

Strategising
the **NEXT MOVE**



GD EXPRESS

GD EXPRESS CARRIER BHD (630579-A)

ANNUAL REPORT

2016

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GDEX

Positioning Statement

Strategising the next move

In the game of Chess, one is required to think strategically while planning several moves ahead in an attempt to out-manoeuvre and overcome the opponent.

So it is with GDEX. It must study the existing terrain properly, carefully plan and optimise its resources – systems and processes, network, infrastructure and manpower – before it embarks on its quest to become the leading express carrier in the region.

GDEX and the game of Chess. Both require clear thinking and long term planning while strategising their next move.



Corporate Information

BOARD OF DIRECTORS

**DATO' CAPT. AHMAD SUFIAN
@ QURNAIN BIN ABDUL RASHID**
Independent Non-Executive Chairman

TEONG TECK LEAN
*Managing Director/
Group Chief Executive Officer*

LIM CHEE SEONG
Executive Director/Chief Financial Officer

LIEW HENG HENG
Independent Non-Executive Director

ADI ARMAN BIN ABU OSMAN
Independent Non-Executive Director

WOO KENG LEONG
Non-Independent Non-Executive Director

CHUA KHING SENG
Non-Independent Non-Executive Director

HO SWEE FONG
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Liew Heng Heng (*Chairman*)
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Adi Arman bin Abu Osman
Ho Swee Fong

COMBINED NOMINATION AND REMUNERATION COMMITTEE

Adi Arman bin Abu Osman (*Chairman*)
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Liew Heng Heng
Ho Swee Fong

COMPANY SECRETARIES

Tai Yit Chan (*MAICSA 7009143*)
Tan Ai Ning (*MAICSA 7015852*)

AUDITORS

Deloitte (*AF0080*)
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

ADVOCATES & SOLICITORS

Lee & May
B-12-7, Unit 7
12th Floor, Block B
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2163 3816
Fax : 03-2161 1816

CORPORATE HEAD OFFICE

19, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7787 2222
Fax : 03-7787 6686

SHARE REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

PRINCIPAL BANKER

Malayan Banking Berhad (*3813-K*)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME AND CODE

GDEX : 0078

WARRANT NAME AND CODE

GDEX-WB : 0078WB

CORPORATE WEBSITE

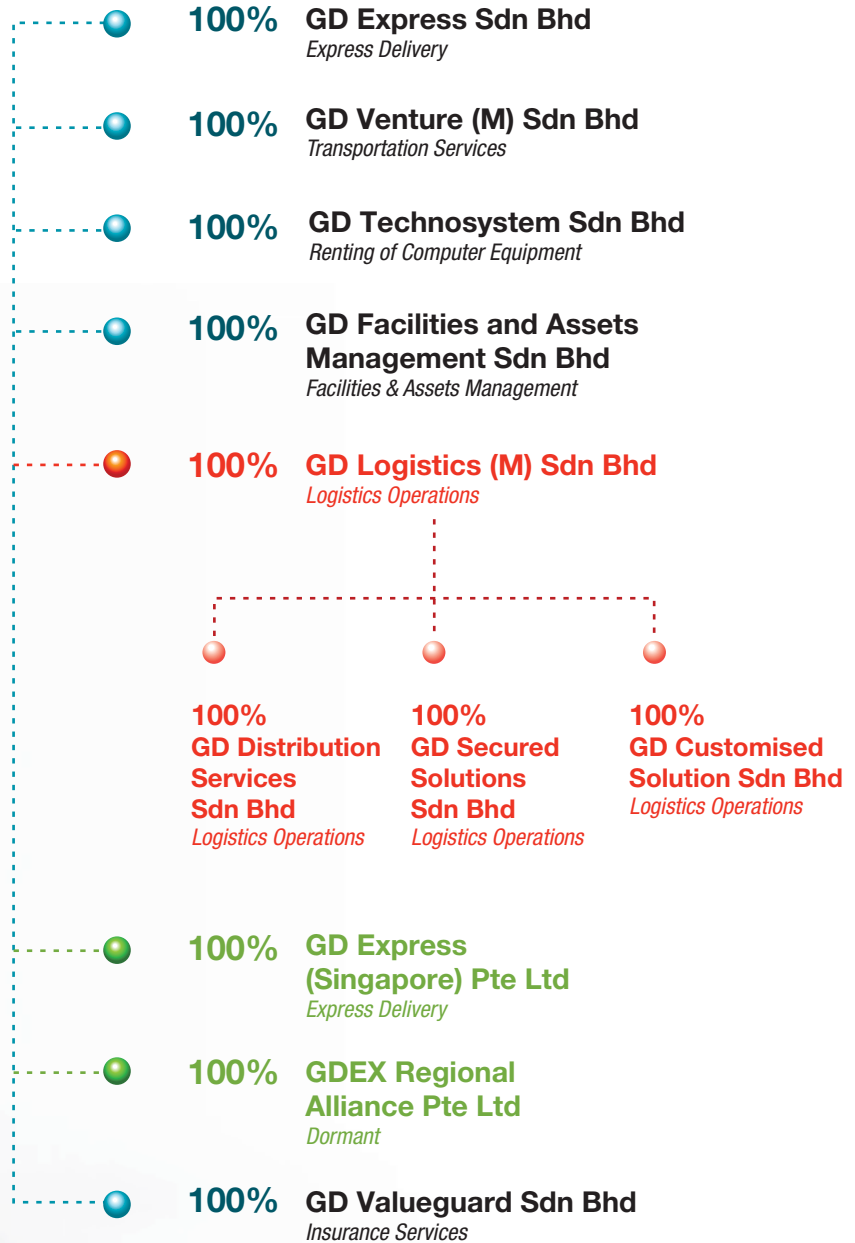
www.gdexpress.com

Group Structure

Listed on
Main Market of
Bursa Malaysia
Securities Berhad



Investment
Holding



Incorporated in Singapore





**DATO' CAPT. AHMAD SUFIAN @
QURNAIN BIN ABDUL RASHID**
Chairman

Chairman's Statement

DEAR SHAREHOLDERS

I am pleased to present my twelfth Annual Report to our fellow stakeholders for the financial year ended 30 June 2016.

Despite being buffeted by many global and domestic headwinds, the Malaysian economy continues to be resilient, registering a GDP growth of 4.5 per cent. Sharply reduced revenue from oil exports with oil prices falling to an unprecedented low of US\$27 per barrel, the ringgit weakness and slow exports threatened our growth. This was offset by the timely introduction of Goods & Services Tax (GST) in April 2015 and the strengthening of the ringgit towards the second half of the financial year. Against this background, our Group continued to make steady progress in earnings and performance.

OUR PERFORMANCE IN 2016

For the period under review, GDEX's group turnover increased to RM219.8 million from RM196.8 million. Group profit before taxation increased 28% to RM40.2 million from RM31.3 million, while group profit after taxation showed a 22% rise to RM34.4 million from RM28.3 million.

Net basic earnings per share improved to 2.66 sen per every five sen share from 2.43 sen per share.

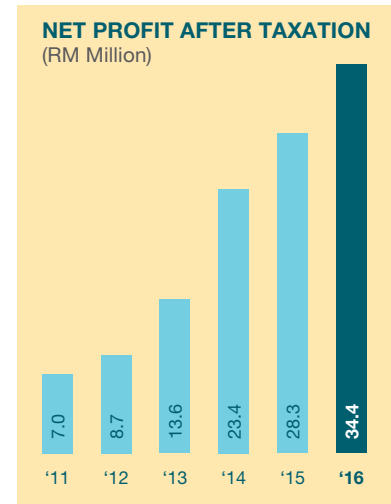
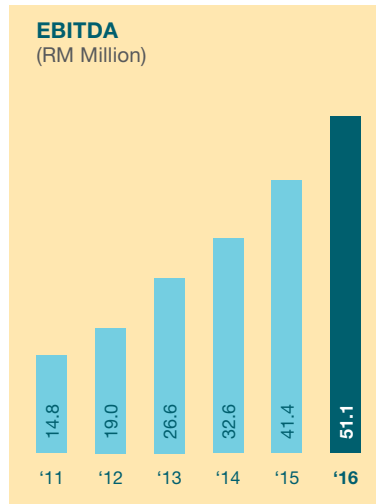
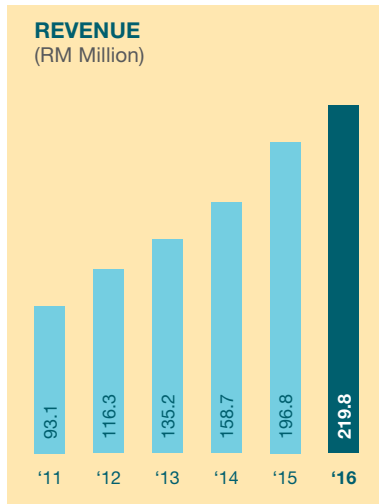
Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 23% to RM51.1 million from RM41.4 million.

DIVIDEND PAYMENT

The Board of Directors has declared a first and final dividend of one sen for every five sen share. The Board has also decided to continue with its Dividend Reinvestment Plan (DRP) which provides an option for the dividends received to be converted into shares.

Chairman's Statement

cont'd



SIGNIFICANT DEVELOPMENTS

In the last review, I mentioned that the Group was gearing for regional expansion.

I am pleased to inform that Yamato Asia Pte Ltd, a wholly owned subsidiary of Yamato Holdings Co., Ltd has emerged as the second largest shareholder of the Group with a stake of 22.8% arising from the private share placement of 124,893,548 ordinary shares of five sen each. Together with the DRP, the Company's share capital increased to 1,383,239,537 ordinary shares of five sen each from 1,236,328,268 ordinary shares of five sen each.

Yamato Holdings Co., Ltd, Japan's largest door-to-door delivery service company also signed a business collaboration agreement to explore opportunities in the ASEAN express delivery service market. The ASEAN region is home to a combined population of 600 million.

It is imperative for the Group to strengthen its capabilities and capacities in terms of technology, infrastructure, network, processes and manpower.

STRENGTHENING OUR RESOURCES

The Group continues to refine its internal re-structuring exercise, placing much emphasis on human capital development which encompasses talent enrichment, skills training and re-assigning the right people according to their skills set and competency to harness their full potential.

The Group also increased its vehicle fleet size to 654 from 578 trucks.

The Special Projects team, under the direct supervision of the CEO, has also been strengthened with more industry specialists. This team is instrumental in identifying fresh opportunities and strengthening and speeding up many of the operational processes in the Group.

CHALLENGES AND OPPORTUNITIES

The proliferation of e-Commerce through ICT and the internet may have paved the way for logistics companies to grow rapidly in recent years. The Group's success in Malaysia so far has benefitted from the country's extensive infrastructure, modern telecommunications and educated workforce.

However, not every country in the ASEAN region has the same characteristics due to challenging infrastructure, language and work culture.

Thus, while there are tremendous opportunities in terms of market size and population for our Group to venture into the ASEAN region, we must also overcome these challenges faced by these countries.

Chairman's Statement

cont'd



STRATEGISING THE NEXT MOVE

Thus, before the Group embarks on regional expansion, it must plan its move carefully, understanding the unique situation in each country and apply the right strategy to optimise its resources.

THE FUTURE

The ASEAN region is entering into an era of unprecedented growth and prosperity, especially with the formation of the ASEAN Economic Community (AEC) and the signing of the Trans Pacific Partnership Agreement (TPPA). Both seek to liberalise trade, lower tariffs and promote foreign investment among companies within the region. The TPPA is expected to generate increased trade and foreign investment opportunities proffered by the 12 member countries with a

market population of 793 million with a combined GDP of US\$27.5 trillion effective 2018.

In order to reap the benefits of TPPA and AEC, the Group must further strengthen its capabilities and capacities to cater for the increased trade opportunities.

ACKNOWLEDGEMENT

I wish to thank the Management and staff for their continued dedication and untiring efforts to expand the Group.

My sincere thanks and appreciation also go to our customers, vendors, business associates and the various statutory and government bodies which have facilitated the Group in its operations.

I would also like to express my heartfelt thanks to Mr Lim Cheng Sung @ Lim Cheng Sang who has retired as director on 26 May 2016. I would also like to take this opportunity to welcome Mr Chua Khing Seng and Ms Ho Swee Fong to the Board.

My sincere thanks also go to our shareholders for their patience and confidence in us.

I would also like to commend my Board of Directors for having fulfilled their commitments and obligations admirably.

Thank you all for your valuable contributions. I look forward to a better year ahead.

**Dato' Capt. Ahmad Sufian @
Qurnain bin Abdul Rashid**
Chairman

CONNECTING Communities, EMPOWERING Commerce

GDEX's tagline "Delivery Service You Trust" means we are committed to delivering your shipments, be it parcels or documents to wherever you want. So, don't be surprised if you see a GDEX vehicle at the most unusual of places: the jetty of a small fishing village, the porch of a remote kampong house, the entrance of a high-rise corporate tower, the guardhouse of a sprawling industrial complex or the warehouse of a direct selling company. After all, we are not just delivering your goods, we are in essence, connecting communities and empowering commerce for the benefit of all.







TEONG TECK LEAN
*Managing Director and
Group Chief Executive Officer*

Review of Operations by the Chief Executive Officer

GETTING READY

It was an extremely hectic and challenging year as the Group underwent a major revamp of its operations while preparing the groundwork for regional expansion. No stones were left unturned as we strived to strengthen every aspect of our operations – organisation structure, human capital, systems and processes, infrastructure as well as product mix. On the global front, plunging oil and commodity prices threatened to derail our country's economic success but the timely introduction of the Goods & Services Tax (GST) on the domestic scene, and a modest recovery in commodity prices in the latter part of the year staved off what could have been a severe downturn. Meanwhile, the competition for express delivery services remained intense. Our Group nevertheless continued to work hard to deliver another year of profits. For the year ended 30 June 2016, our Group recorded a 28% increase in group profit before taxation to RM40.2 million from RM31.3 million. Group profit after taxation increased 22% to RM34.4 million from RM28.3 million. This was achieved on the back of a 12% increase in turnover to RM219.8 million from RM196.8 million.

Review of Operations by the Chief Executive Officer

cont'd



STRENGTHENING THE FOUNDATION

For the year under review, the Management focused on developing and strengthening our resources in the face of stiff competition and in preparation for our regional expansion. We have re-structured the Management team to be in line with our regional plan. We have also recruited new executives and re-positioned the existing executives to positions where they are likely to grow and flourish. This is part of our policy to retain talents and to provide upward mobility to our employees.

The Management introduced various refresher courses and advanced training courses to prepare executives for their new roles and responsibilities. This exercise has streamlined and strengthened the Management, resulting in the workforce becoming better trained, more focused and committed to their work.

As demand for express delivery service continues to grow, we have to expand our workforce in tandem to cater for the increased demand. As part of our

recruitment efforts, we have introduced an apprentice programme to attract the best talents to join our workforce.

Our manpower strength increased to 2,984 from 2,676. As it is our HR policy, all new employees are required to undergo basic training, including product knowledge, familiarisation with GDEX culture and corporate philosophy. Our employees, both new and existing, clocked in some 31,354 man hours in training compared to 29,763 man hours in the previous year.

ENHANCING OUR RESOURCES

The intensity of competition, both from local and international players, requires the Group to continue developing and enhancing our systems and processes, products and services. For the year under review, we have invested RM10.6 million to further strengthen the capabilities and capacities of our systems and processes.

Review of Operations by the Chief Executive Officer

cont'd



We expanded our vehicle fleet size to 654 from 578 and raised the carrying tonnage capacity to 1,682.5 tonnes from 1,436 tonnes.

Our warehouse operation continues to grow and we are planning to acquire additional warehouse space in the near future to meet growing demand.

COLLABORATION WITH INTERNATIONAL PARTNERS

The Group has a new strategic tie-up with the Yamato Group from Japan and continue to have the support of the existing international partners. For Indonesia, we currently have a Representative Office in Jakarta and are looking to see how we can integrate more business transactions with Pos Indonesia.



INVESTOR RELATIONS

We have a pro-active Investor Relations programme in place, whereby we meet regularly with investment analysts and fund managers to update them on the latest developments as well as answer their queries on GDEX activities.

CORPORATE SUSTAINABILITY

As a responsible corporate citizen, it is our duty to ensure future generations continue to enjoy what we have currently, in terms of natural resources, training, education, peace and prosperity. The Group thus continue to focus and place emphasis on the four pillars of its Corporate Sustainability programme – the Marketplace, the Workplace, the Community and the Environment around us.

Details of our efforts are contained in our Corporate Sustainability Report on Page 36.

GDEX FOUNDATION

The GDEX Foundation, set up in 2013 with the objective of promoting the welfare of the community, has yet to identify any meaningful Corporate Social Responsibility activity. Pending that, it will continue to build on its reserves.



Review of Operations by the Chief Executive Officer cont'd



STRATEGISING THE NEXT MOVE

While we have plans to embark on regional expansion, we must first build our capabilities and capacities to undertake such a journey. We have studied the Indonesian market for the last few years and have gained confidence to enter into Indonesia more aggressively, given the opportunity.

We will continue to study the other ASEAN market similarly to look for more opportunities.

ACKNOWLEDGEMENT

Our customers made us into what we are today. We cannot survive without their support. To our customers, I would like to say a big "Thank You" for your continued support. I would also like to thank our vendors, business service partners and the relevant government agencies for their support.

My gratitude also goes to my fellow colleagues and staff of GDEX for their hard work and dedication. We are only able to respond effectively to the challenges ahead with the full support and commitment of all our staff. With the right spirit and mind-set we will ensure the Group continue to grow in the years ahead.



Review of Operations by the Chief Executive Officer

cont'd

I would also like to express my appreciation to Mr Lim Cheng Sung @ Lim Cheng Sang who has retired from the Board. I would also like to welcome Mr Chua Khing Seng from Yamato and Ms Ho Swee Fong to our Board of Directors.

Last but not least, I would like to express my sincere appreciation and thanks to the Board of Directors for their guidance and support.

I look forward to further progress and improvement in GDEX. I am confident that we will move closer to our goal of becoming the leading express carrier in the region.

Thank You

Teong Teck Lean

Managing Director and Group Chief Executive Officer



VISION

A Team of Caring and Passionate People;

An Organisation of Sound Values and Dynamic Processes;

Empowering its Customers with Value-for-Money Effective Solutions; and

Contributing to the Well-being of the Community - A Leading Role Model in the Logistics Service Industry.

MISSION

To Deliver the Most Trusted and Professional Express Carrier Services in the Countries We Operate.

QUALITY POLICY

We are committed to ensuring every task is thoroughly planned and goals understood.

Each process is only completed after checking that the goals are met.

Whatever we do, we believe that there is always a better way to carry out the task. We must strive to discover the better way.

Management Discussion & Analysis

REVENUE WAS DRIVEN BY STRONG E-COMMERCE GROWTH

The Group's operating revenue reported a growth of RM23.0 million (+12%) to RM219.8 million in the financial year ended 30 June 2016 compared with RM196.8 million in financial year ended 30 June 2015. E-Commerce related volume or better to use the term transactions was the main growth engine while the conventional volume remained resilient.

E-Commerce growth was driven or supported by an influx of new players into the industry and it also attracted established companies to set up E-Commerce platforms. Coupled with the change in consumers spending trend or habits, as well as the convenience and attractive discounts given for buying online, E-Commerce volume/transactions has picked up very significantly in Malaysia. This was also driven by growing smart-phone ownership and continuous improvement in internet connection. As a result, our Group benefited from the strong growth of E-Commerce transactions which then translated to higher delivery volume.

Whilst the conventional business volume/transactions did not grow as fast as the E-Commerce transactions, it remained resilient, registering positive growth year-on-year. We view the conventional business equally as important because it forms a solid foundation for our business.

The table and chart below highlight the Group's financial performance for the year ended 30 June 2016.

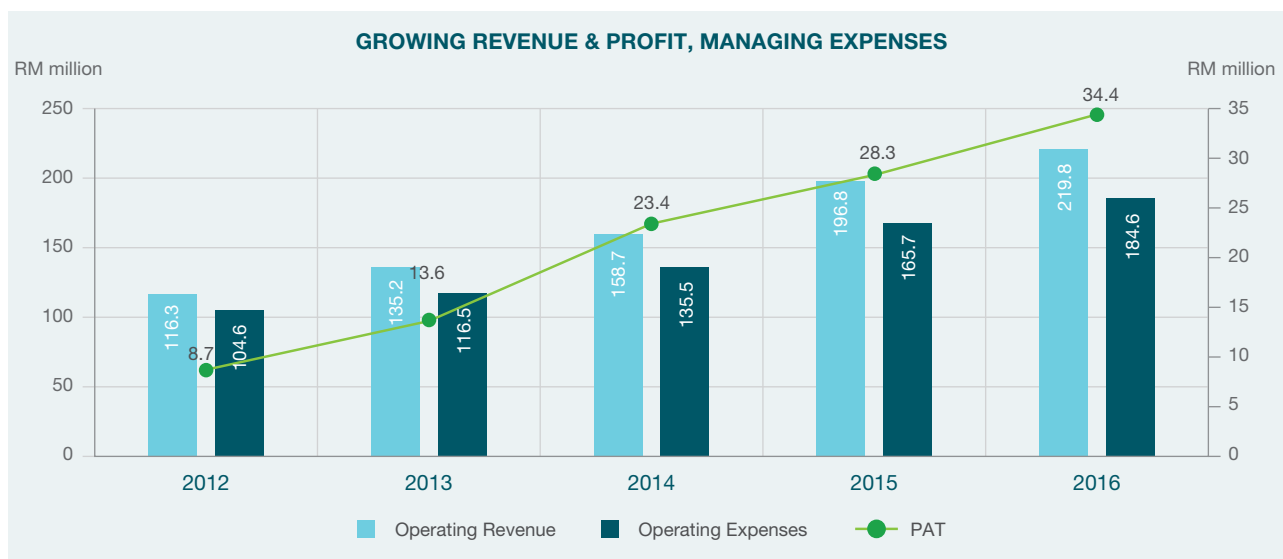
(RM'000)	Year Ended 30 June 2016	Year Ended 30 June 2015	Change
Revenue	219,757	196,751	11.7%
Operating Expenses	184,624	165,699	11.4%
Other Operating Income	6,544	1,649	296.8%
Profit Before Tax	40,183	31,306	28.4%
Profit After Tax	34,444	28,296	21.7%

Management Discussion & Analysis

cont'd

The charts below highlight the Group's financial performance for the year ended 30 June 2016. *cont'd*

(RM'000)	Year Ended 30 June 2016	Year Ended 30 June 2015	Change
EBITDA	51,119	41,420	23.4%
EBITDA MARGIN (%)	23.3	21.1	2.2 ppts
ROE (%)	13.0	23.7	-10.7 ppts
ROA (%)	11.0	17.2	-6.2 ppts



Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in current financial year ended 30 June 2016 was RM51.1 million, an increase of RM9.7 million compared to the same period last year. Group EBITDA margin expanded by 2.2 percentage points (ppts) even after taking into account the upward revision in employee remuneration to boost productivity. The margin improvement was driven by the economies of scale achieved from increased volume, enhanced operational efficiency delivered by new systems as well as enhanced operational flows which minimized leakages. Higher interest income also contributed positively to the expanded margin.

There were slight reductions in the Group's Return On Equity (ROE) and Return On Assets (ROA) to 13.0% (2015: 23.7%) and 11.0% (2015: 17.2%) respectively as the Group expanded its equity base, following the placement of new shares to Yamato Asia Pte Ltd in February 2016.

Notwithstanding this short term dilution, Management believes that with the net amount of RM209 million injected by Yamato Asia Pte Ltd, which has not only expanded the Group's war chest further, it has also significantly strengthened the Group's financial position to support its regional expansion ambition. The Management believes that the regional expansion will create greater value for its shareholders in the long run.

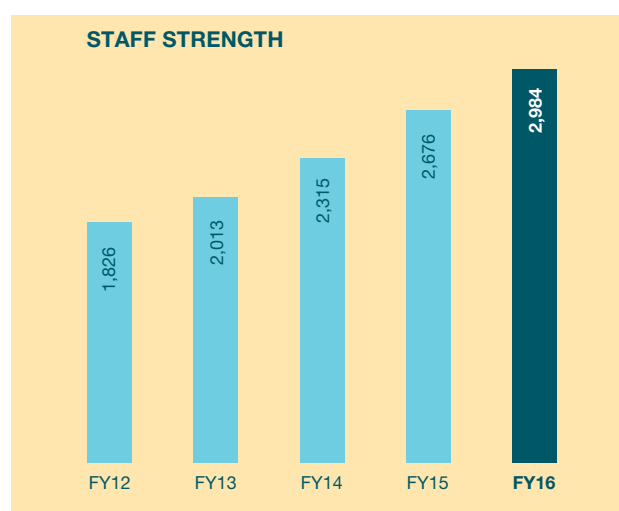
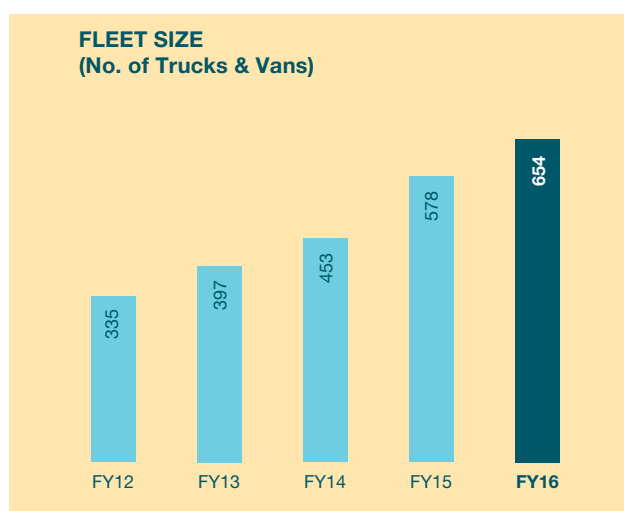
Management Discussion & Analysis

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OPERATING EXPENSES INCREASED FOR IMPROVED PRODUCTIVITY AND EXPANDING TALENT POOL

The total operating expenses in the current financial year ended 30 June 2016 stood at RM184.6 million, an increase of RM18.9 million (+11.4%) from RM165.7 million reported in the last financial year ended 30 June 2015. The increased in operating expenses was mainly due to higher staff costs as we increased manpower to 2,984 (2015: 2,676). Apart from the increase in headcount, the Group has also revised upwards employees' remuneration to further drive productivity improvement. To enrich the talent pool, the Group has also started to recruit professionals from various other fields to cater for future expansion. The Group's fleet size (trucks and small vans) has increased by 76 to 654 units (2015: 578) on the back of growing demand of delivery services.

The charts below highlight the Group's fleet size and staff strength for the year ended 30 June 2016.



SEGMENTAL PERFORMANCE

Contributions from the Express Delivery division continued to make good progress, registering a 13.5% growth in revenue and a 38.1% growth in segmental profit. As mentioned earlier, the E-Commerce boom was the key revenue contributor to the Group's delivery service.

On the other hand, the Logistics division recorded declines in both revenue and segmental profit of 30.1% and 50.3% respectively. The change was mainly due to the reclassification of revenue of some key customers from Logistics to the Express Delivery division. The underlying fundamentals of the Logistics division remained strong. In fact, our Logistics division currently has run out of warehouse space and we are scouting for additional space to expand capacity.

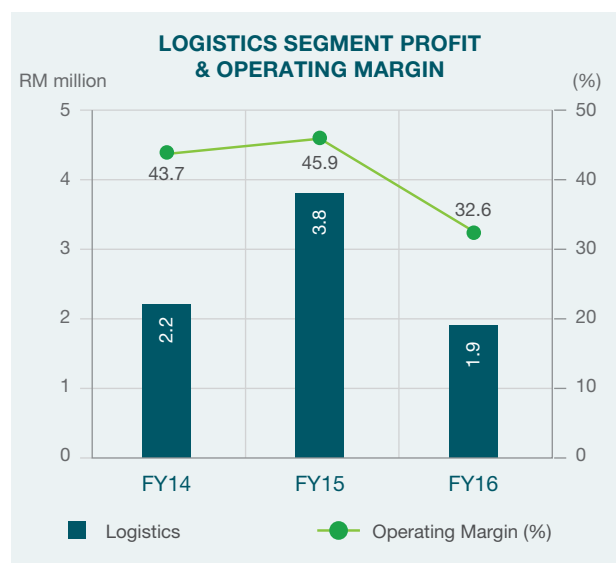
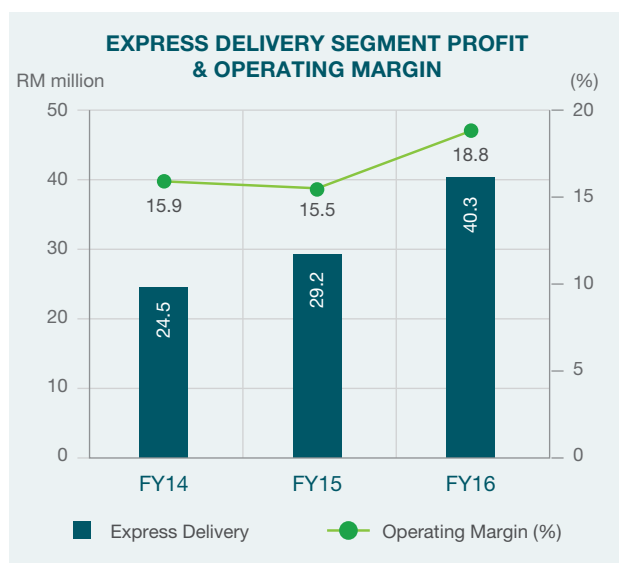
Management Discussion & Analysis

cont'd

SEGMENTAL PERFORMANCE *cont'd*

The charts below highlight the Group's segmental performance for the year ended 30 June 2016.

(RM'000)	Year Ended 30 June 2016	Year Ended 30 June 2015	Change
Segment Revenue			
Express Delivery	213,918	188,401	13.5%
Logistics	5,840	8,350	-30.1%
Total	219,757	196,751	11.7%
Segment Profit/(Loss)			
Express Delivery	40,279	29,168	38.1%
Logistics	1,905	3,836	-50.3%
Total	42,184	33,003	27.8%



STATEMENT OF FINANCIAL POSITION

The Group's financial position remained solid in the year under review, with net cash of RM282.0 million and shareholders' funds grew to RM386.8 million from RM141.4 million following the completion of the 10% private placement to Yamato Asia Pte Ltd.

Management Discussion & Analysis

cont'd

STATEMENT OF FINANCIAL POSITION *cont'd*

The average receivables turnover improved to 79 days as at 30 June 2016 compared to 91 days as at 30 June 2015, a result of increased efficiency in handling receivables. We continued to manage our funding on an optimal debt-to-equity ratio. The Group has consistently been paying off all its borrowings. The Group's debt-to-equity ratio has improved to 0.07x from 0.20x in financial year ended 30 June 2016.

The table below highlights the Group's financial position as at 30 June 2016.

(RM'000)	As at 30 June 2016	As at 30 June 2015	Change
Property, Plant & Equipment	47,324	45,861	3.2%
Trade Receivables	47,560	49,163	-3.3%
Other Receivables & Prepaid Expenses	8,818	5,682	55.2%
Deposit with Licensed Banks	286,097	53,333	436.4%
Cash & Bank Balances	21,346	11,268	89.4%
Total Equity	386,809	141,360	173.6%
Hire Purchase Payable	18,789	16,339	15.0%
Other Payables & Accrued Expenses	16,556	13,083	26.5%
Borrowings	6,661	12,390	-46.2%
Total Asset/Total Equity & Liabilities	434,592	189,185	129.7%
Net Asset Per Share (RM)	0.28	0.11	154.5%
Debt/Equity Ratio (x)	0.07	0.20	

CASH FLOW

The Group continued generating healthy operating cash flows. The Management believes that continuous reinvestment is needed to ensure sustainable growth in order to deliver long term value to its shareholders. The significant changes in investing cash and financing cash flows were mainly due to the movement of cash allocated to fixed deposits and proceeds from the completion of private placement to Yamato Asia Pte Ltd mentioned earlier.

The table below highlights the Group's cash flow for the year ended 30 June 2016.

(RM'000)	Year Ended 30 June 2016	Year Ended 30 June 2015	Change
Net Cash generated from Operating Activities	41,926	21,375	96.1%
Net Cash used in Investing Activities	(245,595)	(20,172)	1,117.5%
Net Cash generated from Financing Activities	199,317	6,341	3,043.3%

Management Discussion & Analysis

cont'd

CASH FLOW *cont'd*

The table below highlight the Group's cash flow or cash flows position for the year ended 30 June 2016. *cont'd*

(RM'000)	Year Ended 30 June 2016	Year Ended 30 June 2015	Change
Net Change in Cash & Cash Equivalents	(4,353)	7,544	-157.7%
Cash & Cash Equivalents at end of the year	27,397	31,610	-13.3%

CAPITAL EXPENDITURE

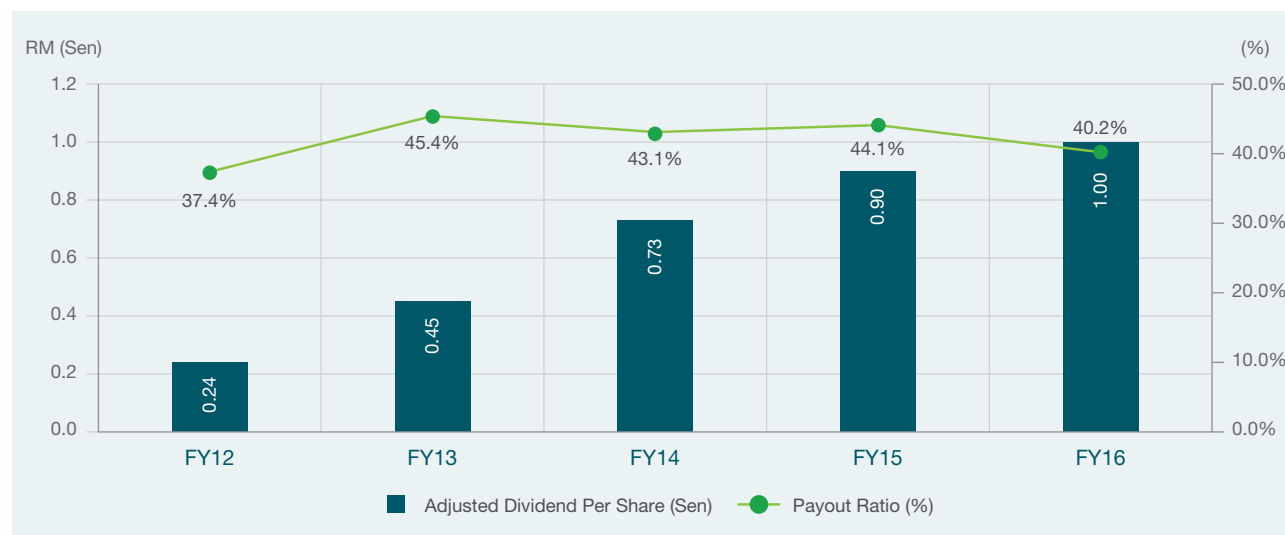
Moving forward, Group capital expenditure is principally budgeted for the expansion of hub, upgrading of IT infrastructure, network expansion, fleet expansion and strengthening of human capital. The budgeted capex will be fully funded by internally generated funds while the proceeds from the private placement will be used mainly for regional expansion and inorganic growth.

DIVIDEND

The Group has declared a first and final single tier dividend of 1.0 sen net per share for the current financial year ended 30 June 2016, equivalent to a 40.2% dividend payout ratio. The dividend payment is subject to the shareholders' approval at the forthcoming Annual General Meeting in December 2016.

The Group has yet to set a formal dividend policy as it anticipates that more investments may be needed to drive future growth.

The chart below highlights the Group's dividend payout ratio and net dividend per share for the year ended 30 June 2016.



A Nightly **HIVE** of Activity

It does not matter if it rains cats and dogs. The GDEX all-weather hub is a hive of activity once the sun goes down. This is the time when GDEX trucks, from one-tonne to 40-tonnes, arrive at the hub from all over the country to deposit their loads (customers shipments) for processing and re-routing to their final destinations. Each shipment is tagged and electronically registered before they are then uploaded in secured cages where they are fork-lifted to their respective trucks for delivery to their final destinations. By dawn, these trucks are on the road again, making sure all GDEX shipments reach their final destinations, safe and sound and on time.







standing from left to right

Chua Khing Seng

Woo Keng Leong

Liew Heng Heng

Teong Teck Lean
*(Managing Director/Group Chief
Executive Officer)*

Dato' Capt. Ahmad Sufian
@ Qurnain Bin Abdul Rashid
(Chairman)

Ho Swee Fong

Adi Arman Bin Abu Osman

Lim Chee Seong

Directors' Profile



**DATO' CAPT. AHMAD SUFIAN
@ QURNAIN BIN ABDUL RASHID**

*Independent Non-Executive Chairman
Malaysian, Male, aged 67*

Dato' Capt. Ahmad Sufian was appointed to the Board on 8 February 2005. He is currently a member of the Combined Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. He is also the Independent Non-Executive Chairman of WCT Berhad and Malaysian Bulk Carriers Berhad, and an Independent Director of PPB Group Berhad. He is a qualified Master Mariner with a Master Foreign-Going Certificate of Competency from the United Kingdom in 1975 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. He attended the Advanced Management Program (AMP) at Harvard in 1993. Dato' Capt. Ahmad Sufian is a Fellow of the Chartered Institute of Logistics and Transport and the Malaysian Maritime Institute. He has over 45 years of experience in the international maritime industry.



TEONG TECK LEAN

*Managing Director/Group Chief Executive Officer
Malaysian, Male, aged 56*

Mr Teong was appointed to the Board on 8 February 2005. He holds a degree in Electrical and Electronics Engineering from the University of Manitoba, Canada in 1983. Mr Teong started his career as an engineer with Texas Instruments in 1984. He later joined Lembaga Letrik Negara where he served as a Consumer Engineer for four (4) years. He then joined the stock broking industry and became a dealer with OSK Securities Berhad in 1990. During this stint in the broking industry, he developed extensive contacts and the skills pertinent to managing a service centric business. In year 2000, he acquired a controlling stake in GD Express Sdn Bhd. He was instrumental in turning around the Group by putting in place corporate policies and best practices which cumulated in the listing of GDEX on the MESDAQ Market (currently known as ACE Market) on Bursa Securities in 2005. Currently, Mr Teong is responsible for business development, setting strategic direction and the overall management of the Group as well as overseeing operations of the entire organisation.

Mr Teong and his spouse, Madam Wang Heng Tsuey are substantial shareholders and directors of GD Express Holdings (M) Sdn Bhd (GDEHM) and GD Holdings International Limited (GDHIL), in which Mr Teong, GDEHM and GDHIL are substantial shareholders of GD Express Carrier Bhd.

Directors' Profile

cont'd



LIEW HENG HENG

*Independent Non-Executive Director
Malaysian, Female, aged 59*

Ms Liew was appointed to the Board on 8 February 2005. She is currently the Chairman of the Audit and Risk Management Committee and a member of the Combined Nomination and Remuneration Committee. She graduated from Systematic Institute Kuala Lumpur in 1993 and holds a certificate from the Chartered Institute of Management Accountants in 1993. She started her career as an Accounts Assistant with the New Straits Times Berhad in 1981. She then joined several other companies holding positions of Accounts Supervisor, Audit Assistant and Assistant Accountant. She completed her CIMA Certification in 1993 and joined Niramas Sdn Bhd as Accountant. From 1997 to 2002, she joined Southim (M) Sdn Bhd as Accountant before assuming the role of a Senior Finance and Administration Manager in Bison Stores Sdn Bhd where she is currently based. In 2012, she was redesignated as Senior Manager, Business Analyst. At present, she is a member of Malaysian Institute of Accountants (MIA) since 1994.



ADI ARMAN BIN ABU OSMAN

*Independent Non-Executive Director
Malaysian, Male, aged 42*

Encik Adi was appointed to the Board on 3 July 2013. He is currently the Chairman of the Combined Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. He graduated in 1997 with a BSc (Economics) degree with Honours in Accounting and Finance from London School of Economics and Political Science (LSE). Encik Adi has a wide range of experience in private equity investment. He was attached to BIMB Venture Capital Sdn Bhd in Malaysia in 2001, and later at Private Equity Division of Malaysia's Employees Provident Fund in 2005 and CMS Opus Private Equity Sdn Bhd in 2006. He is currently an Executive Director at Benua Ekuiti Sdn Bhd.

Directors' Profile

cont'd



WOO KENG LEONG

*Non-Independent Non-Executive Director
Singaporean, Male, aged 61*

Mr Woo was appointed to the Board on 12 February 2015. He is the Chief Executive Officer (Postal Services) of Singapore Post and is focused on the quality of postal services, as well as the sustainability of the mail business, which is the backbone of eCommerce Logistics services. He is also responsible for SingPost's international postal relationships. Mr Woo joined SingPost in 1980, when it was the Singapore Postal Services Department, on a posting as a Public Service Commission scholar. He has been responsible for transforming SingPost's Postal business into one of the most

efficient and admired postal service providers in the world. Mr Woo sits on the boards of DataPost Pte Ltd, SingPost Distribution Pte Ltd, Singapore Post Enterprise Private Limited, Quantum Solutions International Pte Ltd, SingPost Investments (Tampines) Pte Ltd, SingPost Investments (eCommerce Logistics) Pte Ltd, SingPost eCommerce Logistics Holdings Pte Ltd, GD Express Carrier Berhad, Famous Holdings Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, Lock and Store (Glenmarie) Sdn Bhd, Store Friendly Self Storage Group Private Limited, SingPost Investment Pte Ltd, SingPost Centre (Retail) Pte Ltd and the Singapore Philatelic Museum. He is also a member of Singapore's Stamp Advisory Committee. Mr Woo obtained a Bachelor of Arts with Honours from Nanyang University in Singapore and has completed an International Post Office Management course in the UK.



LIM CHEE SEONG

*Executive Director/Chief Financial Officer
Malaysian, Male, aged 50*

Mr Lim was appointed to the Board on 10 April 2015. He holds a Certificate and Diploma in Taxation from HELP Institute (currently known as HELP University) and obtained his Certified Accounting Technician (CAT) from the Association of Chartered Certified Accountants (ACCA), UK in 1998. At present, he is a fellow member of the Association of Chartered Certified Accountants, member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA), and joined as associate member of Chartered Tax Institute of Malaysia (CTIM) in November 2014. He has a total of more than 25 years working experience

in accounting, auditing, taxation, risks management, administrative and human resource management. He started his career as audit assistant with a small-sized accounting firm in 1988 and then joined Messrs. HALS & Associates as Audit Supervisor in 1992 before joining the commercial sector in 1996. He was the Senior Manager, Group Accounts of NV Multi Corporation Berhad (NV Multi) from 1996 to 2005. Upon leaving NV Multi, he assumed various management positions including Finance & Administration Manager in a travel agency company, and Group Finance Manager in trading & manufacturing company. Prior to joining GDEX, he was a General Manager, Finance in Turiya Berhad and Chase Perdana Sdn Bhd. Mr Lim joined GD Express as General Manager, Finance in May 2011 and is in charge of the overall accounting and financial management related matters of the Group. He was promoted as Chief Financial Officer in February 2014 and is involved in the strategic planning of the Group.

Directors' Profile

cont'd



CHUA KHING SENG

*Non-Independent Non-Executive Director
Singaporean, Male, aged 58*

Mr Chua was appointed to the Board on 26 May 2016. He obtained his Bachelor of Mechanical Engineering degree in 1982 from the Tokyo Institute of Technology in Japan under the Japanese Mombusho and Singapore Government scholarships. Mr Chua is currently the Managing Director & Group CEO of Yamato Asia Pte Ltd ("Yamato Asia") and an Executive Officer of Yamato Holdings Co., Ltd. ("Yamato Holdings") in Japan. Yamato Asia is a 100% subsidiary of Yamato Holdings. Yamato Holdings is public listed in the Tokyo Stock Exchange and is the largest parcel delivery service company in

Japan with its Ta-Q-Bin having over 40% of the Japanese market. Before joining Yamato, Mr Chua was the Managing Director of Yusen Logistics Singapore. Yusen Logistics group is a subsidiary group of the NYK Shipping group. Richard started his career with Yusen Logistics in 1999 as the General Manager for Corporate Planning and Marketing. He also oversaw the CIO and Sales responsibilities concurrently in 2001-2002. He was promoted to a board director in 2003 and put in charge of South Asia & Oceania Region. In June 2005, he became the first non-Japanese Managing Director of an overseas company in the Yusen Logistics group worldwide. During his tenure with Yusen Logistics, he helped set up a Joint Venture ("JV") in Thailand as a spin-off in 2002 and played a pivotal role in the identifying of partners in the Shanghai JV in 2002. In 2004 he set up the JV in Vietnam to tap on the growing markets for logistics and international freight services in Vietnam. Mr Chua also serves as a member of Temasek Polytechnic Business School Advisory Committee (2007-2017); he is the Immediate Past President of The Japanese University Graduates Association of Singapore (2008-2012); and also a Council Member of the Singapore Aircargo Agents Association (2009-2017).



HO SWEE FONG

*Independent Non-Executive Director
Malaysian, Female, aged 54*

Ms Ho was appointed to the Board on 26 May 2016. She is currently a member of the Combined Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. She holds a Bachelor's degree (Honors) in Analytical Economics from University Kebangsaan Malaysia. Ms Ho is currently the Head of Investor Relations at Maxis Berhad, a position she has held since 2013. Previously, she was the Head of Investor Relations at Digi. Com Berhad ("Digi") from 2005 to 2012. Her expertise includes shareholder communications, stakeholder management, corporate disclosures, corporate governance and financial reporting. She was also a founding board member of the Malaysian Investor Relations Association and was the Chairperson from 2010 to 2012. Prior to her position in Digi, she has worked extensively in the stock broking industry, first as a research analyst and later a Head of Research. Her stint in the stock broking industry includes positions with Ong & Co, Asia Equity and OSK Securities Berhad.

Save as disclosed above, none of the Directors have (i) any family relationship with any Director and/or major shareholder of the Company; (ii) any conflict of interest with the Company; (iii) any conviction for offences within the past five (5) years; and (iv) any sanctions and/or penalties imposed on him/her by any regulatory bodies during the financial year ended 30 June 2016.



Snapshots of Twelfth GDEX Annual General Meeting - 2nd December 2015



Key Senior Management Profile



standing from left to right

Hazlin Bin Abu Hasan

Lim Chee Seong

Lee Kah Hin

Teong Teck Lean

Thoo Sin Khew

Chan Lai Wah

Marmizahsalwa Ahmad Tarmizi

Kwok Nguk Mooi

Key Senior Management Profile

cont'd

HAZLIN BIN ABU HASAN

*Head, Country Operations
Malaysian, Male, aged 43*

Encik Hazlin holds an Executive Diploma in Management from University of Malaya in 2012. He started his career as transport contractor for National Panasonic, Likom and Ranger Communication in 1992. Encik Hazlin joined GD Express in 2000 as van driver. Over a few years, he has held the positions of Supervisor in 2002, Head of Operations at Headquarters in 2005 and Regional Manager for Central Region and Sarawak Region in 2006. In July 2007, he was promoted as Head of Courier Division overseeing Customer Service functions and Linehaul operations. In July 2015, he was re-designated as Head, Country Operations to oversee the Courier Division. In July 2016, he was given the additional portfolio to lead the Hub and Linehaul operations as well as National Network development. He is responsible for the effective, efficient planning and coordination of courier operations for Malaysia and Singapore.

LIM CHEE SEONG

*Executive Director/Chief Financial Officer
Malaysian, Male, aged 50*

(Please refer to his profile as listed in page 27)

LEE KAH HIN

*Advisory, Strategic Planning & Investment
Malaysian, Male, aged 30*

Mr Lee graduated with a Bachelor of Science (Statistics) from the University of Malaya in 2009. He subsequently completed the Chartered Financial Analyst (CFA) programme in 2012. He started his career in RHB Capital with attachment to Financial Sector Enrichment Programme (FSTEP) as a trainee in 2009. He was then assigned to work in the Group Finance department upon completion of the one year training. In 2011, he joined OSK Research as an Equity Analyst to look at the steel sector. Upon completion of RHB-OSK merger, he was assigned to cover logistics, airlines, media, rubber products and steel sector under RHB Research Institute. In 2014, he was ranked No. 1 in the StarMine Asia Top Stock Pickers under the transportation category. He joined GD Express in December 2014 and is involved in strategic planning, business development and investment. He also handles the Investor Relations duties for the Group.

Key Senior Management Profile

cont'd

TEONG TECK LEAN

*Managing Director/Group Chief Executive Officer
Malaysian, Male, aged 56*

(Please refer to his profile as listed in page 25)

THOO SIN KHEW

*Head, Business Group
Malaysian, Male, aged 51*

Mr Thoo graduated with a Bachelor of Science (Statistics-Chemistry) from the Campbell University of North Carolina, USA. He joined the Sime Darby Group - Malaysian Region as Management Trainee and upon completion of the 1-year training was attached to its subsidiary company, Sime Inax as Assistant Marketing & Sales Manager cum Business Development for 6 years with mission to source for complimentary products from the USA, Europe and Asia regions. He later joined the UMW Group as OEM Sales Manager being in-charge of Automotive Spare Parts for major Corporate clientele, namely Toyota, Daihatsu, Proton & Perodua, including Retail accounts for a total period of 16 years before moving on to join GD Express in 2010 as the Head of Sales, under the Business Group i.e. being responsible for the full compliance of sales policies and achieving the sales and collection targets of the Group. In July 2015, he was promoted as Head of Business Group which oversees the Sales, Credit, Sales Support, Claim, Compensation & Insurance (CCI), Customer Care Centre (CCC) and Secured Shipment Project Department (SSPD). He is responsible for the overall operations of the Business Group.

CHAN LAI WAH

*General Manager, Corporate Group
Malaysian, Female, aged 58*

Ms Chan holds a Diploma in Private Secretaryship from the Bedford Secretarial College in 1990. She started her career as an Administrative Officer with the Town Planning Unit of the District Council of Johore in 1979 and joined several other companies as Sales Secretary and Administrative Secretary. In 1990, she joined Nationwide Express as Confidential Secretary to the Chief General Manager. From 1991 to 1995, she joined Federal Express Malaysia as Executive Assistant to the Managing Director and later as Regional Executive Assistant to the Vice President of Federal Express Corporation in Singapore. Ms Chan joined GD Express in 1997 as Executive Assistant to the Managing Director. In 2002, she was promoted as Manager, Corporate Development. In 2005, she was further promoted as Deputy Head of HQ Division cum Corporate Development Manager, assisting the Chief Executive Officer's Office in overseeing all functional departments in the Group. In 2008, she was promoted as Head, Corporate Support Group which oversees Human Resource, Administration, Training, Security and Investigation, Facility Management, Domestic, Public Relations and Communications, Corporate Affairs and Corporate Compliance Unit. In 2010, she was promoted as General Manager, Corporate Group. She oversees the corporate secretarial work relating to regulatory and statutory matters. She also handles public relations and administrative duties of the Group.

Key Senior Management Profile

cont'd

MARMIZAH SALWA AHMAD TARMIZI

*Manager, Special Projects
Malaysian, Female, aged 35*

Cik Marmizahsalwa graduated with a Vice-Chancellor Award in Bachelor of Business Administration (International Business) First Class, from University Technology MARA in 2005. She was among the first batch of students selected under the GDEX scholarship programme. Upon her graduation in 2005, she joined GD Express as an executive in the Corporate Planning and Development Department. She was promoted as Head of Customer Service in 2007. In 2008, she was appointed as Head of Domestic, Public Relations and Communications. In 2011, she was given additional responsibility as a Manager for Corporate Planning and Development. In 2012, she was appointed as Head of Corporate Planning and Development. In August 2013, she was appointed Head, Country Operations in charge of planning and coordination of courier operations for Malaysia and Singapore. In July 2015, she was reassigned as Manager, Special Projects in the Chief Operating Officer's Office to handle all corporate development projects.

KWOK NGUK MOOI

*Head, Quality Assurance, Risk Management and
Measurement Group
Malaysian, Female, aged 42*

Ms Kwok holds an International Higher Diploma in Computer Studies from Informatics College in 1997. She started her career as EDP Officer with Swiss-Garden Resort Damai Laut in 1997. Ms Kwok joined GD Express in 2001 as Senior Finance Executive and was promoted as Assistant Manager and later as Manager in the Billing Department before assuming her present position. She is responsible for the full compliance of the Group's policies and procedures. On 5 March 2011, she received certification from American Society for Quality (ASQ) as Manager of Quality/Organizational Excellence.

Save as disclosed above, none of the Key Senior Management have (i) any family relationship with any Director and/or major shareholder of the Company; (ii) any conflict of interest with the Company; (iii) any conviction for offences within the past five (5) years; and (iv) any sanctions and/or penalties imposed on him/her by any regulatory bodies during the financial year ended 30 June 2016.

SAFE and RESPONSIBLE Driving

As a caring organisation, we never compromise on the Safety and Health of our employees, especially those who are constantly on the road delivering customers' shipments. Road safety is a top priority for GDEX. Not only are our vehicles serviced and maintained in tip-top condition by well-trained mechanics, our truck drivers and courier motor-cyclists attend road safety and defensive driving courses regularly. We also organised an annual GDEX Road Safety and Driving Championship, supported by the Road Transport Department (JPJ), the Traffic Police Department of PDRM, Road-Safety Council and MIROS, to create road safety awareness and to encourage our drivers to excel in their driving skills, as good driving saves lives, reduces the incidence of road accidents and minimises vehicle breakdowns.





Corporate Sustainability Report 2016

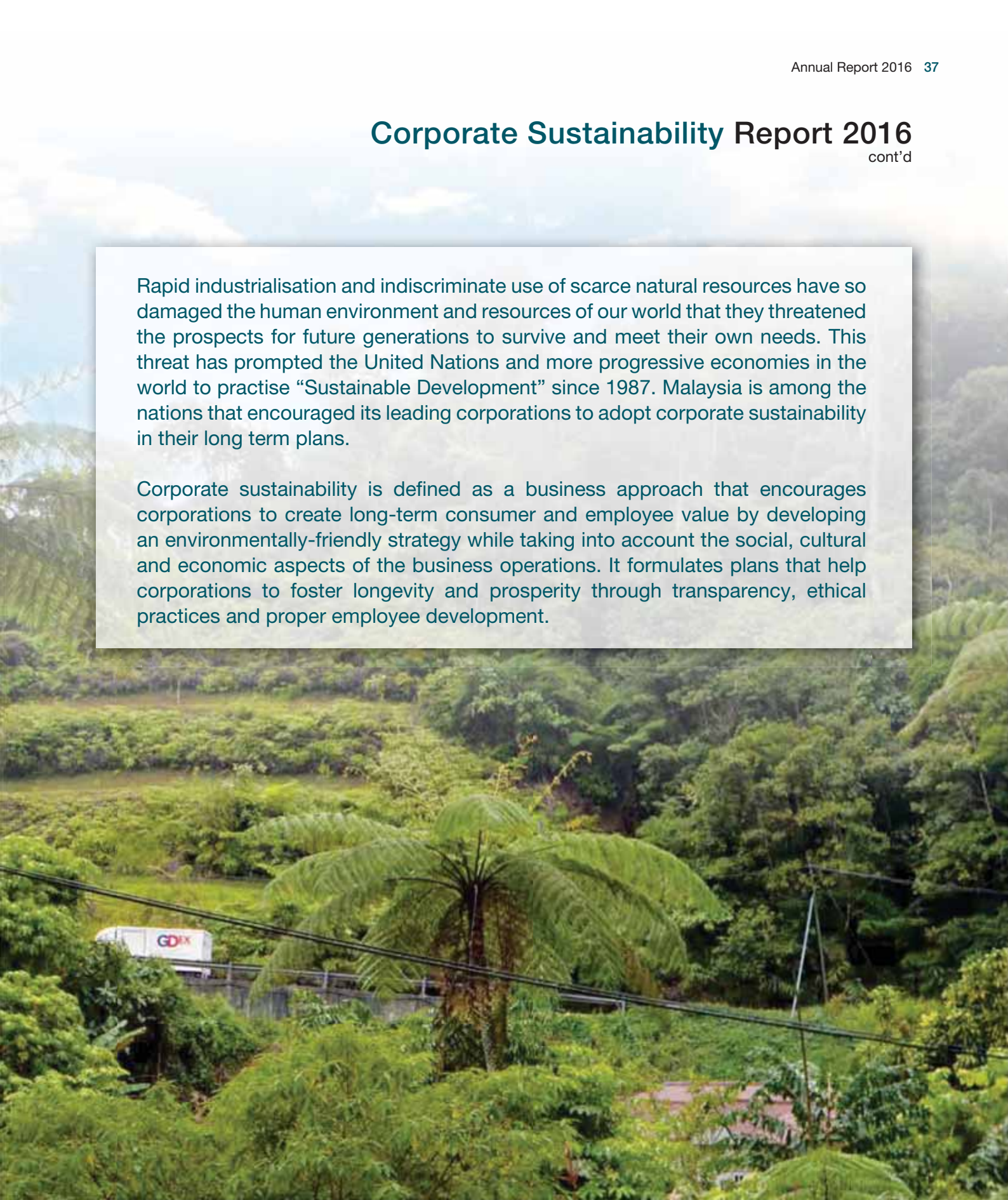


Corporate Sustainability Report 2016

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Rapid industrialisation and indiscriminate use of scarce natural resources have so damaged the human environment and resources of our world that they threatened the prospects for future generations to survive and meet their own needs. This threat has prompted the United Nations and more progressive economies in the world to practise “Sustainable Development” since 1987. Malaysia is among the nations that encouraged its leading corporations to adopt corporate sustainability in their long term plans.

Corporate sustainability is defined as a business approach that encourages corporations to create long-term consumer and employee value by developing an environmentally-friendly strategy while taking into account the social, cultural and economic aspects of the business operations. It formulates plans that help corporations to foster longevity and prosperity through transparency, ethical practices and proper employee development.



Corporate Sustainability Report 2016

cont'd



Practitioners of corporate sustainability have witnessed an increase in revenue and employee productivity while experiencing a reduction in energy, waste, water and materials expenses. Such companies also see a reduction in hiring and attrition costs, which help to minimise strategic and operational risks.

GDEX Corporate Sustainability Programme

As an organisation that strives to connect communities and empower commerce through its express delivery operations, the GDEX Group practised corporate sustainability since its inception in 1997. Over the years, the Group refined its methodology to build a more pragmatic and focused approach in corporate sustainability to benefit the community it serves.

Today, the corporate sustainability strategy of the Group revolves around four pillars - the Marketplace, the Workplace, the Community and the Environment around us.

The Marketplace

The marketplace is where we do our business, raise funds and work with the authorities. GDEX continues to focus on the following areas to ensure its business sustainability:



- Customers
- Suppliers, vendors and business partners
- Government and Regulator
- Shareholders and investors

Customers

The customer is our lifeblood. We constantly strive to create products and services that are cost effective and convenient, while ensuring timely and secured delivery to meet customer needs and satisfaction.

Corporate Sustainability Report 2016

cont'd

We are constantly refining our door-to-door delivery services of documents and/or parcels to cater to the varied and growing needs of our customers. We also provide express delivery service for special items such as time-sensitive and high value goods and other value added services such as risk management and insurance coverage. We have now incorporated same day delivery in our schedules.

Customers requiring comprehensive logistical and warehousing services can look to our customised logistics solutions where the services include security handling for high value items, managing mailroom operations and handling logistical and distribution arrangements. This area has seen tremendous growth with the strong demand for on-line shopping and internet sales.

Our freight forwarding and warehousing division provides the storage space and forwarding of bulky items in a systematic manner and is another important component in our drive to provide integrated logistical solutions to meet the evolving needs and requirement of our customers.

Suppliers, Vendors and Business Partners

Our suppliers, vendors and business partners play a vital role in our business operations. They not only ensure continuous and regular supply of goods and services vital to the running of our operations, but also update us on the latest improvements and technical innovations that enable us to keep abreast of the industry. A case in point is our heavy vehicle vendors who regularly update us on latest technological advancements in truck safety and low fuel consumption.



We enforce strict criteria in the selection and evaluation of our suppliers, vendors, agents and contractors to ensure they meet and comply with ISO Certification quality standards. We also conduct supplier evaluation exercise on a yearly basis to ensure suppliers meet the quality standards.

Government and Regulator

Through the Association of Malaysian Express Carriers (AMEC), we are in constant and active engagement with the regulatory authorities to fine-tune the long-term development of the express carrier industry, particularly in areas of road safety and education. Our officials attend regular meetings with the authorities, especially the Malaysian Communications and Multimedia Commission, to give inputs into the training and building of skills set to enhance the human resource aspect of the industry.

We also liaised closely with the Road Transport Department (JPJ), our Safety and Health Regulators (MIROS) as well as the Traffic Police Department when we host our annual GDEX Driving Competition.



Shareholders and Investors

It is of utmost importance that the group is managed in a responsible, transparent and profitable manner with the required corporate governance and cost controls in place as we need to have the trust and confidence of our shareholders, who are the ultimate owners of GDEX and its group of companies. We will ensure there is continued and sustainable growth, with consistent dividend to reward shareholders and attract potential investors.

Corporate Sustainability Report 2016

cont'd

Shareholders and potential investors are kept informed of latest developments through its investor relations website and official publications like the annual report, and announcement of quarterly results and other important corporate announcement. We also organise regular briefings for investment analysts to update their knowledge and understanding of the Group.

As part of Bursa Malaysia Securities Berhad Listing Requirements, we are required to announce quarterly financial results and present an Annual Report for shareholders' approval at an Annual General Meeting.



The Workplace

The workplace is where we develop our human capital, strengthen teamwork and build loyalty among our employees. It is where we nurture and develop our workforce to enable them to handle their responsibilities in an effective and efficient manner. We strive to ensure that our work force remains happy, stay safe, committed and motivated through the following programmes and activities:

- Training
- Teambuilding
- Health and Wellness
- Safety and Security
- Recreational Facilities
- Staff Assistance Scheme
- Attractive Fringe Benefits and Pay Packages



Training

We provide regular and structured training to all levels of staff, from incoming recruits to front-line service staff, couriers, drivers, supervisors right up to middle and senior executives. Our Pembangunan Sumber Manusia Berhad (PSMB) certified trainer plans regular and rigorous training programmes that enhance the professional as well as personal skills and knowledge of our employees.

Our Multimedia Remote Learning (MMRL) programme, launched in 2011, is constantly improved and updated to ensure our training modules are current and relevant to the industry. The MMRL programme not only enables our training to reach different parts of the country but, in the process, has raised the number of training hours to an average of 30,000 hours from 20,000 hours previously.

We also participated in training programmes such as Goods & Services Tax, Personal Data Protection Act organised by relevant Government agencies.

Network Conference and Teambuilding

Every year we organise a Network Conference where executives, from supervisory level onwards from all over the country, converged at a Network Conference for a time of sharing and bonding. This two-day conference provides Management with the opportunity to brief the participants on the Group's activities, operational performances and targets. At the same time, participants are encouraged to share their workplace ideas and grievances and clear any misunderstandings so that everyone can be on the same page and work as one team, one culture.

Corporate Sustainability Report 2016

cont'd



The 2016 Network Conference deserves special mention in that the participants all came in their traditional costumes which show the different cultures present in the GDEX Group. The East Malaysians came in their striking Kadazan and Dayak attires, while the Malays wore their traditional baju melayu and kebaya, the Chinese in their changshan and cheongsam, while the Indians look resplendent in their dhotis and saris. It was a compelling display of “unity in diversity”.

Apart from the network conference, we also affirmed our people with activities like team-building and educational workshops to build their skills and confidence. Every year, the management organised a 3-day teambuilding workshop where executives from various departments get together for activities that foster team-spirit and creativity.

We also organised events like annual dinners, outstanding service award ceremonies and festive season get-togethers to celebrate the festive occasions and to recognise the efforts and hard work of our people, as well as foster family spirit and a sense of belonging to the GDEX Group.



Safety and Health

We never compromise on the safety and health of our employees in the workplace. We have a Safety and Health Committee to look into the safety and health aspects of our employees. We continue to introduce new safety measures to minimise accidents at the workplace and reduce the incidence of pilferages. Our staff also participated in other safety activities such as fire drills and defensive driving for the drivers. We organised our third annual GDEX Road Safety Championship whereby our motor-cycle couriers and truck drivers compete to show their knowledge of road safety and driving skills. This annual event is endorsed by the Jabatan Pengangkutan Jalan (JPJ), MIROS and Traffic Police Departments.

Safety and Security

We are committed to maintain a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal or external conditions. Security cameras and security lockers are placed in strategic locations to deter such disruptive forces. We also employ external security to provide 24-hour services for the entire premises.



Recreational

A happy employee is a productive employee. We provide opportunities and facilities for employees to de-stress, as “no play makes Jack a dull boy”. We organised recreational activities such as bowling and competitions like the GDEX Futsal Tournament to keep our workforce in good health and competitive spirit. Our people also participated in country-hiking trips, among them, to Broga Hills in Negeri Sembilan, to refresh their bodies and minds.

Corporate Sustainability Report 2016

cont'd



The Community

As an organisation that strives to connect communities through our daily delivery operations, we feel it is in our DNA to give something back to the community. We continuously engage the Community through various social and educational activities. The GDEX Blood Donation Drive, now in its eleventh year running, has gained traction among the public and neighbouring companies. Many workers in nearby factories have expressed interest to participate in our blood donation campaign.

We gained valuable experience during the 2014 floods in Kelantan by helping to ferry much-needed supplies to the flood victims. We stand ready to participate in any relief effort, should the community encounters any such natural disaster situation.

As part of our social and humanitarian programme, our CSR team conducts annual visits to orphanages and orang asli community, especially during the festive season to bring some cheer and much needed essential goods to those who are less fortunate than us.

There is a saying that “charity begins at home”. The management is always sympathetic to staff in their time of need and we provide financial aid for those who require funding for medical treatment, school stationeries and pocket money for their school-going children.

We continue with our internship programme to provide students with an opportunity to work with GDEX during their semester breaks. For those who choose to stay on, we have introduced an Apprentice Scheme whereby the “student” will specialised in a particular section until he/she becomes an “expert” , thus increasing the chances of employment prospects.



Corporate Sustainability Report 2016

cont'd



As a major express delivery service provider, our 700-over delivery and line-haul trucks are constantly on the move throughout the country, ferrying shipments to and fro our Central Hub in Petaling Jaya. We have a well-equipped motor vehicle workshop where we regularly service and maintain our trucks to prevent costly and time-consuming breakdowns on the road. This department has a strict vehicle maintenance schedule that ensures all trucks leaving the GDEX premises are road-worthy.

We have also created a purposed-built waste disposal shed where all petroleum and lubricant wastes are stored and systematically disposed according to a scheduled waste disposal programme.



On longer distances, we introduced 40-tonne trucks that can carry huge amounts of shipments (equivalent to 40 one-tonne truck) that help save fuel and carbon-emissions considerably. These vehicles are reputed to be able to travel one million kilometers without having to overhaul their engines.

On the environmental side, we continue to fine-tune and enhance the integration of our ISO 9001:2008 Quality Management System with our ISO 14001:2004 Environmental Management System which enabled us to strengthen our environment-friendly activities in areas of waste disposal and reduction of carbon emissions.



We continue with our 3R (Reduce, Reuse and Recycle) initiatives which brought significant cost savings in electricity, fuel and stationeries.

Corporate Sustainability Report 2016

cont'd

STAKEHOLDER ENGAGEMENT TABLE

STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
MARKETPLACE		
Customers	<ul style="list-style-type: none"> • Service Satisfaction • Innovative offerings • Security Protection • Customer Service Profit • Customer Appreciation 	<ul style="list-style-type: none"> • Customer Survey • Feedback on GDEX Website, Facebook & Twitter • Enhanced Liability Coverage • Refresh Through Campaigns/ Promotions • Events Sponsorship (MIA conference, festive customer appreciation) • After Sales Service
Suppliers, vendors & business partners	<ul style="list-style-type: none"> • Supplier evaluation • Integrators Collaboration • Agents & contractors • Suppliers code of conduct 	<ul style="list-style-type: none"> • Compliance with ISO Standards • Yearly supplier evaluation • Agent workshop • Co-load for international delivery • Visitation to Suppliers Factories/Plants
Government & Regulator	<ul style="list-style-type: none"> • Licensing • Courier Industry Development Plan • Courier Industry Rules & Regulations • Courier Industry Code of Practice • Personal Data Protection Act 2010 • Goods and Services Tax • E-commerce Development Plan • Safety and Health Campaigns 	<ul style="list-style-type: none"> • Seminar/conference • Participation through AMEC with MCMC • Customer awareness through website • Staff awareness through seminar & training • Participation with MITI and MDEC • Visitation to Government Agencies • Participation with DOSH, JPJ, MIROS, PDRM, JKJR (Jabatan Keselamatan Jalan Raya)
Shareholders & Investors	<ul style="list-style-type: none"> • Corporate Governance • Shareholders' Interests • Investor Relations 	<ul style="list-style-type: none"> • Annual Report • Announcements to Bursa Malaysia • Annual General Meeting and Extraordinary General Meeting • Dividends • Investor Relations Website • Analyst briefing and roadshows

Corporate Sustainability Report 2016

cont'd

STAKEHOLDER ENGAGEMENT TABLE *cont'd*

STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
WORKPLACE		
Employee	<ul style="list-style-type: none"> • Human Capital Development • Corporate Headquarters & Network Branches • Health & Wellness • Safety & Security 	<ul style="list-style-type: none"> • Quarterly newsletter • Weekly operational briefs • Training • Teambuilding activities • Operational Safety and Health Committee • Corporate Events • Staff Interaction Subsidy • Staff Assistance Scheme • Driving Competition • Fire Drills • Hostel & Accommodation • Shuttle Bus service • Network Conference
COMMUNITY		
	<ul style="list-style-type: none"> • CSR Involvement • Education • Community Support & Development • GDEX Foundation 	<ul style="list-style-type: none"> • Internship programme • Apprentice programme • Annual Blood Donation • Donation to orphanage, Orang Asli community, Old Folks Home • Aid for disaster relief • Fund for welfare of the poor, needy, under-privileged & protection of environment
ENVIRONMENT		
	<ul style="list-style-type: none"> • ISO Certification • Scheduled Waste Disposal • 3R (Reduce, Reuse, Recycle) • Carbon emission 	<ul style="list-style-type: none"> • ISO 9001:2008 (Quality Management System) • ISO 14001:2004 (Environmental Management System) • Proper maintenance of vehicles

Corporate Governance Statement

The Board of Directors (“the Board”) of GD Express Carrier Bhd (“GDEX” or “the Company”) recognises and subscribes to the importance of the principles and the recommendations of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”). The Board remains committed in ensuring and maintaining the highest standard of corporate accountability, transparency and integrity as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the GDEX Group.

On 7 June 2016, GDEX has been confirmed as a constituent of the FTSE4Good Bursa Malaysia Index, which sets high standards for companies with environmental, social and governance practices.

This statement sets out the manner in which the GDEX Group has applied the principles and recommendations of MCCG 2012 and the Board will continue to implement measures to improve compliance with principles and recommended best practices moving forward.

ROLES AND RESPONSIBILITIES OF THE BOARD

Board Charter & Roles and Responsibilities

The Board Charter provides reference for Directors in relation to the Board’s role, responsibilities, duties and functions, processes and procedures for the Board and its Committees in discharging its stewardship of the Company effectively and efficiently.

The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board.

The Company has established a list of matters reserved for Board deliberations and decision-making (“Board Reserved Matters”), and this is set out in the Board Charter. These Board Reserved Matters require approvals from the Board, except where they are expressly delegated by the Board to the Managing Director/Group Chief Executive Officer (“MD/GCEO”), a Committee or another nominated member of the Management Team. These delegations are reviewed periodically. The Board Reserved Matters are updated periodically to ensure that any updates on relevant laws and regulations are duly incorporated and include the following:

- Reviewing and approving the annual strategic business plan and financial budget;
- Approving transactions exceeding the authority delegated to MD/GCEO;
- Reviewing and approving quarterly financial results and the annual audited financial statements to be submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”);
- Declaring and recommending dividend payment which is subject to the approval of shareholders in the Annual General Meeting (“AGM”);
- Issuing of new securities and any corporate exercise involving the GDEX Group and the Company;
- Acquiring or disposing of property, plant and equipment that are material in nature;
- Investment and divestment, merger and acquisitions;
- Ensuring sound risk management and internal control systems;
- Understanding shareholders’ expectations and contribute to the development of strategies in the best interest of the GDEX Group and the Company and enhance shareholders’ value;
- Conscious balance of other stakeholders’ interest, where appropriate, in line with Government policies and regulations;

Corporate Governance Statement

cont'd

ROLES AND RESPONSIBILITIES OF THE BOARD *cont'd*

Board Charter & Roles and Responsibilities *cont'd*

- Ensuring that the statutory accounts of the GDEX Group and the Company are fairly stated and conform with the relevant regulations including acceptable accounting policies;
- Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
- To ensure high standards of ethics and corporate behaviour in the conduct of business;
- Commitment in governing management and providing oversight of the GDEX Group and the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, ensure sustainability of the GDEX Group and the Company, monitoring of performance and succession planning;
- Commitment to understand and implement appropriate measures to manage key risk factors of the GDEX Group and the Company; and
- Reviewing the adequacy and the integrity of the GDEX Group and the Company's internal control systems and management information systems.

The Board has delegated certain responsibilities to two (2) Board Committees, namely the Audit and Risk Management Committee and the Combined Nomination and Remuneration Committee which operate within clearly defined terms of references to support and assist in discharging its fiduciary duties and responsibilities.

These Board Committees have the authority to examine pertinent matters within their terms of references and are responsible for reporting to the Board on issues together with their recommendations. The ultimate responsibility for final decision on all matters, however, lies with the entire Board.

The Chairman is responsible to ensure the effectiveness conduct of the Board. He also chairs all Board and shareholders' meetings, and is responsible for matters related to leadership, operations and governance of the Board and Board Committees.

The MD/GCEO is entrusted by the Board on the daily running of the business operations and management, to ensure organisational effectiveness and implementation of the Board's policies and decisions, responsible for providing leadership to management and advancing relationships with regulators and stakeholders. He is accountable to the Board and reports all material issues at every Board meetings, as and when required and necessary.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of its authorities and discretion to the Executive Director ("ED"), representing the Management, as well as to the properly constituted Board Committees. The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that high standards of corporate governance and corporate conduct are adhered to, so that the GDEX Group achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders. In this regard, the Board has formulated a Sustainability Strategy which set out the business strategies that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model. The details of Sustainability Strategy are set out in the Corporate Sustainability Report on page 36 of this Annual Report.

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective Terms of References. At each Board meeting, minutes of the Board Committee meetings are presented to the Board. The respective Chairpersons of the Board Committees will also report to the Board on key issues deliberated by the Board Committees.

Corporate Governance Statement

cont'd

ROLES AND RESPONSIBILITIES OF THE BOARD *cont'd*

Board Charter & Roles and Responsibilities *cont'd*

During the financial year ended 30 June 2016, the Board had established an Executive Committee (“EXCO”) to assist the Board in fulfilling its oversight responsibility on matters related to with its review and monitoring of major corporate exercises. The EXCO comprised the Chairman, MD/GCEO, ED/Chief Financial Officer (“CFO”), Independent Directors (by invitation) and senior management members of the GDEX Group. All actions of the EXCO are subjected to the approval of the full Board according to the Limit of Authority (“LOA”) endorsed by the Board.

The day-to-day management of the GDEX Group’s business affairs and the implementation of the corporate strategy and policy are delegated by the Board to the MD/GCEO, as stipulated in the LOA. This delegation includes the authority to approve operational and capital expenditure, execution of contracts, procurement, litigation and matters of human resources such as promotions and dismissal of employees. The LOA sets out the specific thresholds reserved for management decisions, which are subject to regular reviews to reflect the dynamic expansion/changes within the GDEX Group. Any changes to the authority limits of the MD/GCEO will require the Board’s approvals.

There is clear division of responsibilities between the Chairman and MD/GCEO to ensure that there is a balance of power and authority.

A copy of the Board Charter, List of Reserved Matters and Terms of Reference of the Board Committees are published on the Company’s website at www.gdexpress.com and are reviewed at least once every year.

Code of Ethics and Conduct Formalised

The GDEX Group’s Codes of Ethics and Conduct are set out in the Employees’ Handbook and the Codes of Ethics and Conduct for Directors. These two documents provide a set of basic principles and standards of ethical conduct to guide the Directors and the Employees of the GDEX Group ethical requirements.

Succession Planning

The Board acknowledges the vital importance of the succession planning process as a means of ensuring the GDEX Group’s and the Company’s effectiveness and its sustainability.

It is the Board’s responsibility to appoint Executive Directors to ensure it has skilled managers at the helm to implement the GDEX Group’s mission and vision. To ensure a smooth transition, the Board needs to identify a successor who has the capacity to replace the ED in the future.

Amongst the key areas in succession planning are as follows:

- Identifying the successor in collaboration with the incumbent Executive Directors
- Developing a plan to ensure that the successor gains the requisite skills and knowledge
- Ensuring that the successor is exposed to a broad range of experiences so that he/she has a wider understanding of the business operations of the GDEX Group and the Company

The Executive Directors are responsible for ensuring a succession plan is in place for other key positions in the GDEX Group and the Company. These will be developed with the assistance from the management team with regular reviews and updates in terms of skill-set required.

The Company is in the midst of formalizing succession planning and process.

Corporate Governance Statement

cont'd

ROLES AND RESPONSIBILITIES OF THE BOARD *cont'd*

Access to Information and Advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the GDEX Group's operations or business concerns from them.

The Chairman of the Board ensures that all Directors have unrestricted access to timely and accurate information in furtherance of their duties. The Company Secretaries issues a formal notice of Board Meeting and agenda together with a comprehensive board papers are distributed at least seven (7) business days prior to the Board meeting. This has enabled the Directors to have sufficient time to review the board papers and to obtain further explanation or clarification to facilitate the decision-making process and the meaningful discharge of their duties. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable them to discharge their duties and responsibilities in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved. In order to ensure that the Directors are able to discharge their duties without fear of legal repercussions, the GDEX Group maintains Directors' and Officers' Liability Insurance to indemnify the Directors and officers against liability incurred by them during the discharge of their duties while holding office, and the quantum of the policy is reviewed annually. The indemnification does not cover any negligence, fraud and breach of duty/trust by the Directors and officers.

Strong Proponent of Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the GDEX Group, the benefits of which are believed to translate into better corporate performance. A detailed report on sustainability activities, demonstrating the GDEX Group's commitment to the global environmental, social, governance and sustainability agenda, as shown in Sustainability Report on page 36 of this Annual Report.

Support of Qualified and Competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who are members of professional body. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their duties. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the GDEX Group's governance model, ensuring it is effective and relevant. The Company Secretaries attend and ensure that all meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company, and also the deliberations at the Board Committees and Board meetings are properly minuted within fourteen (14) days.

The Board ensures that the Company Secretaries that are selected and appointed have the relevant competent, experience and skills.

Corporate Governance Statement

cont'd

BOARD STRENGTH AND EFFECTIVENESS

Combined Nomination and Remuneration Committee (“CNRC”)

The Board had established the CNRC which has its own terms of reference to govern its responsibilities. The Terms of Reference of the CNRC are published on the Company’s website, www.gdexpress.com. The Board is assisted by the CNRC in the selection, evaluation and assessment of its members.

The CNRC shall consist of at least three (3) members and to be appointed by the Board from amongst the Directors of the Company, and shall comprise exclusively of non-executive Directors, majority of whom are independent, in compliance with the MGCC 2012. The members of the CNRC are as follows:

	Name
Chairman:	Adi Arman bin Abu Osman
Members:	Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid Liew Heng Heng Ho Swee Fong (<i>Appointed on 29 September 2016</i>)

During the year under review, Mr Lim Cheng Sung @ Lim Cheng Sang resigned as the Director and a member of the Audit and Risk Management Committee of the Company as well as the Chairman of CNRC on 26 May 2016. Upon resignation of Mr Lim Cheng Sung @ Lim Cheng Sang, Encik Adi Arman bin Abu Osman has redesignated as the Chairman of CNRC. The Board is of the opinion that Encik Adi Arman bin Abu Osman, an Independent Non-Executive Director of the Company, is a suitable successor for the position, given his experience and available time commitment. The CNRC also assessed and recommended to the Board the appointments of Mr Chua Khing Seng as Non-Independent Non-Executive Director and Ms Ho Swee Fong as Independent Non-Executive Director and a member of Audit and Risk Management Committee with effect from 26 May 2016. Subsequent to this, the CNRC assessed and recommended to the Board the appointments of Ms Ho Swee Fong as a member of CNRC with effect from 29 September 2016.

The duties and responsibilities of the CNRC are as follows:

- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- To review and recommend new nominees for appointment to the Board of Directors when deem necessary. In making its recommendations, the CNRC would consider the candidates’:
 - skills, knowledge, expertise and experience;
 - professionalism and sound judgment;
 - integrity and credibility; and
 - in the case of the candidates for the position of independent non-executive Directors, the CNRC would evaluate the candidates’ ability to discharge such responsibilities/functions as expected from an independent non-executive Director.
- To assess the performance of Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. All assessments and evaluations carried out by the CNRC in the discharge of all its functions are to be properly documented;
- To recommend to the Board, Directors to fill the seats on Board Committees;

Corporate Governance Statement

cont'd

BOARD STRENGTH AND EFFECTIVENESS *cont'd*

Combined Nomination and Remuneration Committee (“CNRC”) *cont'd*

- To review annually the Board’s mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board;
- To recommend to the Board for continuation (or not) in service of ED(s) and Directors who are due for retirement by rotation;
- To orientate and educate new Directors on the nature of business, the corporate strategy, current issues within the Group, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors;
- To recommend to the Board the framework of Executive Directors’ remuneration package;
- To recommend to the Board any performance related pay schemes for Executive Directors;
- To review Executive Directors’ scope of service contracts;
- To consider the appointment of the advisers or consultants as it deems necessary to fulfill its functions; and
- To consider and examine such other matters as the members of the CNRC consider appropriate.

The CNRC shall take into account criteria such as integrity, skills, knowledge, diversity, commitment, independent judgement, competency, performance and contribution and experience when determining the qualifications and independence of any candidate for the appointment to the Board and Board Committees. Upon completion of the assessment, the CNRC would recommend the appointment to the Board.

Activities of the CNRC

During the financial year ended 30 June 2016, the CNRC held two (2) meetings and discussed, *inter alia*, the following matters:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Company’s Corporate Governance Statement to ensure compliance;
- Assessed and reviewed the independence and continuing independence of the independent Directors;
- Assessment of the effectiveness and performance of the Board, Directors and Board Committees for the financial year ended 30 June 2016;
- Reviewed the proposal for the revision and adjustments of remuneration package for MD/GCEO and ED/CFO, to ensure that the remuneration are equitable and reasonable, competitive and appropriate taking into account the Group’s performance as well as the individual’s performance which include the responsibilities and competencies in carrying out the roles and duties as the executive directors and key officers of the Group, and recommend to Board for approval;
- Reviewed and recommended to the Board the re-election of Directors pursuant to the provisions of the Company’s Articles of Association;
- Reviewed and recommended to the Board the appointment and continuation in office of a Director who has reached the age of 70 pursuant to Section 129(6) of the Companies Act, 1965;
- Reviewed the independent directors with cumulative term of more than nine (9) years;
- Reviewed the Directors’ training;
- Assessed and reviewed the appointments of Mr Chua Khing Seng and Ms Ho Swee Fong as new Directors and Ms Ho Swee Fong as a member of Audit and Risk Management Committee member and nomination of Encik Adi Arman bin Osman as new Chairman of CNRC prior to recommending them to the Board for approval; and
- Reviewed the revised Terms of Reference of the CNRC.

Corporate Governance Statement

cont'd

BOARD STRENGTH AND EFFECTIVENESS *cont'd*

Combined Nomination and Remuneration Committee (“CNRC”) *cont'd*

Activities of the CNRC *cont'd*

The above is carried out through a self-assessment document that is completed by each Director and reviewed by the CNRC. The comments/findings will be discussed by the CNRC and it will make the necessary recommendations, if any. In carrying out the annual assessment, the CNRC will look at the following:-

- Board Structure
- Board Operation
- Management Relationship
- Board Roles and Responsibilities
- Board Chairman’s Role and Responsibilities
- Performance of Board Committee
- Integrity and ethics, contribution of each individual Director including MD/GCEO
- The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors
- Reviewed and assessed the training needs of each Director
- Determined the Directors to stand for re-election and re-appointment at the 2016 Annual General Meeting
- Reviewed the character, experience, integrity and competence of CFO to ensure that he is effectively in discharging his duties
- Reviewed and recommended the remuneration packages of the Executive Directors

During the current financial year under review, the CNRC agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Directors, was appropriate. Each member of the Board was provided with his/her individual peer average score together with the average score of overall performance assessment of all Directors for personal information and further development. All Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in the Board deliberations during the Board meetings.

Directors’ Remuneration Policy

The CNRC is also responsible for developing a formal and transparent policy and framework on the Directors’ remuneration, which including that of the Executive Directors, and recommend to Board for approval. The remuneration of Directors is determined at levels which enable the GDEX Group and the Company to attract and retain Directors with the relevant experience, knowledge and expertise to assist in managing the GDEX Group effectively, taken into the consideration of the following:-

- a remuneration framework that supports the GDEX Group’s objectives, culture and strategies;
- the performance of the GDEX Group for the year under review;
- the performance of the individual director against established criteria and performance related elements, the accountability and responsibility;
- the level of contribution of the Non-Executive Directors and taking into account factors such as their valuable time spent, the efforts and responsibilities entrusted upon them;

Corporate Governance Statement

cont'd

BOARD STRENGTH AND EFFECTIVENESS *cont'd*

Directors' Remuneration Policy *cont'd*

The Executive Directors do not participate in decisions with regard to their own remuneration package. The Directors' remuneration package is determined and approved by the Board as a whole following the relevant recommendations made by the CNRC, with the Directors concerned abstaining from deliberations and voting on his/her own remunerations.

The proposed Directors' fees for the financial year 2016 will be tabled for the shareholders' approval at the forthcoming Thirteenth (13th) AGM.

The aggregate remuneration of the Directors from the Company and its subsidiaries for the financial year ended 30 June 2016 categorized into appropriate components are as follows:

Received from the Company

	Executive Directors RM	Non-Executive Directors RM
Remuneration		
- Salaries and other emoluments	580,079	81,960
- Defined contribution plan (EPF)	61,775	-
- Fees	-	118,800
	641,854	200,760

Received on the Group Basis

	Executive Directors RM	Non-Executive Directors RM
Remuneration		
Remuneration		
- Salaries and other emoluments	580,079	81,960
- Defined contribution plan (EPF)	61,775	-
- Fees	-	118,800
	641,854	200,760

Corporate Governance Statement

cont'd

BOARD STRENGTH AND EFFECTIVENESS *cont'd*

Directors' Remuneration Policy *cont'd*

The number of Directors whose remuneration falls in each successive bands of RM50,000 are as follows:

Received from the Company

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 – RM100,000	-	1
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	2	-

Received on the Group Basis

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 – RM100,000	-	1
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	2	-

The Company has opted not to disclose the remuneration of individual Directors as recommended by the MCCG 2012 as the Company is of the view that disclosure of the remuneration bands of the Directors is sufficient to meet the objectives of the MCCG 2012.

BOARD BALANCE AND INDEPENDENCE

Annual Assessment of Independence

The Board has set out policies and procedures to ensure effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board assesses the independence of the Independent Non-Executive Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive 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 are free from any relationship that could materially interfere with their judgment and decision. They bring a broader external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the GDEX Group and the Company's business and the reporting of monthly business performances.

Corporate Governance Statement

cont'd

BOARD BALANCE AND INDEPENDENCE *cont'd*

Annual Assessment of Independence *cont'd*

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

One of the recommendations of the MCGG 2012 states that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. The CNRC has carried out an evaluation on the reappointment of Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid and Ms Liew Heng Heng who have served on the Board for a cumulative of eleven (11) years and recommended that they be re-appointed to continue in their capacity as Independent Directors of the Company based on the following justifications:-

- i) They have met the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities.
- ii) They have contributed sufficient time and effort and attended all the Committee meetings and Board meetings.
- iii) The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company.
- iv) As they have been with the Company for almost eleven (11) years, therefore they understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at Committee meetings and Board meetings without compromising their independence and objective judgement.
- v) Ms Liew Heng Heng is a female director and financially qualified.

Therefore, based on the recommendation of the CNRC, the Board recommended that Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Ms Liew Heng Heng continue to act as Independent Non-Executive Directors of the Company subject to shareholders' approval at the Company's forthcoming 13th AGM as they have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Securities.

Appointments to the Board

The CNRC and the Board through annual assessment carried out believe that the current composition of the Board have the required mix of skills and core competencies required for the Board to discharge its duties effectively. However, the Board, shall, with the assistance of the CNRC, look into the required mix of skills of the Board from time to time in order to identify suitable candidates with qualifications and experiences which will further complement the current Board and assist in managing or steering the GDEX Group effectively. The Board continuously reviews its size and composition, with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a formal and transparent selection process which involves the following stages:-

- Identification of potential candidates
- Evaluation of the suitability of candidates
- Meeting up with candidates, conduct interview and discussion with the candidates
- Final deliberation by the CNRC
- Recommendation to the Board

Corporate Governance Statement

cont'd

BOARD BALANCE AND INDEPENDENCE *cont'd*

Appointments to the Board *cont'd*

This process has been reviewed, approved and adopted by the Board. The decision on appointment is the responsibility of the Board as a whole after considering the recommendations from the CNRC.

During the year under review, the CNRC had assessed and recommended to the Board the appointment of Ms Ho Swee Fong, as Independent Non-Executive Director and a member of the Audit and Risk Management Committee, given her extensive working experience in shareholder communications, stakeholder management, corporate disclosures, corporate governance and financial reporting, and Mr Chua Khing Seng as Non-Independent Non-Executive Director, given his extensive experience in logistics and delivery services industry. Mr Chua Khing Seng is the board representative of Yamato Asia Pte Ltd, a substantial shareholder of the Company. Mr Chua is also the Managing Director and Group CEO of Yamato Asia Pte Ltd.

Yamato Asia Pte Ltd is the subsidiary of Yamato Holdings Co., Ltd, Japan. The Company and Yamato Holdings Co., Ltd had on 21 January 2016 formed a partnership via business collaboration and capital alliance Yamato Holdings Co., Ltd to enable both parties to capitalise on each other strengths to leverage on the latter's extensive network to offer wider coverage for Yamato Malaysia's customers. Besides that, both companies will collaborate on border logistics between Malaysia and Singapore, as well as business development in the Asean region.

The Board welcomes diversity and gender mix in its composition. The Board believes that diversity in ethnic, cultural, nationality and gender mix can broaden the Board's perspectives in effectively discharging its duties and responsibilities.

The Company Secretaries are responsible for ensuring that all appointments are properly made and all regulatory obligations are met.

Shareholders' Approval for the Re-election of Directors

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, Mr Teong Teck Lean, Mr Chua Khing Seng and Ms Ho Swee Fong who are due for retirement, have offered themselves for re-election as Directors of the Company at the forthcoming 13th AGM.

The Board is satisfied with the skills, contribution and independent judgment of these retiring Directors. In view thereof, the Board recommends and supports their re-election/re-appointment as Directors of the Company which is to be tabled for shareholders' approval at the forthcoming Thirteenth (13th) AGM of the Company.

To assist shareholders in their decision, sufficient information such as personal profile, attendance at meetings and their shareholdings in the Company for each Directors standing for election are furnished in the Annual Report.

Separation of Positions of the Chairman and Managing Director/Group Chief Executive Officer

The position of Chairman and MD/GCEO are held by two different individuals.

The Chairman has the responsibility to ensure the effectiveness and conduct, chairs all Board and shareholders' meetings, and responsible for leadership, operations and governance of the Board and Board Committees, as well as facilitating the setting of business directions and strategies of GDEX Group, ensuring all Directors are properly briefed during Board discussions and shareholders are adequately informed of subject matters where their approvals are required.

Corporate Governance Statement

cont'd

BOARD BALANCE AND INDEPENDENCE *cont'd*

Separation of Positions of the Chairman and Managing Director/Group Chief Executive Officer *cont'd*

The MD/GCEO is entrusted by the Board on the daily running of the business operations and management, ensures organisational effectiveness and implementation of the Board's policies and decisions, coordinating the development and implementation of business and corporate strategies, and responsible for providing leadership to management and advancing relationships with regulators and stakeholders, accountable to the Board and reports all material issues at every Board meetings, as and when required. The Executive Directors contribute significantly in corporate policies and strategies, performance monitoring, allocation of resources as well as improving corporate governance and internal controls, using their intimate knowledge and understanding of the business and industry.

The distinct and separate role of the Chairman and MD/GCEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Composition of the Board

The Board consists of eight (8) members, comprising:

- One (1) Independent Non-Executive Chairman
- One (1) Managing Director/Group Chief Executive Officer
- One (1) Executive Director/Chief Financial Officer
- Two (2) Non-Independent Non-Executive Directors
- Three (3) Independent Non-Executive Directors

The Board composition complies with Paragraph 15.02 of Main Market Listing Requirements of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board whichever is the higher, are independent Directors. Besides, the Board complies with restriction on the number of directorships for listed companies.

A brief profile of each of the Directors are presented on pages 24 to 28 of the Annual Report.

Board Balance and Effectiveness

The size of the Board is appropriate given the complexity of the Company's business, and the significant time demands placed on the Independent Non-Executive Directors who also serve as Members of Board Committees.

The Board comprises of members with a wide range of skills, knowledge and experience necessary to govern the GDEX Group. This includes international and regional operational experience, understanding of economics of the sector in which GDEX operates and knowledge of world capital markets.

Balance in the Board is achieved and maintained where the composition of the members of the Board are professionals and entrepreneurs, with the mix of industrial knowledge and broad business and commercial experience. Such balance enables the Board to provide effective leadership in all aspects, as well as maintaining the premium standards of governance and integrity in making decision relating to strategy, performance, internal control, investors' relation and human resource management. If the need arises, the Company may increase the number of Independent Directors to ensure the balance of power and authority on the Board.

Corporate Governance Statement

cont'd

BOARD BALANCE AND INDEPENDENCE *cont'd*

Diversity Policy

The purpose of this Diversity Policy is to set out the approach from the Board to promote the diversity in GDEX and its subsidiaries in the GDEX Group. The GDEX Group recognises its talented and diverse workforce as a key competitive advantage. The business success of the GDEX Group is a reflection of the quality and skill of the people. Diversity in this context encompasses differences in ethnicity, gender, language, age, sexual orientation, religion, nationality, cultural, experience and education background or other personal factors, as a means of enhancing the GDEX Group's performance by recognising and utilising contribution of diverse skills and talents from its Directors, officers and employees. The GDEX Group believes that the wide array of perspective that results from such diversity promotes innovation and business success. As such, the experience and education background or other personal factors, as a means of enhancing the GDEX Group is committed to seeking out and retaining the finest human talent to ensure better business growth and performance.

The Board has every intention of meeting the Corporate Governance Blueprint 2011 issued by the Securities Commission on increasing women participation on Boards to reach 30% by 2016. However, the Board believes that to enable the Board to carry out its duties more effectively, it is more important to have the right mix of skills at the Board instead of the percentage itself.

In line with promoting diversity in the workplace, the Board has established the following procedures:

(i) Recruitment

- All persons with appropriate experience and qualifications will be considered, regardless of age, gender, ethnicity, cultural background or other factors. Same as for the recruitment of new staff or Directors.
- No preference will be given to male applicants for a position, and equal consideration in the recruitment and selection process will also be given to any women applicants with appropriate experience and qualifications.
- For the recruitment of Director or Board member, the CNRC is entrusted by the Board to identify potential candidates by seeking applications from suitably qualified individuals; and/or engaging external consultants that will present diverse candidates.
- The CNRC will evaluate the mix of skills, experience, expertise and diversity of the existing Board to ensure the effectiveness of the Board will improve accordingly. Consideration is also given to fulfilling the balance of Independent Directors on the Board.

(ii) Remuneration, Career Development and Promotion

- All employees and Directors are rewarded and promoted on the basis of their Key Performance Indicators (KPI), regardless of age, gender, ethnicity, cultural background or other personal factors.
- Decisions associated with career development and advancement, including promotions, transfers, and other assignments, will meet the needs of the GDEX Group and be determined on skill and merit, regardless of age, gender, ethnicity, cultural background or other personal factors. All managers or head of department are trained in managing diversity to ensure that employees are treated fairly and evaluated objectively.

Corporate Governance Statement

cont'd

BOARD BALANCE AND INDEPENDENCE *cont'd*

Diversity Policy *cont'd*

(iii) Trainings

Internal and external trainings opportunities will be given based on the needs and necessities of the employees and Directors regardless of age, gender, ethnicity, cultural background or other personal factors.

(iv) Workplace Diversity Principles

The GDEX Group is committed to workplace diversity ensuring that the GDEX Group value and respect the differences and that the workplace is fair, accessible, flexible, inclusive and free from discrimination.

It is the responsibility of everyone to promote the workplace diversity, which includes:

- Practicing and promoting behavior consistent with the Code of Conduct of the GDEX Group and the Company;
- Respecting different ways of thinking, using employees' different perspectives to improve and enhance business growth and performance;
- Treat all employees with respect and dignity;
- Strive to create and foster a supportive and understanding environment in which all employees realise their maximum potential within the GDEX Group and the Company, regardless of their differences;
- Recognise that each employee brings their own unique capabilities, experiences and characteristics to their work, and the GDEX Group value such diversity at all levels in all that the GDEX Group do;
- Provide a safe, secure, harmony and healthy workplace;
- Make decisions genuinely based on equity and fairness;
- Take appropriate action to eliminate discrimination.

(v) Community Programmes, Concerns or Complaints

The GDEX Group recognises that racism, ageism, sexism and other forms of discrimination are problems for the organization and society as a whole. The GDEX Group is committed to tackling cultural stereotypes both within and outside the GDEX Group. The GDEX Group has clear reporting procedures for any type of discrimination or harassment combined with follow-up procedures to prevent future incidents. All complaints with regards to the discrimination or harassment will be treated seriously, and will be investigated accordingly. Confidentiality will be maintained as far as is appropriate and possible, and people will not be victimised in any way for making a complaint, nor for acting as a witness for someone who complains.

FOSTER BOARD COMMITMENT

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

Corporate Governance Statement

cont'd

FOSTER BOARD COMMITMENT *cont'd*

Time Commitment *cont'd*

The attendance of Directors during the financial year ended 30 June 2016 is set out below:

Directors	Board Meetings	Audit & Risk Management Committee Meetings	Combined Nomination & Remuneration Committee Meetings
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	5/5	5/5	2/2
Teong Teck Lean	5/5	Non Member	Non Member
Lim Cheng Sung @ Lim Cheng Sang (<i>resigned on 26 May 2016</i>)	5/5	5/5	2/2
Liew Heng Heng (f)	5/5	5/5	2/2
Adi Arman Bin Abu Osman	5/5	5/5	2/2
Woo Keng Leong	4/5	Non Member	Non Member
Lim Chee Seong	5/5	Non Member	Non Member
Chua Khing Seng (<i>appointed on 26 May 2016</i>)	1/1	Non Member	Non Member
Ho Swee Fong (f) (<i>appointed on 26 May 2016</i>)	1/1	-	Non Member

Minutes of meetings (including deliberations by the Board of issues discussed and their conclusion thereof) were recorded by the Company Secretaries and kept at the registered office of the Company.

The Board is scheduled to meet at least four (4) times a year, at quarterly intervals, with additional meetings convened as and when necessary. The Chairman, with the assistance of the Management and Company Secretaries, is responsible for setting the agenda of Board meetings.

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.

The Directors are required to submit an update on their other Directorships and shareholdings to the Company Secretaries every quarter. Such information is used to monitor the number of Directorship held by the Directors and to notify the Companies Commission of Malaysia accordingly.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

Corporate Governance Statement

cont'd

FOSTER BOARD COMMITMENT *cont'd*

Continuing Education and Training of Directors

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated timeframe required in the Main Market Listing Requirements of Bursa Securities.

The continuing education and training of the Directors is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape as well as the latest update and developments on the legislation and statutory requirements. The Directors are committed to quality by being available at all times, consistent with evolving changes and challenges in the business environment. The Directors, in this connection, have participated in and benefited from numerous conferences, seminars and training programmes on areas pertinent to the enhancement of their roles and responsibilities as Directors of a public listed company.

Conferences, seminars and training programmes attended by each Director during the financial year under review are as follows:

Name of Director	Training Programmes	Date
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	<ul style="list-style-type: none"> • Currency Crisis 2015 • Post GST Challenges • Sustainable Growth in the Palm Oil Sector • Update on Malaysian and Regional Economies • Goods and Services Tax, Post Implementation Issues • An Overview of the Price Control and Anti Profiteering Act • Latest development in Transfer Pricing 	22 September 2015
	<ul style="list-style-type: none"> • Introduction to Competition Law 	8 June 2016
Teong Teck Lean	<ul style="list-style-type: none"> • World Mail and Express Asia pacific 2015 	19 October 2015
	<ul style="list-style-type: none"> • CLSA Corporate Roadshow 	29 March 2016
	<ul style="list-style-type: none"> • E-Commerce in Digital Economy 	28 April 2016
	<ul style="list-style-type: none"> • Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions 	26 May 2016
Liew Heng Heng (F)	<ul style="list-style-type: none"> • Sustainability Engagement Series for Directors/Chief Executives Officers 	2 June 2016
	<ul style="list-style-type: none"> • Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions 	26 May 2016
Adi Arman bin Abu Osman	<ul style="list-style-type: none"> • Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions 	26 May 2016
Woo Keng Leong	<ul style="list-style-type: none"> • Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions 	26 May 2016

Corporate Governance Statement

cont'd

FOSTER BOARD COMMITMENT *cont'd*

Continuing Education and Training of Directors *cont'd*

Conferences, seminars and training programmes attended by each Director during the financial year under review are as follows:

Name of Director	Training Programmes	Date
Lim Chee Seong	• CFO Dialogue 2015 – Integrated Thinking, Sustainable Business Success	3 September 2015
	• Future of Auditor Reporting – The Game Changer For Boardroom	21 September 2015
	• Deloitte Tax Max – the 41th Series Seminar	4 November 2015
	• Sustainability Engagement Series For CFOs/CSOs	28 January 2016
	• Sustainability Reporting in Malaysia: Putting Public Listed Issuers in the Know	14 March 2016
	• ACCA President's Debate – Will Fitting EU's Teeth Give ASEAN's AEC The Bite It is lacking?	6 April 2016
	• AEC Open Day 2016 – Opportunities For The Business Community in The AEC	11 April 2016
	• ACCA Malaysia Annual Conference 2016	10 May 2016
	• Sharing Session on Analysis of Corporate Governance Disclosure in Annual Report	18 May 2016
	• Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions	26 May 2016
Chua Khing Seng (appointed on 26 May 2016)	• Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions	26 May 2016
Ho Swee Fong (F) (appointed on 26 May 2016)	• Corporate Governance on Directors' Duties & Responsibilities, and Risk Management & Internal Audit on Audit Committee's Role and Internal Control Functions	26 May 2016

The newly appointed Directors, namely Mr Chua Khing Seng and Ms Ho Swee Fong had attended the Mandatory Accreditation Programme on 4 and 5 August 2016.

The Board encourages its Directors to attend talks, workshops, seminars and conferences to keep abreast with the latest developments and to enhance their skills to assist them in discharging their responsibilities towards corporate governance, operational and regulatory issues effectively. The Directors are briefed by the Company Secretaries on the letters and circulars issued by Bursa Securities at every Board Meeting.

Corporate Governance Statement

cont'd

BOARD INTEGRITY IN FINANCIAL REPORTING, RISK RECOGNITION AND MANAGEMENT

FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the GDEX Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of Companies Act, 1965 and applicable accounting standards in Malaysia. The Audit and Risk Management Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The Directors' Responsibility Statement pursuant to the Main Market Listing Requirements of Bursa Securities is set out in this Annual Report.

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

Assessment of Suitability and Independence of External Auditors

The Audit and Risk Management Committee undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the Audit and Risk Management Committee to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. These meetings are held without the presence of the Executive Directors and the Management. The Audit and Risk Management Committee also meets with the external auditors additionally whenever it deems necessary. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The Company is in the midst of developing External Auditor Assessment Policy to evaluate the performance and independence of the external auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

Sound Framework to Manage Risks

The GDEX Group maintains and reviews its Risk Management Framework and internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. More elaborated explanation on the key features of internal controls are set out in the Statement on Risk Management and Internal Control.

Internal Audit Function

The internal audit function is independent of the operations of the GDEX Group and provides reasonable assurance that the GDEX 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 GDEX 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 annually, is tabled to the Audit and Risk Management Committee for review and approval.

Corporate Governance Statement

cont'd

RISK MANAGEMENT AND INTERNAL CONTROL *cont'd*

Internal Audit Function *cont'd*

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

TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy and Procedure

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations and therefore has put in place a Corporate Disclosure Policy and Procedure to ensure compliance with the disclosure requirements as stipulated in the Main Market Listing Requirements of Bursa Securities.

The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the Management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the GDEX Group to enable them to make informed investment decisions.

Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the GDEX Group and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including analyst reports, all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Encourage Shareholder Participation at General Meetings

The Company recognises the need for shareholder engagement, which is reflective of the Board's fiduciary duties to the shareholders and is of the view that clear and consistent communication encourages a better appreciation of the GDEX Group's business and activities, and allows the GDEX Group's businesses and prospects to be evaluated properly.

The Company provides information to the shareholders with regards 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.

Corporate Governance Statement

cont'd

STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *cont'd*

Encourage Poll Voting

In line with the Main Market Listing Requirements of Bursa Securities, all resolutions tabled at the general meetings shall be put to vote by way of a poll. The shareholders would be informed of their rights to a poll vote on the resolutions prior to the commencement of the general meeting.

Effective Communication and Proactive Engagement

In maintaining the commitment to effective communication with shareholders, the GDEX 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, whilst complying with the requirements of the Main Market Listing Requirements of Bursa Securities pertaining to continuing disclosure, it also adopts the best practices as recommended in the MCCG 2012 with regards to strengthening engagement and communication with shareholders. Where possible and applicable, the GDEX Group also provides additional disclosure of information on a voluntary basis. The GDEX 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 Company's website has a "Contact Us" section as well as a dedicated link to the Company's Investor Relations team, where shareholders and potential investors may direct their enquiries on the GDEX Group. The GDEX Group's Investor Relations team will endeavour to reply to these queries in the shortest possible time.

The Board has identified Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as the Senior Independent Non-Executive Director to address any valid queries and concern raised by shareholders.

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 Main Market Listing Requirements of Bursa Securities.

All information to shareholders is available electronically as soon as it is announced or published. Another key avenue of communication with its shareholders is the Company's 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.

Additional Compliance Information

1. MATERIAL CONTRACTS

During the financial year ended 30 June 2016, there were no material contracts entered into by the Company and its subsidiary companies with Directors and/or major shareholders.

2. RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

Details of the recurrent related party transactions made during the financial year ended 30 June 2016 were as follows:-

Nature of Transaction	Subsidiary involved	Related Company	Interested Directors /Substantial Shareholders Persons Connected to Directors or Substantial Shareholders	Actual Value for the year ended 30 June 2016 (RM)
Provision of express delivery services	GD Express (S) Pte Ltd ("GD(S)")	Singapore Post Limited ("SingPost")	Mr Woo Keng Leong ⁽⁴⁾	56,607
Provision of express delivery services	GD Express Sdn Bhd ("GDSB")	Quantum Solutions International (Malaysia) Sdn Bhd ("QSI(M)")	SingPost ⁽³⁾	2,750,411
Provision of express delivery services	GD(S)	Quantum Solutions (Singapore) Pte Ltd ("QS(S)")	SingPost ⁽³⁾	282,348

Notes:-

⁽¹⁾ GDSB, a wholly-owned subsidiary of the Company.

⁽²⁾ GD(S), a wholly-owned subsidiary of the Company.

⁽³⁾ SingPost, a substantial shareholder of the Company.

⁽⁴⁾ Mr Woo Keng Leong is the Senior Executive Vice President/Head of Postal Services of SingPost and Corporate Representative of Singpost in the Company.

⁽⁵⁾ QSI(M), is an indirect wholly-owned subsidiary of SingPost.

⁽⁶⁾ QS(S), is an indirect wholly-owned subsidiary of SingPost.

The above Recurrent Related Party Transactions were conducted on terms not more favourable to the related parties than those generally available to the public at arm's length and are not to the detriment of minority interest of the Company.

Additional Compliance Information

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3. NON-AUDIT FEES

For the financial year ended 30 June 2016, the amount of non-audit fees paid to the external auditors was RM5,000.

4. UTILISATION OF PROCEEDS

During the financial year ended 30 June 2016, the Company did not undertake any corporate proposal to raise proceeds except for the followings:-

- (i) Received the proceeds of RM2,054,977 from the exercise and conversion of 13,687,402 Warrants "A" and 1,220 Warrant "B" at an exercise price of RM0.15 per ordinary share and RM1.53 per ordinary share respectively, into the ordinary share capital of RM0.05 each.
- (ii) Received the net proceeds of RM217,314,774 from the issuance of 124,893,548 Private Shares at an issue price of RM1.74 per ordinary share.
- (iii) Received the proceeds of RM11,811,195 million from the issuance of 8,329,099 new ordinary share capital of RM0.05 each pursuant to the Dividend Reinvestment Plan.

The proceeds were utilised for general working capital and business expansion purposes of the Group.

Statement on Risk Management and Internal Control

INTRODUCTION

In accordance with the principles set out in the Malaysian Code on Corporate Governance 2012 (“the Code”), a listed company should establish a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets. The Board of Directors (“Board”) is pleased to provide this Statement on Risk Management and Internal Control pursuant to Chapter 15, paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors for Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control system for good corporate governance, and acknowledges its primary responsibility for the adequacy and integrity of the Group’s systems of risk management and internal control including the identification of principal risks in the Group, measured and managed with appropriate internal control measures, as well as review of its effectiveness. However, the Board also acknowledges that such risk management and internal control system are designed to manage the Group’s risks within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, it can only provide reasonable but not absolute mitigation against material misstatement of management and financial information and records or against financial losses or fraud.

The Group has established an on-going process to identify, evaluate and manage significant risks and the process involves, amongst others, updating the risk register and internal control documentation when there are changes to business environment or regulatory guidelines. The process is reviewed by the Board annually and is generally in line with the guidelines as contained in the publication – Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board is of the view that the system of risk management and internal control are in place for the year under review and up to the date of approval of this statement. The risk management and internal control systems are sound and sufficient to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets. Notwithstanding this, the Board is vigilant and continues to review the effectiveness and adequacy of the systems of risk management and internal control, in view of the dynamic and changing business environment.

The Management assists the Board in the implementation of the Board’s policies and procedures on risk management and internal control by identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely preventive and corrective actions as needed, and for providing assurance to the Board that the procedures have been carried out. In this regard, the Board has obtained assurance from the Managing Director/Group Chief Executive Officer and Executive Director/Chief Financial Officer that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group, and nothing has come to their attention that may have a material impact on the business and operations of the Group which in turn may affect the Group’s financial performance during the current financial year ended 30 June 2016 under review.

Statement on Risk Management and Internal Control

cont'd

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group's systems of risk management and internal control are designed and operated to support the identification and management of risks affecting the Group and the business environment in which it operates. As such, they are subject to continuous review due to changes in the business environment and the fruition of new risks emerging. The key features of the Group's system of risk management and internal control are as follows:

1. Control Environment

o Organisation Structure and Limits of Authority

The Group maintains an effective organisation structure with clear objectives, responsibilities, authority and segregation of duties. The authority levels which duly approved by the Board are appropriately delegated with clear and proper documentation. The limits are regularly reviewed and approved by the management and/or the Board in accordance to their Limits of Authority, in line with changes in business, structural and operational perspectives.

o Corporate Philosophy

The Group's culture is guided by a set of philosophy, which includes core values, management principles, and corporate qualities. All employees are also guided by a code of conduct, which is embedded in the Employee Handbook.

o Policies and Procedures

The Group maintains a set of documented systems, policies, procedures and practices to ensure compliance with internal controls and the relevant laws and regulations which govern the Group's core business. These documented systems, policies, procedures and practices are continually updated, communicated and accessible to all employees. There are guidelines and authority limits imposed on executive directors and management within the Group in respect of the day-to-day operations, extension of credits, investments, acquisitions and disposals of property, plant and equipment.

o Human Resource

The Group has an effective human resource policy that is guided by the Group's corporate core values, which clearly articulates the knowledge, skills and professionalism, abilities and behavior expectation of its employees. The Group maintains an effective staff recruitment, retention and rotation process to ensure that the people with integrity and the right skill and experience are employed for the function and operations of the Group. The Group has in place experienced and competent employees in areas of responsibility to support the effectiveness of the Group's system of risk management and internal control. The Group provides relevant training to the employees to ensure continuous improvement and embarked on an individual development plan for functional competency to upskill and reskill its employees as well as to strengthen career management and succession planning.

o Budget Plan and Budget

All material business proposals are pre-evaluated by Management Committee in terms of their risk and viability from operational, financial and strategic direction standpoint, to ensure strategies optimisation and relevance, before escalating them to the Board for review and approval.

Statement on Risk Management and Internal Control

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KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

1. Control Environment *cont'd*

o Budget Plan and Budget *cont'd*

A comprehensive work plan and budgeting process is established requiring all key operating units to prepare work plan and budget annually. The final budgets are discussed and approved by the Board. Operating results are being closely monitored by management against budget and key performance indicators. Any significant variances identified will be investigated and corrective measures will be implemented accordingly.

o Insurance and Physical Safeguard

The insurance coverage of the Group's major assets are reviewed annually and/or when is necessary to do so. Adequate insurance and physical security of major assets are in place to ensure that the assets of the Group are sufficiently covered against any mishap that will result in material losses to the Group.

2. Internal Audit Function

The review of the adequacy and integrity of the Group's risk management and internal control system is the delegated responsibility of the Audit and Risk Management Committee ("Committee"). The Committee is assisted by the internal audit function in discharging its duties and responsibilities. On a periodic basis, the Committee assesses the adequacy and integrity of the risk management and internal control system through review conducted by the internal auditors and management. Significant internal control matters and findings that are brought to the attention of the Committee will be highlighted to the Board. The system of risk management and internal control are based on a framework of regular management information, management supervision and a system of delegation and accountability. The effectiveness of the Group's risk management and internal controls are examined in detail by the internal audit function.

The internal audit functions are undertaken by an in-house team based on the audit plan that is reviewed and approved by the committee. The audit plan covers review of the adequacy of operational controls, compliance with established policies and procedures, and where improvement opportunities were being identified during internal audit reviews, recommendations are then made and appropriate action plans are agreed upon amongst management, operational and functional units. Results of periodic internal audit visits are tabled to the Committee on a quarterly basis and follow-up visits are performed to track the implementation progress of agreed action plans.

During the period under review, no material findings that would result in any material losses, contingencies or uncertainties that would warrant a separate disclosure in this annual report had been brought to the attention of the Board. Notwithstanding this, the Board will continue to embrace a risk and control conscious approach and maintain constant vigilance in order to meet its business objectives in the ever changing and challenging business environment.

Statement on Risk Management and Internal Control

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KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

3. Risk Management Framework

The Board is committed in strengthening the Group's risk management framework and processes, and to safeguard shareholders' investments and the Group's assets. In this regard, the Committee review and evaluate the adequacy and effectiveness of the risk management function within the Group. Risk management of individual operating units are delegated to the respective Executive Directors and Senior Management, and the Executive Directors and Senior Management are responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks.

Executive Directors and Senior Management together with the Internal Audit unit will carry out an annual structured assessment of key risk profiles, including emerging risks and re-rated principal risks. After key risks identification and assessment, the team establishes strategic responses, actionable programs and tasks to mitigate and manage all risk identified, based on the severity of the impact and the likelihood of occurrence.

The Committee review report on key risk assessment and ensure that the internal audit programs cover identified principal risks. The areas covered are set out in the yearly internal audit plan that was endorsed and approved by Committee. Audit findings served as key feedback to validate effectiveness of risk management activities and embedded internal controls. The team review implementation progress of previously outlined actionable programs and evaluate post implementation effectiveness.

The Committee, in turn will update the Board of any significant matters that require the latter's attention via periodic Board meetings. In addition, periodic management meetings are held to assess and monitor the Group's risk as well as to discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

4. Audit and Risk Management Committee

The Committee of the Group review risk register and internal control issues identified by the internal auditor, the external auditors, regulatory authorities and management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Committee also reviews the internal audit functions with particular emphasis on the adequacy of audit coverage and implementation of rectification plan based on audit findings. The minutes of the Committee meetings are tabled to the Board every quarter. Further details of the activities undertaken by the Committee are set out in the Audit and Risk Management Committee Report.

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

The Board and Senior Management will continue to implement measures to improve and strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Company for the financial year ended 30 June 2016 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 risk management and internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated 29 September 2016.

Audit and Risk Management Committee Report

The Board of Directors of GD Express Carrier Bhd (“GDEX” or “the Company”) is pleased to present the report of the Audit and Risk Management Committee (“Committee”) for the financial year ended 30 June 2016.

MEMBERSHIP

During the financial year, the Committee comprises the following members, all are Independent Non-Executive Directors:

	Name	Designation
(i)	Liew Heng Heng (f) [Member of Malaysian Institute of Accountants (“MIA”)]	<i>Independent Non-Executive Director (Chairperson)</i>
(ii)	Dato’ Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	<i>Independent Non-Executive Director (Member)</i>
(iii)	Lim Cheng Sung @ Lim Cheng Sang <i>(Resigned on 26 May 2016)</i>	<i>Independent Non-Executive Director (Member)</i>
(iv)	Adi Arman Bin Abu Osman	<i>Independent Non-Executive Director (Member)</i>
(v)	Ho Swee Fong (f) <i>(Appointed on 26 May 2016)</i>	<i>Independent Non-Executive Director (Member)</i>

MEETINGS AND ATTENDANCE

During the financial year ended 30 June 2016, the Committee met five (5) times.

The attendance records of the Committee members are shown on page 60 of the Annual Report.

Summary of Works of the Audit and Risk Management Committee

The Committee had carried out the following works during the financial year ended 30 June 2016 in discharging its duties and responsibilities:

1. Financial Reporting

- (a) Reviewed the quarterly and yearly unaudited financial results of the Group before recommending the same to the Board of Directors for approval;
- (b) Reviewed the annual audited financial statements of the Group and the Company with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure that the financial reporting and disclosures requirements are in compliance with:
 - o Provisions of the Companies Act, 1965;
 - o Listing Requirements of Bursa Malaysia Securities Berhad;
 - o Applicable approved accounting standards in Malaysia; and
 - o Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Committee discussed with Management and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements.

Audit and Risk Management Committee Report

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MEETINGS AND ATTENDANCE *cont'd*

Summary of Works of the Audit and Risk Management Committee *cont'd*

2. Internal Audit

- (a) Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group;
- (b) Reviewed and discussed the internal audit reports (covered from headquarter and branches) which were tabled during the meetings, the audit recommendations made and management's response to these recommendations;
- (c) Reviewed and discussed the risk management reports which identified high and key risks as well as new and emerging risks and control mechanisms;
- (d) Monitored and ensure that corrective actions had been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed; and
- (e) Reviewed and assessed the competency of the internal audit function.

3. External Audit

- (a) Reviewed and discussed with the external auditors' audit planning memorandum, audit strategy and scope of work for the year;
- (b) Reviewed the annual audited financial statements of the Group and the Company prior to submission to the Board for approval;
- (c) Reviewed and discussed the external auditors' observations, the results of the annual audit, their audit report and management letter together with management's response to the findings;
- (d) Assessed and discussed the performance and effectiveness of the external auditors, including the independence, objectivity and professional scepticism, communication interaction, audit finalisation, the quality of skills and capabilities of audit team, sufficient of resources as well as the terms of engagement. The Committee is satisfied with external auditor's performance and that they had exhibited robust challenge and scepticism throughout the financial year ended 2016. Therefore, the Committee had recommended to the Board, the re-appointment of the external auditors at the forthcoming Annual General Meeting ("AGM") in December 2016; and
- (e) Had one private session with the external auditors without the presence of the Management to discuss with them problems and reservation arising from the audit and no major private issues were highlighted.

4. Related Party Transactions

- (a) Reviewed and considered any related party transactions and conflict of interest situation that may or have arisen within the Company or the Group including any transactions, procedure or course of conduct that raises questions on management integrity; and
- (b) Reviewed the draft Circular to Shareholders in relation to the proposed renewal of shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to submitting the same to Bursa Malaysia Securities Berhad for perusal and approval.

Audit and Risk Management Committee Report

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MEETINGS AND ATTENDANCE *cont'd*

Summary of Works of the Audit and Risk Management Committee *cont'd*

5. Others

- (a) Review the Audit and Risk Management Committee Statement, Statement on Risk Management and Internal Control and Corporate Governance Statement prior to recommending the same to the Board of Directors for inclusion in the Annual Report 2016 of the Company;
- (b) Reviewed the revised Terms of Reference of the Committee align with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad before recommending the same to the Board of Directors for approval and adoption by the Committee; and

The revised Terms of Reference of the Committee can be found on the Company's website at www.gdexpress.com.

INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS

The Group has established an Internal Audit Department comprises four (4) personnel, one (1) Assistant Manager, one (1) executive and two (2) senior officers. This internal audit team is supported by Process Compliance Unit within the Quality Assurance Group and in total that has nine (9) personnel. In accordance with the internal audit plan endorsed and approved by the Committee, the team will conduct review on the adequacy and effectiveness of the risk management and internal control system of the Group, and subsequently highlight their findings, recommendations for value-added practices and identification of areas for improvement.

During the financial year ended 30 June 2016, the internal audit function assisted the Committee in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the risk management, internal and operational control, and governance process. Periodic activities were carried out to provide the Committee with reasonable assurance that such systems continue to operate satisfactorily and effectively.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year ended 30 June 2016 amounted to RM227,936.

Audit and Risk Management Committee Report

cont'd

INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS *cont'd*

The summary of works that were carried out by the internal audit function during the financial year ended 30 June 2016 encompassed the following:

1. Formulated annual audit plan that focuses on controls, managing the principal risks of the Group. Audits are prioritised according to an assessment of the potential risk exposures;
2. Internal audit executed in accordance with the approved annual audit plan. During the financial year, the internal audit audited the following business processes in Corporate Headquarter and 17 branches:
 - (a) Cash-On-Delivery (“COD”) Management (E-Commerce)
 - (b) IT Security and Asset
 - (c) Sales and Revenue
 - (d) Fleet and Admin Management
 - (e) Credit Control and Cash Management
 - (f) Storage and Security System
 - (g) Delivery and Pick up Management
 - (h) Management Information System
 - (i) Human Resource Management
 - (j) Fixed Asset Management

These 17 branches include Butterworth, Kuantan, Subang Jaya, Seremban, Klang, Johor Bharu, Puchong, Serdang, Miri, Kota Bahru, Kluang, Sungai Petani, Petaling Jaya, Kuala Lumpur, Wangsa Maju, Ipoh, Bintulu.

3. The internal audit reports prepared from the audits are deliberated by the Committee and recommendations are duly acted upon by the Management. Internal auditors will conduct the follow-up reviews to ensure that all matters arising from each audit are adequately addressed by the auditees/Management, and corrective action plans which agreed by the Management had been taken to rectify the matters raised.

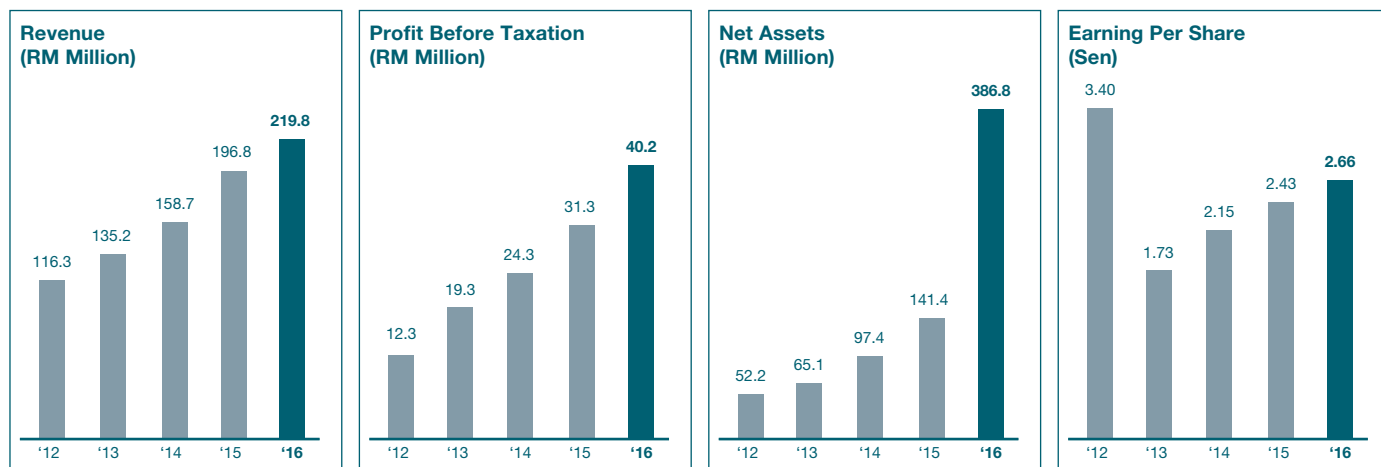
The Committee is pleased to disclose that there were no significant weaknesses identified that would have resulted in any material losses, contingencies or uncertainties to the Group which would require a separate disclosure in the financial statement.

5 Year Financial Highlights

	Group year ended 30 June 2016 RM' 000	Group year ended 30 June 2015 RM' 000	Group year ended 30 June 2014 RM' 000	Group year ended 30 June 2013 RM' 000	Group year ended 30 June 2012 RM' 000
Revenue	219,757	196,751	158,703	135,154	116,322
Profit from Operations	35,133	31,053	24,580	20,074	13,391
Profit before tax	40,183	31,306	24,272	19,255	12,253
Profit after tax	34,444	28,296	23,385	13,616	8,747
Return on revenue	16%	14%	15%	10%	8%
Profit attributable to ordinary equity holders	34,444	28,296	23,385	13,616	8,747
Net assets	386,809	141,360	97,351	65,071	52,225
Paid-up capital	69,162	61,816	41,935	26,171	25,719
Shareholders' equity	386,809	141,360	97,351	65,071	52,225
Share information (Ordinary shares of RM0.05 each)					
Number of shares in issue ('000)	1,383,240 ⁽¹⁾	1,236,328	838,691	261,710	257,186
Basic earnings per share (sen)	2.66	2.43	2.15	1.73	3.40
Diluted earnings per share (sen)	2.66 ⁽²⁾	2.39	1.96	1.56	3.05
Net assets per share (RM)	0.28	0.11	0.12	0.25	0.20
Share price at end of financial year (RM)	1.540	1.370	1.628	0.667	1.000

Notes:

- (1) During the financial year ended 30 June 2016, the Company increased its issued and paid-up ordinary share capital from 1,236,328,268 ordinary shares of RM0.05 per share to 1,383,239,537 ordinary shares of RM0.05 per share as disclosed in Note 16 to the Financial Statements.
- (2) The potential ordinary shares 186,921,344 from warrants 2015/2020 are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share as disclosed in Note 10 to the Financial Statements.



Directors' Responsibility Statement

The Directors are required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required under the provisions of the Companies Act, 1965 to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of GDEX Group and of the Company as at the financial year end and of the results and cash flows of GDEX Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements of GDEX for the financial year ended 30 June 2016 on pages 90 to 149 of the printed version of this Annual Report, the Company has adopted appropriate accounting policies, applied them consistently and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are necessary and reasonable to safeguard the assets of GDEX Group and to prevent and detect fraud and other irregularities.

The auditors' responsibilities are stated in their report to the shareholders on pages 88 to 89.

Statement is made in accordance with the resolution of the Board of Directors dated 29 September 2016.

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Financial Statements

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Report of the Directors

The directors of **GD EXPRESS CARRIER BHD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and of 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	The Company RM
Profit before tax	40,182,873	24,179,086
Income tax expense	(5,738,622)	(1,350,041)
Profit for the year	34,444,251	22,829,045

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

As mentioned in Note 23 to the Financial Statements, a dividend of 1.000 sen per share amounting to RM12,488,513 which was proposed in the previous financial year and dealt with in the previous report of the directors was paid by the Company during the financial year. The dividend was paid by way of Dividend Reinvestment Plan ("DRP") amounting to RM11,811,495 and cash amounting to RM677,018.

The directors proposed a dividend of 1.000 sen per share amounting to approximately RM13.8million in respect of the financial year ended 30 June 2016. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

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

Report of the Directors

cont'd

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM61,816,413, comprising 1,236,328,268 ordinary shares of RM0.05 each, to RM69,161,977, comprising 1,383,239,537 ordinary shares of RM0.05 each, as follows:

(a) Exercise of Warrants 2011/2016

Issuance of 13,687,402 new ordinary shares of RM0.05 each pursuant to the exercise of 13,687,402 warrants A at an exercise price of RM0.15 per warrant during the period from 1 July 2015 to 30 June 2016.

(b) Exercise of Warrants 2015/2020

Issuance of 1,220 new ordinary shares of RM0.05 each pursuant to the exercise of 1,220 warrants B at an exercise price of RM1.53 per warrant during the period from 1 July 2015 to 30 June 2016.

(c) Private Placement

Private placement of 124,893,548 new ordinary shares of RM0.05 each at the issue price of RM1.74 to Yamato Asia Pte. Ltd. on 3 February 2016.

(d) DRP

The Company via the announcement on 2 December 2015 proposed to undertake a recurrent and optional dividend reinvestment plan that allows the shareholders to reinvest their dividend as new ordinary shares of RM0.05 each in the Company.

The rationale of the DRP are as follows:

- (i) dividends that are reinvested are utilised to fund the continuing business growth and expansion plan, and for working capital of the Group;
- (ii) improve liquidity of the Company's shares traded on the Main Market of Bursa Malaysia Securities Berhad; and
- (iii) enhance and maximise shareholders' value via the subscription of new shares where the issue price of a new share shall be at discount and the subscription shall be free from any brokerage fees and other related transaction cost.

A total of 8,329,099 new ordinary shares of RM0.05 each at the issue price of RM1.4181 per share was issued pursuant to the DRP on 10 February 2016.

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

Report of the Directors

cont'd

ISSUE OF SHARES AND DEBENTURES *cont'd*

The resulting premium from the above exercises are as follows:

Description	Credited to Share Premium account in Note 17
(a) Exercise of Warrants 2011/2016	1,368,740
(b) Exercise of Warrants 2015/2020	1,806
(c) Private Placement (Gross premium of RM211,070,096 less corporate expenses of RM7,803,273)	203,266,823
(d) DRP	11,395,040
Total	216,032,409

The Company has not issued any new debentures during the financial year.

WARRANTS 2011/2016

As mentioned in Note 16 to the Financial Statements, on 8 February 2011, the issue of 51,437,207 free warrants on the basis of 1 free warrant for every 5 ordinary shares held by the entitled shareholders on the entitlement date was completed upon admission of the Warrants 2011/2016 to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the Warrants 2011/2016 on the Main Market of Bursa Malaysia Securities Berhad. ("Warrants 2011/2016").

The Warrants 2011/2016 of the Company are constituted by a Deed Poll dated on 11 January 2011.

The salient features of the Warrants 2011/2016 are as follows:

- (a) The issue date of the Warrants 2011/2016 is on 8 February 2011 and the expiry date is on 7 February 2016.
- (b) The Warrants 2011/2016 can be exercised at any time during the period commencing on and inclusive of the date of issue of the warrants up to and including the expiry date. Any Warrants 2011/2016 not exercised during the exercise period will lapse and cease to be valid.
- (c) Each Warrant 2011/2016 entitles the registered holder to subscribe for 1 new ordinary share of the Company at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the Deed Poll. The exercise price is fixed at RM0.5850 based on a premium of up to 10% to the five-day volume weighted average market price prior to the price fixing date.
- (d) The new ordinary shares arising from the exercise of the Warrants 2011/2016 shall, upon allotment and issue, rank *pari passu* with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any right, allotment, dividend and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the new ordinary shares of the Company.

Report of the Directors

cont'd

WARRANTS 2011/2016 *cont'd*

- (e) The exercise price of Warrants 2011/2016 was subsequently revised from RM0.5850 to RM0.2925, RM0.1950 and RM0.1500 due to share split and bonus issue in prior year.
- (f) In the previous financial year, an additional 12,254,253 Warrants 2011/2016 arising from the adjustments made in accordance with the provisions under the Deed Poll constituting the Warrants dated 11 January 2011 consequential to the Bonus Issue, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 February 2015.

The movements in the Company's Warrants 2011/2016 during the year are as follows:

	Number of Warrants 2011/2016
At beginning of year	13,986,199
Exercised during the year (Note 16)	(13,687,402)
Lapsed on expiry	(298,797)
At end of year	<u>-</u>

WARRANTS 2015/2020

As mentioned in Note 16 to the Financial Statements, on 12 February 2015, the issue of 179,154,934 free warrants on the basis of 1 free warrant for every 5 ordinary shares held by the entitled shareholders on the entitlement date was completed upon admission of the warrants to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the warrants 2015/2020 on the Main Market of Bursa Malaysia Securities Berhad. ("Warrants 2015/2020").

The Warrants 2015/2020 of the Company are constituted by a Deed Poll dated on 20 January 2015.

The salient features of the Warrants 2015/2020 are as follows:

- (a) The issue date of the Warrants 2015/2020 is on 12 February 2015 and the expiry date is on 11 February 2020.
- (b) The Warrants 2015/2020 can be exercised at any time during the period commencing on and inclusive of the date of issue of the warrants up to and including the expiry date. Any Warrants 2015/2020 not exercised during the exercise period will lapse and cease to be valid.
- (c) Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share of the Company at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the Deed Poll. The exercise price is fixed at RM1.53 based on a premium of up to 10% to the five-day volume weighted average market price prior to the price fixing date.
- (d) The new ordinary shares arising from the exercise of the Warrants 2015/2020 shall, upon allotment and issue, rank *pari passu* with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any right, allotment, dividend and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the new ordinary shares of the Company.

Report of the Directors

cont'd

WARRANTS 2015/2020 *cont'd*

The movements in the Company's Warrants 2015/2020 during the year are as follows:

	Number of Warrants 2015/2020
At beginning of year	179,154,914
Exercised during the year (Note 16)	(1,220)
At end of year	<u>179,153,694</u>

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

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

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

- (a) which would render the amount written off for 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.

Report of the Directors

cont'd

OTHER STATUTORY INFORMATION *cont'd*

At 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 liabilities 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 succeeding financial year.

DIRECTORS

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

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Teong Teck Lean
Liew Heng Heng
Adi Arman bin Abu Osman
Woo Keng Leong
Lim Chee Seong
Chua Khing Seng (*appointed on 26.5.2016*)
Ho Swee Fong (*appointed on 26.5.2016*)
Lim Cheng Sung @ Lim Cheng Sang (*resigned on 26.5.2016*)

Mr Chua Khing Seng and Ms Ho Swee Fong who were appointed to the Board since the last Annual General Meeting retire in accordance with Article 91 of the Company's Article of Association and being eligible, offer themselves for re-election by rotation at the forthcoming Annual General Meeting.

In accordance with Article 104 of the Company's Articles of Association, Mr Teong Teck Lean and Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Report of the Directors

cont'd

DIRECTORS' INTERESTS

The shareholdings in the Company 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 RM0.05 each →				Balance as of 30.6.2016
	Balance as of 1.7.2015	Bought	Sold/ Transferred	Issued pursuant to DRP	
Shares in the Company					
Direct interest					
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	12,378,558	-	-	87,289	12,465,847
Teong Teck Lean	9,653,943	6,326,000	-	68,287	16,048,230
Liew Heng Heng	1,014,598	-	-	7,154	1,021,752
Lim Chee Seong	80,485	-	-	567	81,052
Indirect interest					
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	12,735,469	-	(10,800,000)	63,081	1,998,550 [^]
Teong Teck Lean	527,128,026	32,081,196	(53,669,200)	3,803,742	509,343,764*

[^] Deemed interest by virtue of his substantial shareholdings in Essem Capital Sdn. Bhd. (984,674 ordinary shares) and Essem Corporation Sdn. Bhd. (4,856 ordinary shares) pursuant to Section 6(A)(4) of the Companies Act, 1965 and disclosure is made pursuant to Section 134(12)(c) of the Companies Act, 1965 on interest held by his spouse and children namely, Datin Mardiana Binti Mohamed Zain (172,859 ordinary shares), Suffaneena binti Ahmad Sufian (63,779 ordinary shares), Muffadzlee bin Ahmad Sufian (63,779 ordinary shares), Muffriezal bin Ahmad Sufian (50,352 ordinary shares) and Suffrianna binti Ahmad Sufian (50,352 ordinary shares) and in a nominee company (607,899 ordinary shares).

* Deemed interest by virtue of his substantial shareholdings in GDEX Foundation (4,904,415 ordinary shares), his personal and spouse's, Wang Herng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn. Bhd. (350,980,605 ordinary shares) and GD Holdings International Limited (153,458,744 ordinary shares) pursuant to Section 6(A)(4) of the Companies Act, 1965.

Report of the Directors

cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of Warrants 2011/2016 over ordinary shares of RM0.05 each			Balance as of 30.6.2016
	Balance as of 1.7.2015	Bought	Exercised	
Warrants 2011/2016 in the Company				
Direct interest				
Teong Teck Lean	30,000	-	(30,000)	-
Indirect interest				
Teong Teck Lean	12,281,196	-	(12,281,196)	-

	Number of Warrants 2015/2020 over ordinary shares of RM0.05 each			Balance as of 30.6.2016
	Balance as of 1.7.2015	Bought	Exercised	
Warrants 2015/2020 in the Company				
Direct interest				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	1,875,400	-	-	1,875,400
Teong Teck Lean	992,069	-	-	992,069
Liew Heng Heng	151,271	-	-	151,271
Lim Chee Seong	12,000	-	-	12,000
Indirect interest				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	1,869,000	-	-	1,869,000 [^]
Teong Teck Lean	73,373,813	-	-	73,373,813*

[^] Deemed interest by virtue of his substantial shareholdings in Essem Capital Sdn. Bhd. (445,000 warrants) and Essem Corporation Sdn. Bhd. (120,000 warrants) pursuant to Section 6(A)(4) of the Companies Act, 1965 and disclosure is made pursuant to Section 134(12)(c) of the Companies Act, 1965 on interest held by his spouse and children namely, Datin Mardiana Binti Mohamed Zain (1,210,000 warrants), Suffaneena binti Ahmad Sufian (2,000 warrants) and Muffadzlee bin Ahmad Sufian (2,000 warrants) and in a nominee company (90,000 warrants).

* Deemed interest by virtue of his substantial shareholdings in GDEX Foundation (726,103 warrants), his personal and spouse's, Wang Heng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn. Bhd. (52,295,624 warrants) and GD Holdings International Limited (20,352,086 warrants) pursuant to Section 6(A)(4) of the Companies Act, 1965.

Report of the Directors

cont'd

DIRECTORS' INTERESTS *cont'd*

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

The other directors in office at the end of the financial year did not hold shares and warrants, nor had beneficial interest in the shares and warrants of the Company 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 7 to the Financial Statements or the fixed salary of full-time employees 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 the director is a member, or with a company in which the director has a substantial financial interest.

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.

EVENT AFTER THE REPORTING PERIOD

Event after the reporting period are disclosed in Note 29 to the Financial Statements.

AUDITORS

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

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

TEONG TECK LEAN

LIM CHEE SEONG

Kuala Lumpur,
29 September 2016

Independent Auditors' Report

to the Members of GD Express Carrier Bhd (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GD EXPRESS CARRIER BHD, which comprise the statements of financial position of the Group and of the Company as of 30 June 2016 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 a summary of significant accounting policies and other explanatory information, as set out on pages 90 to 148.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to 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 that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and 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.

Independent Auditors' Report

to the Members of GD Express Carrier Bhd (Incorporated in Malaysia)
cont'd

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 the 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 auditors' reports of subsidiary companies of which we have not acted as auditors, as shown in Note 13 to the Financial Statements, being accounts that have been included in the financial statements of the Group;
- (c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 149 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa") 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 Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa.

OTHER MATTERS

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
AF 0080
Chartered Accountants

WONG KAR CHOON
Partner – 03153/08/2018 J
Chartered Accountant

29 September 2016

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2016

	Note	The Group		The Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
Revenue	6	219,757,459	196,751,424	19,368,505	20,456,012
Other operating income	7	6,543,974	1,648,954	7,636,628	3,154,141
Direct costs	7	(38,725,183)	(38,212,712)	-	-
Staff costs	7	(108,650,753)	(93,329,781)	(1,157,143)	(1,211,264)
Depreciation of property, plant and equipment	11	(8,940,117)	(8,218,536)	-	-
Amortisation of prepaid lease payments	12	(500,384)	(500,384)	-	-
Other operating expenses	7	(27,807,544)	(25,437,450)	(1,668,904)	(1,444,704)
Finance costs	8	(1,494,579)	(1,395,034)	-	-
Profit before tax		40,182,873	31,306,481	24,179,086	20,954,185
Income tax expense	9	(5,738,622)	(3,010,281)	(1,350,041)	(241,681)
Profit for the year		34,444,251	28,296,200	22,829,045	20,712,504
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		115,382	165,415	-	-
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income for the year, net of tax		115,382	165,415	-	-
Total comprehensive income for the year, net of tax		34,559,633	28,461,615	22,829,045	20,712,504
Profit for the year attributable to:					
Owners of the Company		34,444,251	28,296,200	22,829,045	20,712,504
Total comprehensive income attributable to:					
Owners of the Company		34,559,633	28,461,615	22,829,045	20,712,504
Earnings per ordinary share:					
Basic (sen)	10	2.66	2.43		
Diluted (sen)	10	2.66	2.39		

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

Statements of Financial Position

as of 30 June 2016

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	47,324,050	45,861,376	-	-
Prepaid lease payments	12	20,715,639	21,216,023	-	-
Investment in subsidiary companies	13	-	-	39,410,604	37,410,604
Total Non-Current Assets		68,039,689	67,077,399	39,410,604	37,410,604
Current Assets					
Inventories - at cost		1,216,203	1,625,810	-	-
Trade receivables	14	47,560,486	49,162,796	-	-
Other receivables and prepaid expenses	14	8,817,836	5,682,497	23,418	25,653
Amount owing by subsidiary companies	15	-	-	19,564,491	17,550,607
Tax recoverable		1,514,900	1,035,944	-	-
Deposits with licensed banks	24	286,096,997	53,333,025	263,124,599	38,223,305
Cash and bank balances	24	21,346,298	11,268,229	10,821,163	5,780,898
Total Current Assets		366,552,720	122,108,301	293,533,671	61,580,463
Total Assets		434,592,409	189,185,700	332,944,275	98,991,067

Statements of Financial Position

as of 30 June 2016

cont'd

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	16	69,161,977	61,816,413	69,161,977	61,816,413
Reserves	17	317,646,934	79,543,405	263,020,876	36,647,935
Total Equity		386,808,911	141,359,818	332,182,853	98,464,348
Non-Current Liabilities					
Hire-purchase payables - non-current portion	18	13,687,932	12,446,967	-	-
Borrowings (secured) - non-current portion	19	5,715,891	11,744,562	-	-
Provision for retirement benefits	20	246,348	210,356	21,823	19,035
Deferred tax liabilities	21	3,047,700	2,438,981	-	-
Total Non-Current Liabilities		22,697,871	26,840,866	21,823	19,035
Current Liabilities					
Trade payables	22	2,122,655	3,219,151	-	-
Other payables and accrued expenses	22	16,556,330	13,082,512	468,469	375,971
Amount owing to subsidiary companies	15	-	-	17,368	17,368
Hire-purchase payables - current portion	18	5,101,097	3,891,581	-	-
Borrowings (secured) - current portion	19	945,561	646,427	-	-
Tax liabilities		359,984	145,345	253,762	114,345
Total Current Liabilities		25,085,627	20,985,016	739,599	507,684
Total Liabilities		47,783,498	47,825,882	761,422	526,719
Total Equity and Liabilities		434,592,409	189,185,700	332,944,275	98,991,067

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

Statements of Changes in Equity

for the year ended 30 June 2016

The Group	Note(s)	Non-distributable reserves			Distributable reserve - Retained earnings	Total
		Issued capital	Share premium	Translation reserve	RM	
		RM	RM	RM	RM	RM
As of 1 July 2014		41,934,561	6,632,090	23,418	48,760,941	97,351,010
Profit for the year		-	-	-	28,296,200	28,296,200
Other comprehensive income		-	-	165,415	-	165,415
Total comprehensive income for the year		-	-	165,415	28,296,200	28,461,615
Arising from warrants exercised	16 & 17	4,605,741	11,780,288	-	-	16,386,029
Arising from bonus issued	16	14,929,560	(14,909,264)	-	(20,296)	-
Arising from dividend reinvestment plan	16, 17 & 23	346,551	9,287,575	-	(9,634,126)	-
Dividends	23	-	-	-	(436,383)	(436,383)
Corporate exercise expenses	17	-	(402,453)	-	-	(402,453)
As of 30 June 2015		61,816,413	12,388,236	188,833	66,966,336	141,359,818
As of 1 July 2015		61,816,413	12,388,236	188,833	66,966,336	141,359,818
Profit for the year		-	-	-	34,444,251	34,444,251
Other comprehensive income		-	-	115,382	-	115,382
Total comprehensive income for the year		-	-	115,382	34,444,251	34,559,633
Arising from warrants exercised	16 & 17	684,431	1,370,546	-	-	2,054,977
Arising from private placement	16	6,244,678	211,070,096	-	-	217,314,774
Arising from dividend reinvestment plan	16, 17 & 23	416,455	11,395,040	-	(11,811,495)	-
Dividends	23	-	-	-	(677,018)	(677,018)
Corporate exercise expenses	17	-	(7,803,273)	-	-	(7,803,273)
As of 30 June 2016		69,161,977	228,420,645	304,215	88,922,074	386,808,911

Statements of Changes in Equity

for the year ended 30 June 2016

cont'd

The Company	Note(s)	Issued capital RM	Non-distributable reserve - Share premium RM	Distributable reserve - Retained earnings RM	Total RM
As of 1 July 2014		41,934,561	6,632,090	13,638,000	62,204,651
Total comprehensive income for the year		-	-	20,712,504	20,712,504
Arising from warrants exercised	16 & 17	4,605,741	11,780,288	-	16,386,029
Arising from bonus issued	16	14,929,560	(14,909,264)	(20,296)	-
Arising from dividend reinvestment plan	16,17 & 23	346,551	9,287,575	(9,634,126)	-
Dividends	23	-	-	(436,383)	(436,383)
Corporate exercise expenses		-	(402,453)	-	(402,453)
As of 30 June 2015		61,816,413	12,388,236	24,259,699	98,464,348
As of 1 July 2015		61,816,413	12,388,236	24,259,699	98,464,348
Total comprehensive income for the year		-	-	22,829,045	22,829,045
Arising from warrants exercised	16 & 17	684,431	1,370,546	-	2,054,977
Arising from private placement	16	6,244,678	211,070,096	-	217,314,774
Arising from dividend reinvestment plan	16,17 & 23	416,455	11,395,040	(11,811,495)	-
Dividends	23	-	-	(677,018)	(677,018)
Corporate exercise expenses		-	(7,803,273)	-	(7,803,273)
As of 30 June 2016		69,161,977	228,420,645	34,600,231	332,182,853

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

Statements of Cash Flows

for the year ended 30 June 2016

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	34,444,251	28,296,200	22,829,045	20,712,504
Adjustments for:				
Depreciation of property, plant and equipment	8,940,117	8,218,536	-	-
Income tax expense	5,738,622	3,010,281	1,350,041	241,681
Finance costs	1,494,579	1,395,034	-	-
Amortisation of prepaid lease payments	500,384	500,384	-	-
Impairment loss on trade receivables, net	506,650	301,920	-	-
Bad debts written off	272,052	5,474	-	-
Provision for retirement benefits	35,168	98,650	2,788	19,035
Property, plant and equipment written off	27,696	29,366	-	-
Interest income	(6,231,013)	(1,381,477)	(5,416,628)	(934,141)
Gain on disposal of property, plant and equipment	(1,500)	(9,358)	-	-
Dividend income from subsidiary company	-	-	(19,368,505)	(20,456,012)
Operating Profit/(Loss) Before Working Capital Changes	45,727,006	40,465,010	(603,259)	(416,933)
(Increase)/Decrease in:				
Inventories	409,607	(306,012)	-	-
Trade receivables	836,014	(17,424,957)	-	-
Other receivables and prepaid expenses	(2,030,219)	(307,607)	2,235	2,015
Increase/(Decrease) in:				
Trade payables	(1,096,496)	(817,991)	-	-
Other payables and accrued expenses	3,473,818	3,159,829	92,498	(9,945)
Cash Generated From/(Used In) Operations	47,319,730	24,768,272	(508,526)	(424,863)
Retirement benefits paid	-	(1,800)	-	-
Income tax refunded	1,012,887	112,014	-	5,078
Income tax paid	(6,407,092)	(3,503,282)	(1,210,624)	(171,993)
Net Cash From/(Used In) Operating Activities	41,925,525	21,375,204	(1,719,150)	(591,778)

Statements of Cash Flows

for the year ended 30 June 2016

cont'd

	Note	The Group		The Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Dividends received		-	-	-	5,706,012
Additions to property, plant and equipment *		(3,797,344)	(7,010,388)	-	-
Proceeds from disposal of property, plant and equipment		192,837	38,214	-	-
Interest received		6,231,013	1,381,477	5,416,628	934,141
Increase in deposits pledged with licensed banks		(1,971)	(61,579)	-	-
Increase in deposits with licensed banks		(247,114,903)	(14,496,696)	(240,374,164)	(16,008,843)
Increase in deposits paid for property, plant and equipment		(1,105,120)	(23,250)	-	-
Decrease in amount owing by subsidiary companies		-	-	15,354,621	199,975
Net Cash Used In Investing Activities		(245,595,488)	(20,172,222)	(219,602,915)	(9,168,715)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Repayment of term loan		(5,729,537)	(3,590,046)	-	-
Net movement in short-term revolving credit		-	(1,000,000)	-	-
Payments of hire-purchase payables		(4,348,719)	(3,221,286)	-	-
Finance costs paid		(1,494,579)	(1,395,034)	-	-
Dividends paid		(677,018)	(436,383)	(677,018)	(436,383)
Proceeds from allotment of shares		211,566,478	15,983,576	211,566,478	15,983,576
Net Cash From Financing Activities		199,316,625	6,340,827	210,889,460	15,547,193
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS					
		(4,353,338)	7,543,809	(10,432,605)	5,786,700
Effect of exchange differences		78,505	142,355	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
		31,671,562	23,923,819	21,879,075	16,092,375
CASH AND CASH EQUIVALENTS AT END OF YEAR					
	24	27,396,729	31,609,983	11,446,470	21,879,075

Statements of Cash Flows

for the year ended 30 June 2016
cont'd

* During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group	
	2016	2015
	RM	RM
Purchase of:		
Property, plant and equipment	10,596,544	18,259,888
Financed by:		
Cash payments	3,797,344	7,010,388
Hire-purchase	6,799,200	11,249,500
	10,596,544	18,259,888

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 principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are as disclosed in Note 13 to the Financial Statements.

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

The Company's registered office is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The Company's principal place of business is located at No 19, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 29 September 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

Notes to the Financial Statements

cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments, 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 ²
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures ²
MFRS 14	Regulatory Deferral Accounts ¹
MFRS 15	Revenue from Contracts with Customers ²
MFRS 16	Leases ⁵
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to MFRS 101	Disclosure Initiative ¹
Amendments to MFRS 107	Disclosure Initiative ⁴
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plant ¹
Amendments to MFRS 127	Equity Method in Separate Financial Statements ¹
Amendments to MFRSs	Annual Improvements to MFRSs 2012 - 2014 Cycle ¹

1 *Effective for annual periods beginning on or after 1 January 2016.*

2 *Effective for annual periods beginning on or after 1 January 2018.*

3 *Effective date of the Amendments which was originally for annual periods beginning on or after 1 January 2016, have been deferred to a date to be announced by the MASB.*

4 *Effective for annual periods beginning on or after 1 January 2017.*

5 *Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.*

The directors anticipate that the abovementioned Standards and Amendments 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 Amendments 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:

Notes to the Financial Statements

cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2015) introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required 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 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 the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard 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 liability, is 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 a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors are currently assessing the impact of adoption of MFRS 9 and have not made any accounting policy decision. Thus, the impact of adopting the new MFRS 9 on the Group's annual financial statements cannot be determined now until the process is completed.

Notes to the Financial Statements

cont'd

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *cont'd*

MFRS 15 Revenue from Contracts with Customers

In May 2015, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contract with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations 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 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 obligation 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 are currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the 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 anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group 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 the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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 the 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 measurement and/or disclosure purposes in the financial statements is determined on such a basis, leasing transaction that are within the scope of MFRS 117, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

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.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Subsidiaries and Basis of Consolidation *cont'd*

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 not 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 begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary 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.

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 subsidiaries is attributed to the owners of the Company and to 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 subsidiaries 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 of the Group are eliminated in full on consolidation.

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

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. 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 payment arrangements 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 groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents income from the provision of express delivery services and logistic, net of goods and services tax, discounts and rebates. Revenue is recognised when the services are rendered.

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

Foreign Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group 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 individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Foreign Currency *cont'd*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated in RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rate 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 account. Such translation differences are recognised in the statements of profit and loss and other comprehensive income in the period in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss for the year.

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

Employee Benefits

(a) Short-Term Employee Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and the Company.

(b) Post-Employment Benefits

(i) Defined Contribution Plan

The Group and the Company makes contributions to the Employees Provident Fund ("EPF") and contributions are charged to profit or loss. Once the contributions have been paid, there are no further payment obligations. The approved provident fund is a defined contribution plan.

(ii) Defined Benefit Plan

The Group and the Company has an unfunded non-contributory defined retirement benefit scheme covering eligible employees.

Provision for retirement benefits is computed at a fixed amount for each year of service of all eligible permanent employees who have served at least one year with the Group and the Company. The Group's and the Company's obligation for the defined benefit plan is recognised based on estimates of the amount payable to the eligible employees upon their retirement as provided by the actuarial estimation of costs and liabilities of Retirement Benefit Scheme of the Group and the Company.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight-line basis over the lease period.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(b) **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Income Tax *cont'd*

(c) **Current and deferred tax for the year**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Goods and Services Tax ("GST")

The net amount of GST being the difference between output and input GST, payable to or recoverable from the respective authorities at reporting date is included as part of receivables or payables in the statements of financial position.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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 estimates 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.

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.

Investment in Subsidiary Companies

Investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less impairment losses.

Property, Plant and Equipment

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

Leasehold building is amortised based on the carrying value of the building over the remaining lease period.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Property, Plant and Equipment *cont'd*

Property, plant and equipment are depreciated using the straight-line method at the following annual rates to write off the cost of these assets over their estimated useful lives:

Leasehold buildings	2%
Office equipment, furniture and fittings	12.5%
Computer hardware and software	20% - 33.3%
Tools and equipment	12.5%
Motor vehicles	12.5%
Renovation	20%

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

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

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

Prepaid Lease Payments

Leases of land where title is not expected to pass to the lessee at the end of the lease term is classified as operating leases as land normally has an indefinite useful life. The upfront payments made on entering into or acquiring a leasehold land that is an operating lease represents prepaid lease payments which are amortised on a straight-line basis over the lease term.

Inventories

Inventories, which consist of consumables, are stated at cost (determined on the 'first-in, first-out' basis). Cost comprises the original cost of purchase plus incidental costs incurred in bringing the inventories to their present location.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets and financial liabilities 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 instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) *Financial Assets*

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets 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.

(i) *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 transaction costs and other premiums or discounts) through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) *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*

(a) **Financial Assets** *cont'd*

(iii) *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 financial asset have been affected.

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.

For financial assets measured at amortised cost, 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.

(iv) *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 they transfer 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 continue to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts they 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.

(b) **Financial Liabilities and Equity Instruments**

(i) *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 arrangements and the definition of a financial liability and equity instrument.

Notes to the Financial Statements

cont'd

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) *Financial Liabilities and Equity Instruments cont'd*

(ii) *Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company 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.

(iii) *Financial Liabilities*

Financial liabilities are classified as either financial liabilities “at FVTPL” or “other financial liabilities”.

(iv) *Other Financial Liabilities*

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

(v) *Derecognition of Financial Liabilities*

The Group and the Company derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

Statements of Cash Flows

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

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

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, management is 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.

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

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of each 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 follows:

Allowance for impairment

The Group makes allowance for impairment based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and impairment loss in the period in which such estimate has been changed.

5. SEGMENT REPORTING

Business segments

The Group has two reportable business segments and operates predominantly in Malaysia and Singapore, which are the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different resources management and marketing strategies. The Group has determined the two reportable segments based on reports reviewed by the chief operating decision maker in making its strategic decision.

The following is an analysis of the Group's revenue and results by the reportable business segments.

	The Group			
	Segment Revenue		Segment Profit/ (Loss)	
	2016	2015	2016	2015
	RM	RM	RM	RM
Express delivery	213,917,645	188,401,466	40,278,960	29,167,805
Logistics	5,839,814	8,349,958	1,905,142	3,835,630
Total	219,757,459	196,751,424	42,184,102	33,003,435
Finance costs			(1,494,579)	(1,395,034)
Impairment loss on trade receivables (Note 14)			(506,650)	(301,920)
Profit before tax			40,182,873	31,306,481

Revenue shown above represents revenue generated from external customers. All inter-company transactions have been eliminated on consolidation level.

Notes to the Financial Statements

cont'd

5. SEGMENT REPORTING *cont'd*

Business segments *cont'd*

The following is an analysis of the carrying amount of segment assets and liabilities by the business segments in which the assets and liabilities are located:

	The Group	
	Carrying Amount Of Segment Assets And Liabilities	
	2016	2015
	RM	RM
Segment Assets		
Express delivery	427,491,227	182,363,614
Logistics	5,586,282	5,786,142
	433,077,509	188,149,756
Unallocated corporate asset		
- Tax recoverable	1,514,900	1,035,944
	434,592,409	189,185,700
Segment Liabilities		
Express delivery	44,153,181	45,035,156
Logistics	222,633	206,400
	44,375,814	45,241,556
Unallocated liabilities		
- Tax liabilities	359,984	145,345
- Deferred tax liabilities	3,047,700	2,438,981
	47,783,498	47,825,882
	2016	2015
	RM	RM
Other segment information		
Additions to non-current assets		
- Express delivery	10,397,313	17,399,782
- Logistics	199,231	860,107
Depreciation and amortisation		
- Express delivery	9,048,509	8,400,461
- Logistics	391,992	318,459

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated directly to reportable segments.

Notes to the Financial Statements

cont'd

5. SEGMENT REPORTING *cont'd*

Geographical segments

The following is an analysis of the Group's revenue by geographical market:

	The Group Revenue By Geographical Market	
	2016	2015
	RM	RM
Malaysia	218,688,866	194,885,972
Singapore	1,068,593	1,865,452
	219,757,459	196,751,424

The following is an analysis of the carrying amount of segment non-current assets by the geographical market in which the assets are located:

	The Group Carrying Amount Of Segment Non-Current Assets	
	2016	2015
	RM	RM
Malaysia	67,726,639	66,660,286
Singapore	313,050	417,113
	68,039,689	67,077,399

6. REVENUE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income from provision of express delivery services and logistics	219,757,459	196,751,424	-	-
Single tier dividend income from subsidiary company	-	-	19,368,505	20,456,012
	219,757,459	196,751,424	19,368,505	20,456,012

Notes to the Financial Statements

cont'd

7. DIRECT COSTS, OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

Included in direct costs, other operating income/(expenses) and staff costs are the following credits/(charges):

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest income	6,231,013	1,381,477	5,416,628	934,141
Gain on disposal of property, plant and equipment	1,500	9,358	-	-
Management fee receivable from subsidiary companies	-	-	2,220,000	2,220,000
Direct costs:				
Transportation	(36,676,729)	(37,014,742)	-	-
Warehouse charges	(2,048,454)	(1,197,970)	-	-
Rental of premises	(6,898,931)	(4,708,237)	-	-
Directors' remuneration:				
Fees	(118,800)	(118,800)	(118,800)	(118,800)
Salaries and other emoluments	(662,039)	(743,097)	(662,039)	(743,097)
EPF	(61,775)	(59,586)	(61,775)	(59,586)
Impairment loss on trade receivables - net (Note 14)	(506,650)	(301,920)	-	-
Bad debts written off	(272,052)	(5,474)	-	-
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company	(95,000)	(95,000)	(38,000)	(38,000)
Other auditors	(37,461)	(35,657)	-	-
Others	(5,000)	-	-	-
Realised (loss)/gain on foreign exchange	(60,222)	7,402	-	-
Provision for retirement benefits (Note 20)	(35,168)	(98,650)	(2,788)	(19,035)
Property, plant and equipment written off	(27,696)	(29,366)	-	-

Staff costs include salaries, bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group and the Company during the current financial year amounted to RM8,479,247 and RM113,484 (2015: RM7,114,103 and RM179,944) respectively.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

Notes to the Financial Statements

cont'd

7. DIRECT COSTS, OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS *cont'd*

Compensation of Key Management Personnel

The remuneration of key management personnel, including directors, during the year is as follows:

	The Group	
	2016	2015
	RM	RM
Short-term employee benefits	580,079	660,137
Defined contribution plans	61,775	59,586
	641,854	719,723

Directors' remuneration of the Group and of the Company during the year is as follows:

	The Group and The Company	
	2016	2015
	RM	RM
Executive Directors:		
Salaries and other emoluments	580,079	660,137
EPF	61,775	59,586
	641,854	719,723
Non-Executive Directors:		
Fees	118,800	118,800
Other emoluments	81,960	82,960
	200,760	201,760
	842,614	921,483

Notes to the Financial Statements

cont'd

8. FINANCE COSTS

	The Group	
	2016	2015
	RM	RM
Interest expense on:		
Term loan	533,859	679,457
Hire-purchase	893,062	653,367
Short-term revolving credit	67,658	62,210
	<u>1,494,579</u>	<u>1,395,034</u>

9. INCOME TAX EXPENSE

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Estimated tax payable:				
Current year	5,498,426	3,363,804	1,370,000	274,451
Overprovision in prior years	(368,523)	(60,725)	(19,959)	(32,770)
	<u>5,129,903</u>	<u>3,303,079</u>	<u>1,350,041</u>	<u>241,681</u>
Deferred tax (Note 21):				
Current year	202,719	491,202	-	-
Under/(Over)provision in prior years	406,000	(784,000)	-	-
	<u>608,719</u>	<u>(292,798)</u>	<u>-</u>	<u>-</u>
	<u>5,738,622</u>	<u>3,010,281</u>	<u>1,350,041</u>	<u>241,681</u>

Notes to the Financial Statements

cont'd

9. INCOME TAX EXPENSE *cont'd*

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

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before tax	40,182,873	31,306,481	24,179,086	20,954,185
Tax at tax rate of 24% (2015: 25%)	9,643,890	7,826,620	5,802,981	5,238,546
Effect of different tax rates	(25,982)	2,055	-	-
Tax effects of:				
Income not taxable	(1,945)	(346)	(4,593,017)	(5,114,003)
Expenses not deductible	1,328,453	1,031,538	160,036	149,908
Tax incentive under pioneer status	(5,244,302)	(5,004,861)	-	-
Utilisation of deferred tax assets previously not recognised	1,031	-	-	-
(Over)/Underprovision in prior years:				
Current tax	(368,523)	(60,725)	(19,959)	(32,770)
Deferred tax	406,000	(784,000)	-	-
Income tax expense	5,738,622	3,010,281	1,350,041	241,681

On 24 January 2014, GD Express Sdn. Bhd., a wholly-owned subsidiary of the company, was granted pioneer status for a period of 5 years commencing 26 September 2012 under Promotion of Investments (Promoted Activities and Promoted Products) (Amendment) Order 2005. By virtue of the pioneer status, 70% of the statutory income of the subsidiary company during the period will be exempted from income tax.

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. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates.

Malaysian income tax is calculated at the statutory rate of 24% (2015: 24%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Financial Statements

cont'd

10. EARNINGS PER ORDINARY SHARE

Basic

The basic earnings per ordinary share of the Group has been calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2016 RM	2015 RM
Profit attributable to owners of the Company	34,444,251	28,296,200
	Number of shares	
	2016	2015
Weighted average number of ordinary shares	1,295,458,756	1,165,545,851
Basic earnings per ordinary share (sen)	2.66	2.43

Diluted

The diluted earnings per share of the Group has been calculated by dividing the Group's profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the outstanding warrants, adjusted by the number of such shares that would have been issued at fair value as follows:

	The Group	
	2016 RM	2015 RM
Profit attributable to owners of the Company	34,444,251	28,296,200
	Number of shares	
	2016	2015
Weighted average number of ordinary shares	1,295,458,756	1,165,545,851
Effect of dilution:		
Warrants	-	16,323,568
Adjusted weighted average number of ordinary shares	1,295,458,756	1,181,869,419
Diluted earnings per share (sen)	2.66	2.39

Notes to the Financial Statements

cont'd

10. EARNINGS PER ORDINARY SHARE *cont'd*

Diluted *cont'd*

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	The Group Number of shares	
	2016	2015
Warrants 2015/2020 (Note 16)	186,921,344	-

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold buildings RM	Office equipment, furniture and fittings RM	Computer hardware and software RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Cost							
As of 1 July 2014	6,451,732	10,969,582	8,577,095	5,166,121	38,253,251	8,046,727	77,464,508
Additions	-	1,522,198	1,304,950	1,180,386	12,642,894	1,609,461	18,259,889
Disposals	-	(4,450)	(28,350)	-	(88,945)	-	(121,745)
Written off	-	(329,227)	-	(25,953)	(116,475)	-	(471,655)
Exchange differences	-	6,113	617	-	95,679	16,486	118,895
As of 30 June 2015/ 1 July 2015	6,451,732	12,164,216	9,854,312	6,320,554	50,786,404	9,672,674	95,249,892
Additions	-	625,489	883,681	460,616	7,974,438	652,320	10,596,544
Disposals	-	-	-	-	(291,281)	-	(291,281)
Written off	-	(520,771)	(5,123,563)	(78,229)	-	(2,529,011)	(8,251,574)
Exchange differences	-	4,221	443	635	68,771	11,850	85,920
As of 30 June 2016	6,451,732	12,273,155	5,614,873	6,703,576	58,538,332	7,807,833	97,389,501

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	Leasehold buildings RM	Office equipment, furniture and fittings RM	Computer hardware and software RM	Tools and equipment RM	Motor vehicles RM	Renovation RM	Total RM
Accumulated Depreciation							
As of 1 July 2014	563,188	5,339,331	6,886,844	2,280,270	20,770,198	5,785,088	41,624,919
Charge for the year	130,252	1,166,203	888,559	598,035	4,345,498	1,089,989	8,218,536
Disposals	-	(2,963)	(2,251)	-	(87,675)	-	(92,889)
Written off	-	(301,443)	-	(25,142)	(115,704)	-	(442,289)
Exchange differences	-	5,976	618	(2,251)	70,012	5,884	80,239
As of 30 June 2015/ 1 July 2015	693,440	6,207,104	7,773,770	2,850,912	24,982,329	6,880,961	49,388,516
Charge for the year	130,253	1,204,226	916,227	626,626	4,999,757	1,063,028	8,940,117
Disposals	-	-	-	-	(99,944)	-	(99,944)
Written off	-	(497,929)	(5,119,430)	(77,936)	-	(2,528,583)	(8,223,878)
Exchange differences	-	2,857	443	1	52,717	4,622	60,640
As of 30 June 2016	823,693	6,916,258	3,571,010	3,399,603	29,934,859	5,420,028	50,065,451
Net Book Value							
As of 30 June 2016	5,628,039	5,356,897	2,043,863	3,303,973	28,603,473	2,387,805	47,324,050
As of 30 June 2015	5,758,292	5,957,112	2,080,542	3,469,642	25,804,075	2,791,713	45,861,376

Included in property, plant and equipment of the Group are motor vehicles under hire-purchase arrangements with net book value of approximately RM25,547,000 (2015: RM17,871,000). These motor vehicles have been charged to local licensed banks for hire-purchase obligations as disclosed in Note 18.

As of year end, the leasehold buildings of the Group with net book value amounting to RM5,628,039 (2015: RM5,758,292) together with the long-term leasehold land as disclosed in Note 12 have been charged to a local licensed bank for credit facilities granted to certain subsidiary companies as disclosed in Note 19.

Included in the cost of property, plant and equipment of the Group is an amount of RM17,903,473 (2015: RM22,298,672) representing fully depreciated property, plant and equipment which are still in use by the Group.

Notes to the Financial Statements

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12. PREPAID LEASE PAYMENTS

	The Group Long-term leasehold land RM
Cost:	
As of 1 July 2014 and 30 June 2015/1 July 2015 and 30 June 2016	24,018,414
Cumulative Amortisation:	
As of 1 July 2014	(2,302,007)
Amortisation for the year	(500,384)
As of 30 June 2015/1 July 2015	(2,802,391)
Amortisation for the year	(500,384)
As of 30 June 2016	(3,302,775)
Unamortised Prepaid Lease Payments:	
As of 30 June 2016	20,715,639
As of 30 June 2015	21,216,023

Prepaid lease payments relate to:

- (i) Lease of land for the Group's factory building at No. 19, and lease of vacant land at No. 21 for car park purposes, located at Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia. These lands were amalgamated under the new land title at Lot No. PT43, Seksyen 20, which was issued on 27 August 2014. The amalgamated leasehold land is leased over a period of 99 years expiring on 13 August 2056. The Group does not have an option to purchase the leasehold interest in land at the expiry of the lease period. The amalgamated leasehold land is amortised over the period of its remaining lease term of 40 years (2015: 41 years).
- (ii) Lease of land for the Group's factory building at No. 17 Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The land for the factory building and office is leased over a period of 99 years expiring on 1 February 2058. The Group does not have an option to purchase the leasehold interest in land at the expiry of the lease period. The leasehold land is amortised over the period of its remaining lease term of 42 years (2015: 43 years).

As of year end, the long-term leasehold land and the leasehold building of the Group as disclosed in Note 11 have been charged to a local licensed bank for credit facilities granted to certain subsidiary companies as disclosed in Note 19.

Notes to the Financial Statements

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13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2016	2015
	RM	RM
Unquoted shares - at cost	39,854,881	37,854,881
Less: Impairment loss	(444,277)	(444,277)
Net	39,410,604	37,410,604

During the current financial year, the Company increased its investment in GD Facilities & Assets Management Sdn. Bhd., GD Logistics (M) Sdn. Bhd., GD Venture (M) Sdn. Bhd. and GD Valueguard Sdn. Bhd. by subscribing 500,000, 600,000, 800,000 and 100,000 new ordinary shares respectively of RM1.00 each at par by way of capitalisation of amount owing by the respective subsidiary companies.

Details of the subsidiary companies are as follows:

Direct Subsidiary Companies	Country of Incorporation	Proportion of ownership interest and voting power held by the Group		Principal Activities
		2016	2015	
		%	%	
GD Express Sdn. Bhd.	Malaysia	100	100	Provision of express delivery services
GD Venture (M) Sdn. Bhd.	Malaysia	100	100	Provision of transportation services to related company
GD Technosystem Sdn. Bhd.	Malaysia	100	100	Rental of computer equipment to related company
GD Logistics (M) Sdn. Bhd. *	Malaysia	100	100	Engaged in logistics operations
GD Facilities & Assets Management Sdn. Bhd. *	Malaysia	100	100	Provision of facilities and assets management services
GD Valueguard Sdn. Bhd. *	Malaysia	100	100	Provision of insurance services
GD Express (Singapore) Pte. Ltd.*	Singapore	100	100	Provision of express delivery services
GDEX Regional Alliance Pte. Ltd.*	Singapore	100	100	Dormant

Notes to the Financial Statements

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13. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Details of the subsidiary companies are as follows: *cont'd*

Direct Subsidiary Companies	Country of Incorporation	Proportion of ownership interest and voting power held by the Group		Principal Activities
		2016 %	2015 %	
Indirect subsidiary companies held through GD Logistics (M) Sdn. Bhd.				
GD Secured Solutions Sdn. Bhd. *	Malaysia	100	100	Engaged in logistics operations
GD Distribution Services Sdn. Bhd. *	Malaysia	100	100	Engaged in logistics operations
GD Customised Solution Sdn. Bhd. *	Malaysia	100	100	Engaged in logistics operations

* Audited by auditors other than the auditors of the Company.

Composition of the Group

Information about the composition of the Group's subsidiary companies at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2016	2015
Express Delivery	Malaysia	5	5
	Singapore	2	2
Logistics	Malaysia	4	4
		11	11

Amount owing by/(to) subsidiary companies, which arose mainly from management fees receivable, dividends receivables, unsecured advances and payments on behalf, is unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

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14. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2016 RM	2015 RM
Trade receivables	50,192,560	51,275,814
Less: Allowance for impairment	(2,632,074)	(2,113,018)
Net	47,560,486	49,162,796

The currency exposure profile of trade receivables is as follows:

	The Group	
	2016 RM	2015 RM
Ringgit Malaysia	49,732,612	50,083,195
Singapore Dollar	459,948	1,192,619
	50,192,560	51,275,814

Trade receivables of the Group represent amounts receivable for the provision of express delivery services and logistics. The credit periods granted to customers range from 30 to 60 days (2015: 30 to 90 days). No interest is charged on trade receivables. The Group has recognised an allowance for impairment against certain receivables based on estimated irrecoverable amounts determined by reference to past default experience of the Group and an analysis of the counterparty's current financial position.

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for impairment because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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

	The Group	
	2016 RM	2015 RM
Past due:		
1 - 30 days	5,671,830	8,189,365
31 - 60 days	1,789,539	4,925,795
> 60 days	2,766,491	4,204,490
Total	10,227,860	17,319,650

Notes to the Financial Statements

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14. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES *cont'd*

Ageing of impaired receivables are as follows:

	The Group	
	2016 RM	2015 RM
Less than 1 year	1,014,137	-
More than 1 year	1,617,937	2,113,018
Total	2,632,074	2,113,018

The movement of allowance for impairment during the year is as follows:

	The Group	
	2016 RM	2015 RM
At beginning of year	2,113,018	1,796,327
Amount recognised during the year	1,025,203	563,344
Amount written off during the year	(518,553)	(238,126)
Impairment losses reversed during the year	-	(23,298)
Net (Note 7)	506,650	301,920
Translation differences	12,406	14,771
At end of year	2,632,074	2,113,018

Included in trade receivables is an amount of RM Nil (2015: RM15,514) owing by related parties, which is interest free, and repayable on demand.

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Refundable deposits	4,222,387	2,774,986	200	200
Prepaid expenses	3,714,199	2,561,970	23,218	25,453
Other receivables	878,614	345,541	-	-
Goods and services tax receivable	2,636	-	-	-
	8,817,836	5,682,497	23,418	25,653

Other receivables balance are not past due and not impaired.

Notes to the Financial Statements

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14. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES *cont'd*

Included in refundable deposits is deposits paid in relation to purchase of motor vehicles of RM1,128,370 (2015: RM23,250).

The currency exposure profile of other receivables is as follows:

	The Group	
	2016	2015
	RM	RM
Ringgit Malaysia	859,655	323,225
Singapore Dollar	18,959	22,316
	878,614	345,541

15. RELATED PARTY TRANSACTIONS

The related parties and their relationship with the Company are as follows:

Name of related party	Relationship
Yamato Asia Pte. Ltd.	A substantial shareholder of GD Express Carrier Berhad.

During the financial year, significant related party transactions undertaken based on agreed terms are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
With related parties,				
Yamato Asia Private Limited				
Advisory fees	(54,000)	-	(54,000)	-

Notes to the Financial Statements

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15. RELATED PARTY TRANSACTIONS *cont'd*

During the financial year, significant related party transactions undertaken based on agreed terms are as follows:
cont'd

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
With subsidiary companies, GD Venture (M) Sdn. Bhd.				
Management fee	-	-	555,000	555,000
GD Express Sdn. Bhd.				
Management fee	-	-	843,600	843,600
Dividends	-	-	19,175,000	20,456,012
GD Facilities & Assets Management Sdn. Bhd.				
Management fee	-	-	266,400	266,400
GD Valueguard Sdn. Bhd.				
Management fee	-	-	111,000	111,000
GD Logistics Sdn. Bhd.				
Management fee	-	-	444,000	444,000
GD Technosystem Sdn. Bhd.				
Dividends	-	-	193,505	516,012

Notes to the Financial Statements

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16. ISSUED CAPITAL

	The Group and The Company			
	Number of ordinary shares		Amount	
	2016	2015	2016 RM	2015 RM
Authorised:				
At beginning of year	10,000,000,000	1,000,000,000	500,000,000	50,000,000
Created during the year	-	9,000,000,000	-	450,000,000
At end of year	10,000,000,000	10,000,000,000	500,000,000	500,000,000
Issued and fully paid:				
At beginning of year	1,236,328,268	838,691,219	61,816,413	41,934,561
Allotment of shares pursuant to:				
- Warrants 2011/2016 exercised over ordinary shares of RM0.05 each	13,687,402	92,114,799	684,370	4,605,740
- Warrants 2015/2020 exercised over ordinary shares of RM0.05 each	1,220	20	61	1
- bonus issued of RM0.05 each	-	298,591,204	-	14,929,560
- private placement of RM0.05 each	124,893,548	-	6,244,678	-
- DRP at RM0.05 each	8,329,099	6,931,026	416,455	346,551
At end of year	1,383,239,537	1,236,328,268	69,161,977	61,816,413

Ordinary Shares

During the financial year, the Company increased its issued and paid-up share capital from RM61,816,413, comprising 1,236,328,268 ordinary shares of RM0.05 each, to RM69,161,977, comprising 1,383,239,537 ordinary shares of RM0.05 each, as follows:

(a) Exercise of Warrants 2011/2016

Issuance of 13,687,402 new ordinary shares of RM0.05 each pursuant to the exercise of 13,687,402 warrants A at an exercise price of RM0.15 per warrant during the period from 1 July 2015 to 30 June 2016.

(b) Exercise of Warrants 2015/2020

Issuance of 1,220 new ordinary shares of RM0.05 each pursuant to the exercise of 1,220 warrants B at an exercise price of RM1.53 per warrant during the period from 1 July 2015 to 30 June 2016.

Notes to the Financial Statements

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16. ISSUED CAPITAL *cont'd*

Ordinary Shares *cont'd*

(c) Private placement

Private placement of 124,893,548 new ordinary shares of RM0.05 each at the issue price of RM1.74 to Yamato Asia Pte. Ltd. on 3 February 2016.

(d) DRP

The Company via the announcement on 2 December 2015 proposed to undertake a recurrent and optional dividend reinvestment plan that allows the shareholders to reinvest their dividend as new ordinary shares of RM0.05 each in the Company.

The rationale of the DRP are as follows:

- (i) dividends that are reinvested are utilised to fund the continuing business growth and expansion plan, and for working capital of the Group;
- (ii) improve liquidity of the Company's shares traded on the Main Market of Bursa Malaysia Securities Berhad; and
- (iii) enhance and maximise shareholders' value via the subscription of new shares where the issue price of a new share shall be at discount and the subscription shall be free from any brokerage fees and other related transaction cost.

A total of 8,329,099 new ordinary shares of RM0.05 each at the issue price of RM1.4181 per share was issued pursuant to the DRP on 10 February 2016.

The new ordinary shares issued during the year ranked *pari passu* in all respects with the then existing ordinary shares of the Company.

The resulting premium arising from the above exercise of warrants, and DRP respectively, were credited to the share premium account, as shown in Note 17 to the Financial Statements.

WARRANTS 2011/2016

On 8 February 2011, the issue of 51,437,207 free warrants on the basis of 1 free warrant for every 5 ordinary shares held by the entitled shareholders on the entitlement date was completed upon admission of the Warrants 2011/2016 to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the Warrants 2011/2016 on the Main Market of Bursa Malaysia Securities Berhad.

The Warrants 2011/2016 of the Company are constituted by a Deed Poll dated on 11 January 2011.

Notes to the Financial Statements

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16. ISSUED CAPITAL *cont'd*

WARRANTS 2011/2016 *cont'd*

The salient features of the Warrants 2011/2016 are as follows:

- (a) The issue date of the Warrants 2011/2016 is on 8 February 2011 and the expiry date is on 7 February 2016.
- (b) The Warrants 2011/2016 can be exercised at any time during the period commencing on and inclusive of the date of issue of the warrants up to and including the expiry date. Any Warrants 2011/2016 not exercised during the exercise period will lapse and cease to be valid.
- (c) Each Warrant 2011/2016 entitles the registered holder to subscribe for 1 new ordinary share of the Company at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the Deed Poll. The exercise price is fixed at RM0.5850 based on a premium of up to 10% to the five-day volume weighted average market price prior to the price fixing date.
- (d) The new ordinary shares arising from the exercise of the Warrants 2011/2016 shall, upon allotment and issue, rank *pari passu* with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any right, allotment, dividend and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the new ordinary shares of the Company.
- (e) The exercise price of Warrants 2011/2016 was subsequently revised from RM0.5850 to RM0.2925, RM0.1950 and RM0.1500 due to share split in prior year, bonus issue in prior year.
- (f) In the previous financial year, an additional 12,254,253 Warrants 2011/2016 arising from the adjustments made in accordance with the provisions under the Deed Poll constituting the Warrants dated 11 January 2011 consequential to the Bonus Issue, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 February 2015.

The movements in the Company's Warrants 2011/2016 are as follows:

	Number of warrants 2011/2016 over ordinary shares			
	Par value of shares	2016	Par value of shares	2015
At beginning of year	0.05	13,986,199	0.05	93,846,745
Exercised before bonus issue	0.05	-	0.05	(57,083,959)
Bonus issue	0.05	-	0.05	12,254,253
Exercised after bonus issue	0.05	(13,687,402)	0.05	(35,030,840)
Lapsed on expiry	0.05	(298,797)	0.05	-
At end of year	0.05	-	0.05	13,986,199

Notes to the Financial Statements

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16. ISSUED CAPITAL *cont'd*

WARRANTS 2015/2020

On 12 February 2015, the issue of 179,154,934 free warrants on the basis of 1 free warrant for every 5 ordinary shares held by the entitled shareholders on the entitlement date was completed upon admission of the warrants to the Official List of Bursa and the listing of and quotation for the warrants 2015/2020 on the Main Market of Bursa Malaysia Securities Berhad.

The Warrants 2015/2020 of the Company are constituted by a Deed Poll dated on 20 January 2016.

The salient features of the Warrants 2015/2020 are as follows:

- (a) The issue date of the Warrants 2015/2020 is on 12 February 2015 and the expiry date is on 11 February 2020.
- (b) The Warrants 2015/2020 can be exercised at any time during the period commencing on and inclusive of the date of issue of the warrants up to and including the expiry date. Any Warrants 2015/2020 not exercised during the exercise period will lapse and cease to be valid.
- (c) Each Warrant 2015/2020 entitles the registered holder to subscribe for 1 new ordinary share of the Company at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the Deed Poll. The exercise price is fixed at RM1.53 based on a premium of up to 10% to the five-day volume weighted average market price prior to the price fixing date.
- (d) The new ordinary shares arising from the exercise of the Warrants 2015/2020 shall, upon allotment and issue, rank pari passu with the existing issued ordinary shares of the Company, save and except that they will not be entitled to any right, allotment, dividend and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the new ordinary shares of the Company.

The movements in the Company's Warrants 2015/2020 are as follows:

	Number of warrants 2015/2020 over ordinary shares			
	Par value of shares	2016	Par value of shares	2015
At beginning of year	0.05	179,154,914	0.05	-
Issued during the year	0.05	-	0.05	179,154,934
Exercised during the year	0.05	(1,220)	0.05	(20)
At end of year	0.05	179,153,694	0.05	179,154,914

Notes to the Financial Statements

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17. RESERVES

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Non-distributable:				
Share premium	228,420,645	12,388,236	228,420,645	12,388,236
Translation reserve	304,215	188,833	-	-
	228,724,860	12,577,069	228,420,645	12,388,236
Distributable:				
Retained earnings	88,922,074	66,966,336	34,600,231	24,259,699
	317,646,934	79,543,405	263,020,876	36,647,935

Share premium

	The Group and The Company	
	2016 RM	2015 RM
At beginning of year	12,388,236	6,632,090
Warrants exercised (before bonus issue) (Note 16)	-	8,277,174
Bonus issue (Note 16)	-	(14,909,264)
	12,388,236	-
Warrants exercised (after bonus issue) (Note 16)	1,370,546	3,503,114
Private placement (Note 16)	211,070,096	-
Corporate exercise expenses (Note 16)	(7,803,273)	(402,453)
DRP (Note 16)	11,395,040	9,287,575
At end of year	228,420,645	12,388,236

Translation reserve

Exchange differences arising from translation of foreign controlled entities' financial statements are taken to the translation reserve as described in the accounting policies.

Retained earnings

Distributable reserves are those available for distribution as cash dividends.

The entire retained earnings of the Company are available for distribution of dividend under the single tier tax system.

Notes to the Financial Statements

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18. HIRE-PURCHASE PAYABLES

	The Group	
	2016	2015
	RM	RM
Total outstanding	20,714,068	18,221,631
Less: Interest-in-suspense	(1,925,039)	(1,883,083)
Principal outstanding	18,789,029	16,338,548
Less: Amount due within 12 months (shown under current liabilities)	(5,101,097)	(3,891,581)
Non-current portion	13,687,932	12,446,967

The non-current portion is repayable as follows:

	The Group	
	2016	2015
	RM	RM
Within 1 - 2 years	5,153,396	3,970,103
Within 2 - 5 years	8,534,536	8,476,864
	13,687,932	12,446,967

The interest rates implicit in these hire-purchase obligations ranges from 2.80% to 7.16% (2015: 2.83% to 7.18%) per annum. The hire-purchase payables are secured by a charge over the property, plant and equipment under hire-purchase as disclosed in Note 11.

19. BORROWINGS - SECURED

	The Group	
	2016	2015
	RM	RM
Term loan	6,661,452	12,390,989
Less: Amount due within 12 months (shown under current liabilities)	(945,561)	(646,427)
Non-current portion	5,715,891	11,744,562

Notes to the Financial Statements

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19. BORROWINGS - SECURED *cont'd*

The non-current portion is repayable as follows:

	The Group	
	2016	2015
	RM	RM
Within 1 - 2 years	994,928	680,176
Within 2 - 5 years	3,307,441	2,261,111
More than 5 years	1,413,522	8,803,275
	5,715,891	11,744,562

The term loan bears average interest rate of 5.10% (2015: 4.85%) per annum and is repayable over 20 years by monthly instalment of RM105,283.

As of 30 June 2016, the Group has term loan and banking facilities totalling RM37,680,000 (2015: RM37,680,000) obtained from local licensed banks.

The term loan and banking facilities are secured by the following:

- (a) First and third party legal charge over the leasehold buildings and long-term leasehold land of certain subsidiary companies as disclosed in Notes 11 and 12 respectively;
- (b) Corporate guarantee by the Company;
- (c) Facilities agreement of RM17.68million;
- (d) Legal assignment of rental proceeds over the leasehold buildings and long-term leasehold land of certain subsidiary companies as disclosed in Notes 11 and 12 respectively;
- (e) Specific debenture over land as disclosed in Note 12(i); and
- (f) Fixed deposits of subsidiary companies amounting to RM63,550 (2015: RM61,579).

Notes to the Financial Statements

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20. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
At beginning of year	210,356	112,398	19,035	-
Charge to profit or loss (Note 7)	35,168	98,650	2,788	19,035
Translation adjustment	824	1,108	-	-
Benefits paid	-	(1,800)	-	-
At end of year	246,348	210,356	21,823	19,035

Under this scheme, eligible employees on attainment of retirement age of 60, are entitled to a one time payment of retirement benefits, which is computed based on a fixed amount for each year of the employee's completed service with the Group and the Company as provided by the actuarial estimation of costs and liabilities of Retirement Benefit Scheme of the Company.

The principal assumptions used in calculating the provision for retirement benefits are as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Discount rate	5.00%	5.00%	5.00%	5.00%
Monthly average staff turnover rate	5.00%	5.00%	5.00%	5.00%

Barring any unforeseen circumstances, the management believes that no reasonable change in the above assumptions would cause the amount of provision to be materially affected. Thus, no sensitivity analysis is disclosed.

Notes to the Financial Statements

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21. DEFERRED TAX LIABILITIES

	The Group	
	2016 RM	2015 RM
At beginning of year	(2,438,981)	(2,731,779)
Credit/(Charge) to profit or loss (Note 9):		
Property, plant and equipment	(1,096,279)	564,898
Trade receivables	455,000	(259,170)
Provision for retirement benefits	32,560	(12,930)
	(608,719)	292,798
At end of year	(3,047,700)	(2,438,981)

Deferred tax liabilities provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2016 RM	2015 RM
Deferred tax assets (before offsetting):		
Temporary differences arising from:		
Trade receivables	588,000	133,000
Provision for retirement benefits	45,000	12,440
	633,000	145,440
Offsetting	(633,000)	(145,440)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting):		
Temporary differences arising from property, plant and equipment	(3,680,700)	(2,584,421)
Offsetting	633,000	145,440
Deferred tax liabilities (after offsetting)	(3,047,700)	(2,438,981)

Notes to the Financial Statements

cont'd

21. DEFERRED TAX LIABILITIES *cont'd*

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. As of year end, the unused tax losses pertaining to certain subsidiary companies, for which the deferred tax assets have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	The Group	
	2016	2015
	RM	RM
Unused tax losses	59,203	63,500

The unused tax losses subject to agreement by the tax authorities, are available for offset against future chargeable income.

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amounts outstanding for services rendered by suppliers. The average credit period granted to the Group is 30 days (2015: 30 days).

The currency exposure profile of trade payables is as follows:

	The Group	
	2016	2015
	RM	RM
Ringgit Malaysia	2,106,922	3,117,225
Singapore Dollar	15,733	101,926
	2,122,655	3,219,151

Included in trade payables is an amount of RM Nil (2015: RM76,888) owing to related parties, which is unsecured, interest-free, and repayable on demand.

Notes to the Financial Statements

cont'd

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES *cont'd*

Other payables and accrued expenses consist of:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	5,190,941	3,625,335	326,810	116,777
Accrued expenses	6,047,034	4,437,763	130,771	248,357
Accrued staff costs	4,413,296	3,742,864	-	-
Service tax payable	-	536,072	-	-
Goods and services tax payable	905,059	740,478	10,888	10,837
	16,556,330	13,082,512	468,469	375,971

Included in accrued expenses of the Group is an amount of RM454,645 (2015: 648,000) representing accrued transportation cost.

The currency exposure profile of other payables and accrued expenses is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	16,333,435	12,809,599	468,469	375,971
Singapore Dollar	222,895	272,913	-	-
	16,556,330	13,082,512	468,469	375,971

Notes to the Financial Statements

cont'd

23. DIVIDENDS

	The Group and The Company	
	2016 RM	2015 RM
In respect of financial year ended 30 June 2015:		
Dividend of 1.000 sen per share:		
DRP	11,811,495	-
Cash	677,018	-
In respect of financial year ended 30 June 2014:		
Dividend of 1.125 sen per share:		
DRP	-	9,634,126
Cash	-	436,383
	12,488,513	10,070,509

The dividend of 1.000 sen per share amounting to RM12,488,513 which was proposed in the previous financial year and dealt with in the previous report of the directors was paid by the Company during the financial year. The dividend was paid by way of DRP amounting to RM11,811,495 and cash amounting to RM677,018.

The directors proposed a dividend of 1.000 sen per share amounting to approximately RM13.8million in respect of the financial year ended 30 June 2016. The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, has not been included as a liability in the financial statements.

24. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks	286,096,997	53,333,025	263,124,599	38,223,305
Cash and bank balances	21,346,298	11,268,229	10,821,163	5,780,898
	307,443,295	64,601,254	273,945,762	44,004,203
Less: Non cash and cash equivalents:				
Deposits pledged with licensed banks	(63,550)	(61,579)	-	-
Deposits with licensed banks with maturity term more than 3 months	(279,983,016)	(32,929,692)	(262,499,292)	(22,125,128)
	27,396,729	31,609,983	11,446,470	21,879,075

Notes to the Financial Statements

cont'd

24. CASH AND CASH EQUIVALENTS *cont'd*

Deposits with licensed banks earn interest at rates ranging from 2.95% to 4.55% (2015: 3.00% to 4.20%) per annum. Deposits with licensed banks of the Group and of the Company have an average maturity term of 1 to 12 months (2015: 1 to 12 months).

The currency exposure profile of cash and bank balances and deposits with the licensed banks are as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	306,823,889	64,248,941	273,945,762	44,004,203
Singapore Dollar	619,406	352,313	-	-
	307,443,295	64,601,254	273,945,762	44,004,203

25. FINANCIAL INSTRUMENTS

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged during the financial year.

The capital structure of the Group consists of debt (as disclosed in Notes 18 and 19) and equity (as disclosed in Notes 16 and 17).

Gearing Ratio

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

	The Group	
	2016 RM	2015 RM
Debt	25,450,481	28,729,537
Equity	386,808,911	141,359,818
Debt to equity ratio (%)	6.58	20.32

Debt consists of secured borrowings and hire-purchase payables.

Notes to the Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

Significant Accounting Policies

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

Categories of Financial Instruments:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Financial assets				
Loans and receivables:				
Trade receivables	47,560,486	49,162,796	-	-
Other receivables and refundable deposits (Note 14)	5,101,001	3,120,527	200	200
Amount owing by subsidiary companies	-	-	19,564,491	17,550,607
Cash and bank balances	21,346,298	11,268,229	10,821,163	5,780,898
Deposits with licensed banks	286,096,997	53,333,025	263,124,599	38,223,305
Financial liabilities				
Other financial liabilities:				
Trade payables	2,122,655	3,219,151	-	-
Other payables and accrued expenses (Note 22)	15,651,271	12,342,034	457,581	365,134
Amount owing to subsidiary companies	-	-	17,368	17,368
Hire-purchase payables (Note 18)	18,789,029	16,338,548	-	-
Borrowings (secured) (Note 19)	6,661,452	12,390,989	-	-

Financial Risk Management Objectives

The operations of the Group are subject to various financial risks, including credit risk, cash flow risk and liquidity risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities.

Notes to the Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk mainly from trade receivables, other receivables and intercompany indebtedness.

The Group's and the Company's credit risk on cash and bank balances are limited as the Group and the Company place their funds with credit worthy institutions.

The Group does not have significant credit risk exposure to any single counterparty, other than the largest customer of the Group. Concentration of credit risk related to this customer did not exceed 15% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year.

The carrying amount of financial assets recognised in the financial statements represents the Group's and the Company's maximum exposure to credit risk without taking into account collateral or other credit enhancements held.

In addition, the Company is exposed to credit risk in relation to financial guarantee given by banks provided to the subsidiary companies. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on.

Cash Flow Risk Management

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Liquidity Risk Management

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

Notes to the Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

Liquidity Risk Management *cont'd*

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

The Group	Weighted average effective interest rate %	Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total RM
2016						
Financial liabilities						
Non-interest bearing:						
Trade payables		2,122,655	-	-	-	2,122,655
Other payables and accrued expenses		15,651,271	-	-	-	15,651,271
Interest bearing:						
Hire-purchase payables	3.26	5,997,274	5,857,822	8,858,972	-	20,714,068
Borrowings (secured)	5.10	1,263,396	1,263,396	3,790,188	1,458,571	7,775,551
		<u>25,034,596</u>	<u>7,121,218</u>	<u>12,649,160</u>	<u>1,458,571</u>	<u>46,263,545</u>
2015						
Financial liabilities						
Non-interest bearing:						
Trade payables		3,219,151	-	-	-	3,219,151
Other payables and accrued expenses		12,342,034	-	-	-	12,342,034
Interest bearing:						
Hire-purchase payables	5.01	4,683,042	4,535,867	9,002,722	-	18,221,631
Borrowings (secured)	4.85	1,263,396	1,263,396	3,790,188	10,764,769	17,081,749
		<u>21,507,623</u>	<u>5,799,263</u>	<u>12,792,910</u>	<u>10,764,769</u>	<u>50,864,565</u>

Notes to the Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

Liquidity Risk Management *cont'd*

	The Company Less than 1 year RM
2016	
Financial liabilities	
Non-interest bearing:	
Other payables	457,581
Amount owing to subsidiary companies	17,368
Financial guarantee contracts	6,661,452
2015	
Financial liabilities	
Non-interest bearing:	
Other payables	365,134
Amount owing to subsidiary companies	17,368
Financial guarantee contracts	12,390,989

The amounts included above for financial guarantee contracts are the maximum amount of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

No maturity table has been disclosed for financial assets as all financial assets are current with maturities of less than 12 months.

Fair Values

Cash and cash equivalents, trade and other receivables, trade and other payables, short term borrowings, inter-company indebtedness and financial guarantee contracts

The carrying amounts approximate fair values because of the short maturity period of these instruments.

Notes to the Financial Statements

cont'd

25. FINANCIAL INSTRUMENTS *cont'd*

Hire-purchase payables and borrowings

The fair values of hire-purchase payables and borrowings are estimated using discounted cash flow analysis based on current borrowing rates for similar type of borrowing/financing arrangements.

	The Group			
	2016		2015	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<i>Financial Liabilities</i>				
Borrowings (secured) (Note 19)	6,661,452	6,862,965	12,390,989	12,809,932
Hire-purchase payables (Note 18)	18,789,029	18,244,276	16,338,548	15,664,461

26. RENTAL COMMITMENTS

As of year end, the Group has the following commitments in respect of rental of premises:

	The Group	
	Future Minimum Lease Payments	
	2016 RM	2015 RM
Within 1 year	248,442	219,236
1 - 2 years	403,407	78,809
	651,849	298,045

Notes to the Financial Statements

cont'd

27. CAPITAL COMMITMENTS

As of year end, the Group has the following capital commitments in respect of:

	The Group	
	2016 RM	2015 RM
Approved and contracted for:		
Purchase of motor vehicles	5,765,092	-
Purchase of tools and equipment	28,575	213,274
	5,793,667	213,274

28. CONTINGENT LIABILITIES - UNSECURED

As of year end, the Company has the following contingent liabilities:

	The Company	
	2016 RM	2015 RM
Corporate guarantee given to a bank for banking facilities granted to subsidiary companies	90,180,000	66,680,000
Corporate guarantee given to a supplier for credit facility granted to a subsidiary company	50,000	50,000
	90,230,000	66,730,000

29. EVENT AFTER THE REPORTING PERIOD

GD Facilities & Assets Management Sdn Bhd, a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") to purchase 4 sublots of land together with a two-storey semi-detached industrial building in Batu Kitang Road, Kuching for a purchase consideration of approximately RM5,530,000. The SPA has not been completed at the date of report subject to fulfilment of certain conditions precedent.

Notes to the Financial Statements

cont'd

30. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Company have been reclassified to conform to the presentation in the current financial year. These relate to the following:

Statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	As previously reported	Reclassifications	As reclassified
	RM	RM	RM
The Company			
Staff costs	(938,214)	(273,050)	(1,211,264)
Other operating expenses	(1,717,754)	273,050	(1,444,704)

Notes to the Financial Statements

cont'd

31. SUPPLEMENTARY INFORMATION – DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2011, Bursa Malaysia Securities Berhad (“Bursa”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which 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 2011, Bursa 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 as of year end into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	The Group		The Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings:				
Realised	85,815,153	63,272,503	34,600,231	24,259,699
Unrealised	(3,047,700)	(2,438,981)	-	-
	82,767,453	60,833,522	34,600,231	24,259,699
Add: Consolidation adjustments	6,154,621	6,132,814	-	-
Total retained earnings	88,922,074	66,966,336	34,600,231	24,259,699

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 credit to the profit or loss of a legal entity is deemed realised when it 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 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 has been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Statement by Directors

The directors of **GD EXPRESS CARRIER BHD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out on Note 31 on page 149, which is not part of the financial statements, is prepared in all material aspects, 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 in accordance with a resolution of the Directors,

TEONG TECK LEAN

LIM CHEE SEONG

Kuala Lumpur,
29 September 2016

Declaration by the Director

Primarily Responsible for the Financial Management of the Company

I, **LIM CHEE SEONG**, the director primarily responsible for the financial management of **GD EXPRESS CARRIER BHD**, do solemnly and sincerely declare that the accompanying financial statements together with the notes thereto are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LIM CHEE SEONG

Subscribed and solemnly declared by the
abovenamed **LIM CHEE SEONG** at
KUALA LUMPUR this 29th day of September, 2016.

Before me,

KAPT. (B) JASNI BIN YUSOFF
No. W465
COMMISSIONER FOR OATHS

Analysis of Shareholdings

as at 30 September 2016

Authorised Share Capital	:	RM500,000,000.00 comprising 10,000,000,000 ordinary shares of RM0.05 each
Issued and Fully Paid-Up Capital	:	RM69,161,976.85 comprising 1,383,239,537 ordinary shares of RM0.05 each
Class of Shares	:	Ordinary shares of RM0.05 each
Voting Rights	:	One (1) vote per Ordinary Share

ANALYSIS BY SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
1 – 99	298	9.83	12,482	0.00
100 – 1,000	742	24.46	363,239	0.03
1,001 – 10,000	1,230	40.55	5,586,926	0.40
10,001 – 100,000	581	19.16	18,124,999	1.31
100,001 – 69,161,975 ^[1]	177	5.84	411,566,301	29.75
69,161,976 and above ^[2]	5	0.16	947,585,590	68.50
TOTAL	3,033	100.00	1,383,239,537	100.00

Notes:-

[1] Less than 5% of issued shares.

[2] 5% and above of issued shares.

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

No.	Name of Shareholders/Depositors	No. of Shares	%
1	MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR YAMATO ASIA PTE LTD (683567)	315,980,748	22.84
2	GD EXPRESS HOLDINGS (M) SDN BHD	176,209,456	12.74
3	GD EXPRESS HOLDINGS (M) SDN BHD	174,771,149	12.63
4	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE POST LIMITED	155,367,561	11.23
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	125,256,676	9.05
6	LEONG CHEE TONG	39,001,634	2.82
7	GD HOLDINGS INTERNATIONAL LIMITED	28,302,068	2.05
8	LAU WING TAT	27,649,602	2.00
9	LAU WING TAT	25,854,518	1.87
10	DING MEI SIANG	22,804,674	1.65

Analysis of Shareholdings

as at 30 September 2016

cont'd

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS *cont'd*

No.	Name of Shareholders/Depositors	No. of Shares	%
11	AGNES CHAN WAI CHING	21,833,959	1.58
12	HSBC NOMINEES (ASING) SDN BHD <i>BBH AND CO BOSTON FOR MATTHEWS ASIA SMALL COMPANIES FUNG</i>	18,008,900	1.30
13	LOI SIEW HOONG	14,802,544	1.07
14	AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	12,465,847	0.90
15	TEONG TECK LEAN	11,645,548	0.84
16	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>PHILLIP SECURITIES PTE LTD FOR KONG HWAI MING</i>	10,753,884	0.78
17	KONG HWAI MING	10,174,589	0.74
18	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>PHILLIP SECURITIES PTE LTD FOR LAU CHEN HONG</i>	8,904,662	0.64
19	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)</i>	6,038,090	0.44
20	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR TAN PIAK HWEE ANTHONY</i>	5,757,251	0.42
21	TEONG TEIK CHEONG	5,457,930	0.39
22	GDEX FOUNDATION	4,904,415	0.35
23	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CACEIS BANK LUXEMBOURG (UCITS CLTS)</i>	4,855,000	0.35
24	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)</i>	4,845,088	0.35
25	CHAN MOON FOOK	4,403,766	0.32
26	AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AMBANK (M) BERHAD FOR TEONG TECK LEAN (6186-1501)</i>	4,152,682	0.30
27	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS-PB)</i>	4,064,460	0.29
28	CHIN CHEE SUE	3,678,311	0.27
29	MA YUK PING WINNIE	3,163,351	0.23
30	KWOK NGUK MOOI	3,139,099	0.23
	TOTAL	1,254,247,462	90.67

Analysis of Shareholdings

as at 30 September 2016
cont'd

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	12,465,847	0.90	1,998,550 ^[a]	0.14
TEONG TECK LEAN	21,198,230	1.53	509,343,764 ^[b]	36.82
LIEW HENG HENG	1,021,752	0.07	-	-
ADI ARMAN BIN ABU OSMAN	-	-	-	-
WOO KENG LEONG	-	-	-	-
LIM CHEE SEONG	81,052	0.01	-	-
CHUA KHING SENG	-	-	-	-
HO SWEE FONG	-	-	-	-

Notes:-

^[a] Deemed interested by virtue of his substantial shareholdings in Essem Capital Sdn Bhd and Essem Corporation Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965 and disclosure is made pursuant to Section 134(12)(c) of the Companies Act, 1965 on interest held by his spouse and children in the Company and DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Bank of Singapore Limited.

^[b] Deemed interested by virtue of the substantial shareholdings of his interest in GD Express Holdings (M) Sdn Bhd, GD Holdings International Limited and GDEX Foundation pursuant to Section 6A(4) of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2016

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
TEONG TECK LEAN	21,198,230	1.53	509,343,764 ^[a]	36.82
GD EXPRESS HOLDINGS (M) SDN BHD	350,980,605	25.37	-	-
GD HOLDINGS INTERNATIONAL LIMITED	153,458,744	11.09	-	-
SINGAPORE POST LIMITED	155,367,561	11.23	-	-
SINGAPORE TELECOMMUNICATIONS LIMITED	-	-	155,367,561 ^[b]	11.23
TEMASEK HOLDINGS (PRIVATE) LIMITED	-	-	155,367,561 ^[b]	11.23
YAMATO ASIA PTE LTD	315,980,748	22.84	-	-
YAMATO HOLDINGS CO., LTD	-	-	315,980,748 ^[c]	22.84

Notes:-

^[a] Deemed interested by virtue of his interest in GDEX Foundation (4,904,415 ordinary shares), his personal and spouse's Wang Heng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn Bhd (350,980,605 ordinary shares) and GD Holdings International Limited (153,458,744 ordinary shares) pursuant to Section 6(A)(4) of the Companies Act, 1965.

^[b] Deemed interested by virtue of its substantial shareholding in Singapore Post Limited pursuant to Section 6(A)(4) of the Companies Act, 1965.

^[c] Deemed interested by virtue of its substantial shareholding in Yamato Asia Pte Ltd pursuant to Section 6(A)(4) of the Companies Act, 1965.

Analysis of Warrants-B Holdings

as at 30 September 2016

No. of Warrants-B in issue	:	179,153,694 Warrants-B
Issue Date	:	6 February 2015
Expiry date	:	11 February 2020
Exercise price per Warrant-B	:	RM1.53

ANALYSIS OF WARRANTS-B HOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Warrants-B	% of Issued Warrants-B
1 – 99	516	30.50	24,926	0.01
100 – 1,000	545	32.21	266,477	0.15
1,001 – 10,000	397	23.46	1,617,346	0.90
10,001 – 100,000	154	9.10	4,896,710	2.73
100,001 – 8,957,683 ^[1]	77	4.55	62,175,861	34.71
8,957,684 and above ^[2]	3	0.18	110,172,374	61.50
TOTAL	1,692	100.00	179,153,694	100.00

Notes:-

[1] Less than 5% of issued Warrants-B.

[2] 5% and above of issued Warrants-B.

LIST OF TOP 30 WARRANTS-B HOLDERS

No.	Name of Warrants-B Holders	No. of Warrants-B	%
1	GD EXPRESS HOLDINGS (M) SDN BHD	48,295,624	26.96
2	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE POST LIMITED	43,347,184	24.20
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	18,529,566	10.34
4	LAU WING TAT	5,584,500	3.12
5	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR KONG HWAI MING	5,514,130	3.08
6	TEONG TECK LEAN	4,262,469	2.38
7	GD EXPRESS HOLDINGS (M) SDN BHD	4,000,000	2.23
8	DING MEI SIANG	3,376,254	1.88
9	AGNES CHAN WAI CHING	3,149,161	1.76
10	LAU WING TAT	2,769,212	1.54

Analysis of Warrants-B Holdings

as at 30 September 2016
cont'd

LIST OF TOP 30 WARRANTS-B HOLDERS *cont'd*

No.	Name of Warrants-B Holders	No. of Warrants-B	%
11	LOI SIEW HOONG	2,334,450	1.30
12	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)</i>	2,155,479	1.20
13	GD HOLDINGS INTERNATIONAL LIMITED	1,822,520	1.02
14	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>PHILLIP SECURITIES PTE LTD FOR LAU CHEN HONG</i>	1,729,430	0.96
15	RHB NOMINEES (TEMPATAN) SDN BHD <i>KWOK NGUK MOOI</i>	1,641,621	0.92
16	KONG HWAI MING	1,506,358	0.84
17	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>UOB KAY HIAN PTE LTD FOR KONG HWAI MING</i>	1,326,300	0.74
18	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)</i>	1,050,000	0.59
19	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR TAN PIAK HWEE ANTHONY</i>	1,000,448	0.56
20	LIM SEE PEK	810,500	0.45
21	TEONG TEIK CHEONG	786,768	0.44
22	MILLENNIUM SECTOR SDN BHD	729,400	0.41
23	GDEX FOUNDATION	726,103	0.41
24	CHAN MOON FOOK	716,680	0.40
25	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>DBS VICKERS SECS (S) PTE LTD FOR TANG TAI MOY</i>	701,031	0.39
26	LIM CHENG SUNG @ LIM CHENG SANG	660,000	0.37
27	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS-PB)</i>	605,000	0.34
28	CHIN CHEE SUE	544,577	0.30
29	TAN SIEW HONG	483,589	0.27
30	PUBLIC INVEST NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)</i>	429,715	0.24
TOTAL		160,588,069	89.64

Analysis of Warrants-B Holdings

as at 30 September 2016

cont'd

DIRECTORS' WARRANTS-B HOLDINGS AS AT 30 SEPTEMBER 2016

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants-B	% of Issued Warrants-B	No. of Warrants-B	% of Issued Warrants-B
DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	-	-	94,000 ^[a]	0.05
TEONG TECK LEAN	4,642,469	2.59	73,373,813 ^[b]	40.96
LIEW HENG HENG	151,271	0.08	-	-
ADI ARMAN BIN ABU OSMAN	-	-	-	-
WOO KENG LEONG	-	-	-	-
LIM CHEE SEONG	12,000	0.01	-	-
CHUA KHING SENG	-	-	-	-
HO SWEE FONG	-	-	-	-

Notes:-

[a] Deemed interested by virtue of his substantial shareholdings pursuant to Section 134(12)(c) of the Companies Act, 1965 on interest held by children namely, Suffaneena binti Ahmad Sufian (2,000 Warrants-B), Muffadzlee bin Ahmad Sufian (2,000 Warrants-B) and in a nominee company (90,000 Warrants-B).

[b] Deemed interested by virtue of his interest in GDEX Foundation (726,103 Warrants-B), his personal and spouse's Wang Heng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn Bhd (52,295,624 Warrants-B) and GD Holdings International Limited (20,352,086 Warrants-B) pursuant to Section 6(A)(4) of the Companies Act, 1965.

Group Property Particulars

Listed below are the particulars of the property referred to Notes 11 and 12 to the Financial Statements.

No.	Location of Property	Description/ Existing Use	Approximate Land Area (sq.ft)	Tenure	Approximate Age of Building (years)	Net Book Value as at 30.06.2016 (RM)	Date of Revaluation
(1)	17, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan	Corporate Head Office	108,629	99 years lease expiring 1 February 2058	57 years	18,894,590	-
(2)	19 - 21, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan ⁽¹⁾	Corporate Head Office, Distribution Hub and Vacant Land	91,666	99 years lease expiring 13 August 2056	43 years	7,449,088	20 June 2008 and 30 June 2009

Note:

- (1) Lease of land for the Group's factory building at No. 19, and lease of vacant land at No.21 for car park purposes, located at Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan. These lands were amalgamated under the new land title at Lot No. PT43, Seksyen 20, which was issued on 27 August 2014. The amalgamated leasehold land is leased over a period of 99 years expiring on 13 August 2056.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at Hall 10, Tingkat 7, Ideal Convention Centre (IDCC) Shah Alam, Jalan Pahat L15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Tuesday, 6 December 2016 at 11.00 a.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Directors' and Auditors' Reports thereon. | <i>Please refer to Explanatory Note 1</i> |
| 2. | To approve the payment of a first and final single-tier dividend of 1 sen per ordinary share of RM0.05 each in respect of the financial year ended 30 June 2016. | <i>Ordinary Resolution 1</i> |
| 3. | To approve the payment of Directors' Fees of RM118,800.00 for the financial year ended 30 June 2016. | <i>Ordinary Resolution 2</i> |
| 4. | To re-elect the Director, Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid who is retiring under Article 104 of the Articles of Association of the Company. | <i>Ordinary Resolution 3</i> |
| 5. | To re-elect the Director, Mr Teong Teck Lean who is retiring under Article 104 of the Articles of Association of the Company. | <i>Ordinary Resolution 4</i> |
| 6. | To re-elect the Director, Mr Chua Khing Seng who is retiring under Article 91 of the Articles of Association of the Company. | <i>Ordinary Resolution 5</i> |
| 7. | To re-elect the Director, Ms Ho Swee Fong who is retiring under Article 91 of the Articles of Association of the Company. | <i>Ordinary Resolution 6</i> |
| 8. | To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 7</i> |

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

9. **Approval for Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid to continue in office as Independent Non-Executive Director**

"THAT Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012."

Ordinary Resolution 8

Notice of Annual General Meeting

cont'd

10. Approval for Liew Heng Heng to continue in office as Independent Non-Executive Director

“**THAT** Ms Liew Heng Heng who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with Malaysian Code on Corporate Governance 2012.”

**Ordinary
Resolution 9**

11. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

“**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the share capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares, if any) at the time of issue, subject to the Articles of Association of the Company and approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary.”

**Ordinary
Resolution 10**

12. Proposed Renewal of the Authority to allot and issue new ordinary shares of RM0.05 each in GD Express Carrier Bhd (“GDEX Shares”), for the purpose of the Company’s Dividend Reinvestment Plan (“DRP”) that provides the shareholders of GD Express Carrier Bhd the Option to elect to reinvest their cash dividend in new GDEX Shares

“**THAT** pursuant to the DRP as approved by the shareholders at the Annual General Meeting held on 3 December 2014 and subject to the approval of the relevant regulatory authorities (if required), approval be and is hereby given to the Company to allot and issue such number of new GDEX Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new GDEX Shares shall be fixed by the Directors at not more than 10% discount to the adjusted five (5)-day volume weighted average market price (“VMAMP”) of GDEX Shares immediately prior to the price-fixing date, of which the VMAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and issue price may not be less than the par value of GDEX Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do such acts and enter into all such transactions, arrangements, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company.”

**Ordinary
Resolution 11**

Notice of Annual General Meeting

cont'd

13. Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT approval be and is hereby given to the Company and its subsidiaries (“Group”) to enter into and give effect to the specified recurrent related party transactions of a revenue or trading nature and with the specified classes of related parties as specified in Section 2.4 of the Circular to Shareholders dated 28 October 2016, provided that:-

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:-
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall 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 is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

**Ordinary
Resolution 12**

Notice of Annual General Meeting

cont'd

14. Proposed Amendments to the Articles of Association of the Company

“**THAT** the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company.”

Special Resolution

15. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

Date: 28 October 2016

NOTES:

1. *A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 November 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Notice of Annual General Meeting

cont'd

EXPLANATORY NOTES:-

1. Item 1 of the Agenda

The Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 9 of the Agenda

In respect of Ordinary Resolution 8, the Board of Directors ("Board") has via the Combined Nomination and Remuneration Committee conducted an evaluation on the re-appointment of Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board.*
- b. He has contributed sufficient time and effort and attended all the Committee meetings and Board meetings.*
- c. The length of his service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company.*
- d. As he has been with the Company more than 9 years, he therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Committee meetings and Board meetings without compromising his independence and objective judgement.*

3. Item 10 of the Agenda

In respect of Ordinary Resolution 9, the Board has via the Combined Nomination and Remuneration Committee conducted an evaluation on the re-appointment of Ms Liew Heng Heng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- a. She fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board.*
- b. She has contributed sufficient time and effort and attended all the Committee meetings and Board meetings.*
- c. The length of her service on the Board does not in any way interfere with her exercise of independent judgement and ability to act in the best interests of the Company.*
- d. As she has been with the Company more than 9 years, she therefore understands the Company's business operations which enable her to participate actively and contribute during deliberations or discussions at Committee meetings and Board meetings without compromising her independence and objective judgement.*
- e. She is a member of Malaysian Institute of Accountants (MIA).*

4. Item 11 of the Agenda

The Company had, at its Twelfth Annual General Meeting held on 2 December 2015, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

Ordinary Resolution 10 proposed under item 11 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Notice of Annual General Meeting

cont'd

The Company had, on 29 January 2016 allotted 124,893,548 new ordinary shares of RM0.05 each in the Company by way of Private Placement which raised a total proceeds of RM217,314,773 for the purpose of working capital. The new ordinary shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 2 February 2016.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purposes of funding investment project(s), working capital and/or acquisition.

5. Item 12 of the Agenda

Proposed renewal of the authority to allot and issue new ordinary shares of RM0.05 each in GD Express Carrier Bhd (“GDEX Shares”), for the purpose of the Company’s Dividend Reinvestment Plan (“DRP”) that provides the shareholders of GD Express Carrier Bhd the option to elect to reinvest their cash dividend in new GDEX Shares.

Ordinary Resolution 11 proposed under item 12 of the Agenda will give authority to the Directors to allot and issue shares under the DRP in respect of dividend declared in this AGM and subsequently, until the conclusion of the next Annual General Meeting (“AGM”). A renewal of this authority will be sought at the next AGM.

6. Item 13 of the Agenda

The proposed adoption of the Ordinary Resolution 12 is a renewal of Shareholders’ Mandate and new Shareholders’ Mandate which will enable the Group to enter into 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.

Please refer to the Circular to Shareholders dated 28 October 2016 for further information.

7. Item 14 of the Agenda

The Special Resolution, if passed, will allow the Chairman the prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Appendix A

Proposed Amendments to the Articles of Association of the Company

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Articles	Amended Articles
To amend Article 71	<p><u>At any General Meeting a resolution put to the vote of the meeting shall be decided by a show of hands of persons present and entitled to vote unless before or upon the declaration of the result of the show of hands poll is demanded by the Chairman or by at least five (5) Members, or by the holder or holders in person or by proxy of at least one-tenth (1/10) of the issued share capital of the Company or by Members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid equal to not less than one-tenth (1/10) of the total sum paid up on all shares conferring that right, and unless a poll be so demanded a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive evidence thereof without proof of the number or proportion of the votes recorded in favour of or against such resolution.</u></p>	<p>Subject to the Listing Requirements, 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 shall be voted by poll. Subject to the Act, a poll may be demanded by the Chairman or by at least five (5) Members, or by the holder or holders in person or by proxy of at least one-tenth (1/10) of the issued share capital of the Company or by Members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid equal to not less than one-tenth (1/10) of the total sum paid up on all shares conferring that right, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive evidence thereof.</p> <p>A demand by a person as proxy for or attorney of a Member (whether individual, corporate or otherwise) or as duly authorised representative for a corporate Member shall be the same as a demand by the Member.</p>
To amend Article 72	<p><u>If a poll duly demanded, it shall be taken at such manner and at such time and place as the Chairman of the meeting directs and either at once, or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.</u> The demand of a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive.</p>	<p>A poll shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once, or after an interval or adjournment, or otherwise. The demand of a poll may be withdrawn. In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same, and such determination made in good faith shall be final and conclusive.</p> <p>At least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. The Chairman of the meeting may fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.</p>

Appendix A

Proposed Amendments to the Articles of Association of the Company cont'd

Article No.	Existing Articles	Amended Articles
		<p>The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.</p>
To add Article 75A	<i>(New provision)</i>	<p><u>Chairman to promote orderly conduct of the business of all general meetings</u></p> <p>Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature.</p>
To amend Article 76	<p>(1) Subject to <u>the provisions of these Articles</u> and any rights or restrictions for the time being attached to any class or classes of shares:-</p> <p>(a) at meetings of Members or classes of Members each Member entitled to vote may vote in person, or by proxy or in the case of a corporation by a representative duly authorised as aforesaid;</p> <p>(b) on a show of hands every person present who is a Member, a proxy or a representative of a Member and every Member of a preference share has one (1) vote, and on a poll every person present in person or by proxy or representative has one (1) vote for each share he holds; and</p>	<p>(1) Subject to Article 71 and any rights or restrictions for the time being attached to any class or classes of shares, every Member who:</p> <p>(a) at meetings of Members or classes of Members each Member entitled to vote may vote in person, or by proxy or attorney or in the case of a corporation by a representative duly authorised as aforesaid or by proxy or attorney;</p> <p>(b) on a show of hands every person present who is a Member, a proxy or attorney or a representative of a Member and every Member of a preference share has one (1) vote, and on a poll every person present in person or by proxy or representative has one (1) vote for each share he holds; and</p>

Appendix A

Proposed Amendments to the Articles of Association of the Company cont'd

Article No.	Existing Articles	Amended Articles
	<p>(c) on a show of hands, any Member who is a proxy for another member, and any person who is a proxy for more than one Member shall have only one (1) vote.</p> <p>(2) Any proxy or representative appointed to vote and attend instead of a Member shall have the same right as the Member to speak at the General Meeting.</p>	<p>(c) on a show of hands, any Member who is a proxy for another member, and any person who is a proxy for more than one Member shall have only one (1) vote.</p> <p>(2) Any proxy or representative appointed to vote and attend instead of a Member shall have the same right as the Member to speak at the General Meeting.</p>
To amend Article 77	If any member be an infant or lunatic or of unsound mind <u>he may vote</u> by his guardian, committee, receiver, curator or other legal curator, and such last mentioned persons may be given their votes either personally or by proxy.	<p>Subject to Article 71, if any member be an infant or lunatic or of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote whether on a show of hands or on a poll, by his guardian, committee, receiver, curator or other legal curator and such last mentioned persons or by such other person as properly has the management of his estate or other person may vote either personally or by proxy or attorney.</p> <p>Evidence to the Directors' satisfaction of the person claiming to exercise the right to vote shall be deposited at the Office, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised. If this is not done, the right to vote shall not be exercisable.</p>
To amend Article 82	A proxy shall be entitled to vote both on a show of hands and on a poll on any question at any General Meeting. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a) and (b) of the Act shall not apply to the Company. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy. However, such attendance shall automatically revoke the proxy's authority.	Subject to Article 71, a proxy shall be entitled to vote both on a show of hands and on a poll on any question at any General Meeting. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company. A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy. However, such attendance shall automatically revoke the proxy's authority.

Appendix A

Proposed Amendments to the Articles of Association of the Company cont'd

Article No.	Existing Articles	Amended Articles
To add Article 132A	<i>(New provision)</i>	<p data-bbox="869 401 1241 428"><u>Dividend Reinvestment Scheme</u></p> <p data-bbox="869 458 1428 833">(1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid <i>in lieu</i> of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:-</p> <p data-bbox="933 864 1428 919">(a) the basis of any such allotment shall be determined by the Directors;</p> <p data-bbox="933 952 1428 1728">(b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid <i>in lieu</i> of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article 132A;</p>

Appendix A

Proposed Amendments to the Articles of Association of the Company
cont'd

Article No.	Existing Articles	Amended Articles
		<p>(c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of the election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and</p> <p>(d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "Elected Ordinary Shares") and <i>in lieu</i> and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the Elected Ordinary Shares on the basis of allotment determined as aforesaid and for such purpose (notwithstanding any provision of the Articles to the contrary), the Directors shall (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of Elected Ordinary Shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the Elected Ordinary Shares on such basis.</p>

Appendix A

Proposed Amendments to the Articles of Association of the Company cont'd

Article No.	Existing Articles	Amended Articles
		<p>(2) (a) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article 132A shall rank <i>pari passu</i> in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.</p> <p>(b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 132A, with full power to make such provisions as they think fit in the case of fractional entitlements to ordinary shares (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members).</p> <p>(3) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article 132A, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or the Depository Register, as the case may be, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article 132A shall be read and construed to such determination.</p>

Appendix A

Proposed Amendments to the Articles of Association of the Company
cont'd

Article No.	Existing Articles	Amended Articles
		<p>(4) The Directors may, on any occasion when they resolve as provided in paragraph (1) of this Article 132A, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or the Depository Register, as the case may be, is outside Malaysia or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.</p> <p>(5) Notwithstanding the foregoing provisions of this Article 132A, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article 132A in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of paragraph (1) of this Article 132A.</p>
To amend Article 145 (2)	The interval between the close of a financial year of the Company and the issue of audited financial statements relating to it, the Directors' and auditors' reports shall not exceed six (6) months.	Deleted



GD EXPRESS CARRIER BHD (630579-A)
(Incorporated in Malaysia)

PROXY FORM

Number of shares held	
CDS Account No.	

I/We, _____ (Full Name in Block Letters),
(NRIC No./Passport No./Company No. _____) of _____

_____ (Address) being a member/members of GD Express Carrier Bhd hereby appoint

*Mr/Ms _____ (NRIC/Passport No. _____)

of _____ or failing whom

*Mr/Ms _____ (NRIC/Passport No. _____)

of _____

or failing *him/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Hall 10, Tingkat 7, Ideal Convention Centre (IDCC) Shah Alam, Jalan Pahat L15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Tuesday, 6 December 2016 at 11.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS		FOR #	AGAINST #
1.	First and final single-tier dividend of 1 sen per ordinary share of RM0.05 each in respect of the financial year ended 30 June 2016	Ordinary Resolution 1		
2.	To approve the payment of Directors' Fees for the financial year ended 30 June 2016	Ordinary Resolution 2		
3.	Re-election of Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid as Director	Ordinary Resolution 3		
4.	Re-election of Mr Teong Teck Lean as Director	Ordinary Resolution 4		
5.	Re-election of Mr Chua Khing Seng as Director	Ordinary Resolution 5		
6.	Re-election of Ms Ho Swee Fong as Director	Ordinary Resolution 6		
7.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration	Ordinary Resolution 7		
8.	Authority for Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid to continue in office as Independent Non-Executive Director	Ordinary Resolution 8		
9.	Authority for Ms Liew Heng Heng to continue in office as Independent Non-Executive Director	Ordinary Resolution 9		
10.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares	Ordinary Resolution 10		
11.	Proposed Renewal of the authority to allot and issue new ordinary shares of RM0.05 each in GD Express Carrier Bhd for the purpose of the Company's Dividend Reinvestment Plan	Ordinary Resolution 11		
12.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate	Ordinary Resolution 12		
13.	Proposed Amendments to the Articles of Association of the Company	Special Resolution		

Please indicate your vote "For" or "Against" with an "X" within the box provided.

* Delete if not applicable.

Signature/Common Seal

Date : _____

Contact No. : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Fold This Flap For Sealing

Fold along this line (1)

Please Affix
Stamp

The Company Secretary
GD EXPRESS CARRIER BHD (630579-A)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
MALAYSIA

Fold along this line (2)

Notes:

1. A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 November 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 October 2016.

Our Stations

HEADQUARTERS (PJ)

03-7787 2222

PENINSULAR MALAYSIA

Alor Gajah
06-556 4440

Alor Setar
04-734 9636

Bahau
06-454 0295

Bandar Chiku
09-928 4035

Bangi
03-8922 2184

Banting
03-3180 1601

Batu Pahat
07-434 6033

Bayan Baru
04-645 6525

Benta
09-323 9453

Bentong
09-223 5099

Butterworth
04-313 2471

Cheras
03-9281 6951

Damansara Perdana
03-7722 3400

Dungun
09-848 1243

Gemas
07-948 1266

Gemencheh
06-431 9420

Gua Musang
09-912 6622

Ipoh
05-545 0596

Jerantut
09-266 2708

Jerteh
09-697 2737

Jitra
04-714 0403

Johor Bahru
07-333 5578

Kajang
03-8737 0988

Kampar
05-465 9448

Kemaman
09-858 3091

Kepong
03-6259 6220

Keratong
09-445 7433

Klang
03-3291 1768

Kluang
07-774 3362

Kok Lanas
09-788 3090

Kota Bharu
09-743 1800

Kota Tinggi
07-882 1322

Kuala Terengganu
09-620 3006

Kuala Krai
09-966 3546

Kuala Lipis
09-312 4877

Kuala Selangor
03-3289 4727

Kuantan
09-568 9033

Langkawi
04-961 0960

Machang
09-975 1160

Malim Jaya
06-334 0131

Maran
09-477 1573

Melaka
06-281 8033

Melawati
03-6187 3059

Mentakab
09-277 2100

Mersing
07-799 7027

Muadzam Shah
09-452 5888

Muar
06-953 9337

Nilai
06-794 7356

Palong
06-463 1095

Parit Buntar
05-716 9429

Pasir Gudang
07-252 0025

Pekan
09-422 2012

Penang
04-227 9358

Pontian
07-686 1430

Port Klang
03-3323 6063

Puchong
03-8060 0964

Pulau Ketam
03-3110 4076

Rawang
03-6091 5662

Segamat
07-932 8033

Senai
07-598 6578

Serdang
03-8945 3488

Seremban
06-767 0121

Setiu
09-609 9695

Sg. Petani
04-421 5580

Shah Alam
03-5548 7413

Sitiawan
05-691 0372

Subang Jaya
03-5631 0688

Sungai Besar
03-3224 1278

Sungai Besi
03-9221 0193

Sungai Buloh
03-7846 1226

Taiping
05-805 2401

Tampin
06-441 0304

Tangkak
06-978 1511

Tanjung Malim
05-459 9210

Teluk Intan
05-623 4635

Triang
010-917 1373

Wangsa Maju
03-4142 0192

Yong Peng/Paloh
012-701 2719

EAST MALAYSIA

SABAH

Keningau
087-330 589

Kota Belud
088-977 126

Kota Kinabalu
088-259 953

Kota Marudu
016-829 3868

Kudat
088-611 490

Lahad Datu
089-885 770

Ranau
019-802 2788

Sandakan
089-222 475

Tawau
089-769 348

SARAWAK

Batu Niah
085-737 789

Bau
082-763 164

Bekenu
016-873 2399

Belaga
086-461 689

Belawai
019-891 4319

Betong
083-472 337

Bintangor
084-693 497

Bintulu
086-318 871

Dalat
084-864 250

Daro
084-823 786

Kanowit
084-752 899

Kapit
013-560 9977

Kuching
082-232 306

Lawas
085-285 369

Limbang
085-212 521

Lundu
019-819 1875

Marudi
085-765 560

Miri
085-434 148

Mukah
084-872 808

Saratok
083-436 450

Sarikei
084-654 108

Serian
082-876 618

Sibu
084-335 075

Song
084-777 261

Sri Aman
083-324 752

Tatau
011-1525 9963

LABUAN

Labuan
087-425 880

SINGAPORE

Singapore
65-6396 5539

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