by 36.9% from the previous financial year. There was a net gain of RM9.1 million from the disposal of a property recorded in 2015. If the effect of the gain was excluded, the decline in profit after taxation would be a less pronounced 11.4%.

## Chairman's Message (cont'd)

Our balance sheet remained healthy with shareholders' funds of RM301.5 million, and net assets per share of 78 sen as at 31 December 2016. We continued to manage our funding on an optimal debt-equity mix with cash and bank balance in excess of RM91.6 million and we maintained our net cash position for the third consecutive year running.

### Dividend

The Board has proposed a single tier final dividend of 0.5 sen per share pending your approval at the forthcoming Annual General Meeting. We had earlier paid three interim single-tier dividends, bringing the total single-tier dividends for 2016 to 3.5 sen per share. For 2016, the total dividend quantum translates to 66.4% of profit after taxation.

Nevertheless, we expect to embark on some major acquisitions and capital investments, including the construction of the new multi-storey warehouse in Bukit Raja, which may result in the reduction in the proportion of dividends to be distributed.

### Prospects

Century intends to leverage on the strength of the CJ Logistics Group and roll out 3 core synergy plans during the current year.

- Sales expansion via development of new multi-national and Korean customers utilizing CJ Logistics' TES (technology, engineering, system and 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 parcel delivery business as a new core activity, where Century will ride on the momentum of the booming e-commerce in Malaysia, which is projected to grow at a 11% compound annual growth rate until 2020. This growth can be further accelerated with focused interventions by the government through the National eCommerce Strategic Roadmap.

While there will clearly be challenges due to the ongoing economic uncertainties, it has been our experience that the most difficult times often yields the best opportunities. As such, we look forward to an exciting year ahead for Century in 2017.

### 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. I also speak on behalf of the new Board in acknowledging the contributions of the founder, Datuk Phua Sin Mo as well as the former Board members, namely Dato' Sri Yong Seng Yeow, Shamsudin @ Samad bin Kassim and Soong Chee Keong, who have resigned on 31 October 2016. We thank them all for their invaluable contributions to the Company. I would also like to extend my appreciation to Teow Choo Hing and Yeap Khoo Soon Edwin who have continued to remain on the Board of Directors, as well as the current management team and employees to join us in our drive to become Malaysia's largest logistics company.

We also 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, 21 April 2017 at Setia City Convention Centre in Setia Alam.

**DATUK LEE SAY TSHIN**  
*Chairman*





## Board Of Directors



### **Seated (from left) :**

**Lee Jae Jin**  
Non Independent Non-Executive Director

**Datuk Lee Say Tshin**  
Independent Non-Executive Chairman

**Teow Choo Hing**  
Managing Director

**Winston Tan Kheng Huang**  
Independent Non-Executive Director

**Saryani Binti Che Ab Rahman**  
Independent Non-Executive Director

### **Standing (from left) :**

**Lee Eui Sung**  
Non Independent Non-Executive Director

**Ahn Jae Ho**  
Non Independent Non-Executive Director

**Yeap Khoo Soon Edwin**  
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 64, 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.

### **Lee Jae Jin**

*Non Independent Non-Executive Director*

Male, Age 64, Korean

**Appointed on 31 October 2016**

Holds a Master of Business Administration in International Trade from Dong-A University, Republic of Korea.

Worked as the Executive Advisor of the Global Business Unit in CJ Logistics Corporation from 2013 to 2015. Currently the Head of Global Business Unit, Senior Executive Vice President of CJ Logistics Corporation.

Member of the Nomination Committee of Century.

Does not have any directorship in other public companies in Malaysia.

### **Teow Choo Hing**

*Managing Director*

Male, Age 57, 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.

Member of the Remuneration Committee of Century.

Does not have any directorship in other public companies in Malaysia.

### **Cheong Joon Kyo**

*Non Independent Non-Executive Director*

Male, Age 52, 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 in Malaysia.

### **Yeap Khoo Soon Edwin**

*Executive Director*

Male, Age 46, 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 in Malaysia.

### **Ahn Jae Ho**

*Non Independent Non-Executive Director*

Male, Age 45, 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, Vice President of CJ Logistics Corporation.

Does not have any directorship in other public companies in Malaysia.

## Board Of Directors (cont'd)

### Lee Eui Sung

*Non Independent Non-Executive Director*

Male, Age 46, 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.

Start his carrier in logistics since 1996. Worked as Manager in 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 in Malaysia.

### 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.

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

Does not have any directorship in other public companies 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 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 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



### **Seated (from left) :**

**Yeap Khoo Soon Edwin**

*Executive Director*

**Teow Choo Hing**

*Managing Director*

**Heng Mon Sing**

*Chief Operating Officer, Procurement  
Logistics*

### **Standing (from left) :**

**Kim Pil Young**

*Chief Financial Officer (designate)*

**Lim Chee Khoon**

*Deputy Chief Operating Officer*

**Kwak Hee Seok**

*Chief Operating Officer (designate),  
Integrated Logistics*



## Senior Management Team (cont'd)

### Heng Mon Sing

*Chief Operating Officer, Procurement Logistics*

Male, Age 52, 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 (designate), Integrated Logistics*

Male, Age 41, Korean

Joined on 1 December 2016

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

### Lim Chee Khoon

*Deputy Chief Operating Officer*

Male, Age 37, 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 Deputy Chief Operating Officer in 2015.

### Kim Pil Young

*Chief Financial Officer (designate)*

Male, Age 40, 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 (designate).

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 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 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 2016 except as disclosed in Note 16 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 2016 were as follows:

Name of related party	Relationship	Nature of Transaction	Amount for Jan to Dec 2016 RM'000
Century Forwarding Agency Sdn. Bhd. ("CFA") (Principal activity is freight forwarding and shipping agency)	A company in which Sabarin Bin Ibrahim, a director in CFA and Century Total Logistics Sdn. Bhd. ("CTL"), has 30% equity interest	Provision of freight forwarding services to CTL	283
CJ Korea Express Malaysia Sdn. Bhd. (Principal activity is investment holding and providing total logistics solutions)	A subsidiary company of CJ Korea Express Asia Pte. Ltd., a substantial shareholder of the Company	Provision of : - consultation services to CTL - logistics services by CTL - logistics services to CTL	125 26 17

### 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:-

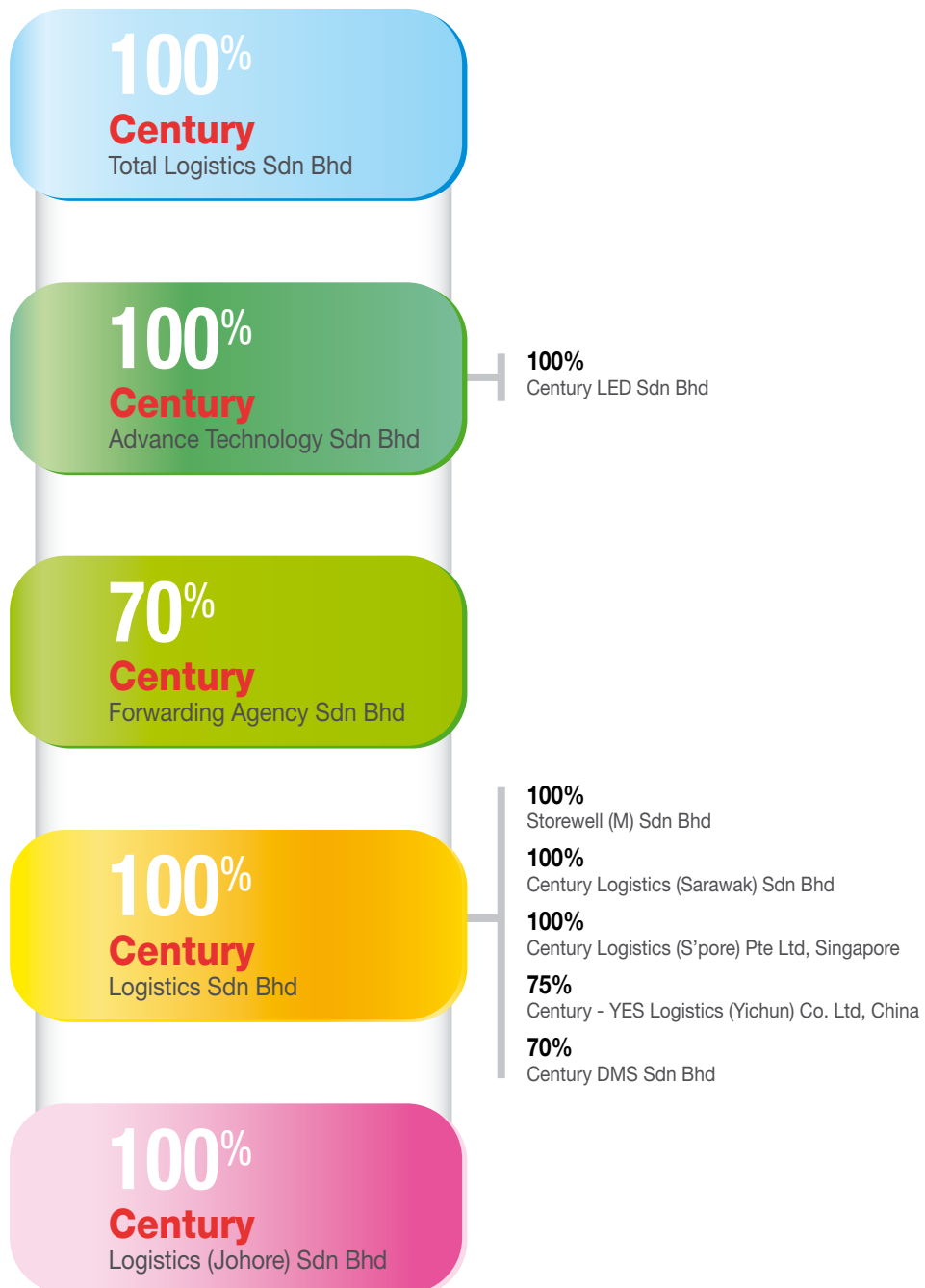
	Group RM'000	Company RM'000
Audit Fees	255	62
Non-Audit Fees	160	54

### Utilisation of Proceeds

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



## Corporate Structure



# Corporate Responsibility Statement

*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.

Furthermore, Century hosted several educational visits for undergraduates to its premises. These field trips enabled the students to acquire knowledge of logistics operations, explore the concepts of international freight forwarding and warehousing experience.

### 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.

### 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 reflect 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
  - Migrate payment using cheques to electronic payment system
  - Educate and give clear guidance to suppliers to reduce mismatched invoices

### 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 Century 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. Century is also committed to the principles of transparency and accountability.

## Corporate Responsibility Statement (cont'd)

In maintaining the commitment to effective communication with shareholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The Company 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 month of November and December 2016, 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 the 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.

To sustain a dedicated and effective workforce, Century continues to invest in a host of trainings and seminars to engage the hearts and minds of 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 is collaborating with Open University Malaysia to offer a certification programme in Freight Logistics Management and Operations to interested employees. Upon completion of the programme, these employees will be awarded with 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 Century's operational excellence.

### Preventing Traffic accidents through Vehicle Maintenance

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

All our vehicles are equipped with GPS to manage the drivers' driving habits. 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 an effort to reduce carbon footprint and contribute to a better environment, Century embarked on smart operational practices and new products. We 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 Responsibility Statement (cont'd)



27 March 2016  
Senyuman Setitis Harapan



16 April 2016  
Pusat Penjagaan  
Kanak-kanak Taman Megah



27 April 2016  
Bowling Championship



16 May 2016  
Blood Donation



25 June 2016  
Century Bersamamu



30 July 2016  
KSC Badminton Tournament



19 August 2016  
Pesta Durian KSC



8 September 2016  
SMK Puteri Titiwangsa



21 September 2016  
Kolej Professional Mara Visit



7 October 2016  
Insurance cheque handover  
to family of Devamanoharan



12 November to  
10 December 2016  
Drivers medical checkup



13 November 2016  
Bowling Tournament



20 November 2016  
Majlis Pengurniaan  
Peralatan Perubatan to  
Hospital Sultan Aminah,  
Johor Bahru



8 February 2017  
CNY Luncheon



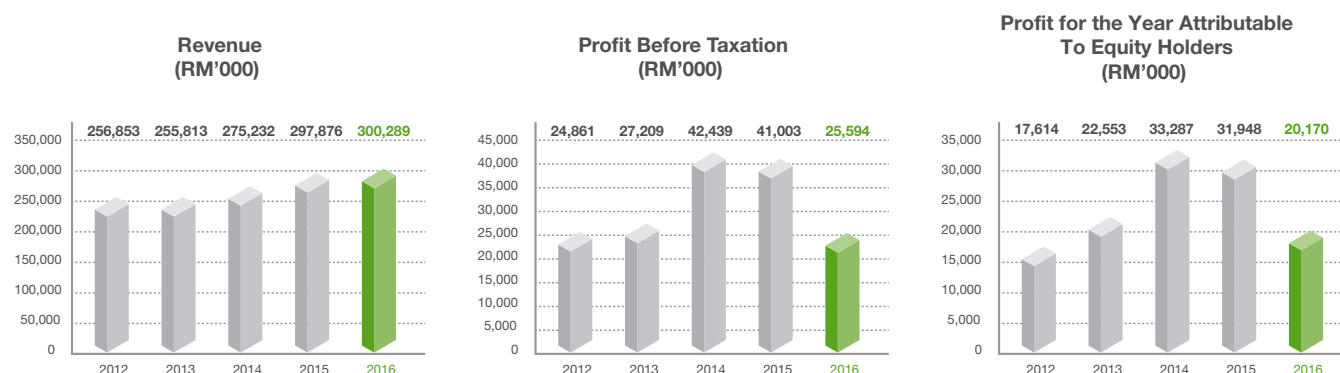
# Management Discussion And Analysis

## OVERVIEW

The year 2017 will no doubt bring a fair share of challenges and opportunities. The slowdown in China and uncertainties in the world's largest economies are expected to have widespread financial effects. Despite headwinds from currency depreciation, the Group remains optimistic as Century will continue to leverage on its extensive customer base and internal strength which the Group has put in place that focuses on providing value added logistics solutions, while maintaining cost efficiencies.

The Group is presently 30.96% owned by CJ Korea Express Asia Pte Ltd, which in turn is wholly-owned by CJ Logistics Corporation ("CJ Logistics") of Korea. The Group expects to roll out CJ Logistics' TES (technology, engineering, system and solution) and expertise in parcel delivery business combined with Century's nationwide network as well as branding. The Group will ride on the momentum of the booming e-commerce in Malaysia, which is projected to grow at a 11% compound annual growth rate until 2020 but growth can be accelerated with focused interventions by the government through the National eCommerce 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 borrowings. 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, and keen eye for integrating suitable acquisitions and mergers into its expanding network, the Group is confident of maintaining sustainable growth and improved profitability.

## FINANCIAL REVIEW



Revenue of the Group grew marginally to RM300.3 million in 2016 (2015: RM297.9 million) against a tough global backdrop. However, the domestic competitive environment has resulted in the Group's operating profit to decrease by 18.1% to RM27.0 million (2015: RM33.0 million before exceptional gain on disposal of property of RM10.8 million). Net profit dropped in tandem by 11.4% year-on-year to RM20.3 million (2015: RM22.9 million before exceptional net profit on disposal of property of RM9.1 million) mainly attributable to the aforementioned reason.

Revenue for the year comprises RM251.7 million (2015: RM247.5 million) contributed by Total Logistics Services and RM50.0 million (2015: RM52.8 million) by Procurement Logistics Services operations. Earnings before interest and tax ("EBIT") for the year was RM27.0 million (2015: RM33.0 million), of which RM21.1 million (2015: RM26.5 million) was from Total Logistics Services and RM5.7 million (2015: RM6.4 million) from Procurement Logistics Services operations. In terms of EBIT margin, Procurement Logistics Services operations remained stable while Total Logistics Services operations recorded a decrease of 20.4% primarily due to domestic competitive environment resulting in cost pressure.

Most of the Group's assets and liabilities are denominated in Ringgit Malaysia. However, the Group is exposed to foreign currency risk arising from trade sales and trade purchases of the subsidiaries. The currency giving rise to this risk is primarily United States dollar ("USD"). In respect of the appreciation of USD in 2016, 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, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the year, the amount of which was insignificant to the Group. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 31 December 2016, total foreign currency forward contracts outstanding amounted to the equivalent of RM8.2 million.

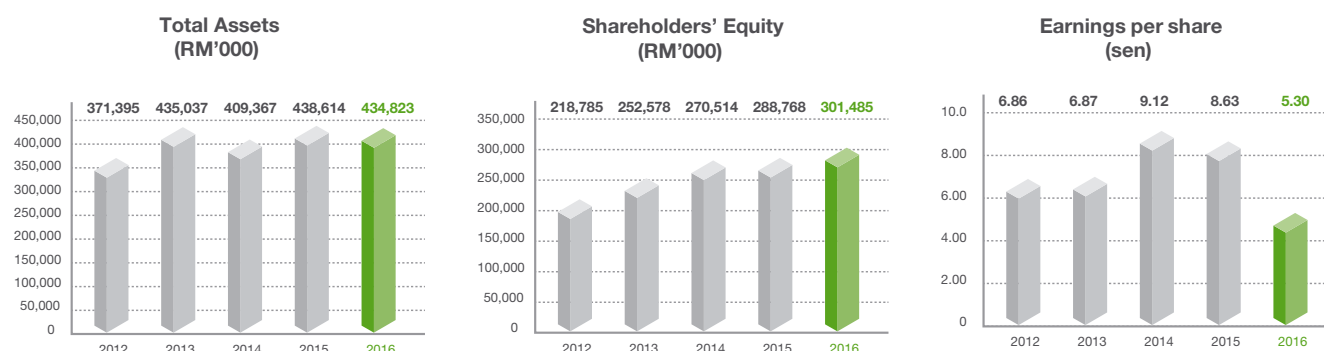
## Management Discussion And Analysis (cont'd)

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 is lowered. The Group has deposits, cash and bank balances of RM91.6 million as at 31 December 2016, of which RM64.4 million is invested in money market funds which yielded returns of 3.4% to 3.8% per annum tax free. On the flipside, all bank loans are secured over specific non-current assets and corporate guarantees by the Company. The bank loans were borrowed at floating interest rates and were not held for hedging purposes. As at 31 December 2016, the Company managed to maintain a net cash position for the third consecutive year running.

The Group's capital expenditures for year 2016 was RM2.3 million and future commitments of RM3.5 million are mainly comprised of IT system upgrades, expansion of the logistics business infrastructure and ongoing maintenance capital expenditure. Excluded from these amounts are further expenditures expected to be incurred for some major acquisitions and capital investments, including the construction of the new multi-storey warehouse in Bukit Raja and additional trucks for the parcel operation. 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 0.5 sen per share for the year ended 31 December 2016. The Company had earlier paid three interim single tier dividends, bringing the total dividends for 2016 to 3.5 sen per share. Nevertheless, future declaration of dividends shall be subjected to future investment needs.

### OPERATIONAL REVIEW



In 2016, Century continued to grow with resilience against headwinds. The macroeconomic volatilities, instabilities in Europe, currency fluctuations across Asian nations, and China's slowing GDP growth exerted pressure at an increased magnitude. Despite these challenges, the Group continued to implement its strategic plans and delivered sustainable core earnings. The performance demonstrated the underlying strengths of the Group's unique business models and operations on an expanded scale.

The Group's business comprises two major segments i.e. Total Logistics Services and Procurement Logistics Services. Under its Total Logistics Services, Century offers highly customised 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 2016, 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, are currently being operated at close to maximum capacity. This success stems from our intensive marketing efforts in Singapore.

The Group will expand its earnings base further via the targeted construction of a three-storey warehouse of approximately 450,000 square feet in Eastern Gateway Industrial Hub in Klang. The warehouse is expected to be completed by the second quarter of 2018, thereby expanding the storage capacity of the Group further. The Group will continue to monitor and review its portfolio of assets to ensure optimal utilisation and operational efficiency.



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## Management Discussion And Analysis (cont'd)

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Century's Procurement Logistics Services offers original equipment manufacturing solutions to locally-based electrical and electronic products manufacturers and traders. With today's market requirements changing at an incredible pace, customers are outsourcing more of their supply chain to third party logistics providers 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 have successfully pursued several strategic initiatives both in terms of production capability and geographical scope to expand the procurement logistics offering, including diversifying beyond the electrical and electronic sector. Of this total, Century will work to achieve sales by securing sales growth in steadily growing businesses, which are mainly comprised of white goods. However, Century anticipate reduction in television assembly fees due to local and regional market competition. Nevertheless, evolution in television design from multiple PCBs to single board solution has reduced assembly processes and time.

The Group is currently working on the synergy process which will tap on the successes and strengths of CJ Logistics, one of the world's largest logistics group and aspires to become one of the global top five by 2020. CJ Logistics is the dominant parcel delivery company in Korea with presence in more than 50 countries globally.

### HUMAN RESOURCE MANAGEMENT

The objective of the Group's human resource management is to recognise 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 enrol in training courses, seminars, professional and technical courses with appropriate sponsorship from the Group in order 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 organised 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 2016, 11,099,500 share options to subscribe for shares in the Company were exercised by employees of the Group. As at 31 December 2016, the Group's staff force stood at 697 employees. For the year ended 31 December 2016, the Group's total staff-related costs amounted to RM47.1 million, equating to an average of RM68,000 per employee (2015: RM66,000 per employee).

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## Management Discussion And Analysis (cont'd)

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### 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 parcel delivery business, 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 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 internalising diversity within Century, we help our customers to cross borders and cultural domains.

In difficult times, management attention is naturally focused on cutting cost and improving productivity. Good logistics can make a decisive difference. The strengths of Century are more obvious during challenging times. All these strategies and initiatives will ensure that Century remains on track to deliver solid growth and returns to the various stakeholders.



Our new multi-storey warehouse and HQ

# Corporate Governance 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 and its shareholders 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 2012 (“the Code”) by applying the Principles set out in the Code to its particular circumstances, having regard to the Recommendations stated under each Principle. The Board provides this narrative statement with reference to the Code as required under paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MainLR”) to provide insights into Century’s corporate governance practices throughout the financial year ended 31 December 2016 (“FY2016”).

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Establish clear functions reserved for the Board and those delegated to Management

The Board leads Century and plays a strategic role in overseeing the Group’s objectives, direction, goals and overall corporate governance to ensure that the strategic plans of the Group are implemented and accountability is monitored well. The following are the key matters of the Company reserved for the Board’s approval:-

- Financial results
- Dividend policy
- Issuance of new securities
- Annual business plans
- Annual financial budget
- Acquisition or disposal of material fixed assets
- Acquisition or disposal of companies within the Group

The Board also approves all dividend declarations and discusses the Group’s long term business plans as briefed by the Managing Director (“MD”) during each Board meeting, and as and when required.

To ensure the effective discharge of its function and responsibilities, the Board has delegated some of the Board’s duties, authorities and discretion to the Executive Directors, representing the Management, as well as to properly constituted Board Committees.

The three (3) 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”). These TOR are reviewed as and when the need arises, and were amended during the year 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.

The Executive Directors comprising the Group’s Executive Chairman (resigned on 31 October 2016), the MD and the Executive Director (“ED”), play a leadership role and take on the primary responsibilities to develop the Group’s culture and to implement the Group’s business and investment plans, including acquisitions and divestments, restructuring, and management of business activities.

- The Executive Chairman during his term in office, together with the MD, oversee the achievement of the Group’s strategic vision to transform the Group, through process evolution and strategic alliances, taking cognizance of the global trend where third-party logistics providers are able to offer value-added integrated logistics solutions, to effectively enhance customers’ supply chain, and ultimately, bring the Group’s performance to higher levels.

# Corporate Governance Statement (cont'd)

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.1 Establish clear functions reserved for the Board and those delegated to Management (cont'd)

- The MD is the primary person accountable for, and who oversees, the Group's overall management and the implementation of the directives from the Board to ensure that all agreed corporate objectives and performance targets are met. The MD reports to the Board on key strategic, operational and legal matters concerning the Group at every Board meeting, and as and when the need arises.
- The ED oversees the group shared services functions and reports on all key financial and operational matters concerning the Group to the AC and the Board.
- The Group's senior management team comprising the Chief Operating Officer ("COO") and Heads of Business Divisions supports the Executive Directors in their roles and responsibilities based on their respective levels of authority established by the Board and the Executive Directors.

The division of responsibilities is reviewed as and when required. Following the acquisition of shares by CJ Korea Express Asia Pte. Ltd. and the resignation of the Executive Chairman on 31 October 2016, the Group MD assumes the sole role of overseeing the achievement of the Group's strategic vision. Nonetheless, the former Executive Chairman remains an Advisor to the Group.

### 1.2 Establish clear roles and responsibilities of the Board in discharging its fiduciary and leadership functions

The Board provides stewardship to the Group's strategic direction and operations, and in discharging its fiduciary and leadership functions, is primarily responsible for the following key responsibilities:-

#### (a) *Reviewing and adopting a strategic plan for the Company*

The Board actively plays its role in the formulation and adaptation of the Company's strategy. The Board is presented with the Group's Finance and Operation Report by the ED every quarter. The MD also briefs and updates the Board on the implementation of the business plan and strategy of the Company and the overall Group, and/or any change in the business plan and strategy to adapt to the fast changing business environment, at each of these Board meetings, and as and when the need arises. The Board reviews this and deliberates to come to an agreement on the business plan and strategy for the Group, and any changes thereto.

The Group's annual budget and plan are tabled to the Board for review and approval once a year and where there are material changes to the annual budget and plan, it will be re-tabled to the Board for further review and approval. During the FY2016, the 2017 annual budget and plan of the Group was tabled and approved by the Board on 22 November 2016.

#### (b) *Overseeing the conduct of the Company's business*

The MD is accountable for the day-to-day management of the business and operations of the Group while the ED is responsible in overseeing the overall shared services function of the Group. The MD updates the Board periodically on the key matters of the Group, including Management's recommendations on key acquisitions and divestments, restructuring, funding and significant capital expenditure, and briefs the Board on the key responsibilities performed by the relevant member of the Group's senior management team at each Board meeting, where relevant.

The Group's Finance and Operation Report presented by the ED every quarter includes a comparison against approved budgets in order for the Board to effectively monitor the performance of the Company and the Group.

#### (c) *Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks*

At the management level, a Risk Management Committee ("RMC") was formed during the FY2016, comprising the following members:-

- MD;
- ED;
- COO; and
- Selected Heads of Business Divisions.

# Corporate Governance Statement (cont'd)

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.2 Establish clear roles and responsibilities of the Board in discharging its fiduciary and leadership functions (cont'd)

**(c) *Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks (cont'd)***

The RMC receives risk reports from the business divisions, and reviews risk management activities. Thereafter, the MD or ED reports significant risks to the Board during Board meetings, or as and when required. The AC may also request certain ERM reports from the RMC.

The above stemmed from initiatives to engage the Company's Internal Auditors to complete a risk re-assessment and risk action plan for the top five (5) risks of the Group as part of the Group's Enterprise Risk Management ("ERM") Framework. A risk management report summarising the results of the risk re-assessment, revised risk profiles and the top ten (10) risks identified was prepared and tabled to the AC and the Board on 25 February 2016.

**(d) *Succession planning***

The Board is assisted by the NC to review senior management succession plan to ensure there is an orderly succession of senior management with the appropriate calibre. The Board is periodically updated on the primary responsibilities of key senior management positions and discusses the potential of second liners in assuming these responsibilities during Board meetings, and as and when required.

**(e) *Overseeing the development and implementation of a shareholder communications policy for the Company***

The Board strives to ensure there are channels for effective communication with shareholders and stakeholders. Announcements, news and all relevant updates are posted on the Company's website and social media sites regularly, and shareholders and 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 ED at [invest@century.com.my](mailto:invest@century.com.my) 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.

**(f) *Reviewing the adequacy and the integrity of the management information and internal control system of the Company***

The Board ensures the Company maintains a sound framework of reporting on internal controls and regulatory compliance through its internal auditors, which reports to both the AC and the Board every quarter. Further details on this are available in the Statement on Internal Control and Risk Management contained in this Annual Report.

### 1.3 Establish ethical standards through a code of conduct and ensuring its compliance

The Company adopts a Code of Conduct or 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. 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 available on the Company's website at [www.century.com.my](http://www.century.com.my).

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. While there is no formalised whistleblowing policy, appropriate communication and feedbacks can be channelled to the MD, ED or Heads of Business Divisions.

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## Corporate Governance Statement (cont'd)

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### PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

#### 1.4 Ensuring the Company's strategies promote sustainability

The Board promotes good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. A detailed report on sustainability activities, demonstrating the Company's commitment to the global environmental, social, and governance aspects of business, is presented under the Corporate Responsibility Statement contained in this Annual Report and also published on the Company's website at [www.century.com.my](http://www.century.com.my).

#### 1.5 Allowing Board members access to information and advice

The Directors have individual and collective independent access to the advice and dedicated support services of the Company Secretaries at all times in ensuring the effective functioning of the Board. On operational matters, the Directors may seek advice from the Management, which includes senior and middle level management who are invited into Board meetings, to advise on issues under their respective purview and to furnish additional insights on specific items tabled for the Board's consideration, as and when necessary. This enables the Directors to interact directly with the Management, and request for further explanation, information or updates on any aspect of the Company's operations or business concerns.

In addition, the Board may seek independent professional advice on specific legal, financial, governance or other expert advice matters from third parties at any time at the Company's expense to enable it to discharge its duties in relation to matters being deliberated. Where required, individual Directors may also obtain these independent professional or other advice in the furtherance of their duties individually, subject to the approval of the Chairman or the Board, depending on the quantum of fees involved.

The Board is supplied with a structured formal agenda and comprehensive Board meeting papers relating to the agenda including reports on the operations, financial performance of the Group, the Company's financial and corporate proposals, and minutes of Board and Board Committee meetings, prior to each Board meeting by the Management. During the FY2016, the timeline for the supply of Board meeting papers has improved from a few days to one (1) week prior to each Board meeting. This is to ensure that the Directors are well informed of the matters to be discussed and deliberated in advance of Board meetings in order to facilitate an effective conduct of Board meetings.

#### 1.6 Ensuring the Board is supported by a suitably qualified and competent company secretary

The Company is supported by two (2) 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 support the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as compliances with company law, the MainLR, the Company's Memorandum and Articles of Association, the MCCG 2012, Board adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances, as and when necessary.

Both Company Secretaries attended the 2016 Annual General Meeting ("AGM") and at least one (1) Company Secretary attends all Board and Board committee meetings during the FY2016. All deliberations at the AGM and all Board and Board committee meetings are well minuted for the Board's reference and for action plans to be communicated to the Management to work on and to report back to the Board. The Board is also updated on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the MainLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year. The Company Secretaries also update the Board on changes in the regulatory requirements.



# Corporate Governance Statement (cont'd)

## PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.6 Ensuring the Board is supported by a suitably qualified and competent company secretary (cont'd)

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.

### 1.7 Board Charter

The Board has adopted a Board Charter, which sets out its strategic intent, including the vision and objective of the Group, and outlines the Board's specific functions, roles and responsibilities, including a list of key matters that are reserved for the Board's approval. The Board Charter serves as a guide to the Board on the corporate governance model of the Group. The Board Charter is subject to periodic review by the Board as and when required, and is published on the Company's website at [www.century.com.my](http://www.century.com.my).

## PRINCIPLE 2: STRENGTHEN COMPOSITION

### 2.1 NC

During the period from 1 January 2016 to 30 October 2016, the NC comprised three (3) Independent Non-Executive Directors as follows:-

Name	Designation	Directorship
Soong Chee Keong	Chairman	Independent Non-Executive Director
Dato' Sri Yong Seng Yeow	Member	Independent Non-Executive Director
Shamsudin @ Samad Bin Kassim	Member	Independent Non-Executive Director

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

During the FY2016, the NC had met once on 25 February 2016 and performed the following activities in the discharge of its duties:-

- Recommended the directors who are to retire by rotation for re-election at the AGM
- 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
- Recommended the retention of an Independent Director as an Independent Director pursuant to Recommendation 3.3 of the MCCG 2012
- Recommended the renewal of the term of office of all Board committee members
- Reviewed training programmes for year 2016 for the Board

## Corporate Governance Statement (cont'd)

### PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

#### 2.1 NC (cont'd)

In recommending suitable candidates for directorships and Board committees to the Board, the NC takes into consideration the candidate's experience, competency, character, time commitment and potential contribution to the Group. Any new nomination received is recommended to the Board after a comprehensive assessment and the NC's endorsement.

However, following the acquisition of shares by CJ Korea Express Asia Pte. Ltd. on 31 October 2016, there was a substantial change in the Board of Directors. All the abovementioned Independent Non-Executive Directors resigned as Directors and ceased to be members of the AC, NC and RC respectively on 31 October 2016.

With the cessation of all members of the NC on 31 October 2016, CJ Korea Express Asia Pte. Ltd. had recommended the appointment of new Board members, which included Non-Independent Non-Executive Directors and Independent Non-Executive Directors, to the Board directly for the Board's consideration and review. Candidates to fill vacancies on Board committees were also recommended directly to the Board for the Board's consideration and review.

The Board believes that the appointment of the new Directors and Board committee members are justified and in the best interest of the Company, taking into consideration each candidate's experience, competency, character, time commitment and potential contribution to the Group.

Following the appointment of new Directors and Board committee members on 31 October 2016, during the period from 31 October 2016 to 31 December 2016, 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	Member	Non-Independent Non-Executive Director

The term of office of the current NC members is two (2) years in accordance with the TOR of the NC.

The Chairman of the NC, Datuk Lee Say Tshin, was appointed the Senior Independent Non-Executive Director identified by the Board on 21 February 2017. The Board believes he is the most suitable candidate for this position being the Chairman of the Board appointed on 31 October 2016 and with his strong leadership qualities and experience.

The Board is of the view that its size is appropriate given the complexity of the Group's business, and the significant time demands placed on each Director.

The TOR of the NC is published on the Company's website at [www.century.com.my](http://www.century.com.my).

#### 2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors

##### *Recruitment and assessment of Directors*

The NC of the Board is tasked to oversee the selection process and assessment of Directors with the objective to secure the best composition to achieve the objectives of the Company and the Board. In its selection process, the NC follows a set of criteria and expectations based upon the competencies, commitment, experience and integrity of candidates.

In the selection process, the NC and the Board do not set any target on gender, ethnicity or age diversity but endeavour to include any member who will improve the Board's overall compositional balance.

All newly appointed Directors will go through a Board induction, followed by a series of the necessary training programmes, including the Mandatory Accreditation Programme mandated by the MainLR, where required.

## Corporate Governance Statement (cont'd)

### PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

#### 2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors (cont'd)

##### *Recruitment and assessment of Directors (cont'd)*

Due to the total change in the composition of the NC on 31 October 2016, Board inductions were facilitated by the MD and ED.

Annual assessments of Directors are 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 FY2016, the completed forms were submitted to the Company Secretaries, who tabulated the results for tabling at the NC meeting held on 25 February 2016.

During the same meeting, the NC also discussed the contribution and performance of each individual Director and the performance of the Board and Board committees as a whole. Criteria for the assessment of the performance of the Board and Board committees covered composition, processes, accountability as well as the fulfilment of duties.

The term of office of members of the NC and RC is two (2) years in accordance with their respective TOR, while the term of office of members of the AC is to be reviewed annually in line with Paragraph 15.20 of the MainLR with effect from 3 May 2016.

The attendance of Directors who are members of Board committees during the financial year ended 31 December 2016 is set out below:-

Director	Designation	AC	NC	RC
Dato Sri' Yong Seng Yeow (resigned on 31 October 2016)	Independent Non-Executive Director	4/4	1/1	1/1
Shamsudin@Samad Bin Kassim (resigned on 31 October 2016)	Senior Independent Non-Executive Director	4/4	1/1	1/1
Soong Chee Keong (resigned on 31 October 2016)	Independent Non-Executive Director	4/4	1/1	Not member
Teow Choo Hing	Managing Director	Not member	Not member	1/1
Datuk Lee Say Tshin (appointed on 31 October 2016)	Independent Non-Executive Director	1/1	N/A *	N/A *
Lee Jae Jin (appointed on 31 October 2016)	Non-Independent Non-Executive Director	Not member	N/A*	Not member
Cheong Joon Kyo (appointed on 31 October 2016)	Non-Independent Non-Executive Director	1/1	Not member	N/A*
Winston Tan Kheng Huang (appointed on 31 October 2016)	Independent Non-Executive Director	1/1	N/A *	N/A *
Saryani Binti Che Ab Rahman (appointed on 31 October 2016)	Independent Non-Executive Director	1/1	N/A *	N/A *

\* there was no other NC or RC meeting during the year while in office

# Corporate Governance Statement (cont'd)

## PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

### 2.2 Develop, maintain and review the criteria for recruitment and annual assessment of Directors (cont'd)

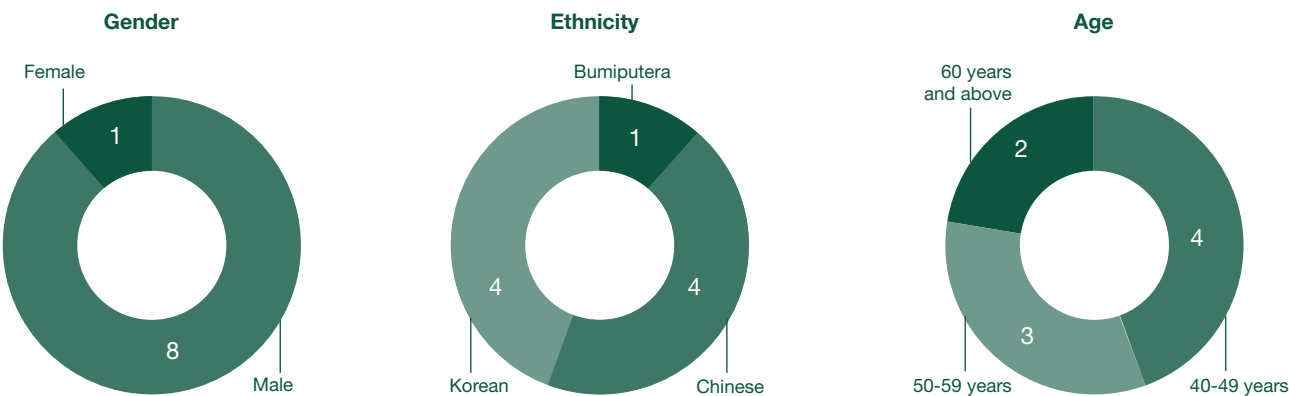
#### Gender, ethnicity and age diversity

The Board is judicious of the gender diversity recommendation promoted by the MCCG 2012 pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation.

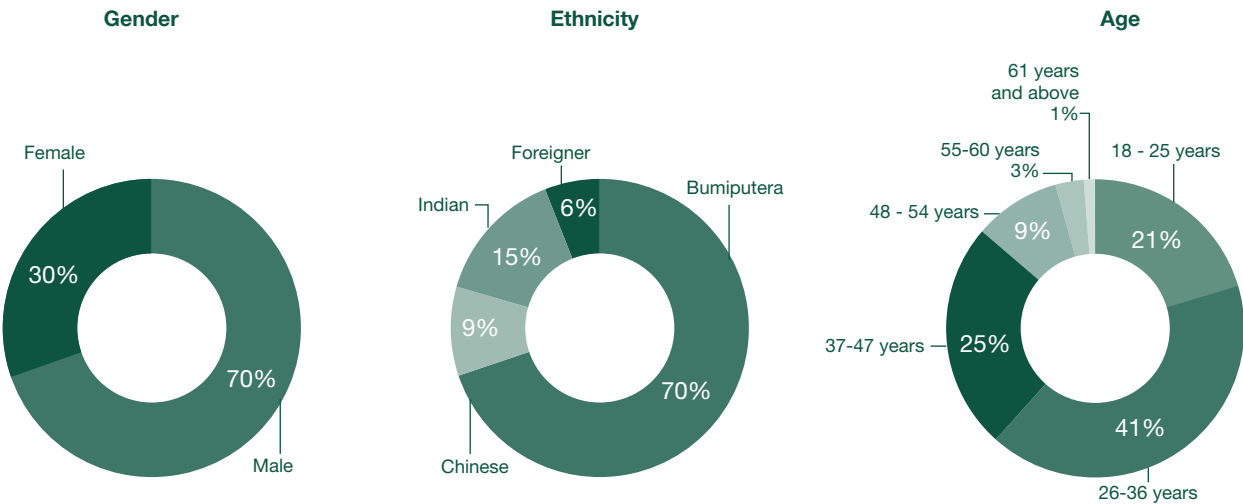
The Board does not have any gender, ethnicity and age diversity policies and targets for the Board as the Board believes in the right person for the right fit, which is not based on any particular gender, ethnicity or age. Also, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any gender, ethnicity or age bias.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age diversity policy. Nonetheless, 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 Statement (cont'd)

### PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

#### 2.3 Establish formal and transparent remuneration policies

During the period from 1 January 2016 to 30 October 2016, the RC comprised two (2) Independent Non-Executive Directors and one (1) Executive Director as follows:-

Name	Designation	Directorship
Dato' Sri Yong Seng Yeow	Chairman	Independent Non-Executive Director
Teow Choo Hing	Member	Managing Director
Shamsudin @ Samad Bin Kassim	Member	Independent Non-Executive Director

Following the appointment of new Directors and new Board committee members on 31 October 2016 after the acquisition of shares by CJ Korea Express Asia Pte. Ltd., during the period from 31 October 2016 to 31 December 2016, the RC comprised three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director as follows:-

Name	Designation	Directorship
Cheong Joon Kyo	Chairman	Non-Independent Non-Executive Director
Teow Choo Hing	Member	Managing Director
Datuk Lee Say Tshin	Member	Independent Non-Executive Director
Winston Tan Kheng Huang	Member	Independent Non-Executive Director
Saryani Binti Che Ab Rahman	Member	Independent Non-Executive Director

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 activities, performance of the Group, industry average and a study of companies in the same industry with similar market capitalisation.

The RC reviews the remuneration packages of the Executive Directors, which include their salaries, benefits-in-kind and other emoluments and their annual performance bonus, in detail, to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to run the Company successfully.

All Directors are entitled to Directors' fees but the Executive Directors and the Non-Independent Non-Executive Directors have voluntarily declined to accept Directors' fees with effect from 31 October 2016. Apart from Directors' fees, all Independent Non-Executive Directors are entitled to meeting allowances for attending Board and Board committee meetings.

As per the recent amendments to the MainLR of Bursa Securities, the Company is required to disclose the remuneration of the Directors of the Company (including the remuneration for services rendered to the company as a group) for the FY2016, stating the amount received from the Company and the amount received on a group basis respectively.

## Corporate Governance Statement (cont'd)

### PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

#### 2.3 Establish formal and transparent remuneration policies (cont'd)

The aggregate remuneration paid to the Executive Directors and Non-Executive Directors of the Company are as follows:-

##### Directors' Remuneration

	Executive Directors RM'000	Non-Executive Directors RM'000
<b>Company</b>		
Salaries and other emoluments	4,558	-
Contribution to defined contribution plan	729	-
Share-based payment expenses	309	-
Fees	60	120
Benefits-in-kind	58	-
	<b>5,714</b>	<b>120</b>
<b>Group</b>		
Salaries and other emoluments	4,558	-
Contribution to defined contribution plan	729	-
Share-based payment expenses	309	-
Fees	60	120
Benefits-in-kind	58	-
	<b>5,714</b>	<b>120</b>

The number of Executive Directors and Non-Executive Directors of the Company whose remuneration falls within the following bands of RM50,000 is as set out below:-

Band of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,000 and below	-	6
RM700,001 – RM750,000	1	-
RM2,100,001 – RM2,150,000	1	-
RM2,550,001 – RM2,600,000	1	-

### PRINCIPLE 3: REINFORCE INDEPENDENCE

#### 3.1 Undertake an assessment of the Independent Directors annually

The Independent Directors are independent of management and free from any business relationship, which could materially interfere with their independent judgement. Their role is to provide independent views, advice and judgement to ensure a balanced and unbiased decision-making process as well as to safeguard the interest of public shareholders.



# Corporate Governance Statement (cont'd)

## PRINCIPLE 3: REINFORCE INDEPENDENCE (cont'd)

### 3.1 Undertake an assessment of the Independent Directors annually (cont'd)

The Board through the NC has set out the criteria to assess and ensure the effectiveness of the Independent Directors on the Board, prior to their appointments, annually and when any new interest or relationship develops. The Board assesses the independence of the Independent Directors annually, taking into account the following in ensuring that the Independent Directors are able to contribute to the effective functioning of the Board:-

- fulfillment of the definition of an independent director as set out in Paragraph 1.01 of the MainLR
- ability to exercise independent judgement and act in the best interests of the Company
- potential conflicts of interest with regards to any contracts or transactions with the Group
- significant personal or social relationship with the Management or major shareholders (including their family members) other than those on a professional level consistent with their duties and generally expected of them
- derivation of other remuneration and benefits apart from Directors' fees and meeting allowances

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring in an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of business performances. The Independent Directors comprise individuals with vast experience in banking, finance and law.

The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the FY2016.

### 3.2 Tenure of Independent Director

The Board recognises that the purpose of appointing Independent Directors is to ensure that the Board includes Directors who can effectively exercise their independent and objective judgement during the Board's deliberations and during decision-making of the Board and the Board Committees. The Board also takes cognizance of Recommendation 3.2 of the MCCG 2012, which stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years, and that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his redesignation as a Non-Independent Director. However, the Board is of the view that the length of service of an Independent Director does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.

### 3.3 Separation of positions of the Chairman and MD

The positions of Chairman and MD 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 the oversight of management, while the MD 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.

During the period from 1 January 2016 to 30 October 2016, the Chairman, Datuk Phua Sin Mo, was an executive chairman and is related to the MD, Mr. Teow Choo Hing. However, the Board recognises the crucial role of the Independent Directors in bringing objectivity to the Board and ensuring that there is sufficient check and balance so that no one or no particular group dominates the Board.

On 31 October 2016, Datuk Lee Say Tshin, an Independent Non-Executive Director, was appointed Chairman of the Board.

### 3.4 Composition of the Board where Chairman of the Board is not an Independent Director

Since 31 October 2016, the Chairman of the Board is an Independent Non-Executive Director.

## Corporate Governance Statement (cont'd)

### PRINCIPLE 3: REINFORCE INDEPENDENCE (cont'd)

#### 3.4 Composition of the Board where Chairman of the Board is not an Independent Director (cont'd)

The nine (9) members of the Board since 31 October 2016 comprise three (3) Independent Non-Executive Directors, two (2) Executive Directors, and four (4) Non-Independent Non-Executive Directors, and thus, the 1/3 independent director requirement is adhered to. All the Directors are persons of high caliber and integrity, who possess the appropriate skills, knowledge, experience and competencies to address key risks and major issues relating to the Group's policies and strategies. The Directors more than adequately fulfill the standards of fit and proper for appointment as Directors as established by the Board.

### PRINCIPLE 4: FOSTER COMMITMENT

#### 4.1 Set expectations on time commitment and protocols for accepting new directorships

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual corporate calendar is circulated to all Directors to facilitate the Directors' time planning.

The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the year under review as set out in the table below:-

Name of Director	Attendance during tenure in office
Datuk Phua Sin Mo ( <i>resigned on 31 October 2016</i> )	4/4
Teow Choo Hing	5/5
Yeap Khoo Soon Edwin	5/5
Dato' Sri Yong Seng Yeow ( <i>resigned on 31 October 2016</i> )	4/4
Shamsudin @ Samad Bin Kassim ( <i>resigned on 31 October 2016</i> )	4/4
Soong Chee Keong ( <i>resigned on 31 October 2016</i> )	4/4
Datuk Lee Say Tshin ( <i>appointed on 31 October 2016</i> )	1/1
Lee Jae Jin ( <i>appointed on 31 October 2016</i> )	1/1
Cheong Joon Kyo ( <i>appointed on 31 October 2016</i> )	1/1
Ahn Jae Ho ( <i>appointed on 31 October 2016</i> )	1/1
Lee Eui Sung ( <i>appointed on 31 October 2016</i> )	1/1
Saryani Binti Che Ab Rahman ( <i>appointed on 31 October 2016</i> )	1/1
Winston Tan Kheng Huang ( <i>appointed on 31 October 2016</i> )	1/1

Besides holding of Board meetings, the Board also exercises control on issues and/or matters that require immediate Board approval through the circulation and passing of Directors' Resolutions In Writing pursuant to the Articles of Association of the Company.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must be able to commit sufficient time to the Company.

Prior to accepting new directorships, the Director will notify the Chairman and inform him of the expected time commitment for the new appointment accordingly. The Directors are also required to submit a timely update on their other relevant directorships and shareholdings to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, where required.

None of the Directors have directorships in public listed companies that exceed the maximum limit of five (5) directorships.

# Corporate Governance Statement (cont'd)

## PRINCIPLE 4: FOSTER COMMITMENT (cont'd)

### 4.2 Access to appropriate continuing education programmes

In order to ensure Directors' continuous professional development, the Board has identified and the Management has enrolled Directors for relevant training needs during the FY2016.

The Board also encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, and operational and regulatory issues. The Directors are also briefed by the Company Secretaries on the latest letters and circulars issued by Bursa Malaysia Berhad at every scheduled Board meeting.

During the FY2016, all the directors have 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:-

Name of Directors	Training/Courses Attended
Yeap Khoo Soon Edwin	<ul style="list-style-type: none"> <li>New Auditor Reporting: Why it matters to you</li> <li>Business Continuity Management</li> <li>Fraud Risk Management Workshop</li> <li>2016 Business &amp; Risk Outlook Talk</li> <li>The C-Suite Sustainability Breakfast Talk</li> <li>4th Cranfield Global Leadership Programme in Cranfield University, United Kingdom</li> <li>Communication, Interpersonal, Negotiation and Persuasion Skills Using NLP</li> <li>Accounting for Revenue under MFRS 15 Seminar</li> </ul>
Datuk Lee Say Tshin	<ul style="list-style-type: none"> <li>Corporate Governance Breakfast Series with Directors: Improving Board Risk Oversight Effectiveness</li> <li>HSBC Global Trade Outlook 2016 Breakfast Session</li> <li>World Halal Conference</li> <li>Malaysia-UK Investor Showcase at Marlborough House, Pall Mall, London</li> <li>HSBC Global Trade &amp; Receivables Finance Keynote Luncheon with Federation of Malaysian Manufacturers (FMM)</li> </ul>
Dato' Sri Yong Seng Yeow	<ul style="list-style-type: none"> <li>Fraud Risk Management Workshop</li> <li>Nomination Committee Programme Part 2 - "Effective Board Evaluations"</li> <li>Directors Risk Management Programme - I Am Ready to Manage Risks!</li> </ul>
Shamsudin @ Samad Bin Kassim	<ul style="list-style-type: none"> <li>New Auditor's Report Sharing the UK experience</li> <li>Director Accreditation Program 125/2016 (Thailand)</li> <li>Corporate Governance Breakfast Series: Future of Auditor Reporting-The Game Changer for Boardroom</li> </ul>
Soong Chee Keong	<ul style="list-style-type: none"> <li>Fraud Risk Management Workshop</li> </ul>

Save for Datuk Lee Say Tshin who had prior attendance of the Mandatory Accreditation Programme ("MAP"), all the Non-Executive Directors who were appointed on 31 October 2016 had enrolled and attended the MAP on 20 and 21 February 2017.

## Corporate Governance Statement (cont'd)

### PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 5.1 The AC should ensure financial statements comply with applicable financial reporting standards

In presenting the annual audited financial statements and quarterly reports to shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's financial position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable accounting standards in Malaysia. The Board, assisted by the AC, ensures the information for disclosure are accurate, adequate and complete. The AC reviews all financial reports in advance and deliberates on them at length during AC meetings to ensure they present a true and fair view of the financial position of the Group before recommending them to the Board for review and approval.

#### 5.2 Policies and procedures to assess the suitability and independence of external auditors

The AC undertakes an annual assessment of the suitability and independence of the external auditors based on the following key factors:-

- the adequacy of the experience and resources of the audit firm
- the persons assigned to the audit
- the audit firm's audit engagements
- the size and complexity of the Group being audited
- the number and experience of supervisory and professional staff assigned to the particular audit
- 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
- the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee
- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the external auditors

On 25 February 2016, the AC collectively went through and completed the External Auditors Evaluation Form adopted by the Company. The AC was of the view that Messrs. Deloitte PLT ("Deloitte") is suitable and independent to be re-appointed for the FY2016 based on the following:-

- Deloitte's active communication with the AC
- Presentation of a comprehensive audit plan and audit findings report
- Deloitte had provided the necessary quality of services required
- Deloitte had sufficient resources to carry out the audit
- In Deloitte's reports on its audit plan and audit findings, Deloitte provides its written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants

During the FY2016, the AC established a policy governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors whereby all engagements with the external auditors to provide non-audit services that exceed 50% of the Group audit fees based on the latest audited financial statements of the Group are subject to the endorsement of the AC.

### PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

#### 6.1 Establish a sound framework to manage risks

The Board is assisted by a management level RMC that spearheads risk management activities across the Group. The RMC undertakes various initiatives towards embedding a risk based approach to the activities of the various business and support units.

The Company's ERM Framework is guided by an ERM Policy adopted by the Board. The Board is ultimately responsibility for the said policy and is periodically apprised on the risk management activities of the Group.

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## Corporate Governance Statement (cont'd)

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### PRINCIPLE 6: RECOGNISE AND MANAGE RISKS (cont'd)

#### 6.1 Establish a sound framework to manage risks (cont'd)

The RMC and the AC will continuously monitor and review the adequacy and effectiveness of the Company's ERM Framework, internal control processes and governance systems and recommend improvements, where necessary, to the Board.

In addition to the above, the Company also undertook an independent assessment of the internal control system and assured the AC that no material issue or major deficiency had been detected which may pose a high risk to the overall internal control under review.

#### 6.2 Establish and internal audit function that reports directly to the AC

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 Planning Memorandum, setting out the internal audit work expected to be carried out for a period of two (2) years, is tabled to the AC at the beginning of a two (2) year term.

The internal audit function was performed by an external consultant during the FY2016 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 was monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

### PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Ensure the Company has appropriate corporate disclosure policies and procedures

The Company recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. The Company strives to disclose the price sensitive information to the public as soon as practicable through Bursa Securities, and in disclosing information to the public, the Company is also guided by Bursa Securities' Corporate Disclosure Guide. All public announcements are electronically published and can be assessed at Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) or the Company's website at [www.century.com.my](http://www.century.com.my) or the Company's mobile app "Century Logistics IR" which can be downloaded from the Android play store.

Investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decisions.

#### 7.2 Leverage on information technology for effective dissemination of information

The Company maintains a comprehensive website at [www.century.com.my](http://www.century.com.my) that is accessible by the public to provide all relevant information on the Group. The Company's website includes dedicated sections for corporate governance, investor relations, news and events, and corporate information. The Company's Quality Policy and Safety and Health Policy are also published on the Company's website.

All announcements are also made electronically via Bursa LINK in a timely manner to ensure equal and fair access to information by the investing public.



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## Corporate Governance Statement (cont'd)

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### PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### 8.1 Encourage shareholder participation at general meetings

The Company provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy, at least 21 days before the AGM to give shareholders sufficient time to review the agenda item, formulate questions, if any, and make arrangements to attend the AGM.

To further promote participation of members through proxy(ies), which is in line with Paragraph 7.21A of the MainLR, the Articles of Association include the right of proxies to speak at general meetings, with no restriction as to the qualification of the proxy(ies).

#### 8.2 Encourage poll voting

During the AGM held on 21 April 2016, the chair announced shareholders' right to demand for a poll at the commencement of the said AGM. However, all resolutions tabled were voted on by a show of hands. Nonetheless, pursuant to Paragraph 8.2A of the MainLR requiring that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting be voted by poll with effect from 1 July 2016, the upcoming AGM of the Company will be voted by poll. Where it is more efficient, the Company will employ electronic poll voting.

#### 8.3 Effective communication and proactive engagement

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 practice of disclosure of information is not just established to comply with the requirements of the MainLR pertaining to continuing disclosures, but also adopts the principles and recommendations of the MCCG 2012 with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. 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.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MainLR.

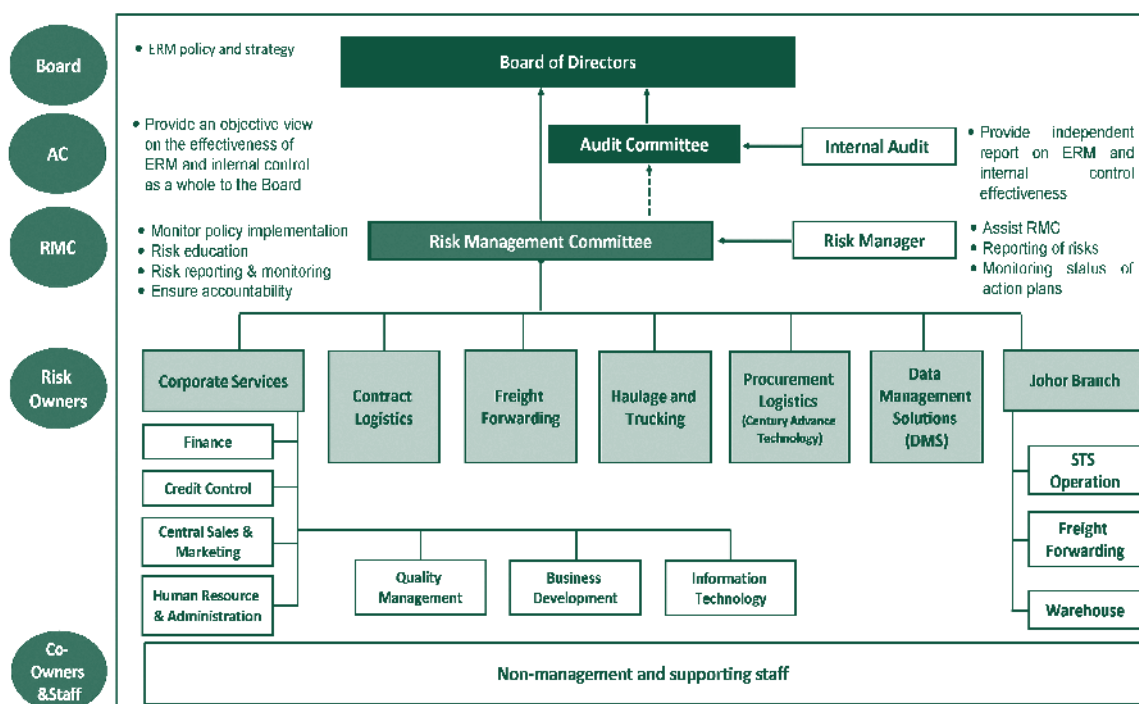
The Company despatches its Annual Report to shareholders within three (3) months after financial close, well in advance of the requirements of the Companies Act 1965 as well as the MainLR. The early release of the Annual Report allows shareholders to have timely information about the Company, its operations and performance. All information to shareholders are available electronically as soon as it is announced or published.

Another key avenue of communication with its shareholders is the AGM, which provides a useful forum for shareholders to engage directly with the Company's Directors. During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

This Statement is made in accordance with a resolution of the Board of Directors passed on 21 February 2017.

# Statement On Risk Management And Internal Control

## Risk Reporting Structure of Century Group



## INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“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 of Bursa Malaysia Securities Berhad 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 the senior management in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

## Statement On Risk Management And Internal Control (cont'd)

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

### RISK MANAGEMENT

The Group established an Enterprise Risk Management (“ERM”) Framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the 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 information are captured in the format of risk registers. Key risks of major business units are identified, assessed and categorised to highlight the source of risk, their 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.

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 the 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 Managing Director 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
- Code of conduct which was communicated to all employees of the Group.

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# Statement On Risk Management And Internal Control (cont'd)

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## 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 systems of internal controls are adequate and effective. The internal audit activities of the Group are carried out according to a bi-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 integrity 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 the senior management so that the 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 of RM57,000 was spent on internal audit activities in 2016.

## REVIEW BY THE BOARD

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

- The 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 the senior management will continue to take measures to strengthen the risk and control environment and monitor the risk and internal controls framework.

In addition, the External Auditors have reviewed this statement 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, 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.

# 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 2016, where a total of five (5) meetings were held, are as follows:

	Number of meetings attended
Saryani Binti Che Ab Rahman <i>(Chairperson / Independent Non-Executive Director) appointed on 31 October 2016</i>	1/1
Datuk Lee Say Tshin <i>(Member / Independent Non-Executive Director) appointed on 31 October 2016</i>	1/1
Cheong Joon Kyo <i>(Member / Non Independent Non-Executive Director) appointed on 31 October 2016</i>	1/1
Winston Tan Kheng Huang <i>(Member / Independent Non-Executive Director) appointed on 31 October 2016</i>	1/1
Dato' Sri Yong Seng Yeow <i>(Member / Independent Non-Executive Director) resigned on 31 October 2016</i>	4/4
Shamsudin @ Samad Bin Kassim <i>(Chairman / Senior Independent Non-Executive Director) resigned on 31 October 2016</i>	4/4
Soong Chee Keong <i>(Member / Independent Non-Executive Director) resigned on 31 October 2016</i>	4/4

The terms of reference of the committee is available for references on the company's website at [www.century.com.my](http://www.century.com.my).

## 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 2016. The Audit Committee had also undertaken the following activities during the year:

- 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;
- 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;
- Reviewed the recovery of major long outstanding debts;
- 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;
- Reviewed the recurrent related party transactions of a revenue of trading nature of the Company; and
- Reviewed and monitored the suitability and independence of the external auditors.

A summary of the activities of the Audit Committee for the financial year ended 31 December 2016 is as follows:

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



## 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 2016 is as follows: (cont'd)

- (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 2016. 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 Strategy Document, 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.

A summary of the activities of the internal audit function for the financial year ended 31 December 2016 is as follows:

- (a) Performed audit work in accordance with the pre-approved internal audit plan;
- (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; and 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.

## Audit Committee Report (cont'd)

### EMPLOYEES' SHARE OPTION SCHEME

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

The options granted to the Non-Executive Directors pursuant to the ESOS during the financial year under review were as follows:

	Number of options over ordinary shares of RM0.50 each			
	Balance as of 1.1.2016	Exercised	Cancelled	Balance as of 31.12.2016
<b>Options pursuant to ESOS of the Company</b>				
Dato' Sri Yong Seng Yeow	800,000	(200,000)	(600,000)	-
Shamsudin @ Samad bin Kassim	800,000	(200,000)	(600,000)	-
Soong Chee Keong	1,000,000	(400,000)	(600,000)	-

There was no options pursuant to the ESOS which was granted to Datuk Lee Say Tshin, Lee Jae Jin, Cheong Joon Kyo, Ahn Jae Ho, Lee Eui Sung, Saryani Binti Che Ab Rahman and Winston Tan Kheng Huang as at 31 December 2016.

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## Directors' Responsibilities Statement

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The Directors are required under the provisions of the Companies Act, 1965 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, 1965. 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

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# 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 2016.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the Company's subsidiary companies are disclosed in Note 16 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

## 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	25,594	18,988
Tax (expense)/credit	(5,342)	97
Profit for the year	20,252	19,085
Attributable to:		
Owners of the Company	20,170	
Non-controlling interests	82	
	20,252	

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 single tier final dividend of 1 sen per ordinary share of RM0.50 each, amounting to RM3,822,684 in respect of the previous financial year were paid on 27 May 2016;
- A single tier first interim dividend of 1 sen per ordinary share of RM0.50 each, amounting to RM3,823,304 in respect of the current financial year were paid on 17 June 2016;
- A single tier second interim dividend of 1.5 sen per ordinary share of RM0.50 each, amounting to RM5,751,703 in respect of the current financial year were paid on 22 September 2016; and
- A single tier third interim dividend of 0.5 sen per ordinary share of RM0.50 each, amounting to RM1,923,674 in respect of the current financial year were paid on 22 December 2016.

The directors propose a single tier final dividend of 0.5 sen per ordinary share of RM0.50 each 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 2017.



## Report Of The Directors (cont'd)

### 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.

### ISSUE OF SHARES AND DEBENTURES

During the current financial year, the issued and paid-up share capital of the Company was increased from RM186,817,695 divided into 373,635,390 ordinary shares of RM0.50 each to RM192,367,445 divided into 384,734,890 ordinary shares of RM0.50 each, by the issuance of 10,379,500 new ordinary shares of RM0.50 each pursuant to the Company's Employees' Share Option Scheme ("ESOS"), at a premium of RM0.10 per ordinary share and 720,000 new ordinary shares of RM0.50 each pursuant to the Company's ESOS, at a premium of RM0.23 per ordinary share for cash. 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 35 to the Financial Statements.

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

Grant date	Number of options to subscribe for ordinary shares of RM0.50 each					Exercise price per share (RM)
	Balance as of 1.1.2016	Granted	Exercised	Cancelled	Balance as of 31.12.2016	
8.1.2015	44,029,500	-	(10,379,500)	(9,350,000)	24,300,000	0.60
16.4.2015	1,800,000	-	(720,000)	(360,000)	720,000	0.73

### OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- 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
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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## Report Of The Directors (cont'd)

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### 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 following directors served on the Board of the Company since the date of the last report:

Teow Choo Hing  
Yeap Khoo Soon Edwin  
Datuk Lee Say Tshin (appointed on 31.10.2016)  
Lee Jae Jin (appointed on 31.10.2016)  
Cheong Joon Kyo (appointed on 31.10.2016)  
Ahn Jae Ho (appointed on 31.10.2016)  
Lee Eui Sung (appointed on 31.10.2016)  
Winston Tan Kheng Huang (appointed on 31.10.2016)  
Saryani Binti Che Ab Rahman (appointed on 31.10.2016)  
Datuk Phua Sin Mo (resigned on 31.10.2016)  
Dato' Sri Yong Seng Yeow (resigned on 31.10.2016)  
Shamsudin @ Samad Bin Kassim (resigned on 31.10.2016)  
Soong Chee Keong (resigned on 31.10.2016)

## Report Of The Directors (cont'd)

### 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 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.1.2016	Exercise of ESOS	Sold	Balance as of 31.12.2016
Shares in the Company				
Direct interest				
Teow Choo Hing	40,484,294	2,160,000	-	42,644,294
Yeap Khoo Soon Edwin	2,200,000	1,340,000	-	3,540,000
Indirect interest				
Teow Choo Hing	2,224,416	-	-	2,224,416
Number of options over ordinary shares of RM0.50 each				
	Balance as of 1.1.2016	Granted	Exercised	Balance as of 31.12.2016
Options pursuant to ESOS of the Company				
Direct interest				
Teow Choo Hing	5,400,000	-	(2,160,000)	3,240,000
Yeap Khoo Soon Edwin	4,400,000	-	(1,340,000)	3,060,000

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.

### 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 16 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.

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## Report Of The Directors (cont'd)

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### AUDITORS

The auditors, Messrs. 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,  
21 February 2017

# Independent auditors' report

## To The Members Of Century Logistics Holdings Berhad

### Report on 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 2016 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 54 to 107.

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 2016, 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, 1965 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.

#### Key Audit Matter

#### Our audit performed and responses thereon

##### Revenue recognition

We have identified a critical area in relation to revenue set out below that we consider significant:

- Timing of revenue recognition for total logistics operations, particularly with respect to freight forwarding and transportation services, 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 2 to the Financial Statements and the different revenue streams for the Group have been disclosed in Note 5 to the Financial Statements.

Our audit approach included both controls testing and substantive procedures as follows:

- 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.



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## Independent auditors' report (cont'd)

### To The Members Of Century Logistics Holdings Berhad

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#### *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 and Management Discussion and Analysis (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 which is 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, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent auditors' report (cont'd)

### To The Members Of Century Logistics Holdings Berhad

#### *Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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.

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, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 16 to the Financial Statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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## **Independent auditors' report (cont'd)**

### **To The Members Of Century Logistics Holdings Berhad**

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#### **Report on Other Legal and Regulatory Requirements**

The supplementary information set out in Note 36 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### **Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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**

21 February 2017

## Statements of profit or loss and other comprehensive income

### For The Year Ended 31 December 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	5	300,289	297,876	20,000	20,000
Cost of sales	6 (a)	(219,399)	(213,863)	-	-
Gross profit		80,890	84,013	20,000	20,000
(Loss)/Gain on disposal of property, plant and equipment	10	(51)	11,078	-	-
Other income		1,581	3,632	5,400	5,400
Interest income	9 (a)	2,405	1,823	16	387
Administrative expenses		(42,240)	(42,454)	(6,428)	(6,376)
Finance costs	9 (b)	(3,826)	(4,594)	-	-
Settlement of legal cases		(2,250)	(1,650)	-	-
Depreciation of property, plant and equipment	14	(10,915)	(10,845)	-	-
Profit before tax	10	25,594	41,003	18,988	19,411
Tax (expense)/credit	11	(5,342)	(9,024)	97	(95)
<b>Profit for the year</b>		<b>20,252</b>	<b>31,979</b>	<b>19,085</b>	<b>19,316</b>
<b>Other comprehensive income:</b>					
Item that will be reclassified subsequently to profit or loss - Exchange differences on translating foreign operations		1	262	-	-
Other comprehensive income for the year, net of tax		1	262	-	-
<b>Total comprehensive income for the year</b>		<b>20,253</b>	<b>32,241</b>	<b>19,085</b>	<b>19,316</b>
Profit attributable to:					
Owners of the Company		20,170	31,948	19,085	19,316
Non-controlling interests		82	31	-	-
		20,252	31,979	19,085	19,316
Total comprehensive income attributable to:					
Owners of the Company		20,171	32,210	19,085	19,316
Non-controlling interests		82	31	-	-
		20,253	32,241	19,085	19,316
<b>Earnings per ordinary share</b>					
Basic (sen)	12	5.30	8.63		
Diluted (sen)	12	5.19	8.34		

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

# Statements of financial position

## For The Year Ended 31 December 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	14	257,947	267,211	-	-
Investment in subsidiary companies	16	-	-	7,070	7,070
Goodwill on consolidation	18	1,443	1,443	-	-
<b>Total Non-current Assets</b>		<b>259,390</b>	<b>268,654</b>	<b>7,070</b>	<b>7,070</b>
<b>Current Assets</b>					
Inventories	19	4,269	3,552	-	-
Trade receivables	20	60,546	57,650	-	-
Other receivables, deposits and prepaid expenses	21	18,609	18,628	8	7
Amount owing by subsidiary companies	16	-	-	207,417	195,944
Tax recoverable		369	677	286	143
Deposits, cash and bank balances	22	91,640	89,453	456	192
<b>Total Current Assets</b>		<b>175,433</b>	<b>169,960</b>	<b>208,167</b>	<b>196,286</b>
<b>Total Assets</b>		<b>434,823</b>	<b>438,614</b>	<b>215,237</b>	<b>203,356</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Issued capital	23	192,367	186,818	192,367	186,818
Reserves	24	109,118	101,950	15,822	9,740
Equity attributable to owners of the Company		301,485	288,768	208,189	196,558
Non-controlling interests		1,046	964	-	-
<b>Total Equity</b>		<b>302,531</b>	<b>289,732</b>	<b>208,189</b>	<b>196,558</b>
<b>Non-current and Deferred Liabilities</b>					
Hire-purchase payables	25	2,914	5,988	-	-
Long-term borrowings	26	48,839	63,445	-	-
Deferred tax liabilities	27	7,048	7,179	-	-
<b>Total Non-current and Deferred Liabilities</b>		<b>58,801</b>	<b>76,612</b>	<b>-</b>	<b>-</b>

## Statements of financial position (cont'd)

For The Year Ended 31 December 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
<b>Current Liabilities</b>					
Trade payables	28	18,013	17,497	-	-
Other payables and accrued expenses	29	36,260	32,623	3,057	2,785
Amount owing to subsidiary companies	16	-	-	3,991	4,013
Amount owing to an affiliated company	16	114	-	-	-
Hire-purchase payables	25	2,809	2,947	-	-
Short-term borrowings	30	14,802	15,808	-	-
Tax liabilities		1,493	3,395	-	-
<b>Total Current Liabilities</b>		73,491	72,270	7,048	6,798
<b>Total Liabilities</b>		132,292	148,882	7,048	6,798
<b>Total Equity and Liabilities</b>		434,823	438,614	215,237	203,356

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



# Statements of changes in equity

## For The Year Ended 31 December 2016

		← <u>Non-distributable reserves</u> →								
		Issued capital RM'000	Share premium RM'000	Translation reserve RM'000	Equity-settled employees' benefits reserve RM'000	<u>Distributable reserve - Retained earnings</u> RM'000	Attributable to equity holders of the Company RM'000	Non-controlling interests RM'000	Total RM'000	
<b>Balance as of 1 January 2015</b>		183,096	-	442	-	86,976	270,514	933	271,447	
	Share-based payments	-	-	-	2,000	-	2,000	-	2,000	
	Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	3,722	748	-	18	-	4,488	-	4,488	
	Transfer to retained earnings upon exercise of ESOS	-	-	-	(1,356)	1,356	-	-	-	
	Profit for the year	-	-	-	-	31,948	31,948	31	31,979	
	Other comprehensive income for the year	-	-	262	-	-	262	-	262	
	Total comprehensive income for the year	-	-	262	-	31,948	32,210	31	32,241	
	Dividends paid	-	-	-	-	(20,444)	(20,444)	-	(20,444)	
13										
	<b>Balance as of 31 December 2015</b>	186,818	748	704	662	99,836	288,768	964	289,732	

## Statements of changes in equity (cont'd)

### For The Year Ended 31 December 2016

The Group	Note	← Non-distributable reserves →					Attributable to equity holders of the Company		Non-controlling interests	Total
		Issued capital	Share premium	Translation reserve	Equity-settled employees' benefits reserve	Distributable reserve - Retained earnings	RM'000	RM'000		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of 1 January 2016</b>		186,818	748	704	662	99,836	288,768	964	289,732	
Share-based payments	35	-	-	-	1,136	-	1,136	-	1,136	
Issue of shares pursuant to exercise of Employees' Share Option Scheme ("ESOS")	23	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)	
<b>Balance as of 31 December 2016</b>		192,367	1,948	705	14	106,451	301,485	1,046	302,531	

# Statements of changes in equity (cont'd)

## For The Year Ended 31 December 2016

The Company		Non-distributable reserves				
		Issued capital RM'000	Share premium RM'000	Equity-settled employees' benefits reserve RM'000	Distributable reserve - Retained earnings RM'000	Total RM'000
	Balance as of 1 January 2015					
	Share-based payments	183,096	-	-	8,102	191,198
	Issue of shares pursuant to exercise of ESOS	-	-	2,000	-	2,000
	Transfer to retained earnings upon exercise of ESOS	3,722	748	18	-	4,488
	Profit for the year/Total comprehensive income for the year	-	-	(1,356)	1,356	-
	Dividends paid	-	-	-	19,316 (20,444)	19,316 (20,444)
	Balance as of 31 December 2015	186,818	748	662	8,330	196,558
	Balance as of 1 January 2016					
	Share-based payments	186,818	748	662	8,330	196,558
	Issue of shares pursuant to exercise of ESOS	-	-	1,136	-	1,136
	Transfer to retained earnings upon exercise of ESOS	5,549	1,200	(18)	-	6,731
	Profit for the year/Total comprehensive income for the year	-	-	(1,766)	1,766	-
	Dividends paid	-	-	-	19,085 (15,321)	19,085 (15,321)
	Balance as of 31 December 2016	192,367	1,948	14	13,860	208,189

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

## Statements of cash flows

### For The Year Ended 31 December 2016

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Cash Flows From/(Used In) Operating Activities</b>				
Profit before tax	25,594	41,003	18,988	19,411
Adjustments for:				
Depreciation of property, plant and equipment	10,915	10,845	-	-
Finance costs	3,826	4,594	-	-
Share-based payments expenses	1,136	2,000	309	689
Allowance for doubtful debts	156	1,308	-	-
Loss/(Gain) on disposal of:				
Property, plant and equipment	51	(11,078)	-	-
Other financial assets	(67)	67	-	-
Property, plant and equipment written off	-	228	-	-
Bad debts written off	-	38	-	-
Interest income	(2,405)	(1,823)	(16)	(387)
Unrealised gain on foreign exchange (net)	(489)	(1,183)	-	-
Allowance for doubtful debts no longer required	(186)	(294)	-	-
Dividend income	-	-	(20,000)	(20,000)
Operating Profit/(Loss) Before Working Capital Changes	38,531	45,705	(719)	(287)
Movement in working capital:				
(Increase)/Decrease in:				
Inventories	(717)	(2,639)	-	-
Trade receivables	(2,378)	(1,913)	-	-
Other receivables, deposits and prepaid expenses	19	19,289	(1)	3
Amount owing by subsidiary companies	-	-	(10,646)	(10,250)
Increase/(Decrease) in:				
Trade payables	516	(1,279)	-	-
Other payables and accrued expenses	3,637	(3,436)	272	461
Amount owing to subsidiary companies	-	-	(22)	1,183
Amount owing to an affiliated company	114	-	-	-
Cash Generated From/(Used In) Operations	39,722	55,727	(11,116)	(8,890)
Tax paid	(7,065)	(11,353)	(46)	(110)
Net Cash From/(Used In) Operating Activities	32,657	44,374	(11,162)	(9,000)

## Statements of cash flows (cont'd)

### For The Year Ended 31 December 2016

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Cash Flows From/(Used In) Investing Activities</b>				
Interest received	2,405	1,823	16	387
Proceeds from disposal of:				
Property, plant and equipment	600	21,858	-	-
Other financial assets	67	285	-	-
Dividend received	-	-	20,000	20,000
(Increase)/Decrease in investment in money market funds	(16,235)	(22,152)	-	4,597
Additions of property, plant and equipment (Note 1 below)	(2,302)	(41,791)	-	-
Increase in deposits with maturities exceeding 3 months	(2)	(12)	-	-
<b>Net Cash (Used In)/From Investing Activities</b>	<b>(15,467)</b>	<b>(39,989)</b>	<b>20,016</b>	<b>24,984</b>
<b>Cash Flows From/(Used In) Financing Activities</b>				
Proceeds from issuance of shares	6,731	4,488	6,731	4,488
Drawdown of bank borrowings	-	37,118	-	-
Repayment of bank borrowings	(15,612)	(21,067)	-	-
Dividends paid	(15,321)	(20,444)	(15,321)	(20,444)
Finance costs paid	(3,826)	(4,594)	-	-
Repayment of hire-purchase payables	(3,212)	(3,641)	-	-
<b>Net Cash Used In Financing Activities</b>	<b>(31,240)</b>	<b>(8,140)</b>	<b>(8,590)</b>	<b>(15,956)</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,050)</b>	<b>(3,755)</b>	<b>264</b>	<b>28</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>41,170</b>	<b>44,925</b>	<b>192</b>	<b>164</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 31)</b>	<b>27,120</b>	<b>41,170</b>	<b>456</b>	<b>192</b>

#### **Note 1**

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

		The Group	
	Note	2016	2015
		RM'000	RM'000
Additions during the year	14	2,302	46,897
Less: Acquisition under hire-purchase arrangements		-	(5,106)
<b>Cash outflow</b>		<b>2,302</b>	<b>41,791</b>

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 16.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

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 21 February 2017.

## 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, 1965 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 2016 and relevant to their operations as follows:

Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 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.

### 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 <sup>2</sup>
MFRS 15	Revenue from Contracts with Customers (and the related Clarifications) <sup>2</sup>
MFRS 16	Leases <sup>3</sup>
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>



## 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 (cont'd)

Amendments to MFRS 101	Disclosure Initiative <sup>1</sup>
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to MFRS 140	Transfer of Investment Property <sup>2</sup>
IC Int. 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle <sup>1 or 2</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

<sup>4</sup> 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.
- 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.

## Notes to the financial statements (cont'd)

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

#### MFRS 9 Financial Instruments (cont'd)

- 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 directors of the Company anticipate that the application of MFRS 9 in the future may have a material impact on amounts reported in respect of the Group's and the Company's financial assets and liabilities. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 9 until the Group and the Company complete a detailed review.

#### 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.

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 directors of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

#### 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.

The directors of the Company anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group performs a detailed review.

# 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.

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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Subsidiary Companies and Basis of Consolidation (cont'd)

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
- 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Business Combinations (cont'd)

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.

#### 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Revenue

Revenue of the Group comprises income earned from provision of services comprising total logistics services, procurement logistics services and dividend income from investments. 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.

(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 35.

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.



## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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.

#### 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 accounted for, using the "balance sheet liability" method, 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Taxation (cont'd)

##### Deferred Tax (cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property and concluded that it is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of the investment property based on the expected rate that would apply on disposal of the investment property.

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.

#### 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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.

#### Investment Property

Investment property, comprising leasehold land and buildings, is property held for long-term rental yields or for capital appreciation or both and is not occupied by the Group and the Company.

Investment property is stated at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the year in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

#### 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 consumables 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.

#### 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

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 into financial assets “at fair value through profit or loss” (FVTPL) and “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 other than those financial assets classified as at FVTPL.

#### (b) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the “other income” or “other expenses” line item in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 32.

#### (c) 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.

## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

##### (d) Impairment of financial assets

Financial assets, other than those at FVTPL, 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.

For all other financial assets, 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.

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.

##### (e) 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.

## 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)

##### (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".

##### (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 32.

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.



## Notes to the financial statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 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.

### 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 (2015: 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.

##### Valuation of financial instruments

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 32.

## Notes to the financial statements (cont'd)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

#### (ii) Key sources of estimation uncertainty (cont'd)

##### 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.

### 5. REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total logistics services	250,416	245,107	-	-
Procurement logistics services	49,873	52,769	-	-
Dividend income from subsidiary companies	-	-	20,000	20,000
	300,289	297,876	20,000	20,000

Included in revenue from total logistics services in 2015 was property rental income amounting to RM4,142,913 (Note 15).

### 6. COST OF SALES AND EXPENSES CLASSIFIED BY NATURE

#### (a) Cost of sales comprise:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Direct operating costs	197,362	192,256	-	-
Direct staff costs	22,037	21,607	-	-
	219,399	213,863	-	-

## Notes to the financial statements (cont'd)

### 6. COST OF SALES AND EXPENSES CLASSIFIED BY NATURE (cont'd)

(b) Expenses classified by nature are as follows:

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Direct operating costs		197,362	192,256	-	-
Staff costs, included under:					
Cost of sales		22,037	21,607	-	-
Administrative expenses		25,090	24,361	6,072	6,022
	7	47,127	45,968	6,072	6,022
Depreciation of property, plant and equipment	14	10,915	10,845	-	-
Finance costs	9 (b)	3,826	4,594	-	-
Settlement of legal cases		2,250	1,650	-	-
Other expenses		17,201	18,093	356	354
		278,681	273,406	6,428	6,376

### 7. STAFF COSTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	38,740	37,297	4,968	4,596
Contributions to defined contribution plan	4,929	4,614	766	705
Share-based payment expenses	1,136	2,000	309	689
Short-term accumulating compensated absences	48	62	6	9
Other staff related expenses	2,274	1,995	23	23
	47,127	45,968	6,072	6,022

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

## Notes to the financial statements (cont'd)

### 8. DIRECTORS' REMUNERATION

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Directors of the Company</b>				
Executive directors:				
Salaries and other emoluments	4,558	4,409	4,558	4,409
Contributions to defined contribution plan	729	705	729	705
Share-based payment expenses	309	689	309	689
Fees	60	72	60	72
	5,656	5,875	5,656	5,875
Non-executive directors:				
Fees	120	115	120	115
	5,776	5,990	5,776	5,990
<b>Directors of subsidiary companies</b>				
Executive directors:				
Salaries and other emoluments	1,214	1,251	-	-
Contributions to defined contribution plan	186	192	-	-
Share-based payment expenses	180	424	-	-
	1,580	1,867	-	-
<b>Total</b>	<b>7,356</b>	<b>7,857</b>	<b>5,776</b>	<b>5,990</b>

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 RM106,343 (2015: RM114,961) and RM58,317 (2015: RM73,400) respectively.

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

	Number of directors	
	2016	2015
<b>Executive directors:</b>		
RM650,001 - RM700,000	-	1
RM700,001 - RM750,000	1	-
RM1,950,001 - RM2,000,000	-	1
RM2,100,001 - RM2,150,000	1	-
RM2,550,001 - RM2,600,000	1	-
RM2,600,001 - RM2,650,000	-	1
	3	3
<b>Non-executive directors:</b>		
RM50,000 and below	6	3
	9	6

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

## Notes to the financial statements (cont'd)

### 9. INTEREST INCOME AND FINANCE COSTS

#### (a) Interest income

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income on short-term deposits	2,405	1,823	16	387

#### (b) Finance costs

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Term loans	3,420	4,122	-	-
Hire-purchase payables	406	472	-	-
	3,826	4,594	-	-

### 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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Rental of:				
Premises	8,034	7,484	-	-
Motor vehicles and equipment	4,192	4,169	-	-
Loss on foreign exchange:				
Realised	310	2	-	-
Unrealised	27	-	-	-
Audit fees:				
Statutory audit	255	227	62	57
Other services	65	112	8	58
Allowance for doubtful debts (Note 20)	156	1,308	-	-
Property, plant and equipment written off	-	228	-	-
(Gain)/Loss on disposal of other financial assets (Note 17)	(67)	67	-	-
Bad debts written off	-	38	-	-
<b>And crediting:</b>				
Gain on foreign exchange:				
Unrealised	516	1,183	-	-
Realised	490	2,088	-	-
Allowance for doubtful debts no longer required (Note 20)	186	294	-	-
(Loss)/Gain on disposal of:				
Freehold land and building	-	10,785	-	-
Other property, plant and equipment	(51)	293	-	-
	(51)	11,078	-	-

# Notes to the financial statements (cont'd)

## 11. TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current year:				
Estimated current tax payable	(7,515)	(10,769)	-	(97)
Real property gains tax	-	(1,676)	-	-
Deferred tax (Note 27)	(214)	359	-	-
	(7,729)	(12,086)	-	(97)
Overprovision in prior years:				
Income tax	2,042	1,301	97	2
Deferred tax (Note 27)	345	1,761	-	-
	2,387	3,062	97	2
	(5,342)	(9,024)	97	(95)

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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	25,594	41,003	18,988	19,411
Tax at the applicable tax rate of 24% (2015: 25%)	6,143	10,251	4,557	4,853
Tax effects of:				
Expenses not deductible for tax purposes	1,695	3,148	128	244
Income not subject to tax	(228)	(255)	(4,804)	(5,000)
Difference between corporate tax rate of 25% and RPGT rate of 15% on gain of disposal of freehold land	-	(1,078)	-	-
Double deduction of certain allowable expenses	-	(10)	-	-
Deferred tax assets not recognised	119	30	119	-
Overprovision in prior years:				
Estimated tax payable	(2,042)	(1,301)	(97)	(2)
Deferred tax	(345)	(1,761)	-	-
Tax charged to profit or loss	5,342	9,024	(97)	95

The Finance (No. 2) Act 2014 gazetted on 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The real property gains tax (RPGT) is also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective 1 January 2014. The applicable tax rates used for the measurement of any applicable deferred tax will be the respective rates.



## Notes to the financial statements (cont'd)

### 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	
	2016	2015
Profit attributable to ordinary equity holders of the Company (RM'000)	20,170	31,948
Weighted average number of ordinary shares in issue ('000)	380,705	370,067
Basic earnings per share (sen)	5.30	8.63

#### 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	
	2016	2015
Profit attributable to ordinary equity holders of the Company (RM'000)	20,170	31,948
Weighted average number of ordinary shares in issue ('000)	380,705	370,067
Effect of share options dilution ('000)	7,568	12,885
Adjusted weighted average number of ordinary shares in issue ('000)	388,273	382,952
Diluted earnings per share (sen)	5.19	8.34

## Notes to the financial statements (cont'd)

### 13. DIVIDENDS

	The Company	
	2016 RM	2015 RM
Single tier final dividend of 1 sen per ordinary share of RM0.50 each, in respect of 2015 (2015: 1 sen per ordinary share of RM0.50 each in respect of 2014)	3,822,684	3,681,459
Single tier first interim dividend of 1 sen per ordinary share of RM0.50 each, in respect of 2016 (2015: 1 sen per ordinary share of RM0.50 each in respect of 2015)	3,823,304	3,690,394
Single tier second interim dividend of 1.5 sen per ordinary share of RM0.50 each, in respect of 2016 (2015: 2 sen per ordinary share of RM0.50 each in respect of 2015)	5,751,703	7,468,668
Single tier third interim dividend of 0.5 sen per ordinary share of RM0.50 each, in respect of 2016 (2015: 1.5 sen per ordinary share of RM0.50 each in respect of 2015)	1,923,674	5,603,931
	<b>15,321,365</b>	<b>20,444,452</b>

The directors propose a single tier final dividend of 0.5 sen per ordinary share of RM0.50 each, 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 2017.

## 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
<b>Cost</b>									
As of 1 January 2015	9,212	40,535	96,078	9,551	57,709	26,995	2,413	18	242,511
Transferred from investment property (Note 15)	-	21,900	61,600	-	-	-	-	-	83,500
Additions	39,849	-	-	96	6,175	625	110	42	46,897
Disposals and write-offs	(9,212)	-	-	(407)	(4,423)	(513)	(3)	-	(14,558)
As of 31 December 2015	39,849	62,435	157,678	9,240	59,461	27,107	2,520	60	358,350
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

## 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
<b>Accumulated Depreciation</b>									
As of 1 January 2015	-	2,021	12,633	3,850	41,621	20,333	1,652	-	82,110
Charge for the year	-	976	2,820	887	3,801	2,127	234	-	10,845
Disposals and write-offs	-	-	-	(242)	(2,980)	(327)	(3)	-	(3,552)
As of 31 December 2015	-	2,997	15,453	4,495	42,442	22,133	1,883	-	89,403
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

## 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
<b>Accumulated Impairment</b>									
As of 1 January 2015/ 31 December 2015/ 1 January 2016/ 31 December 2016	-	1,736	-	-	-	-	-	-	1,736
<b>Net Carrying Amount</b>									
As of 31 December 2015	39,849	57,702	142,225	4,745	17,019	4,974	637	60	267,211
As of 31 December 2016	39,849	56,453	138,637	4,248	13,711	4,008	477	564	257,947

## Notes to the financial statements (cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Property, plant and equipment with carrying amount totalling RM148,075,887 (2015: RM151,762,892) were charged to financial institutions as securities for credit facilities granted to the Group (Note 26).
- (b) Carrying amount of motor vehicles acquired under hire-purchase arrangements amounted to RM9,926,416 (2015: RM12,560,113).
- (c) Leasehold land as of 31 December 2016 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 PROPERTY

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	-	83,500
Transferred to property, plant and equipment (Note 14)	-	(83,500)
At end of year	-	-

Investment property as of 1 January 2015 represented two (2) single storey warehouses erected on three (3) adjoining parcels of industrial land.

In 2015, the property has been transferred to Property, Plant and Equipment (Note 14) following a substantial change in use as owner-occupied property. In accordance with the provisions of *MFRS 140, Investment Property*, the fair value of this property at the date of change in use became the deemed cost for subsequent accounting under *MFRS 116, Property, Plant and Equipment*.

Property rental income earned by the Group in 2015 was RM4,142,913 (Note 5). The direct operating expenses pertaining to the investment property of the Group in 2015 was RM223,406.

### 16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost	17,732	17,732
Accumulated impairment losses	(10,662)	(10,662)
Net	7,070	7,070

## Notes to the financial statements (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

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

	Proportion of ownership interest and voting power		Principal Activities
	2016 %	2015 %	
Direct Subsidiary Companies			
Century Total Logistics Sdn. Bhd.	100	100	Total logistics provider
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
Century Forwarding Agency Sdn. Bhd.	70	70	Freight forwarding and shipping agency
Indirect Subsidiary Companies			
Storewell (M) Sdn. Bhd.	100	100	Bonded warehousing
Century DMS Sdn. Bhd.	70	70	Data management solutions
Century Logistics (Sarawak) Sdn. Bhd.	100	100	Dormant
Century LED Sdn. Bhd.	100	100	Dormant
Century Logistics (S'pore) Pte. Ltd.* (Incorporated in Singapore)	100	100	Dormant
Century Resources (Thailand) Limited* # (Incorporated in Thailand)	-	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.

# On 10 September 2014, Century Resources (Thailand) Limited registered with Thailand Ministry of Commerce to liquidate its business. The liquidation process has been completed on 27 June 2016.

### 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	
		2016	2015
Total logistics services	Malaysia	1	1
Procurement logistics services	Malaysia	1	1
Investment holding	Malaysia	1	1
Bonded warehousing	Malaysia	1	1
Dormant	Malaysia	3	3
Dormant	Singapore	1	1
Dormant	Thailand	-	1



## Notes to the financial statements (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### Composition of the Group (cont'd)

Principal activity	Place of incorporation and operations	Number of non-wholly-owned subsidiary companies	
		2016	2015
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 2016 and 2015, none of the Company's non-wholly owned subsidiary companies has material non-controlling interests.

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 Korea Express Asia Private Ltd., a substantial shareholder of the Company. Amount owing 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	
	2016 RM'000	2015 RM'000
<b>Century Total Logistics Sdn. Bhd. ("CTL")</b>		
Management fee income	4,680	4,680
<b>Century Advance Technology Sdn. Bhd.</b>		
Management fee income	576	576
<b>Century DMS Sdn. Bhd.</b>		
Management fee income	144	144

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

Name of related parties	Relationship
Century Forwarding Agency Sdn. Bhd. ("CFA")	A company in which Sabarin Bin Ibrahim, a director in CFA and CTL, has 30% equity interest
CJ Korea Express Malaysia Sdn. Bhd.	A subsidiary company of CJ Korea Express Asia Pte Ltd, a substantial shareholder of the Company

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	
	2016 RM'000	2015 RM'000
<b>Century Forwarding Agency Sdn. Bhd.</b>		
Provision of freight forwarding services to CTL	283	745
<b>CJ Korea Express Malaysia Sdn. Bhd.</b>		
Provision of consultation services to CTL	125	-
Provision of logistics services by CTL	26	-
Provision of logistics services to CTL	17	-

## Notes to the financial statements (cont'd)

### 17. OTHER FINANCIAL ASSETS

In year 2015, the Group disposed of all of its investment in quoted shares for cash consideration totalling RM284,427 and recorded loss on disposal totalling RM67,278 (Note 10). During the current year, the Group received disposal consideration amounting to RM67,738 and recorded a gain on disposal of RM67,738 (Note 10).

### 18. GOODWILL ON CONSOLIDATION

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
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, Century Total Logistics Sdn. Bhd. ("CTL"), to enable CTL to operate as a total logistics service provider. Accordingly, goodwill on consolidation has been allocated to cash generating units ("CGUs") within CTL that benefited from the business combination. As of 31 December 2016 and 2015, 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.

#### 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 4.77% (2015: 4.93%) 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.

### 19. INVENTORIES

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Assembled products	2,582	1,013
Assembling parts	1,687	2,539
	4,269	3,552

## Notes to the financial statements (cont'd)

### 20. TRADE RECEIVABLES

	The Group	
	2016 RM'000	2015 RM'000
Trade receivables	61,651	64,061
Less: Allowance for doubtful debts	(1,105)	(6,411)
Net	60,546	57,650

The credit terms of the Group range from 3 to 60 days (2015: 3 to 60 days).

Included in the Group's trade receivables are debtors with a carrying amount of RM22,894,177 (2015: RM21,908,504) 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.

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

	The Group	
	2016 RM'000	2015 RM'000
1-30 days	14,058	11,736
31-60 days	6,670	7,484
61-90 days	1,309	2,689
More than 90 days	857	-
Total	22,894	21,909

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2016 RM'000	2015 RM'000
At beginning of year	6,411	5,397
Allowance for doubtful debts (Note 10)	156	1,308
Allowance for doubtful debts no longer required (Note 10)	(186)	(294)
Write-off against trade receivables	(5,276)	-
	(5,306)	1,014
At end of year	1,105	6,411

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 52% (2015: 45%) 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.

## Notes to the financial statements (cont'd)

### 20. TRADE RECEIVABLES (cont'd)

The currency profile of trade receivables is as follows:

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	58,910	61,203
United States Dollar	2,741	2,584
Others	-	274
	61,651	64,061

### 21. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other receivables	11,145	10,818	-	-
Refundable deposits	3,870	3,336	2	2
Prepaid expenses	3,280	2,837	6	5
Goods and Services Tax recoverable	314	1,637	-	-
	18,609	18,628	8	7

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 RM9,194,102 (2015: RM5,774,670).

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

	The Group	
	2016 RM'000	2015 RM'000
Ringgit Malaysia	17,012	16,180
United States Dollar	1,595	2,104
Others	2	344
	18,609	18,628

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

## Notes to the financial statements (cont'd)

### 22. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Investment in money market funds	64,431	48,196	-	-
Cash and bank balances	18,714	19,449	456	192
Deposits with licensed banks	8,495	21,808	-	-
	91,640	89,453	456	192

Investment in money market funds of the Group as of 31 December 2016 were 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 2.93% (2015: 3.27%) per annum. The maturity periods of deposits of the Group range from 1 to 365 days (2015: 1 to 365 days).

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

	The Group	
	2016	2015
	RM'000	RM'000
Ringgit Malaysia	84,623	79,912
United States Dollar	5,614	7,991
Chinese Renminbi	1,219	1,260
Others	184	290
	91,640	89,453

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

### 23. SHARE CAPITAL

	The Company			
	No. of Shares		2016	2015
	2016	2015	RM'000	RM'000
<b>Authorised:</b>				
At beginning and end of year - ordinary shares of RM0.50 each	1,000,000,000	1,000,000,000	500,000	500,000
<b>Issued and fully paid:</b>				
At beginning of year - ordinary shares of RM0.50 each	373,635,390	366,192,890	186,818	183,096
Exercise of ESOS options (Note 35)	11,099,500	7,442,500	5,549	3,722
At end of year - ordinary shares of RM0.50 each	384,734,890	373,635,390	192,367	186,818

## Notes to the financial statements (cont'd)

### 23. SHARE CAPITAL (cont'd)

In 2016, the issued and paid-up share capital of the Company was increased from RM186,817,695 divided into 373,635,390 ordinary shares of RM0.50 each to RM192,367,445 divided into 384,734,890 ordinary shares of RM0.50 each, by the issuance of 10,379,500 new ordinary shares of RM0.50 each pursuant to the Company's Employees' Share Option Scheme ("ESOS"), at a premium of RM0.10 per ordinary share and 720,000 new ordinary shares of RM0.50 each pursuant to the Company's ESOS at a premium of RM0.23 per ordinary share for cash. The new shares issued rank pari passu in all respects with the then existing ordinary shares of the Company.

Subsequent to the end of the financial year, the Companies Act 2016 ("CA 2016"), which was gazetted on 15 September 2016, became effective on 31 January 2017. Under the CA 2016:

- (i) A company is no longer required to state its authorised share capital. Instead, a company is required to notify the Companies Commission of Malaysia its issued and paid-up share capital and the related changes through the return of allotments.
- (ii) Any newly issued shares will no longer be tied with the nominal value when the Company was incorporated. A company may issue shares at a price depending on the factors affecting the current circumstances and needs of the Company. Hence, upon commencement of the CA 2016, any amount standing to the credit of a company's share premium account shall become part of the Company's share capital. However, companies have a transitional period of 24 months to utilise the existing balances credited in the share premium account in a manner specified by the CA 2016.

### 24. RESERVES

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Share premium	1,948	748	1,948	748
Equity-settled employees' benefits reserve	14	662	14	662
Translation reserve	705	704	-	-
Retained earnings	106,451	99,836	13,860	8,330
	109,118	101,950	15,822	9,740

#### Share Premium

Share premium arose from the issuance of ESOS shares at premium in current and prior year.

#### 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 35.

#### 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 2016 are distributable as dividends under the single tier income tax system.

## Notes to the financial statements (cont'd)

### 25. HIRE-PURCHASE PAYABLES

	The Group	
	2016 RM'000	2015 RM'000
Total outstanding	6,112	9,745
Less: Interest-in-suspense	(389)	(810)
Principal outstanding	5,723	8,935
Less: Portion due within the next 12 months (shown under current liabilities)	(2,809)	(2,947)
Non-current portion	2,914	5,988

The non-current portion is repayable as follows:

	The Group	
	2016 RM'000	2015 RM'000
Within 1 to 2 years	1,694	2,964
Within 2 to 5 years	1,220	3,024
	2,914	5,988

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 4.80% to 5.64% (2015: 5.28% 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.

### 26. LONG-TERM BORROWINGS

	The Group	
	2016 RM'000	2015 RM'000
Secured:		
Principal outstanding	63,641	79,253
Portion due within the next 12 months (Note 30)	(14,802)	(15,808)
Non-current portion	48,839	63,445



## Notes to the financial statements (cont'd)

### 26. LONG-TERM BORROWINGS (cont'd)

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

	The Group	
	2016 RM'000	2015 RM'000
Within 1 to 2 years	14,549	14,832
Within 2 to 5 years	31,121	40,536
5 years and thereafter	3,169	8,077
	48,839	63,445

The weighted average effective interest rate of the above long-term loans is 4.77% (2015: 4.93%) per annum.

Long-term loans pertaining to subsidiary companies are secured by:

- (i) a deed of assignment by a subsidiary company in favour of the bank over all areas of certain leasehold land and buildings (Note 14);
- (ii) a specific debenture over a leasehold 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 leasehold land (Note 14); and
- (iv) corporate guarantee by the Company amounting to RM113,900,000 (2015: RM113,900,000).

The Group's borrowings are denominated in Ringgit Malaysia.

### 27. DEFERRED TAX LIABILITIES

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.

#### The Group

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of of year RM'000
<b>2016</b>			
<b>Deferred tax liabilities (before offsetting)</b>			
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
<b>Offsetting:</b>			
<b>Deferred tax asset</b>			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	(399)	(8)	(407)
Others	(241)	218	(23)
	(640)	210	(430)
<b>Deferred tax liabilities (after offsetting)</b>	7,179	(131)	7,048

## Notes to the financial statements (cont'd)

### 27. DEFERRED TAX LIABILITIES (cont'd)

#### The Group

	At beginning of year RM'000	Recognised in profit or loss (Note 11) RM'000	At end of of year RM'000
<b>2015</b>			
<b>Deferred tax liabilities (before offsetting)</b>			
Tax effect of temporary differences arising from:			
Property, plant and equipment	9,714	(2,258)	7,456
Others	-	363	363
	9,714	(1,895)	7,819
<b>Offsetting:</b>			
<b>Deferred tax asset</b>			
Tax effect of temporary differences arising from:			
Other payables and accrued expenses	-	(399)	(399)
Others	(415)	174	(241)
	(415)	(225)	(640)
<b>Deferred tax liabilities (after offsetting)</b>	9,299	(2,120)	7,179

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:

	<b>The Group and The Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Unused capital allowances and tax losses	496	-

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.

### 28. 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:

	<b>The Group</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Ringgit Malaysia	16,293	15,628
United States Dollar	1,680	1,800
Others	40	69
	18,013	17,497

## Notes to the financial statements (cont'd)

### 29. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Other payables	19,074	16,262	-	-
Accrued expenses	14,759	13,777	3,031	2,761
Deposits refundable	1,989	1,557	-	-
Goods and Services Tax payable	438	1,027	26	24
	36,260	32,623	3,057	2,785

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 RM15,396,861 (2015: RM13,477,971).

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

	The Group	
	2016	2015
	RM'000	RM'000
Ringgit Malaysia	20,803	18,783
United States Dollar	15,397	13,520
Others	60	320
	36,260	32,623

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

### 30. SHORT-TERM BORROWINGS

	The Group	
	2016	2015
	RM'000	RM'000
Secured:		
Portion of long-term loans due within the next 12 months (Note 26)	14,802	15,808

The Group has term loans, bank overdrafts and revolving credit facilities amounting to RM132.9 million (2015: 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)

### 31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances (Note 22)	18,714	19,449	456	192
Deposits with licensed banks (Note 22)	8,495	21,808	-	-
	27,209	41,257	456	192
Less: Deposits with maturities in excess of 3 months	(89)	(87)	-	-
	27,120	41,170	456	192

### 32. 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 2015.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 25, 26 and 30) offset by cash and bank balances and equity of the Group (comprising issued capital, reserves and non-controlling interests as detailed in Notes 23 and 24).

The Group is not subject to any externally imposed capital requirements.

#### Gearing ratio

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

	The Group	
	2016 RM'000	2015 RM'000
Debts, comprising:		
Borrowings (Note 26)	63,641	79,253
Hire-purchase payables (Note 25)	5,723	8,935
	69,364	88,188
Cash and bank balances	(91,640)	(89,453)
Net cash	(22,276)	(1,265)
Shareholders' equity	302,531	289,732
Net debt to equity ratio	N/A	N/A

#### 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.

## Notes to the financial statements (cont'd)

### 32. FINANCIAL INSTRUMENTS (cont'd)

#### Categories of financial instruments

	The Group	
	2016 RM'000	2015 RM'000
<b>Financial assets</b>		
<b>Loans and receivables:</b>		
Trade receivables	60,546	57,650
Other receivables and refundable deposits (Note 21)	15,329	15,791
Deposits, cash and bank balances	91,640	89,453
	167,515	162,894
<b>Financial liabilities at amortised costs</b>		
Trade payables	18,013	17,497
Other payables and accrued expenses	36,260	32,623
Amount owing to an affiliated company	114	-
Total borrowings (Note 26)	63,641	79,253
Hire-purchase payables (Note 25)	5,723	8,935
	123,751	138,308

	The Company	
	2016 RM'000	2015 RM'000
<b>Financial assets</b>		
<b>Loans and receivables:</b>		
Other receivables and refundable deposits (Note 21)	2	2
Amount owing by subsidiary companies	207,417	195,944
Deposits, cash and bank balances	456	192
	207,875	196,138
<b>Financial liabilities at amortised costs</b>		
Other payables and accrued expenses	3,057	2,785
Amount owing to subsidiary companies	3,991	4,013
	7,048	6,798

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.

#### 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.

## Notes to the financial statements (cont'd)

### 32. FINANCIAL INSTRUMENTS (cont'd)

#### 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 '000	Notional value RM'000	Fair value gain RM'000
<b>2016</b>				
<b>Buy USD</b>				
Less than 3 months	4.44 - 4.49	1,607	7,206	21
3 to 6 months	4.50	211	949	1
<b>2015</b>				
<b>Buy USD</b>				
Less than 3 months	4.22 - 4.45	1,056	4,537	10
3 to 6 months	4.30 - 4.35	44	191	(2)
<b>Buy EURO</b>				
Less than 3 months	4.60 - 4.70	374	1,721	37

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 RM51,000 (2015: RM104,000).

#### 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 4.77% (2015: 4.93%) 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)

### 32. 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 counterparty limits that are reviewed and approved by the risk management committee annually.

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

Other than those disclosed in Note 20, 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
<b>2016</b>						
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
<b>2015</b>						
Hire- purchase payables	5.28-5.64	3,348	3,207	3,190	-	9,745
Borrowings	4.93	19,942	18,139	37,247	20,431	95,759
		23,290	21,346	40,437	20,431	105,504



## Notes to the financial statements (cont'd)

### 32. 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 RM167.7 million (2015: 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 26.

### 33. 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

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

## Notes to the financial statements (cont'd)

### 33. SEGMENTAL INFORMATION (cont'd)

Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
<b>2015</b>				
<b>REVENUE</b>				
External sales	245,107	52,769	-	297,876
Inter-segment sales	2,405	-	(2,405)	-
Total revenue	247,512	52,769	(2,405)	297,876
<b>RESULTS</b>				
Segment results	37,245	6,366	163	43,774
Interest income	1,459	364	-	1,823
Profit from operations	38,704	6,730	163	45,597
Finance costs	(3,904)	(690)	-	(4,594)
Income tax expense	(7,994)	(1,030)	-	(9,024)
Profit for the year	26,806	5,010	163	31,979

#### 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.

Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
<b>2016</b>				
<b>SEGMENT ASSETS</b>				
Segment assets	578,537	82,799	(226,513)	434,823
Consolidated total assets				434,823
<b>SEGMENT LIABILITIES</b>				
Segment liabilities	299,607	49,566	(216,881)	132,292
Consolidated total liabilities				132,292
<b>2015</b>				
<b>SEGMENT ASSETS</b>				
Segment assets	586,401	79,804	(227,591)	438,614
Consolidated total assets				438,614
<b>SEGMENT LIABILITIES</b>				
Segment liabilities	311,143	50,796	(213,057)	148,882
Consolidated total liabilities				148,882

## Notes to the financial statements (cont'd)

### 33. SEGMENTAL INFORMATION (cont'd)

#### OTHER SEGMENT INFORMATION

Group	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Elimination RM'000	Consolidated RM'000
<b>2016</b>				
Capital expenditure	2,248	54	-	2,302
Depreciation	9,742	1,173	-	10,915
<b>2015</b>				
Capital expenditure	46,192	705	-	46,897
Depreciation	9,513	1,332	-	10,845

### 34 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	
	2016 RM'000	2015 RM'000
Approved and contracted for	3,246	762
Approved but not contracted for	260	886

#### (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	
	2016 RM'000	2015 RM'000
Financial years ending 31 December:		
2016	-	5,559
2017	10,247	3,705
2018	4,204	-
	14,451	9,264

## Notes to the financial statements (cont'd)

### 35. 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.
- (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

## Notes to the financial statements (cont'd)

### 35. SHARE-BASED PAYMENTS (cont'd)

#### 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%

## Supplemental Information

### 36. SUPPLEMENTAL INFORMATION - REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profits or losses, pursuant to the directive, are as follows:

	<b>The Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised	101,467	92,088
- Unrealised	8,378	9,013
	109,845	101,101
Less: Consolidation adjustments	(3,394)	(1,265)
Total Group retained earnings	106,451	99,836

	<b>The Company</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Company		
- Realised	13,860	8,330

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Securities and is not made for any other purposes.

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## Statement By Directors

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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, 1965 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 2016 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.

The supplementary information set out in Note 36, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

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

**TEOW CHOO HING**

**YEAP KHOO SOON EDWIN**

Selangor,  
21 February 2017

## Declaration By The Director Primarily Responsible For The Financial Management Of The Company

I, **YEAP KHOO SOON EDWIN**, the Director 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.

**YEAP KHOO SOON EDWIN**

Subscribed and solemnly declared by the  
above named **YEAP KHOO SOON EDWIN**  
at **SELANGOR** this 21st day of February, 2017.

Before me,

**COMMISSIONER FOR OATHS**



## List Of Properties

### As At 31 December 2016

Location	Existing use Description	Year of Acquisition or Revaluation*	Age of Building	Area (sq. feet)	Tenure	NBV as at 31/12/2016 (RM)
Lot 8, Lingkaran Sultan Mohamed 1 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	3 single storey warehouses with office building	2001	15 years	558,647	Leasehold Expiry: 29 March 2087	32,118,826
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*	10 years	335,412	Sub Lease Expiry: 23 March 2055	26,941,160
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	9 years	321,037	Sub Lease Expiry: 23 March 2055	22,359,453
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	7 years	156,511	Sub Lease Expiry: 23 March 2055	14,893,059
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*	4 years	653,400	Sub Lease Expiry: 23 March 2055	80,380,564
Lot 4A, Jalan Sultan Mohamed 3 Bandar Sultan Suleiman 42000 Port Klang Selangor Darul Ehsan	Double storey factory with office building	2012	18 years (refurbished in 2013)	257,171	Leasehold Expiry: 30 June 2105	18,394,710
Lot No.98083, GRN 331942 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Land	2015	-	174,505	Freehold	19,431,046
Lot No.98084, GRN 331949 Mukim Kapar Daerah Klang Selangor Darul Ehsan	Land	2015	-	183,600	Freehold	20,417,836
						234,936,654

## Analysis Of Shareholdings As At 13 March 2017

Total Number of Issued Shares	:	389,303,890
Paid-Up Share Capital	:	RM194,651,945.00
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

### 1. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Ordinary Shares Held	%
1 - 99	112	2.36	4,161	0.00
100 - 1,000	347	7.31	222,375	0.06
1,001 - 10,000	2,279	48.02	13,564,264	3.48
10,001 - 100,000	1,697	35.76	55,996,162	14.38
100,001 - 19,465,193 (less than 5% of issued holdings)	310	6.53	198,972,692	51.11
19,465,194 and above (5% and above of issued holdings)	1	0.02	120,544,236	30.96
<b>TOTAL</b>	<b>4,746</b>	<b>100.00</b>	<b>389,303,890</b>	<b>100.00</b>

### 2. DIRECTORS' SHAREHOLDINGS

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

No.		No. of Ordinary Shares Held			
		Direct	%*	Indirect	%*
1.	Datuk Lee Say Tshin	-	-	-	-
2.	Teow Choo Hing	43,724,294	11.24	2,224,416 <sup>(a)</sup>	0.57
3.	Yeap Khoo Soon Edwin	3,860,000	0.99	-	-
4.	Lee Jae Jin	-	-	-	-
5.	Cheong Joon Kyo	-	-	-	-
6.	Ahn Jae Ho	-	-	-	-
7.	Lee Eui Sung	-	-	-	-
8.	Saryani Binti Che Ab Rahman	-	-	-	-
9.	Winston Tan Kheng Huang	-	-	-	-

**Notes:**

\* Calculated based on 389,303,890 ordinary shares

<sup>(a)</sup> Deemed interested through his wife.

## Analysis Of Shareholdings (cont'd)

### As At 13 March 2017

#### 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.	No. of Ordinary Shares Held			
	Direct	%*	Indirect	%*
1. CJ Korea Express Asia Pte. Ltd.	120,544,236	30.96	-	-
2. Teow Choo Hing	43,724,294	11.24	2,224,416 <sup>(a)</sup>	0.57

#### Notes:

\* Calculated based on 389,303,890 ordinary shares

<sup>(a)</sup> Deemed interested through his wife.

#### 4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Names	Shareholdings	%*
1	CJ Korea Express Asia Pte. Ltd.	120,544,236	30.96
2	Datuk Syed Ahmad Khalid Bin Syed Mohammed	14,126,018	3.63
3	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Teow Choo Hing	13,024,782	3.35
4	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teow Choo Hing	12,332,016	3.17
5	Optimum Shine Sdn. Bhd.	11,991,738	3.08
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank For Teow Choo Hing	8,260,064	2.12
7	Teow Choo Hing	6,771,984	1.74
8	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Soon Foo	5,346,056	1.37
9	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For Credit Suisse	5,032,472	1.29
10	Yeap Khoo Soon Edwin	3,860,000	0.99
11	N2N Connect Berhad	3,322,100	0.85
12	Nurmala Binti Abdul Hafiz	3,100,000	0.80
13	Woon Yen Siang	2,743,800	0.70

## Analysis Of Shareholdings (cont'd)

### As At 13 March 2017

#### 4. LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS (cont'd)

No.	Names	Shareholdings	%
14	Konsortium Ara Aramani Sdn. Bhd.	2,337,956	0.60
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Teow Choo Hing	2,255,448	0.58
16	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Cheah Bee Tin	2,224,416	0.57
17	AllianceGroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Gan Boon Sin	2,100,000	0.54
18	Thong Weng Kin	2,095,928	0.54
19	HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd For Singular Value Fund	2,062,400	0.53
20	Lim Pei Tiam @ Liam Ahat Kiat	2,003,300	0.51
21	Lim Pay Kaon	1,620,000	0.42
22	Lee Li Choo	1,605,000	0.41
23	Foo Loke Weng	1,560,000	0.40
24	Tang & Co Sdn. Bhd.	1,500,000	0.39
25	Lim Yuen Heung	1,495,000	0.38
26	Thong Weng Kin	1,431,144	0.37
27	Santraprise Sdn. Bhd.	1,119,174	0.29
28	Chen Hong Eng	1,088,648	0.28
29	Teow Choo Hing	1,080,000	0.28
30	Kenanga Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tang Quee Huang	1,050,000	0.27
<b>Total</b>		<b>239,083,680</b>	<b>61.41</b>

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting (“**AGM**”) of the Company will be held at Function Room 8, 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, 21 April 2017 at 10:00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 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 0.5 sen per share for the financial year ended 31 December 2016. (Resolution 1)
3. To approve the payment of Directors’ fees of RM180,000 for the financial year ended 31 December 2016. (Resolution 2)
4. To approve the payment of Directors’ benefits to the Directors up to RM24,000 from 1 January 2017 until the Twenty-First AGM of the Company. (Resolution 3)
5. To re-elect Mr. Teow Choo Hing who is due to retire pursuant to Article 82 of the Company’s Articles of Association and being eligible, has offered himself for re-election. (Resolution 4)
6. To re-elect the following Directors who are due to retire pursuant to Article 85 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:-
  - (a) Datuk Lee Say Tshin (Resolution 5)
  - (b) Mr. Winston Tan Kheng Huang (Resolution 6)
  - (c) Puan Saryani Binti Che Ab Rahman (Resolution 7)
  - (d) Mr. Lee Jae Jin (Resolution 8)
  - (e) Mr. Cheong Joon Kyo (Resolution 9)
  - (f) Mr. Lee Eui Sung (Resolution 10)
  - (g) Mr. Ahn Jae Ho (Resolution 11)
7. 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 12)

## **As Special Business**

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

8. **Ordinary Resolution**
  - **Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** (Resolution 13)

“**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 30 March 2017 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 breakdown of the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year;

## Notice Of Annual General Meeting (cont'd)

### 8. Ordinary Resolution (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(1) 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."

### 9. Ordinary Resolution

- **Proposed Renewal of Share Buy-Back Authority of Up to 10% of the Issued and Paid-Up Share Capital of the Company** (Resolution 14)

**"THAT** subject to the compliance with Section 127 of the Companies Act 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount 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 the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 30 March 2017.

**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.

**THAT** authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant authorities.

**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."

## Notice Of Annual General Meeting (cont'd)

### 10. Ordinary Resolution

#### - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

(Resolution 15)

**"THAT**, subject always to the Sections 75 and 76 of 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 Sections 75 and 76 of 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 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."

11. 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 0.5 sen per share in respect of financial year ended 31 December 2016, will be payable on 25 May 2017 to depositors who are registered in the Record of Depositors at the close of business on 11 May 2017, if approved by shareholders at the forthcoming Twentieth Annual General Meeting on Friday, 21 April 2017.

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 11 May 2017 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  
30 March 2017



## Notice Of Annual General Meeting (cont'd)

### Notes:

1. *This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") 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 14 April 2017 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 Ordinary and Special Business:

### 1. Resolution 2 and Resolution 3

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 Twentieth AGM in two (2) separate resolutions as below:-

- **Resolution 2** on payment of Directors' Fees totalling RM180,000 in respect of the financial year ended 31 December 2016; and
- **Resolution 3** on payment of Directors' benefits of up to RM24,000 in respect of meeting allowances payable for attendance of Board and/or Board Committee Meetings by the Directors with effect from 1 January 2017 up to the next Annual General Meeting.

### 2. Resolution 13

The proposed adoption of Resolution 13 is to obtain new Shareholders' Mandate for Recurrent Related Party Transactions. The New Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2016 Annual Report.

### 3. Resolution 14

The proposed Resolution 14 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 30 March 2017 for further information.

### 4. Resolution 15

The proposed Resolution 15 is intended to renew the authority granted to the Directors of the Company at the Nineteenth Annual General Meeting of the Company held on 21 April 2016 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 Nineteenth 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.

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## 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 Twentieth Annual General Meeting of the Company to be held at Function Room 8, 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, 21 April 2017 at 10:00 a.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 2016 together with the Reports of the Directors and the Auditors thereon.		
		For	Against
2	To approve the declaration of a single-tier final dividend of 0.5 sen per share for the financial year ended 31 December 2016. (Resolution 1)		
3	To approve the payment of Directors' Fees of RM180,000 for the financial year ended 31 December 2016. (Resolution 2)		
4	To approve the payment of Directors' benefits to the Directors up to RM24,000 from 1 January 2017 until the Twenty-first AGM of the Company. (Resolution 3)		
5	To re-elect Mr. Teow Choo Hing who is due to retire pursuant to Article 82 of the Company's Articles of Association. (Resolution 4)		
6	To re-elect Datuk Lee Say Tshin who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 5)		
7	To re-elect Mr. Winston Tan Kheng Huang who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 6)		
8	To re-elect Puan Saryani Binti Che Ab Rahman who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 7)		
9	To re-elect Mr. Lee Jae Jin who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 8)		
10	To re-elect Mr. Cheong Joon Kyo who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 9)		
11	To re-elect Mr. Lee Eui Sung who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 10)		
12	To re-elect Mr. Ahn Jae Ho who is due to retire pursuant to Article 85 of the Company's Articles of Association. (Resolution 11)		
13	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 12)		
Special Business			
14	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 13)		
15	Proposed Renewal of Share Buy-Back Authority of Up to 10% of the Issued and Paid-Up Share Capital of the Company. (Resolution 14)		
16	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016. (Resolution 15)		

\* Strike out whichever not applicable.

As witness my/our hand this ..... day of ..... 2017

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

Signature of Member/Common Seal

#### Notes:

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") 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 14 April 2017 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.

FOLD THIS FLAP FOR SEALING

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Affix  
stamp

**COMPANY SECRETARY**  
**CENTURY LOGISTICS HOLDINGS BERHAD** (424341-A)  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

FOLD HERE



[www.century.com.my](http://www.century.com.my)

**Century Logistics Holdings Berhad** (424341-A)  
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Bandar Sultan Suleiman, P.O. Box 93,  
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