



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

30 JUNE 2020

27 AUGUST 2020



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))
Interim report on unaudited consolidated results for the financial period ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2020

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 30.06.2020 RM'000	Preceding year corresponding quarter 30.06.2019 RM'000	-----Changes-----		Current year to date 30.06.2020 RM'000	Preceding year corresponding period 30.06.2019 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Revenue	130,966	136,740	(5,774)	-4%	240,390	263,836	(23,446)	-9%
Direct operating expenses	(112,374)	(121,007)	8,633	7%	(204,404)	(234,482)	30,078	13%
Gross profit	18,592	15,733	2,859	18%	35,986	29,354	6,632	23%
Net other operating expenses	(19,751)	(16,161)	(3,590)	-22%	(38,585)	(29,413)	(9,172)	-31%
Results from operating activities	(1,159)	(428)	(731)	-171%	(2,599)	(59)	(2,540)	-4305%
Net finance costs	(1,273)	(1,795)	522	29%	(3,296)	(3,239)	(57)	-2%
Loss before taxation	(2,432)	(2,223)	(209)	-9%	(5,895)	(3,298)	(2,597)	-79%
Taxation	1,747	(794)	2,541	320%	1,686	(1,490)	3,176	213%
Loss for the period	(685)	(3,017)	2,332	77%	(4,209)	(4,788)	579	12%
Other comprehensive income								
Foreign currency translation differences for foreign operations	4	4	-	-	(12)	1	(13)	-1300%
Other comprehensive income for the period	4	4	-	-	(12)	1	(13)	-1300%
Total comprehensive loss for the period	(681)	(3,013)	2,332	77%	(4,221)	(4,787)	566	12%
Loss attributable to:								
Equity holders of the Company	(712)	(3,043)	2,331	77%	(4,260)	(4,840)	580	12%
Non-controlling interests	27	26	1	4%	51	52	(1)	-2%
Loss profit for the period	(685)	(3,017)	2,332	77%	(4,209)	(4,788)	579	12%
Total comprehensive loss attributable to:								
Equity holders of the Company	(708)	(3,039)	2,331	77%	(4,272)	(4,839)	567	12%
Non-controlling interests	27	26	1	4%	51	52	(1)	-2%
Total comprehensive loss for the period	(681)	(3,013)	2,332	77%	(4,221)	(4,787)	566	12%
Loss per share attributable to equity holders of the Company:								
Basic (sen)	(0.17)	(0.78)	0.61	78%	(1.05)	(1.24)	0.19	16%
Diluted (sen)	NA	(0.78)	-	-	NA	(1.24)	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	As at end of current quarter 30.06.2020 RM'000	As at preceding financial year end 31.12.2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	439,279	385,451
Right-of-use assets	18,467	9,926
Deferred tax asset	5	5
Goodwill on consolidation	28,371	1,443
	<u>486,122</u>	<u>396,825</u>
Current Assets		
Inventories	14,790	9,539
Receivables	181,796	141,559
Deposits, cash and bank balances	79,687	64,999
	<u>276,273</u>	<u>216,097</u>
TOTAL ASSETS	<u><u>762,395</u></u>	<u><u>612,922</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	300,043	200,043
Treasury shares	(2,506)	(2,506)
Reserves	114,055	118,327
	<u>411,592</u>	<u>315,864</u>
Non-controlling Interests	980	929
Total Equity	<u>412,572</u>	<u>316,793</u>
Non-current Liabilities		
Borrowings	168,660	159,158
Lease liabilities	6,394	2,855
Deferred taxation	7,845	8,560
	<u>182,899</u>	<u>170,573</u>
Current Liabilities		
Borrowings	31,087	32,428
Payables	123,373	85,899
Lease liabilities	12,464	7,229
	<u>166,924</u>	<u>125,556</u>
Total Liabilities	<u>349,823</u>	<u>296,129</u>
TOTAL EQUITY AND LIABILITIES	<u><u>762,395</u></u>	<u><u>612,922</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.70	0.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

	Current year to date 30.06.2020 RM'000	Preceding year corresponding period 30.06.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(4,209)	(4,788)
Adjustments:		
Non-Cash Items	17,521	14,072
Non-Operating Items	(152)	767
Operating profit before working capital changes	13,160	10,051
Movement in working capital:		
Net change in current assets	3,366	(5,817)
Net change in current liabilities	(20,814)	(11,177)
Cash used in operations	(4,288)	(6,943)
Tax refunded / (paid)	1,196	(1,370)
Net cash used in operating activities	(3,093)	(8,313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	33,304	-
Interest received	821	674
Disposal of property, plant and equipment	681	200
Increase / (decrease) in investment in money market funds	29,713	(1,209)
Purchase of property, plant and equipment	(7,342)	(30,399)
Net cash from / (used in) investing activities	57,176	(30,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(976)
Proceeds from borrowings	9,000	52,872
Repayment of lease liabilities	(4,620)	(2,767)
Repayment of hire purchase payables	(2,998)	(3,571)
Repayment of borrowings	(7,201)	(6,749)
Interest paid	(3,864)	(3,707)
Net cash (used in) / from financing activities	(9,682)	35,101
Net increase / (decrease) in cash and cash equivalents	44,401	(3,946)
Cash and cash equivalents at beginning of the period	23,046	17,028
Cash and cash equivalents at end of the period	67,447	13,082
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash on hand and at banks	47,698	5,932
Investment in money market funds	12,240	63,269
Deposits with licensed banks	19,749	7,150
Less: Investment in money market funds	(12,240)	(63,269)
	67,447	13,082

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	← Attributable to Equity Holders of the Company →				Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	← Non-distributable Treasury Shares RM'000	→ Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at 1 January 2020	200,043	(2,506)	3,586	114,741	315,864	929	316,793
Issue of shares	100,000	-	-	-	100,000	-	100,000
Transfer to retained earnings upon lapse of Employees' Share Option Scheme ("ESOS")	-	-	(2,831)	2,831	-	-	-
Total comprehensive income for the period	-	-	(12)	(4,260)	(4,272)	51	(4,221)
As at 30 June 2020	300,043	(2,506)	743	113,312	411,592	980	412,572
As at preceding year corresponding quarter							
As at 1 January 2019	200,043	(2,506)	2,168	123,248	322,953	955	323,908
Share-based payment under ESOS	-	-	784	-	784	-	784
Total comprehensive income for the period	-	-	1	(4,840)	(4,839)	52	(4,787)
Dividends paid	-	-	-	(976)	(976)	-	(976)
As at 30 June 2019	200,043	(2,506)	2,953	117,432	317,923	1,007	318,930

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2019.

Notes To The Financial Statements

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

2. Significant Accounting Policies

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia for accounting period beginning on 1 January 2020. As disclosed in the Group's annual financial statements for the financial year ended 31 December 2019, the following are new/revised accounting standards effective for annual periods beginning on or after 1 January 2020.

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

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

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

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2019 was not qualified.

4. Seasonal or Cyclical Factors

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

5. Unusual Items

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

6. Changes in Estimates

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

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review, except for the issuance and allotment of 200,000,000 new ordinary shares, being the purchase consideration for the acquisition of 100% equity interest in CJ Korea Express Malaysia Sdn. Bhd. on 30 June 2020.

8. Dividend Paid

No dividend was paid in the financial quarter under review.

9. Segmental Reporting

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2020 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue					
External sales	137,340	83,170	19,880	-	240,390
Inter-segment sales	<u>2,414</u>	<u>-</u>	<u>-</u>	<u>(2,414)</u>	<u>-</u>
Total revenue	<u><u>139,754</u></u>	<u><u>83,170</u></u>	<u><u>19,880</u></u>	<u><u>(2,414)</u></u>	<u><u>240,390</u></u>
Profit					
Segment results	8,692	1,740	(13,028)	(3)	(2,599)
Net finance costs					<u>(3,296)</u>
Loss from ordinary activities before taxation					(5,895)
Taxation					<u>1,686</u>
Loss from ordinary activities after taxation					(4,209)
Non-controlling interests					<u>(51)</u>
Net loss for the period					<u><u>(4,260)</u></u>

Analysis of the Group's revenue and results for the 6 months period ended 30 June 2019 is as follows:

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
Revenue					
External sales	128,625	122,767	12,444	-	263,836
Inter-segment sales	<u>2,295</u>	<u>-</u>	<u>-</u>	<u>(2,295)</u>	<u>-</u>
Total revenue	<u><u>130,920</u></u>	<u><u>122,767</u></u>	<u><u>12,444</u></u>	<u><u>(2,295)</u></u>	<u><u>263,836</u></u>
Profit					
Segment results	1,859	6,178	(8,096)	-	(59)
Net finance costs					<u>(3,239)</u>
Loss from ordinary activities before taxation					(3,298)
Taxation					<u>(1,490)</u>
Loss from ordinary activities after taxation					(4,788)
Non-controlling interests					<u>(52)</u>
Net loss for the period					<u><u>(4,840)</u></u>

Total revenue of the Group was RM240.390 million, representing a decrease of 9% from RM263.836 million in the corresponding period ended 30 June 2019. The Group recorded an operating loss of RM2.599 million from an operating loss of RM0.059 million in the six months ended 30 June 2020.

Total Logistics Services

Segment revenue and profit generated from the Total Logistics Services operations for the period under review increased by RM8.715 million and RM6.833 million respectively as compared to the corresponding period ended 30 June 2019 mainly due to the higher volumes from certain operations particularly the oil logistics segment.

Procurement Logistics Services

The Procurement Logistics operations recorded a lower segment revenue of RM83.170 million in the six months ended 30 June 2020 compared to RM122.767 million in year 2019 due to the restricted operations as a result of the Movement Control Order in respond to the spread of Novel Coronavirus (COVID-19). The segment profit for the period under review was RM1.740 million, a decrease of 71.8% from RM6.178 million.

Courier Services

For the financial quarter ended 30 June 2020, the courier services revenue and segment loss were RM19.880 million and RM13.028 million as compared to RM12.444 million and RM8.096 million respectively in the corresponding period ended 30 June 2019. The loss was mainly due to the expansion of trucks, network and people resources.

9. Segmental Reporting (cont'd)

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
As at 30 June 2020*					
Segment Assets	917,378	103,236	43,163	(301,382)	<u>762,395</u>
Segment Liabilities	496,631	63,700	19,179	(229,687)	<u>349,823</u>
As at 30 June 2019					
Segment Assets	877,462	96,605	30,181	(417,524)	<u>586,724</u>
Segment Liabilities	588,823	61,762	21,843	(404,636)	<u>267,793</u>

* The assets and liabilities of CJ Korea Express Malaysia Sdn. Bhd. has been consolidated with effect from 30 June 2020.

10. Related Party Disclosures

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

11. Financial Instruments**Categories of financial instruments**

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Financial assets		
Fair value through profit or loss		
Investment in money market funds	24,540	41,953
Amortised costs		
Trade receivables	124,854	91,673
Other receivables and refundable deposits	33,261	34,265
Amount owing from affiliated companies	12,720	7,455
Deposits, cash and bank balances	<u>55,147</u>	<u>23,046</u>
	<u>250,522</u>	<u>198,392</u>
Financial liabilities at amortised costs		
Trade payables	28,452	29,332
Other payables and accrued expenses	52,078	49,382
Amount owing to affiliated company	7,217	703
Total borrowings	175,827	171,313
Hire-purchase payables	23,920	20,273
Lease liabilities	<u>18,858</u>	<u>10,084</u>
	<u>306,353</u>	<u>281,087</u>

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

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

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

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

12. Valuation of Property, Plant and Equipment

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

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

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

14. Changes in Composition of the Group

During the current financial quarter, the Company acquired 100% equity interest in CJ Korea Express Malaysia Sdn. Bhd. for a total consideration of RM100,000,000. Subsequent to the completion of the acquisition on 30 June 2020, CJ Korea Express Malaysia Sdn. Bhd. and its group of companies became subsidiaries of the Company.

The fair value of the identifiable assets and liabilities of CJ Korea Express Malaysia Sdn. Bhd. as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RM'000
Assets	
Property, plant and equipment	49,427
Right-of-use assets	7,934
Goodwill	897
Inventories	5,697
Receivables	46,392
Deposits, cash and bank balances	33,304
	<u>143,651</u>
Liabilities	
Borrowings	(2,715)
Payables	(57,170)
Lease Liabilities	(8,137)
Deferred taxation	(1,661)
	<u>(69,683)</u>
Net identifiable assets	<u>73,969</u>
Fair value of net identifiable assets	73,969
Goodwill on consolidation	26,031
Cost of business combination	<u>100,000</u>
Cash inflow on acquisition was as follows:	
Total purchase consideration	100,000
Purchase consideration satisfied by issuance of new CJ Century Shares	(100,000)
Cash and cash equivalents of subsidiary acquired	33,304
Net cash inflow of the Group	<u>33,304</u>

15. Capital Commitments

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

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Approved and contracted for	34,960	26,960
Approved but not contracted for	<u>3,458</u>	<u>6,131</u>

16. Changes in Contingent Liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 December 2019.

17. Review of Performance

For the financial quarter ended 30 June 2020, the Group's revenue and pre-tax loss were RM130.966 million and RM2.432 million respectively, compared to revenue and pre-tax loss of RM136.740 million and RM2.223 million respectively for the corresponding period in the previous financial year. The decrease in revenue by 4% was mainly attributable to the lower activities in Procurement Logistics Services segment due to the restricted operations as a result of the Movement Control Order in response to the spread of COVID-19. The increase in pre-tax loss was mainly due to the lower activities and higher other operating expenses in Procurement Logistics Services as well as the increased loss as a result of the expansion of the courier operation during the financial quarter.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 30.06.2020 RM'000	Immediate preceding quarter 30.03.2020 RM'000	-----Changes-----	
			RM'000	%
Revenue	130,966	109,424	21,542	20%
Direct operating expenses	<u>(112,374)</u>	<u>(92,030)</u>	<u>(20,344)</u>	<u>-22%</u>
Gross profit	18,592	17,394	1,198	7%
Net other operating expenses	<u>(19,751)</u>	<u>(18,834)</u>	<u>(917)</u>	<u>-5%</u>
Results from operating activities	(1,159)	(1,440)	281	20%
Net finance costs	<u>(1,273)</u>	<u>(2,023)</u>	<u>750</u>	<u>37%</u>
Loss before taxation	(2,432)	(3,463)	1,031	21%
Taxation	<u>1,747</u>	<u>(61)</u>	<u>1,808</u>	<u>2964%</u>
Loss for the period	<u><u>(685)</u></u>	<u><u>(3,524)</u></u>	<u><u>2,839</u></u>	<u><u>81%</u></u>

For the financial quarter ended 30 June 2020, the Group reported revenue and pre-tax loss of RM130.966 million and RM2.432 million respectively, compared to revenue and pre-tax loss of RM109.424 million and RM3.463 million respectively for the preceding quarter. The increase in revenue was mainly attributable to the higher activities in Procurement Logistics Services segment. However, the pre-tax loss incurred during the quarter was mainly due to the increased loss as a result of the expansion of the courier operation during the financial quarter.

19. Prospects for the Current Financial Year

The Group expects the operating environment to remain challenging going forward as the disruption from the COVID-19 pandemic is expected to continue indefinitely. Most industries in Malaysia are feeling the impact of COVID-19 from the effects of quarantine measures imposed by governments of a number of countries, which has disrupted the ability of workers and operations of companies. Notwithstanding, the Group will continue to exercise prudence in its business dealings, improving the Group's financial and operational efficiency and reducing costs.

Despite the challenges ahead, CJ Century is in a resilient position to weather the headwinds, supported by the integration of CJ Korea Express Malaysia Sdn. Bhd. group's operations into the CJ Century Group to become a top tier logistics company in Malaysia. CJ Korea Express Malaysia Sdn Bhd will principally complement and expand the existing logistics business of CJ Century Group which including freight forwarding, warehousing and distribution, as well as transportation. It also allows CJ Century to further strengthen its total logistics offerings as well as expansion via the sharing of key logistics hub and networks. With the combined strength and the backing of the "CJ" name, this opens up new opportunities to CJ Century, particularly in the course of tendering and servicing multi-national contracts.

20. Profit Forecast

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

21. Taxation

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2020 RM'000	Preceding year corresponding quarter 30.06.2019 RM'000	Current year to date 30.06.2020 RM'000	Preceding year corresponding period 30.06.2019 RM'000
Provision for taxation	185	937	690	1,695
Deferred taxation	<u>(1,932)</u>	<u>(143)</u>	<u>(2,376)</u>	<u>(205)</u>
	<u>(1,747)</u>	<u>794</u>	<u>(1,686)</u>	<u>1,490</u>

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

Taxation for the current quarter is computed after taking into consideration the available capital allowance and the adjusted business losses to set off against taxable profit.

22. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2020 RM'000	Preceding year corresponding quarter 30.06.2019 RM'000	Current year to date 30.06.2020 RM'000	Preceding year corresponding period 30.06.2019 RM'000
Interest income	448	301	821	674
Interest expenses - borrowings	(1,600)	(1,940)	(3,864)	(3,707)
Interest expenses - right-of-use assets	(120)	(156)	(253)	(206)
Depreciation and amortisation	(6,739)	(5,418)	(13,406)	(9,088)
Provision for and write off of receivables	(2,331)	(128)	(2,465)	(259)
Foreign exchange gain	413	479	576	1,268
Gain / (loss) on disposal of quoted or unquoted investments or properties	(59)	19	144	43
Share-based payment under ESOS	-	(392)	-	(784)
Other income including investment income (excluding items disclosed above)	442	-	452	3

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

23. Status of Corporate Proposal

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

24. Trade Receivables

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Trade Receivables	128,469	92,862
Less: Allowance for impairment	<u>(3,615)</u>	<u>(1,189)</u>
	<u>124,854</u>	<u>91,673</u>

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

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
1- 30 days	49,748	16,986
31 - 60 days	10,376	7,919
61 - 90 days	6,875	3,171
more than 90 days	<u>5,949</u>	<u>1,665</u>
	<u>72,948</u>	<u>29,741</u>

The credit terms of the Group range from 3 to 120 days. Included in the Group's trade receivables are debtors with a carrying amount of RM72.948 million which are past due for which no impairment had been provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable.

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

25. Group's Borrowings and Debt Securities

	-----As at 30 June 2020-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	22,308	153,519	175,827
- Hire Purchase	<u>8,779</u>	<u>15,141</u>	<u>23,920</u>
	<u>31,087</u>	<u>168,660</u>	<u>199,747</u>
	-----As at 31 December 2019-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Term Loans	26,760	144,553	171,313
- Hire Purchase	<u>5,668</u>	<u>14,605</u>	<u>20,273</u>
	<u>32,428</u>	<u>159,158</u>	<u>191,586</u>

The weighted average effective interest rates of the term loans is 4.64% (2019 : 4.92%) per annum which are subjected to floating interest rates. The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range from 4.08% to 5.04% (2019 : 5.16% to 5.64%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

26. Off Balance Sheet Financial Instruments

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

27. Material Litigation

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

CJ Century Technology Sdn Bhd ('CJCT'), a wholly owned subsidiary of the Company, has filed a Writ & Statement of Claim against Axisjaya Sdn. Bhd. and Seri Mutiara Development Sdn. Bhd. for RM2,621,823.91 and interest of RM62,043.28 for the supply and delivery of Air Conditioning units.

The action was filed and registered as Kuala Lumpur High Court Writ of Summons No.: WA-22NCC-271-07/2020 ('Suit 271'). Suit 271 is fixed for hearing for summary judgement application on 2 October 2020.

The Company is of the opinion that it has a probable chance of obtaining the judgement in favour of CJCT. Nevertheless, full amount of the outstanding sum has been provided in the quarterly report for the period ended 30 June 2020.

The Company will make the necessary announcement in the event of any material development in due course.

28. Dividend

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

29. Earnings Per Share

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 30.06.2020 RM'000	Preceding year corresponding quarter 30.06.2019 RM'000	Current year to date 30.06.2020 RM'000	Preceding year corresponding period 30.06.2019 RM'000
Net loss attributable to equity holders of the Company	<u>(712)</u>	<u>(3,043)</u>	<u>(4,260)</u>	<u>(4,840)</u>
Weighted average number of ordinary shares in issue	423,594	390,261	406,928	390,261
Effect on dilution of ESOS	<u>-</u>	<u>624</u>	<u>-</u>	<u>624</u>
Weighted average number of ordinary shares (diluted)	<u>423,594</u>	<u>390,885</u>	<u>406,928</u>	<u>390,885</u>
Basic loss per share (sen)	(0.17)	(0.78)	(1.05)	(1.24)
Diluted loss per share (sen)	NA	(0.78)	NA	(1.24)

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
27 August 2020