



CJ CENTURY LOGISTICS HOLDINGS BERHAD
199701008845 (424341-A)

INTERIM FINANCIAL REPORT

31 DECEMBER 2021

24 FEBRUARY 2022



CJ CENTURY LOGISTICS HOLDINGS BERHAD (Registration No. 199701008845 (424341-A))
Interim report on unaudited consolidated results for the financial period ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2021

	-----Individual quarter-----				-----Cumulative quarter-----			
	Current year quarter 31.12.2021 RM'000	Preceding year corresponding quarter 31.12.2020 RM'000	-----Changes-----		Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000	-----Changes-----	
			RM'000	%			RM'000	%
Continuing Operations								
Revenue	204,171	172,047	32,124	19%	843,022	589,850	253,172	43%
Direct operating expenses	(168,156)	(141,835)	(26,321)	-19%	(717,210)	(485,453)	(231,757)	-48%
Gross profit	36,015	30,212	5,803	19%	125,812	104,397	21,415	21%
Net other operating expenses	(24,415)	(17,469)	(6,946)	-40%	(87,667)	(69,716)	(17,951)	-26%
Results from operating activities	11,600	12,743	(1,143)	-9%	38,145	34,681	3,464	10%
Net finance costs	(2,045)	(3,410)	1,365	40%	(9,296)	(7,444)	(1,852)	-25%
Profit before taxation from continuing operations	9,555	9,332	223	2%	28,849	27,237	1,612	6%
Taxation	(3,470)	6,207	(9,677)	-156%	(9,911)	6,017	(15,928)	-265%
Profit for the period from continuing operations	6,085	15,539	(9,454)	-61%	18,938	33,254	(14,316)	-43%
Discontinued Operation								
Gain from disposal of subsidiary	-	-	-	-	8,175	-	8,175	-
Loss after tax from discontinued operation	-	(9,781)	9,781	100%	(20,406)	(32,208)	11,802	37%
Loss for the period from discontinued operation	-	(9,781)	9,781	100%	(12,231)	(32,208)	19,977	62%
Profit for the period	6,085	5,758	327	6%	6,707	1,046	5,661	541%
Other comprehensive loss								
Foreign currency translation differences for foreign operations	(182)	(3)	(179)	-5967%	(205)	(19)	(186)	-979%
Other comprehensive loss for the period from continuing operations	(182)	(3)	(179)	-5967%	(205)	(19)	(186)	-979%
Total comprehensive income for the period	5,903	5,755	148	3%	6,502	1,027	5,475	533%
Profit / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	6,089	15,507	(9,418)	-61%	18,953	33,130	(14,177)	-43%
-Discontinued operations	-	(9,781)	9,781	100%	(12,231)	(32,208)	19,977	62%
	6,089	5,726	363	6%	6,722	922	5,800	629%
Non-controlling interests								
-Continuing operations	(4)	32	(36)	-113%	(15)	124	(139)	-112%
-Discontinued operations	-	-	-	-	-	-	-	-
	(4)	32	(36)	-113%	(15)	124	(139)	-112%
Profit for the period	6,085	5,758	327	6%	6,707	1,046	5,661	541%
Total comprehensive income / (loss) attributable to:								
Equity holders of the Company								
-Continuing operations	5,907	15,504	(9,597)	-62%	18,748	33,111	(14,363)	-43%
-Discontinued operations	-	(9,781)	9,781	100%	(12,231)	(32,208)	19,977	62%
	5,907	5,723	184	3%	6,517	903	5,614	622%
Non-controlling interests								
-Continuing operations	(4)	32	(36)	-113%	(15)	124	(139)	-112%
-Discontinued operations	-	-	-	-	-	-	-	-
	(4)	32	(36)	-113%	(15)	124	(139)	-112%
Total comprehensive income for the period	5,903	5,755	148	3%	6,502	1,027	5,475	533%
Earnings / (loss) per share attributable to equity holders of the Company:								
Basic and Diluted (sen)*								
-Continuing operations	1.04	2.63	(1.60)	-61%	3.23	6.65	(3.42)	-51%
-Discontinued operations	-	(1.66)	1.66	100%	(2.08)	(6.47)	4.38	68%
	1.04	0.97	0.06	7%	1.15	0.19	0.96	519%

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	As at end of current quarter 31.12.2021 RM'000	As at preceding financial year end 31.12.2020 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	428,227	461,125
Other investment	-	60
Right-of-use assets	21,657	22,011
Deferred tax asset	2,140	3
Intangible assets	23,878	23,994
	<u>475,902</u>	<u>507,193</u>
Current Assets		
Inventories	25,802	36,434
Receivables	222,528	220,118
Deposits, cash and bank balances	54,610	60,205
	<u>302,940</u>	<u>316,757</u>
TOTAL ASSETS	<u><u>778,842</u></u>	<u><u>823,950</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	300,043	300,043
Treasury shares	(4,197)	(3,368)
Reserves	125,747	119,230
	<u>421,593</u>	<u>415,905</u>
Non-controlling Interests	683	1,053
Total Equity	<u>422,276</u>	<u>416,958</u>
Non-current Liabilities		
Borrowings	126,911	148,703
Lease liabilities	6,536	10,287
Deferred taxation	7,930	5,838
	<u>141,377</u>	<u>164,828</u>
Current Liabilities		
Borrowings	36,090	62,132
Payables	163,221	167,820
Lease liabilities	15,878	12,212
	<u>215,189</u>	<u>242,164</u>
Total Liabilities	<u>356,566</u>	<u>406,992</u>
TOTAL EQUITY AND LIABILITIES	<u><u>778,842</u></u>	<u><u>823,950</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.72	0.71

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021

	Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year		
Continuing Operations	18,938	33,254
Discontinued Operations	(12,231)	(32,208)
	<u>6,707</u>	<u>1,046</u>
Adjustments:		
Non-Cash Items		
-Continuing Operations	53,443	27,107
-Discontinued Operations	3,171	7,857
Non-Operating Items		
-Continuing Operations	813	(330)
-Discontinued Operations	(8,176)	184
	<u>55,958</u>	<u>35,864</u>
Operating profit before working capital changes	55,958	35,864
Movement in working capital:		
Net change in current assets	3,936	(49,224)
Net change in current liabilities	805	25,314
	<u>60,699</u>	<u>11,954</u>
Cash generated from operations	60,699	11,954
Tax paid	(6,299)	(5,297)
	<u>54,400</u>	<u>6,657</u>
Net cash from operating activities	54,400	6,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	32,298
Acquisition of investment	(356)	-
Interest received	626	1,297
Disposal of property, plant and equipment	614	1,135
Decrease in investment in money market funds	5,013	25,464
Movement in deposits pledge as securities	175	(1,310)
Proceeds from disposal of subsidiary companies	1,241	-
Purchase of property, plant and equipment	(10,059)	(30,104)
	<u>(2,746)</u>	<u>28,780</u>
Net cash (used in) / from investing activities	(2,746)	28,780
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	33,000	29,000
Advance received from immediate holding company	19,760	-
Repayment of principal portion of lease liabilities	(16,985)	(12,483)
Net repayment of hire purchase payables	(7,284)	(9,070)
Repayment of borrowings	(49,675)	(14,135)
Repayment of principal portion of advance received from immediate holding company	(15,053)	-
Purchase of treasury shares	(829)	(862)
Interest paid	(10,384)	(9,903)
	<u>(47,451)</u>	<u>(17,453)</u>
Net cash (used in) / from financing activities	(47,451)	(17,453)
Net increase in cash and cash equivalents	4,203	17,984
Cash and cash equivalents at beginning of the period	38,931	20,947
Cash and cash equivalents at end of the period	<u>43,134</u>	<u>38,931</u>
Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank bank balances	32,993	33,605
Investment in money market funds	11,476	16,489
Deposits with licensed banks	10,141	10,111
	<u>54,610</u>	<u>60,205</u>
Less: Investment in money market funds	(11,476)	(16,489)
Cash held on behalf of customers	-	(3,475)
Deposits pledged as securities	-	(1,310)
	<u>43,134</u>	<u>38,931</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share Capital RM'000	Attributable to Equity Holders of the Company			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Non-distributable Treasury Shares RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000			
As at 1 January 2021	300,043	(3,368)	736	118,494	415,905	1,053	416,958
Purchase of treasury shares	-	(829)	-	-	(829)	-	(829)
Acquisition of non-controlling interests in a subsidiary company	-	-	-	-	-	(356)	(356)
Total comprehensive income for the period	-	-	(205)	6,722	6,517	(15)	6,502
As at 31 December 2021	300,043	(4,197)	531	125,216	421,593	682	422,276
As at preceding year corresponding quarter							
As at 1 January 2020	200,043	(2,506)	3,586	114,741	315,864	929	316,793
Issue of shares	100,000	-	-	-	100,000	-	100,000
Purchase of treasury shares	-	(862)	-	-	(862)	-	(862)
Transfer to retained earnings upon lapse of Employees' Share Option Scheme ("ESOS")	-	-	(2,831)	2,831	-	-	-
Total comprehensive income for the period	-	-	(19)	922	903	124	1,027
As at 31 December 2020	300,043	(3,368)	736	118,494	415,905	1,053	416,958

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

Notes To The Financial Statements

1. Basis of Preparation

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

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

2. Significant Accounting Policies

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

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

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

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

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

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

3. Auditors' Report on Preceding Annual Financial Statements

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

4. Seasonal or Cyclical Factors

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

5. Unusual Items

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

6. Changes in Estimates

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

7. Changes in Debt and Equity Securities

There was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares during the financial quarter under review, except that the Company bought back 634,900 ordinary shares from the open market at an average price of RM0.56 per share. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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 12 months period ended 31 December 2021 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	669,639	173,383	843,022	26,501	-	869,523
Inter-segment sales	11,415	-	11,415	52	(11,467)	-
Total revenue	<u>681,054</u>	<u>173,383</u>	<u>854,437</u>	<u>26,553</u>	<u>(11,467)</u>	<u>869,523</u>
Profit						
Segment results	30,520	9,701	40,221	(19,943)	6,099	26,377
Net finance costs						<u>(9,759)</u>
Profit from ordinary activities before taxation						16,618
Taxation						<u>(9,911)</u>
Profit from ordinary activities after taxation						6,707
Non-controlling interests						<u>15</u>
Net profit for the period						<u>6,722</u>

Analysis of the Group's revenue and results for the 12 months period ended 31 December 2020 is as follows:

	Total Logistics Services	Procurement Logistics Services	Total from Continuing Operations	Total from Discontinued Operations- Courier Services	Consolidation Adjustment	Group Results
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	425,622	164,228	589,850	45,856	-	635,706
Inter-segment sales	5,807	37	5,844	-	(5,844)	-
Total revenue	<u>431,429</u>	<u>164,265</u>	<u>595,694</u>	<u>45,856</u>	<u>(5,844)</u>	<u>635,706</u>
Profit						
Segment results	28,645	6,153	34,798	(31,046)	(117)	3,635
Net finance costs						<u>(8,606)</u>
Loss from ordinary activities before taxation						(4,971)
Taxation						<u>6,017</u>
Loss from ordinary activities after taxation						1,046
Non-controlling interests						<u>(124)</u>
Net profit for the period						<u>922</u>

Total revenue of the Group was RM869.523 million, representing an increase of 37% from RM635.706 million in the corresponding period ended 31 December 2020. The Group recorded an operating profit of RM40.221 million from operating profit of RM34.798 million for the twelve months ended 31 December 2021 for Continuing Operations.

Total Logistics Services

Segment revenue and profit from Total Logistics Services operations for the period under review increased by RM244.017 million and RM1.875 million respectively as compared to the corresponding period ended 31 December 2020 mainly due to the higher volumes handled by the Total Logistics Services segment.

Procurement Logistics Services

The Procurement Logistics segment recorded a higher segment revenue and profit of RM173.383 million and RM9.701 million for the twelve months ended 31 December 2021 compared to RM164.228 million and RM6.153 million respectively in the corresponding period ended 31 December 2020. The increase in revenue and profit were mainly attributable to the stronger recovery in economic activities and higher exports during the financial period.

Discontinued Operations- Courier Services

For the financial period ended 31 December 2021, the courier services revenue and segment loss were RM26.501 million and RM19.943 million as compared to RM45.856 million and RM31.046 million respectively in the corresponding period ended 31 December 2020. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

9. Segmental Reporting (cont'd)

	Total Logistics Services RM'000	Procurement Logistics Services RM'000	Total from Continuing Operations RM'000	Total from Discontinued Operations- Courier Services RM'000	Consolidation Adjustment RM'000	Group Results RM'000
As at 31 December 2021						
Segment Assets	964,612	97,414	1,062,026	-	(283,184)	<u>778,842</u>
Segment Liabilities	519,128	48,353	567,481	-	(210,915)	<u>356,566</u>
As at 31 December 2020						
Segment Assets	967,613	114,387	1,082,000	44,717	(302,767)	<u>823,950</u>
Segment Liabilities	542,473	72,667	615,140	21,840	(229,988)	<u>406,992</u>

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

The results of the Discontinued Operations are as follows:

	12 Months period ended 31.12.2021 RM'000	12 Months period ended 31.12.2020 RM'000
Revenue	26,501	45,856
Direct operating expenses	<u>(41,048)</u>	<u>(64,514)</u>
Gross loss	(14,547)	(18,658)
Net other operating expenses	<u>(5,396)</u>	<u>(12,389)</u>
Loss from operating activities	(19,943)	(31,046)
Net finance costs	<u>(463)</u>	<u>(1,162)</u>
Loss before taxation from discontinued operations	(20,406)	(32,208)
Taxation	<u>-</u>	<u>-</u>
Loss after tax for the period from discontinued operations	(20,406)	(32,208)
Gain on disposal of a subsidiary	<u>8,175</u>	<u>-</u>
Loss after tax from discontinued operation	<u>(12,231)</u>	<u>(32,208)</u>
Net Cash Flows:		
Operating activities	(10,844)	(27,954)
Investing activities	(31,716)	(25,081)
Financing activities	<u>47,791</u>	<u>2,162</u>
	<u>5,231</u>	<u>(50,873)</u>

10. Related Party Disclosures

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

11. Financial Instruments

Categories of financial instruments	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Financial assets		
Fair value through profit or loss		
Other investment	-	60
Investment in money market funds	<u>11,476</u>	<u>16,489</u>
Amortised costs		
Trade receivables	134,346	138,680
Other receivables and refundable deposits	34,301	35,556
Amount owing from immediate holding company	1,082	745
Amount owing from intermediate holding company	152	560
Amount owing from related parties	20,959	12,089
Deposits, cash and bank balances	<u>43,134</u>	<u>43,716</u>
Financial liabilities at amortised costs		
Trade payables	47,581	52,880
Other payables and accrued expenses	64,497	74,721
Amount owing to immediate holding company	30,649	25,181
Amount owing to intermediate holding company	9,709	7,094
Amount owing to related parties	394	279
Total borrowings	154,217	190,893
Hire-purchase payables	8,784	19,942
Lease liabilities	<u>22,414</u>	<u>22,499</u>

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

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

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

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

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

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

12. Valuation of Property, Plant and Equipment

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

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

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

14. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Approved and contracted for	108	6,492
Approved but not contracted for	<u>1,540</u>	<u>2,997</u>

16. Changes in Contingent Liabilities

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

17. Review of Performance

For the financial quarter ended 31 December 2021, the Group's revenue and pre-tax profit were RM204.171 million and RM9.555 million respectively, compared to revenue and pre-tax loss of RM186.371 million and RM0.449 million respectively for the corresponding period in the previous financial year.

The Group recorded a higher revenue and pre-tax profit from Continuing Operations of RM204.171 million and RM9.555 million respectively for the current quarter compared to RM172.047 million and RM9.332 million respectively for the corresponding period in the previous financial year mainly due to the higher activities in Total Logistics Services segment.

Discontinued Operations recorded a pre-tax loss of RM9.781 million in the previous financial year. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

18. Comparison with Immediate Preceding Quarter's Results

	Current year quarter 31.12.2021 RM'000	Immediate preceding quarter 30.09.2021 RM'000	-----Changes-----	
			RM'000	%
Continuing Operations				
Revenue	204,171	187,824	16,347	9%
Direct operating expenses	<u>(168,156)</u>	<u>(160,517)</u>	<u>(7,639)</u>	<u>-5%</u>
Gross profit	36,015	27,307	8,708	32%
Net other operating expenses	<u>(24,415)</u>	<u>(19,550)</u>	<u>(4,865)</u>	<u>-25%</u>
Results from operating activities	11,600	7,757	3,843	50%
Net finance costs	<u>(2,045)</u>	<u>(2,399)</u>	<u>354</u>	<u>15%</u>
Profit before taxation from continuing operations	9,555	5,358	4,197	78%
Taxation	<u>(3,470)</u>	<u>(2,547)</u>	<u>(923)</u>	<u>-36%</u>
Profit for the period from continuing operations	<u>6,085</u>	<u>2,811</u>	<u>3,274</u>	<u>116%</u>
Discontinued Operations				
Gain from disposal of a subsidiary	<u>-</u>	<u>8,175</u>	<u>(8,175)</u>	<u>-100%</u>
Profit for the period	<u>6,085</u>	<u>10,986</u>	<u>(4,901)</u>	<u>-45%</u>

For the financial quarter ended 31 December 2021, the Group reported revenue and pre-tax profit of RM204.171 million and RM9.555 million respectively, compared to revenue and pre-tax loss of RM187.824 million and RM13.533 million respectively for the preceding quarter.

The increase in revenue and pre-tax profit for Continuing Operations was mainly due to the higher activities in Total Logistics Services segment.

For Discontinued Operations, there was a gain on disposal of subsidiary amounting to RM8.175 million in the immediate preceding quarter. The Company had on 1 July 2021 disposed its courier services business through the divestment of its 100% equity interest in CJ Logistics Express Malaysia Sdn Bhd.

19. Prospects for the Next Financial Year

CJ Century is focused on business growth and improving profitability, while not neglecting the importance of being sustainable always. The pandemic has brought about positive opportunities as it has provided the Group a chance to reset its business strategies and targeting new areas for growth while incorporating more environmental, social and governance (“ESG”) considerations.

Against the backdrop of continued recovery from the pandemic, the Group is very confident of achieving its best-ever performance in year 2022.

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 31.12.2021 RM'000	Preceding year corresponding quarter 31.12.2020 RM'000	Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000
Provision for taxation	3,905	(2,247)	9,956	1,490
Deferred taxation	(435)	(3,960)	(45)	(7,507)
	<u>3,470</u>	<u>(6,207)</u>	<u>9,911</u>	<u>(6,017)</u>

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

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

22. Note to the Statement of Comprehensive Income

	-----Individual quarter-----		-----Cumulative quarter-----	
	Current year quarter 31.12.2021 RM'000	Preceding year corresponding quarter 31.12.2020 RM'000	Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000
Interest income	147	227	626	1,297
Interest expenses - borrowings				
-Continuing Operations	(1,866)	(3,323)	(8,580)	(8,015)
-Discontinued Operations	-	(218)	(406)	(1,012)
Interest expenses - right-of-use assets				
-Continuing Operations	(324)	(313)	(1,341)	(726)
-Discontinued Operations	-	(43)	(57)	(150)
Depreciation and amortisation				
-Continuing Operations	(8,492)	(7,828)	(33,773)	(24,863)
-Discontinued Operations	-	(1,835)	(2,730)	(6,802)
Provision for and write off of receivables	745	48	749	(2,595)
Foreign exchange gain / (loss)				
-Continuing Operations	(265)	1,589	448	3,648
-Discontinued Operations	(200)	153	(96)	106
Gain / (loss) on disposal of quoted or unquoted investments or properties				
-Continuing Operations	98	288	8,486	399
-Discontinued Operations	-	(158)	-	(5)
Other income including investment income (excluding items disclosed above)	24	208	315	707

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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Trade Receivables	136,976	142,415
Less: Allowance for impairment	<u>(2,630)</u>	<u>(3,735)</u>
	<u>134,346</u>	<u>138,680</u>

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

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
1- 30 days	20,495	27,122
31 - 60 days	7,634	11,918
61 - 90 days	5,238	3,226
more than 90 days	<u>5,844</u>	<u>4,512</u>
	<u>39,211</u>	<u>46,778</u>

The credit terms of the Group range from 3 to 120 days. Included in the Group's trade receivables are debtors with a carrying amount of RM39.211 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 31 December 2021-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	16,000	-	16,000
- Term Loans	17,637	120,580	138,217
- Hire Purchase	<u>2,453</u>	<u>6,331</u>	<u>8,784</u>
	<u>36,090</u>	<u>126,911</u>	<u>163,001</u>
	-----As at 31 December 2020-----		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
- Revolving credit	31,000	-	31,000
- Term Loans	21,673	138,220	159,893
- Hire Purchase	<u>9,459</u>	<u>10,483</u>	<u>19,942</u>
	<u>62,132</u>	<u>148,703</u>	<u>210,835</u>

The weighted average effective interest rates of the term loans is 3.90% (2020 : 4.12%) per annum which are subjected to floating interest rates. The term of the hire-purchase ranges from one to five years and the weighted average effective interest rates implicit in the hire-purchase arrangements range is 4.77% (2020 : 5.10%) per annum. The interest rates are fixed at the inception of the hire-purchase arrangement.

26. Off Balance Sheet Financial Instruments

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

27. Material Litigation

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

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

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

However, SMDSB breached the Consent Order and a total sum of RM1,453,799.24 is now due and owing to CJCT. On 24 January 2022, the Company had filed an application for Prohibitory Order ("PO") to seize and subsequently sell a land owned by SMDSB held under Geran Mukim 9215, Lot 102186, Mukim Petaling, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. The PO application is part of the execution process to execute the Consent Order i.e. to recover the outstanding sum of RM1,453,799.24. The PO is presently fixed for Case Management on 7 April 2022 before the High Court.

On 7 February 2022, the Company had filed a civil action against the Director of SMDSB to enforce a personal guarantee executed by him, to recover the outstanding sum of RM1,453,799.24 due and owing by SMDSB to CJCT. The High Court of Kuala Lumpur has given its directions on the exchange and filing of pleadings. The next Case Management is fixed on 21 April 2022 via e-review.

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 31.12.2021 RM'000	Preceding year corresponding quarter 31.12.2020 RM'000	Current year to date 31.12.2021 RM'000	Preceding year corresponding period 31.12.2020 RM'000
Net profit / (loss) attributable to equity holders of the Company				
-Continuing Operations	6,089	15,507	18,953	33,130
-Discontinued Operations	-	(9,781)	(12,231)	(32,208)
	<u>6,089</u>	<u>5,726</u>	<u>6,722</u>	<u>922</u>
Weighted average number of ordinary shares in issue	<u>586,775</u>	<u>588,635</u>	<u>586,919</u>	<u>498,168</u>
Basic earnings / (loss) per share (sen)				
-Continuing Operations	1.04	2.63	3.23	6.65
-Discontinued Operations	-	(1.66)	(2.08)	(6.47)
	<u>1.04</u>	<u>0.97</u>	<u>1.15</u>	<u>0.19</u>
Diluted earnings / (loss) per share (sen)*				
-Continuing Operations	1.04	2.63	3.23	6.65
-Discontinued Operations	-	(1.66)	(2.08)	(6.47)
	<u>1.04</u>	<u>0.97</u>	<u>1.15</u>	<u>0.19</u>

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

By Order of the Board of Directors

Company Secretaries

Kuala Lumpur
24 February 2022