GD EXPRESS

GD EXPRESS CARRIER BHD

(Registration No. 200301028159 (630579-A))

CRAFTING A PARADIGM SHIFT

ANNUAL 2020 REPORT

CONTENTS


GDEX
GD EXPRESS
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Delivery Service YOU TRUST

GDEX

CRAFTING A
PARADIGM SHIFT

In the course of our 22-year history, the GDEX Group has never encountered a challenge as immense or as potentially damaging as the outbreak of the coronavirus disease. Known as the COVID-19, this disease snowballed into a global pandemic and caused the death of hundreds of thousands of people and the shutdown of economic, social, and sporting activities worldwide. Many corporations, big and small, floundered, and some even collapsed under the weight of the disaster. The global supply chain was disrupted as many industries were unable to operate.

GDEX was not spared from the devastating effects of the pandemic, but we were a bit more fortunate as we were in the process of revamping and reorganising our set-up when this happened. The Group had earlier anticipated a significant slowdown due to the ongoing US-China trade war, a weakening economy, intense market competition, and was looking at a paradigm shift to revitalise and rejuvenate our operations.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI MUHAMMAD BIN IBRAHIM
Independent Non-Executive Chairman

TEONG TECK LEAN
Managing Director/
Group Chief Executive Officer

LIM CHEE SEONG
Executive Director/
Chief Financial Officer

LEE KAH HIN
Executive Director/
Chief Investment Officer

CHUA PUT MOY
Independent Non-Executive Director

ADI ARMAN BIN ABU OSMAN
Independent Non-Executive Director

LOW NGAI YUEN
Independent Non-Executive Director

SHUJI YAMAUCHI
Non-Independent Non-Executive Director

LAI TAK LOI
Non-Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chua Put Moy *(Chairperson)*
Tan Sri Muhammad bin Ibrahim
Adi Arman bin Abu Osman
Low Ngai Yuen

COMBINED NOMINATION AND REMUNERATION COMMITTEE

Adi Arman bin Abu Osman *(Chairman)*
Tan Sri Muhammad bin Ibrahim
Low Ngai Yuen
Chua Put Moy

COMPANY SECRETARIES

Tai Yit Chan *(MAICSA 7009143)*
(SSM PC No.: 202008001023)
Tan Ai Ning *(MAICSA 7015852)*
(SSM PC No.: 202008000067)

AUDITORS

Deloitte PLT *(LLP0010145-LCA)*
Chartered Accountants (AF 0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : 03-7610 8888
Fax : 03-7726 8986

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4800
Fax : 03-7890 4650

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 Share Registrars Sdn. Bhd.
(Registration No. 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Sekyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7890 4700
Fax : 03-7890 4670

PRINCIPAL BANKER

Malayan Banking Berhad *(3813-K)*

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME AND CODE

GDEX : 0078

CORPORATE WEBSITE

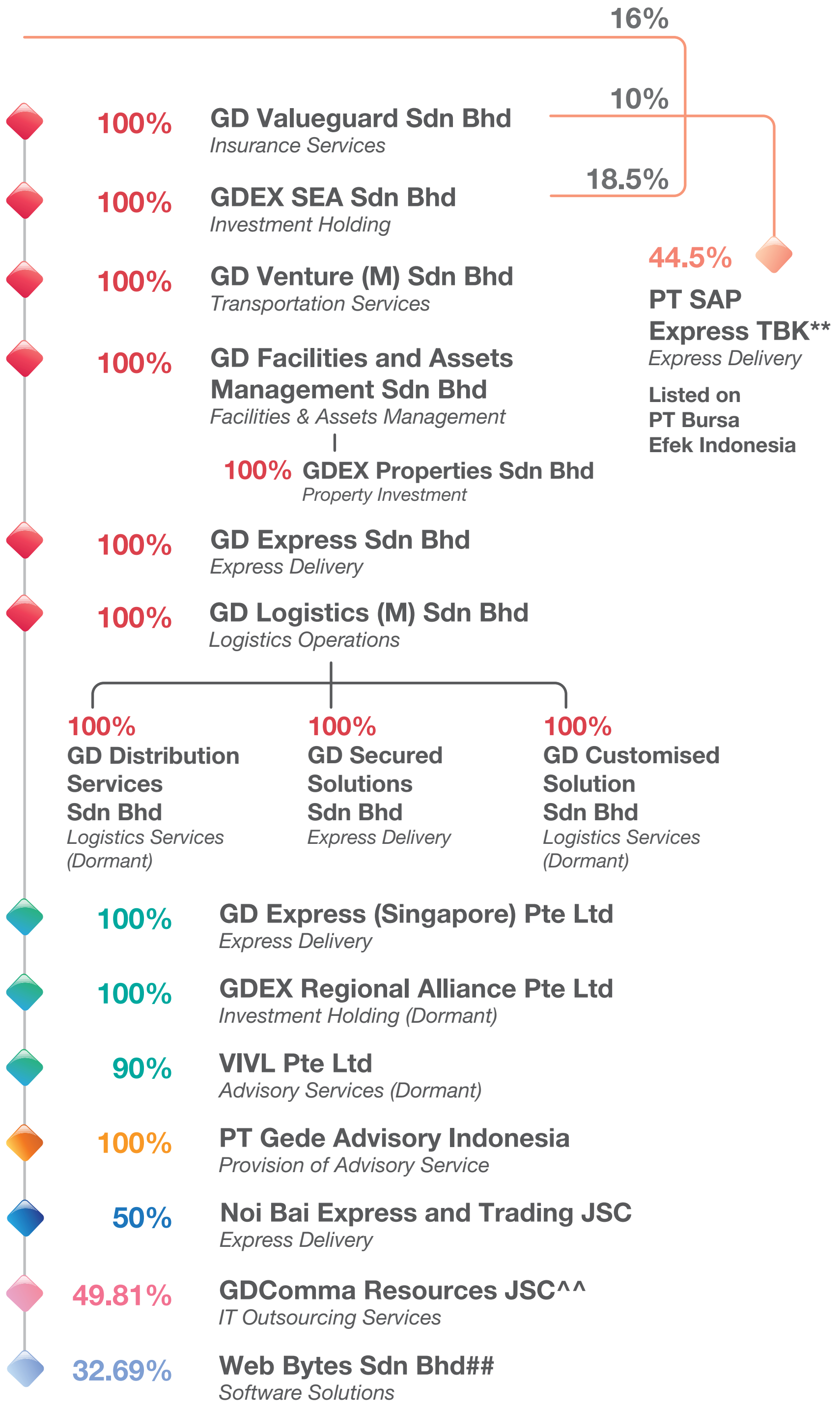
www.gdexpress.com

GROUP STRUCTURE

GD EXPRESS CARRIER BHD
(Registration No. 200301028159 (630579-A))

INVESTMENT HOLDING

Listed on
Main Market of Bursa
Malaysia



100% **GD Valueguard Sdn Bhd**
Insurance Services

100% **GDEX SEA Sdn Bhd**
Investment Holding

100% **GD Venture (M) Sdn Bhd**
Transportation Services

100% **GD Facilities and Assets Management Sdn Bhd**
Facilities & Assets Management

- **100%** **GDEX Properties Sdn Bhd**
  Property Investment

100% **GD Express Sdn Bhd**
Express Delivery

100% **GD Logistics (M) Sdn Bhd**
Logistics Operations

- **100%** **GD Distribution Services Sdn Bhd**
  Logistics Services (Dormant)
- **100%** **GD Secured Solutions Sdn Bhd**
  Express Delivery
- **100%** **GD Customised Solution Sdn Bhd**
  Logistics Services (Dormant)

100% **GD Express (Singapore) Pte Ltd**
Express Delivery

100% **GDEX Regional Alliance Pte Ltd**
Investment Holding (Dormant)

90% **VIVL Pte Ltd**
Advisory Services (Dormant)

100% **PT Gede Advisory Indonesia**
Provision of Advisory Service

50% **Noi Bai Express and Trading JSC**
Express Delivery

49.81% **GDComma Resources JSC^^**
IT Outsourcing Services

32.69% **Web Bytes Sdn Bhd##**
Software Solutions

44.5% **PT SAP Express TBK****
Express Delivery

Listed on
PT Bursa
Efek Indonesia

◆ Malaysia subsidiary companies
◆ Singapore subsidiary companies
◆ Indonesia subsidiary company
◆ Vietnam subsidiary company

◆ Malaysia associate company ##
◆ Indonesia associate company **
◆ Vietnam associate company ^^

TAN SRI MUHAMMAD BIN IBRAHIM

CHAIRMAN

CHAIRMAN'S STATEMENT

I am pleased to present my maiden and the Group Chairman's sixteenth annual statement to our fellow shareholders for the financial year ended 30 June 2020.

I would like to place on record our gratitude to my predecessor Dato' Capt. Ahmad Sufian who has helmed the Group's chairman position since 2005. His retirement as chairman of the board as at end May 2020 left a legacy of contribution to the growth of the Group.

It has been a challenging and unprecedented year for businesses around the world and in Malaysia. The outbreak of the coronavirus (COVID-19) pandemic since January 2020 has impacted adversely economic and financial markets. Millions of people were infected with the disease, and millions more lost their jobs, and industries were confronted with an existential threat. Consequently, global economic growth is projected to be negative in 2020.

CHAIRMAN'S STATEMENT
cont'd

In Malaysia, timely and decisive actions taken by the government helped contain the spread of the virus. While the number of infections and fatalities remained relatively low, the pandemic has impacted the Malaysian economy. The government estimated that the closure of trade and industries had caused Malaysia, reportedly, an average revenue of RM2 billion a day, and billions were spent in the first few months containing the disease. This situation was further compounded by the sharp plunge in commodity prices, in particular oil, which fell to as low as US$20 per barrel. Instead of an earlier forecasted growth of 4 to 4.5 percent growth in GDP for the year in review, the Malaysian economy would likely record negative growth.

The pandemic has impacted industries across the economy, including the express delivery service business. The industry was also characterised by intense competition from new players. But the company was agile enough to adapt to the new environment shaped by the lockdown. At the global level, the industry was also jolted by the growing trade disputes between major trading economies.

Since the general lockdown in mid-March, many consumers, businesses, and merchants have turned to online trading, which significantly increased the use of express delivery services. While the demand for such services increased dramatically, the cost of operations has also gone up in tandem, as express carriers adapt to the numerous structural adjustments by increasing workforce, acquisition of new vehicles, enhancement of systems and processes to accommodate the expansion of demand.

The expansion in business opportunities had attracted new entrants into the last mile delivery market and has intensified competition in the express delivery industry. Many have resorted to competitive pricing, with some offering 24-hour service promotion to expand market share. As a result, this caused intense operational pressures on the existing players and subsequently constricted profit margins.

Thus, while the turnover of the major express carriers has increased, rising costs have impinged on profitability, resulting in many reporting losses. The Group, however, continued to report higher turnover but with sharply reduced profits.

Despite this challenging operating environment, the board of directors has decided to maintain dividends payment, unbroken since its listing in 2005, and has declared an unchanged dividend of 0.20 sen per share for every existing share for the year ended 30 June 2020.

SIGNIFICANT DEVELOPMENTS

I would like to assure our shareholders that the Board and the management are aware of the new challenges and are actively looking at ways and means to overcome the obstacles to our profitability, effectiveness, and efficiency.

Many months before the outbreak of COVID-19, the company had embarked on a significant programme to revamp its operations, expand and innovate on its product offerings, revitalised its workers, and strengthened its logistical support capabilities and facilities.

The rethinking was required given the evolving economy, rapid growth in E-commerce and increasingly competitive nature of the business and changes in consumer preferences, and emerging trends such as greater adoption of E-commerce, online trading, and E-payment gateways.

Several high-level executive meetings were held to formulate strategies to manage emerging challenges, especially the intense competition within the industry, culminating in the CEO's report to shareholders outlining plans to steer and tackle the challenging operating environment. These plans will form the basis for our growth and competitiveness post-crisis.

CHAIRMAN'S STATEMENT
cont'd

THE NEW REALITY

The coronavirus pandemic necessitated the implementation of preventative measures to curtail physical interaction such as social distancing, wearing of face masks and hand gloves. The Movement Control Order has ushered in a new reality to the way business is conducted. Many companies now require their workers either to work from home or to rotate between the office and home. Businesses are conducted online via social media, skype, zoom, and other similar applications. At GDEX, we have implemented strict safety measures as the security and safety of our colleagues are always a priority.

OPPORTUNITIES AND THREATS

The gradual easing of restrictions both at home and abroad in the second half of 2020 should see economic activities rebound in the new financial year. Demand for express delivery services is expected to remain strong, and competition will intensify for market share. We will continue to invest prudently in new products, workforce, equipment, systems and processes, and cautiously assessing opportunities to expand at the regional level.

A far greater threat lies in the unfettered entrance into the logistics industry, inundated by many new logistics players into the last mile delivery segment in search of opportunities. Many of the 116 licensed express delivery and logistics providers are privately owned entities. Some might struggle to adhere to established norms of business practices because of a lack of resources. This, in itself, poses a particular threat to companies in delivering better services to the community.

ACKNOWLEDGEMENT

I would like to thank the management and staff for their continued dedication and support to expand the Group in these trying times.

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

I am also grateful to our shareholders for their support, understanding, and confidence in us.

To the Board of Directors, I would like to express my appreciation for taking your fiduciary responsibilities seriously. I would like to take this opportunity to, once again, thank our former chairman, Dato' Capt. Ahmad Sufian, for his many years of guidance, to lead the Group to where it is today.

I would also welcome Ms. Chua Put Moy and Mr. Shuji Yamauchi to the board of directors and look forward to their contributions to the board.

I would also like to place on record our appreciation to Ms. Liew Heng Heng, who has resigned from the board for her many contributions in the past.

Last but not least, I want to thank everyone for their valuable contributions. I am hopeful that the year ahead would be better.

TAN SRI MUHAMMAD BIN IBRAHIM
Chairman

KEEPING THE CORONAVIRUS AT BAY

We take the coronavirus threat seriously and have taken various steps and measures to ensure that none of our workers are affected by the virus in our workplace. The measures taken included social distancing, compulsory wear of face masks, hand disinfectant, daily sanitisation of our compound, and equipment such as our trucks, forklifts, and automated conveyor belt. We also implemented an alternate working day programme for the office staff to minimise human contact.

TEONG TECK LEAN

Managing Director and Group Chief Executive Officer

GROUP CHIEF EXECUTIVE OFFICER’S STATEMENT

REJUVENATION

We are living in challenging times. The world is threatened by a public health crisis that has affected millions of people, caused much suffering, and impacted the growth of many leading economies. The COVID-19 has created uncertainty and distress, albeit a vaccine might be discovered in the foreseeable future.

The coronavirus pandemic had also caused a significant disruption in the global supply chain as countries like China (which alone account for more than 60% of the world’s consumer goods), were forced to shut down in the early days of the disease. The subsequent lockdowns and closing of borders caused trade access borders to be subsequently impacted. The resulting decline in trade and economic activity led to mass retrenchment and unemployment.

While many industries’ operations were severely curtailed, the food, pharmaceutical, and logistics industries were the few industries that continued to operate during the pandemic as these were deemed essential sectors that provided critical goods and services to the economy.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

cont'd

At the sectoral level, for precautionary and safety purposes, stringent conditions were imposed, especially on all logistics operators, to ensure all goods to be delivered were safe from virus contamination. Every shipment had to be vetted, thoroughly checked, and sanitised, workers were disinfected before and after operations. At the same time, all handling equipment and vehicles were carefully scrubbed and sterilised to ensure it was virus-free.

Except for the marked decline in the third quarter (January to March), the Group turnover increased to RM364.0 million from RM313.9 million previously. However, increased operating costs and a change in accounting treatment caused group pre-tax profits to decline marginally to RM23.7 million from RM32.4 million previously. Group net profits correspondingly declined to RM18.5 million from RM32.5 million previously.

The Group's EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization) increased to RM70.5 million from RM53.7 million previously.

OUR VENTURE IN VIETNAM

In December last year, the Group announced the acquisition of a 50 percent stake in Noi Bai Express and Trading Joint Stock Company, Vietnam, for RM17 million. Noi Bai Express is a fast-growing express delivery company with a total of four hubs, 45 branches, 41 points of delivery, and 131 trucks. This acquisition marks another milestone in the Group's regional expansion, after Malaysia, Singapore, and Indonesia.

OPERATIONS

While the coronavirus pandemic has hastened the transformation of the traditional brick and mortar business in express delivery to one that is increasingly digital and technology-driven, consumer preferences had markedly shifted. Instead of in-person presence to send goods, it has become the norm for customers to transact online in the comfort of their homes. The resulting demand for courier services would benefit express carriers that are nimble and prepared to adapt and invest in the required technological platform.

During the year, the Group intensified its efforts to upgrade and further digitised its online operations making its systems and processes more user-friendly and accessible to the public. Investments in the digital infrastructure to improve the quality and connectivity of its supply chain were hastened. The management also expanded and simplified the payment gateway avenues to enable consumers to make cashless payments easily.

The increased demand for express delivery services required more manpower. During the year, the company increased the workforce to 4,308 from 4,285. The company will continue to provide continuous training to new and existing staff to ensure productivity, operational efficiency, and effectiveness. Our staff underwent a total of 25,495 manhours in training compared to 36,324 manhours previously.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

We expect the perennial problem of workers shortage to be mitigated soon with the first batch of graduates with a full certified qualification in Technical and Vocational Education and Training graduate from GDEX Academy, a training institute set up by the Group and certified by the Ministry of Human Resources.

To improve further customer experience, we have equipped all our call centres with Voice Over Internet Protocol technology, which speeds up the response time in answering calls. Customers have better access and shipping experience through the myGDEX portal.

The continued application of GDEX Point of Presence will enhance for greater convenience and expand access to our services by leveraging on the retail outlets of other businesses. To date, we have over 450 touch points locations in Malaysia, including 99 branches, 63 agents, and 251 resellers.

To meet the expanded operations, we had commissioned the use of 16 new trucks, bringing the total of commercial vehicles in service to 1,277 and raising carrying capacity to 3,905 tonnes from 3,580 tonnes previously.

The review of financial performance is contained in our Management Discussion and Analysis on page 16.

In September last year, the Group held a two-day management retreat to brainstorm and come up with definitive solutions to tackle the various challenges facing the Group. The gathering boosted and rejuvenated the participants' morale and resulted in the review of a new corporate philosophy, which encompasses the improvement of our organizational capacity and effectiveness.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

cont'd

CORPORATE SUSTAINABILITY

The Group is very mindful of its corporate social responsibility. We shall strive to become a model corporate citizen. We shall continue to review our corporate sustainability programmes to ensure that long term stakeholder value is enhanced by implementing business strategies which doctrines on ethical, social, economic, and the environment, while doing business.

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

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

ACKNOWLEDGEMENT

We are always grateful to our customers, for we would not be what we are today without their continued support. We would like to assure our customers of our continuous efforts to improve services. I would also like to thank our vendors, business service partners, and the relevant government agencies for their support and cooperation.

I would like to express my sincere appreciation and thanks to the board of directors for their guidance and support. In particular, I would like to commend our past chairman Dato' Capt. Ahmad Sufian for his invaluable contributions and admirably steered the Group to greater heights over the last 16 years.

I would also like to take this opportunity to welcome Tan Sri Muhammad bin Ibrahim as our new chairman. His vast experiences as the former central bank governor should augur well for the Group.

I look forward to furthering progress and improvement in GDEX as we strive to fulfil our goal of becoming the leading express carrier in the ASEAN 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 AND ANALYSIS

OVERVIEW

For the financial year ended 30 June 2020, the Group continued to remain resilient and delivered positive growth in terms of revenue and EBITDA, despite more intensified competition in the industry and challenges arise from the COVID-19 pandemic. For the financial year under review, the Group continued to incur expenses in growing our domestic operational strength and allocating resources to assist investee companies in growing their strength for long term value creation for the Group.

In 20 December 2020, the Group has completed the acquisition of 50.0% stake Noi Bai Express & Trading Joint Stock Company ("Netco") in Vietnam. This marks a new milestone for the Group in the Regional Expansion.

The new norm due to COVID-19 pandemic Movement Control Order ("MCO") has accelerated the adoption of digitalization among our customers and therefore our digital platform - myGDEX Series, which was launched in March 2018 came in very handy during the lock down period.

FINANCIAL

Group Income Statement

(RM'000)	Year Ended 30 June 2020	Year Ended 30 June 2019	Change
Revenue	364,010	313,858	16.0%
Operating Expenses	349,717	293,903	19.0%
Other Operating Income	9,924	19,916	-50.2%
Profit Before Tax	23,740	32,372	-26.7%
Profit After Tax	18,491	32,468	-43.0%
EBITDA	70,544	53,735	31.3%
EBITDA Margin (%)	19.4%	17.1%	13.5%
ROE (%)	3.8%	7.0%	-45.7%
ROA (%)	3.1%	6.0%	-48.3%

In FY20, the Group revenue grew by 16.0% to RM364.0 million compared to RM313.9 million in Financial Year Ended 30 June 2019. Note that the Group started to consolidation of Netco's financial figures since January 2020.

Business-to-business segment delivery ("B2B") continued to be the foundation of the Group by contributing 61% of the revenue, while E-Commerce segment delivery ("B2C") has contributed 39% of the revenue. The growth in B2C segment were due to more online purchase during MCO and there are some traditional offline B2B customers have moved to online platforms such as Social Media as an alternate to promote their sales. The Group will continue in expanding its capacity to cater for future volume growth. At the same time, the Group will also be focusing on providing quality service to the customers to ensure more value is created.

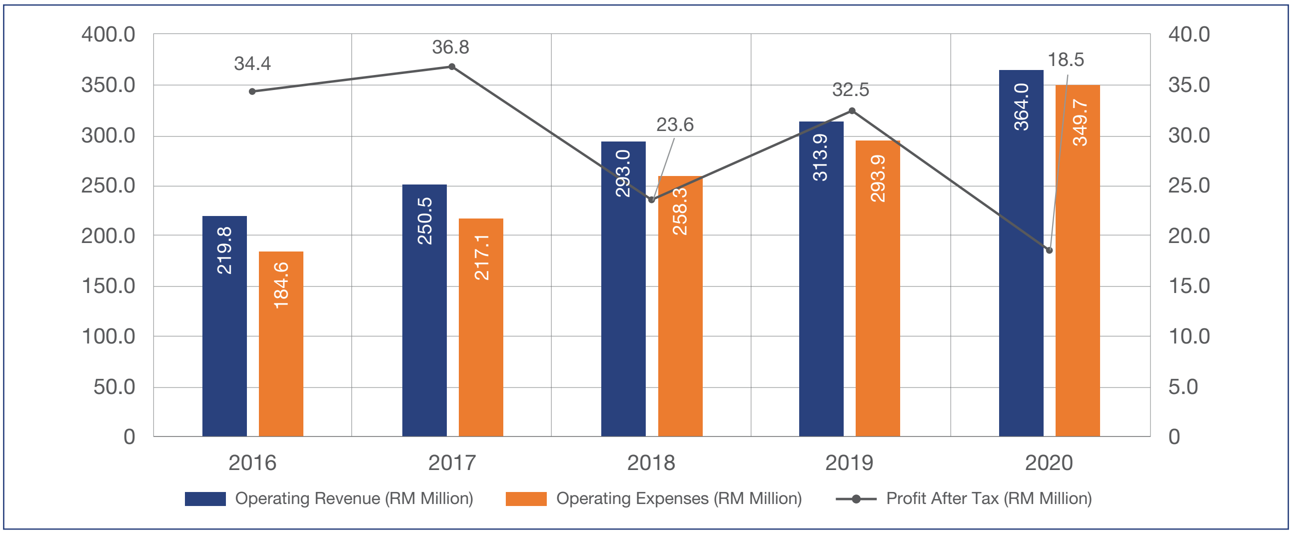
Our operating expenses are growing in tandem with higher delivery volume, but stricter cost control was put in place to ensure profitability is attained. On top of that, the Group is also incurring expenses for its regional expansion and investment projects, of which Advisory personnel were sent to assist the investee companies to improve in areas such as governance, financial, operations and technology.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Despite all the expenses for business growth, operational expansion, investments and challenges arisen from the outbreak of COVID-19 pandemic, the Group is still sustaining positive EBITDA at the margin of 19.4%, which is still generating positive operating cash flow for the Group to reinvest for future expansion.

Going forward, the Group will strive to maintain the operational efficiency by handling the business volumes via more efficient manner such as digitalization approach and automated process.

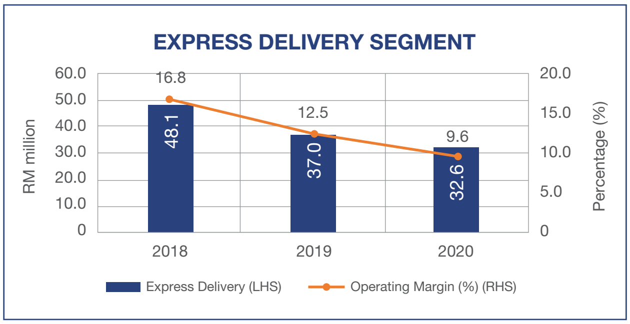


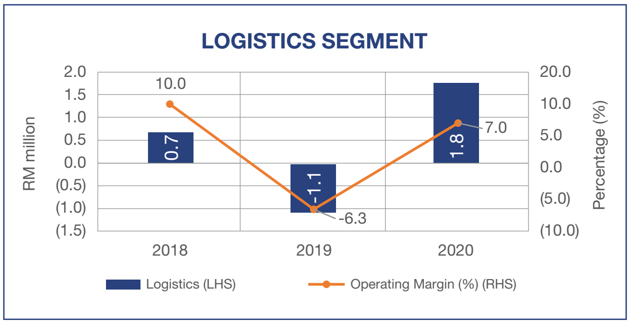
Segmental Performance

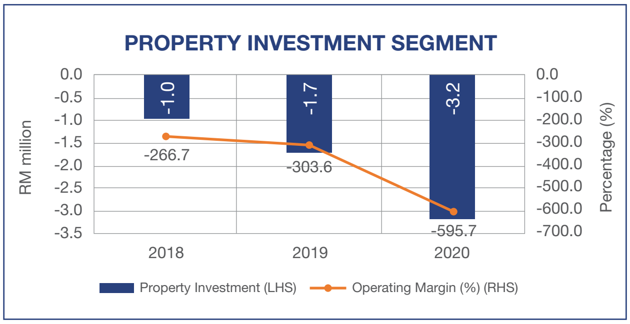
(RM'000)	Year Ended 30 June 2020	Year Ended 30 June 2019	Change
Segmental Revenue:			
Express Delivery	338,334	295,427	14.5%
Logistics	25,141	17,869	40.7%
Property Investment	535	562	-4.8%
Total	**364,010**	**313,858**	**16.0%**
Segmental Profit/(Loss):			
Express Delivery	32,579	36,970	-11.9%
Logistics	1,766	(1,117)	258.1%
Property investment	(3,187)	(1,706)	-86.8%
Total	**31,158**	**34,147**	**-8.8%**

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd







Express Delivery division remains the core business of the Group. The growth in revenue for Express Delivery division was mainly due to growing demand for delivery service. However, the operating margin for Express Delivery division has dropped by 2.9 ppts in Financial Year Ended 30 June 2020 compared to Financial Year Ended 30 June 2019 due to the intense pricing competition as well as the increase in operating expenses, as mentioned above. Netco in Vietnam is facing the same challenge as well.

Revenue for Logistics division has grown positively as it acquired more new customers in Financial Year Ended 30 June 2020. Current total warehouse space maintained at 230,000 sq ft but operating costs has increased due to heightened rental cost in the new warehouse.

Property Investment division is a segment formed in the Group post the acquisition of GDEX Properties Sdn Bhd, all properties assets under the Group are now parked under this entity.

Group Statements of Financial Position

(RM'000)	As at 30 June 2020	As at 30 June 2019	Change
Property, Plant & Equipment	114,096	108,638	5.0%
Trade Receivables	72,156	51,539	40.0%
Other Receivables & Prepaid Expenses	23,656	22,777	3.9%
Deposits with Licensed Banks	151,077	237,443	-36.4%
Short Term Investments	78,768	12,200	545.6%
Cash & Bank Balances	37,839	30,060	25.9%
Total Equity	**496,427**	**479,164**	**3.6%**
Hire Purchase Payable	29,534	40,187	-26.5%
Other Payables & Accrued Expenses	33,370	26,189	27.4%
Total Assets/Total Equity and Liabilities	**656,056**	**555,635**	**18.1%**
Net Asset Per Share (RM)	**0.09**	**0.08**	**12.5%**
Debt/Equity Ratio (x)	**0.06**	**0.08**	**-25.0%**

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The total liquid financial instrument as of June 2020 is RM267.7 million, which comprises of deposits, cash and short-term investments. The Group maintained its stance to keep the financial position as solid as possible during this challenging period and being more prudent in any investments/expenses. Cashflow remained healthy for the Group expansion and growth.

Group Cash Flow Statements

(RM'000)	Year Ended 30 June 2020	Year Ended 30 June 2019	Change
Net Cash From Operating Activities	55,239	26,219	110.7%
Net Cash From/(Used in) Investing Activities	11,775	(7,781)	251.3%
Net Cash Used in Financing Activities	(59,870)	(21,143)	-183.2%
Net Change in Cash & Cash Equivalents	7,144	(2,705)	364.1%
Cash & Cash Equivalents at end of the year	**37,947**	**30,060**	**26.2%**

INVESTMENTS

Regional Expansion in Southeast Asia

PT SAP Express in Indonesia ("SAPX")

To recap, the investment in SAPX started with GDEX's subscription to its 5-year convertible bonds of IDR30,000,000,000 (approximately RM10,380,000) on 27 December 2016. SAPX successfully listed on the Development Board of Indonesia Stock Exchange (IDX) on 3 October 2018. GDEX and two of its wholly owned subsidiaries namely, GDEX SEA Sdn Bhd and GD Valueguard Sdn Bhd (collectively known as "GDEX Companies") subscribed to 370,883,300 new ordinary shares at the issue price of IDR250, for a total cash consideration of approximately IDR92,708,325,000 (equivalent to approximately RM26,607,000).

As such, GDEX Companies hold collectively 44.5% stake in SAPX, whereby GDEX and its two wholly-owned subsidiaries companies, GDEX Sea Sdn Bhd and GD Valueguard Sdn Bhd holds approximately 16.5%, 18% and 10% respectively.

Following the IPO exercise, SAPX has redeemed the convertible bonds in SAPX for IDR67,200,000,000 (approximately RM17,284,000), on 17 October 2018.

For the convertible bonds redemption, the Group get to recognize a one off gain of IDR 37,200,000,000 (approximately RM7.9 million), in the Other Income of the financial statement for the Financial Year Ended 30 June 2019. The share of loss from associate of RM5,443,811 was mainly due to the share of loss from SAPX after the redemption.

The revenue growth trend for SAPX has been positive since 2015. In its 6 Months Financial Period Ended 30 June 2020, SAPX has achieved revenue growth of 21.9% on a year-on-year basis to IDR218,312,455,344 (approximately RM61.1 million), while net profit has increased by 35.4%. The improvement in performance was mainly attributed to new client acquisitions and stricter cost control, especially in the manpower costs.

The share of profit from SAPX for Financial Year Ended 30 June 2020 is RM5.9 million.

Note: The financial year end for SAPX is December. Shareholders can refer to SAPX's financial report in IDX Website or SAPX website at https://www.idx.co.id/ and https://www.sap-express.id/ respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Noi Bai Express and Trading Joint Stock Company (Netco) in Vietnam

On 15 October 2019, GDEX has entered into Share Sale and Purchase Agreement and Shareholders Agreement in relation to the acquisition of Netco, a company incorporated in Vietnam. The principal activity of Netco is of provision of express delivery and logistics service, established in 2003. The head office of Netco is located in Hanoi. Currently, the company has 4 central hubs with 45 branches and sub-branches to serve all the provinces in Vietnam, by 939 employees with 131 units of vehicles.

The proposed acquisition was completed on 20 December 2019 in accordance with the terms of the agreement. GDEX has subscribed to 4,428,355 ordinary shares, representing 50% of the enlarged issued share capital, for consideration of VND76,725,000,000 (approximately RM13.8 million).

The company is recognized as a subsidiary to GDEX in 3rd Quarter of Financial Year Ended 30 June 2020, which was initially considered associate at date of acquisition, as no control being obtained then. The acquisition of Netco has promoted revenue growth of the Group, contributing approximately 7.6% of the Group's revenue in Financial Year Ended 30 June 2020.

Strategic Investments

Web Bytes Sdn Bhd

GDEX has bought 30% equity stake in Web Bytes Sdn Bhd ("Web Bytes") from Teak Capital Sdn Bhd on 16 December 2016, for consideration of RM5.5 million.

Further to that, GDEX has subscribed to additional 4,000 new ordinary shares on 2 May 2019 for total consideration of RM2.2 million. With the 30% stake acquired since December 2016, GDEX now holds 32.69% in Web Bytes.

One of the key reasons GDEX acquired 30% stake in WebBytes is to create technological synergies within the Group. WebBytes' knowledge and technical know-how in the cloud computing and new era technology has been very helpful in assisting the Group in co-development projects such as myGDEX series, GDEX mobile apps for courier and customers, open API connectivity and e-wallet payment acceptance enablement.

Web Bytes were affected by the MCO period as most of its customers are offline retail and F&B but the recovery was fast once the MCO is relaxed and lifted. Web Bytes continue to roll out new business models and products such as Xilnex LiveOrder to adapt to the new way of doing business.

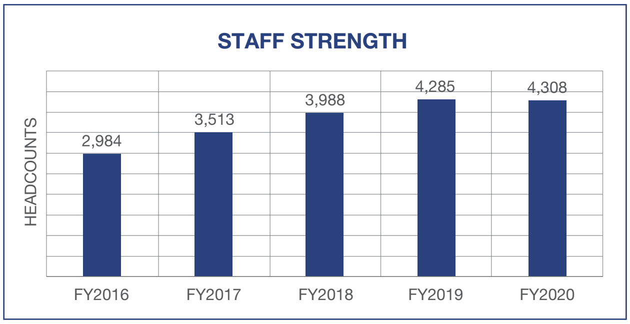
Alp Capital Sdn Bhd

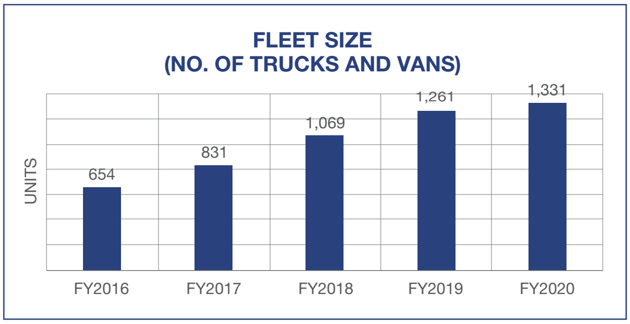
Alp Capital Sdn Bhd ("ACSB") is a 90% owned subsidiary of WBSB, 10% owned by the founder/Chief Executive Officer. GDEX subscribed to its A Redeemable Convertible Preferential Shares (A-RCPS) on 3 January 2019, providing funding for ACSB to operate. The principle activity of ACSB is to provide facilitation in the B2B and supply chain transaction, via its platform and technology. The revenue and earnings contribution is still not significant but the payment gateway it has developed is crucial for Web Bytes in strengthening its products.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

OPERATION





The Group is currently operating via 1 main HQ Hub in Petaling Jaya and another 4 regional hubs, namely, Northern Hub in Penang, Southern Hub in Johor, Kelombong Hub in Sabah and Kuching Hub in Sarawak. The Group also has expanded its fleet size to 1,331 units of vehicles in Financial Year 2020, from 1,261 units in Financial Year 2019. This is to cater for the Delivery volume growth especially in the E-Commerce segment.

In line with the business volume growth, the Group has a total workforce of 4,308 headcounts as of June 2020.

TECHNOLOGY ADVANCEMENT

The Group acknowledges the importance of technology in changing the competitive landscape and is constantly looking out to build more solutions to better service our customers.

myGDEX Series, which was the project we co-developed with Web Bytes has become a preferred option to users during Movement Control Order imposed by the Malaysian Government in March 2020. Many businesses facing supply chain disruption began to adopt online transaction as part of their business model, causing the surge in demand for delivery orders.

The impact is evident with the delivery volume placed via myGDEX in April 2020 increasing over 600% from March 2020, translating into additional revenue of over RM 500,000 in April 2020.

MOVING FORWARD

The Group expects the competition within the industry to remain intense due to influx of new players with pricing strategy and operating in a more agile model leveraging on technology. The Group is positioning itself to embrace the challenge by continuing to improve its operational capabilities and innovations to stay relevant and ahead of its competitors. Meanwhile, the Group is pro-actively seeking for strategic investment opportunities to enhance its long-term competitiveness.

For the financial year ended June 2020, the Group is operating 472 stations: 5 hubs, 99 branches, 66 agents, 302 lodge-in-centers, contractors, collections points and neighborhood network in Malaysia.

CRAFTING A PARADIGM SHIFT

Crafting a paradigm shift in corporate thinking and philosophy starts at the very top. In September last year, we organised a two-day corporate retreat where we examine in-depth the existing industry's challenges and brainstormed the ways and means to overcome such challenges. The result; a revitalised and rejuvenated team spirit ready to take on the future.

BOARD OF DIRECTORS

TAN SRI MUHAMMAD BIN IBRAHIM
(Chairman)

TEONG TECK LEAN
(Managing Director/
Group Chief Executive Officer)

LIM CHEE SEONG

LEE KAH HIN

BOARD OF DIRECTORS
cont'd

ADI ARMAN BIN ABU OSMAN

CHUA PUT MOY

LOW NGAI YUEN

LAI TAK LOI

SHUJI YAMAUCHI

DIRECTORS' PROFILE

TAN SRI MUHAMMAD BIN IBRAHIM
Independent Non-Executive Chairman
Malaysian, Male, aged 60

Tan Sri Muhammad bin Ibrahim, 60, is an Independent Non-Executive Chairman. He was appointed to the Board on 1 May 2020. He is currently a member of the Audit and Risk Management Committee and a member of the Combined Nomination and Remuneration Committee. Tan Sri was the Governor of the Malaysian Central Bank from 2016 to 2018. His career at the Central Bank spanned over a period of 34 years. He was also the Chairman of the Monetary Policy Committee and Financial Stability Committee. He was active at the regional and international community on issues of central banking, economics and finance. He was a former Commissioner of the Securities Commission of Malaysia and Independent Director of Petronas.

Tan Sri Muhammad holds a Masters Degree from Harvard University and the International Islamic University. He is a member of the Malaysian Institute of Accountants and a Fellow Chartered Banker of Asia Institute of Chartered Bankers.

TEONG TECK LEAN
Managing Director/Group Chief Executive Officer
Malaysian, Male, aged 60

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 is also a director of GDEX Foundation, a company limited by guarantee.

DIRECTORS' PROFILE
cont'd

LIM CHEE SEONG
Executive Director/Chief Financial Officer
Malaysian, Male, aged 54

Mr Lim was appointed to the Board on 10 April 2015. Mr Lim 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 GDEX as General Manager, Finance in May 2011 and was promoted as Chief Financial Officer in February 2014 and involved in the strategic planning of the Group. Mr. Lim obtained his Master in Business Administration (MBA) from University of Gloucestershire, United Kingdom in July 2020, and he is also the member of the following professional bodies:

- Fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom
- Member of Malaysian Institute of Accountants (MIA)
- Member of Malaysian Institute of Certified Public Accountants (MICPA)
- Associate member of Chartered Tax Institute of Malaysia (CTIM)
- Professional member of the Institute of Internal Auditors Malaysia (IIA)
- Member of the ASEAN Chartered Professional Accountants (ACPA)

He is also a director of GDEX Foundation, a company limited by guarantee.

LEE KAH HIN
Executive Director/Chief Investment Officer
Malaysian, Male, aged 34

Mr Lee was appointed to the Board on 23 May 2017. He graduated with a Bachelor of Science (Honors) in Statistics from University of Malaya. He is also a CFA (Chartered Financial Analyst) charter holder. Mr Lee 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 RHB 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 the RHBOSK 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 AsiaTop Stock Pickers under the transportation category. He joined GD Express in December 2014 and is involved in strategic planning, business development and investment. He is in-charge of the Group's strategic investments and spearheading regional expansion.

DIRECTORS' PROFILE

cont'd

CHUA PUT MOY
Independent Non-Executive Director
Malaysian, Female, aged 65

Ms Chua Put Moy was appointed to the Board on 1 November 2019. She is currently the Chairperson of the Audit and Risk Management Committee and a member of the Combined Nomination and Remuneration Committee. She is an Independent Director of Guocoland Bhd. and HPMT Bhd. She began her career at Ernst & Young in United Kingdom from October 1978 to September 1982 as an Audit Executive, before joining PricewaterhouseCoopers in Malaysia as a Qualified Accountant from October 1982 to July 1983.

In August 1983, she joined Genting Berhad as the Group Management Accountant and Head Office Personnel & Administration Manager. She also served as a member of the Remuneration & Compensation Board Committees of Genting Berhad, Resorts World Berhad (now known as Genting Malaysia Berhad) and Asiatic Development Berhad (now known as Genting Plantation Berhad), all of which are part of Genting Group. She left Genting Group in 1993 and took a career break until 1995.

In January 1995, she was appointed as a Regional Project Advisor with Organisation Renewal Inc. Sdn Bhd until September 2002. She subsequently re-joined Genting Group as Senior Vice President of Human Resources and Information Technology of Genting Sanyen Industrial Paper Sdn Bhd. She left Genting Sanyen Industrial Paper Sdn Bhd in June 2004.

She then joined VXL Management Sdn Bhd, an international investment house, from July 2004 to September 2005 as the Executive Director of the Finance, Investment & Human Resources Division.

She joined PricewaterhouseCoopers in Beijing, China in January 2006 as the Associate Director of Tax and Advisory Business Development. She left PricewaterhouseCoopers in September 2009.

From October 2009 to May 2010, she served as the Asia Pacific Human Resources Director at Avery Dennison Hong Kong BV.

She subsequently joined Paramount Corporation Berhad in June 2010 as Special Project Director/Director of Business Services and Group Corporate Planner/Human Resource Director until July 2013. She was also appointed as the Chief Executive Officer of KDU University College Sdn Bhd in September 2011 until her retirement in July 2013.

DIRECTORS' PROFILE
cont'd

ADI ARMAN BIN ABU OSMAN
Independent Non-Executive Director
Malaysian, Male, aged 46

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.

LOW NGAI YUEN
Independent Non-Executive Director
Malaysian, Female, aged 44

Ms Low was appointed to the Board on 1 November 2018. She is currently a member of the Audit and Risk Management Committee as well as the Combined Nomination and Remuneration Committee. Known to the public as an acclaimed film producer, director and TV veteran, she started her career as part of the inception team of the radio station, WOWfm; 97.6 in 1999 and went on to host an issue based television program titled 3R, an award-winning women empowerment program on TV3 from the year 2000. She subsequently became an Executive Producer that created, wrote, produced and directed numerous of the highest rated TV programmes in Malaysia and the regional countries.

From 2008 to 2012, Ms Low joined the French multinational retailer Carrefour Malaysia & Singapore as its Marketing and Communications Director to revitalize its worldwide and local markets of the retail business brand. While she was there, she also championed the TUKAR program (Program Transformasi Kedai Runcit) as an entry point project for the Economic Transformation Program both at the blueprint and execution phases to modernise traditional mom and pop shops throughout Malaysia by modernising traditional premises, upgrading existing premises, encouraging the participation of cooperatives in retailing and creating local distribution centres. On an average, local retailers have reported an increase in sales by 30%.

From 2010 until present, Ms Low actively contributed and stayed involved with community building and social purpose organisations. She is currently the Executive Director/Chief Executive Officer of Global Entrepreneurship Movement Association, President of Persatuan Kakiseni, Founder and President of WOMENgirls, Pertubuhan Pembangunan Kendiri Wanita Dan Gadis. Consecutively from 2015 to 2018, Ms Low was appointed to sit on the National Women Advisory And Council Board for the Ministry of Women, Family and Community Development to address gender equality and inclusivity especially for career opportunities and decision-making positions.

Ms Low also serves as an Executive Director of WCIT2020 Sdn Bhd, a wholly owned subsidiary of PIKOM which is the National Tech Association that is leading the agenda of digital inclusivity as the preparation for the Olympics of tech conference, World Congress On Information Tech, WCIT Malaysia – with the Malaysia Digital Economy Corporation, MDEC as key strategic partner and is chaired by the Honorable Penang's Chief Minister. She currently also sits on the Consultative Board of Malaysia Productivity Council for Productivity Blueprint as well as the ICT Nexus.

In 2019, Ms Low released the acclaimed social film on humanity called *Orang Itu* that scored a 10/10 from film critic, Tan Sri Johan Jaafar in The Star and is named the top 5 must watch Malaysian film of the year.

DIRECTORS' PROFILE

cont'd

SHUJI YAMAUCHI

Non-Independent Non-Executive Director
Japanese, Male, aged 50

Mr Yamauchi was appointed to the Board on 1 March 2020.

Mr Yamauchi is currently the Managing Director of Yamato Asia Pte. Ltd and Yamato Transport (S) Pte Ltd and Chairman of Yamato Logistics Vietnam Company Limited.

Mr Yamauchi began his career in Yamato Transport Co., Ltd in 1989 and has held positions of increasing responsibility over the years. He served the role of Branch Manager in 1999 and later as Section Chief in 2003 in the Saitama Area Branch, Yamato Transport Co., Ltd.

In 2009, Mr Yamauchi was appointed Manager of the Kanto District Branch, Yamato Transport Co., Ltd, and later as Hub Base Manager of the Saitama Area Branch in 2010. The following year, he was appointed Manager of Head Quarters Business Development/Global Sales, Yamato Transport Co., Ltd.

When TA-Q-BIN stepped foot in Malaysia in August 2011, Mr Yamauchi was appointed as Director of TA-Q-BIN, Yamato Transport (M) Sdn. Bhd. and was later appointed as Managing Director of Yamato Transport (M) Sdn. Bhd. in 2013.

In 2018, Mr Yamauchi returned to Japan, where he was appointed General Manager of Retail Sales, Yamato Transport Co., Ltd then as Regional Branch Manager of Kobe, Yamato Transport Co., Ltd. up till February 2020.

Throughout his working life in Yamato, he has gained invaluable experiences, mainly in the operational sector, where he has been able to be together with other colleagues on the actual field, meeting and better understanding the consumer market and customers. Being assigned with more responsible positions have helped advance him in his professional career.

DIRECTORS' PROFILE
cont'd

LAI TAK LOI, RICHARD
Non-Independent Non-Executive Director
Malaysian, Male, aged 50

Mr Lai was appointed to the Board on 1 October 2019. He joined SingPost in August 2018 and currently is the Group Chief Financial Officer ("Group CFO") of SingPost. He is responsible for overseeing all financial and strategic matters including financial reporting, taxation, risk management and treasury and investor relations functions of the SingPost Group. He is also in charge of the Property portfolio, driving the direction and profitability of this business segment.

Before assuming his current role, he served as Group CFO for almost four years at GuocoLand Limited, part of the Hong Leong Group Malaysia. Prior to that, Mr Lai served as CFO for other SGX-listed entities in engineering, real estate and infrastructure industries. He had also served as Deputy Chief Executive Officer ("CEO") and subsequently, was appointed CEO of Mapletree Logistics Trust Management before leaving to start his own real estate capital management firm, LABRO Capital. Mr Lai was also previously a banker in various capacities with various banks and financial institutions including Standard Chartered Bank, Schroders and Arab-Malaysian Merchant Bank (now known as AmInvestment Bank Berhad).

Mr Lai has more than 28 years of experience in the financial, property and banking industries; holding key roles in finance, banking, asset management, mergers & acquisitions (M&A) and logistics.

Mr Lai holds a Bachelor in Economics (Honours) with a major in Accounting and Finance from the University of Manchester, United Kingdom.

Mr Lai is a member of the Malaysian Mensa Society.

1. ***Family relationship with Directors and/or Major Shareholders***
   Save for following, none of the Directors have any family relationship with other Directors and/or major shareholders of the Company:

   Mr Teong Teck Lean and his spouse, Madam Wang Herng 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 the Company.

2. ***Conflict of Interest***
   None of the Directors have any conflict of interest with the Company.

3. ***Conviction for Offences (other than traffic offences)***
   None of the Directors had any conviction for offences (other than traffic offences, if any) within the past five (5) years or been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 June 2020.

4. ***Attendance at Board Meetings***
   Details of the Directors' attendance at the Board Meetings are disclosed in the Corporate Governance Overview Statement on page 56 of this Annual Report.

KEY SENIOR MANAGEMENT

TEONG TECK LEAN
Managing Director/Group Chief Executive Officer
Malaysian, Male, aged 60

Please refer to Directors' Profile on page 26.

LIM CHEE SEONG
Executive Director/Chief Financial Officer
Malaysian, Male, aged 54

Please refer to Directors' Profile on page 27.

LEE KAH HIN
Executive Director/Chief Investment Officer
Malaysian, Male, aged 34

Please refer to Directors' Profile on page 27.

KEY SENIOR MANAGEMENT
cont'd

CHONG HUI CHUEN
Chief Operating Officer
Malaysian, Female, aged 39

Ms Chong graduated with a Bachelor of Engineering (Honors) in Electronic Systems Engineering from Sheffield Hallam University, UK in 2003. She started her career in the semiconductor industry, joining StatsChipPAC (M) Sdn Bhd as Test Engineer in 2004 and then Intersil Services Company Sdn Bhd as Lead Test Engineer in 2007. Ms Chong joined GD Express in November 2013 as Advisor, Process Innovation and assumed additional portfolio, Stand In Head for Business Service and Support Group in 2017. Ms Chong is responsible for project management which involves collaboration from different departments and resources, making recommendations and improvements for business processes.

She was appointed Chief Operating Officer on 1 December 2018. She is responsible for the effective, efficient planning and coordination of the Courier Operations, Logistics Operations, Hub Operations, Linehaul Operations and the Fleet Division.

Ms Chong has no other directorship in public and listed issuers. She does not have any family relationship with any Director and/or major shareholders of the Company and she does not have any conflict of interest with the Company. She has not been convicted of any offences (other than traffic offences) within the past five (5) years and there were no sanctions and/or penalties imposed on her by any regulatory body during the financial year ended 30 June 2020.

ENHANCING OUR CONNECTIVITY

Connectivity is everything in today's express delivery industry. To compete well in the industry, you need to have good access to customers, useful and relevant products, a robust processing system, speedy collection, and delivery to the customers. Convenience is the name of the game, and GDEX is committed to delivering all these conveniences to our valued customers.

CORPORATE SUSTAINABILITY REPORT 2020

“EMBARKING ON A SUSTAINABILITY JOURNEY”

INTRODUCTION

The global supply chain has become an integral part of today's highly interconnected economy. The interdependence between economies can cause significant disruptions in the event of major turmoil in the supply of parts and equipment.

The supply disruption from China in early 2020 due to the Covid-19 pandemic was a case in point. Many economies were significantly impacted following massive closure and disruption of trade and production facilities.

The Covid-19 pandemic brought many lessons. Amongst them, companies must have a strong sustainability programme to ensure trade and business can run smoothly, especially in the event of disruption of the supply of goods and services.

Sustainability, the GDEX Approach

There are many definitions. Sustainability can be defined as an understanding of the needs of the present without compromising the ability to meet the needs of the future generation. It encompasses the ability to sustain whatever one is currently doing without compromising the capacity to endure what is necessary for the foreseeable future.

How can a company practise sustainability in a practical way? At GDEX, we have identified eight steps: Creating Awareness, Set-up Baseline Identification, Working out Strategy, Action to be Taken, Regular Tracking, Implementation, Regular Reporting, and Case Study.

CORPORATE SUSTAINABILITY REPORT 2020

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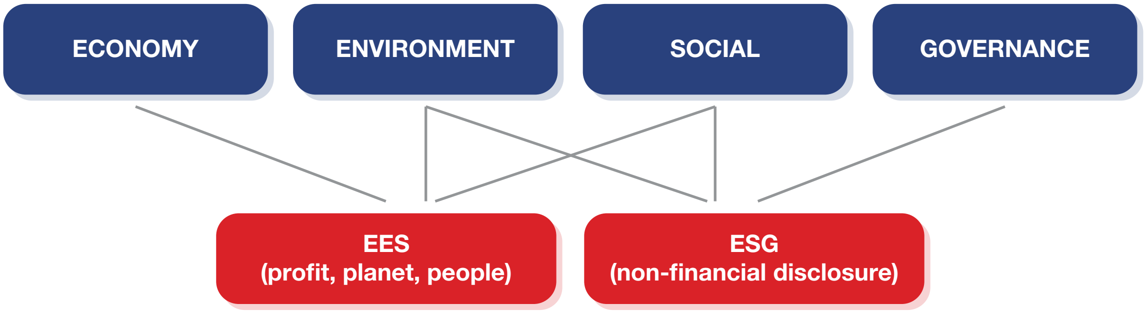
GDEX has also adopted the definitions of four broad categories; Economy, Environment, Social, and Governance.



In more developed economies, sustainability is well defined. Many of these economies offered various incentives for companies that have achieved sustainability performance by global standards of measurements.

As the benefits of accruing from successful compliance become more apparent, the idea of sustainability will continue to escalate.

Evidence of the benefits can be seen in the following: better shareholders value, more funding from investors, improved corporate creditability, stronger consumer preference, and better talent retention. GDEX subscribed to these positives and is a strong supporter of the sustainability initiative.

Shareholder Value: When the company's ESG practices improve, the overall economic value for shareholders expands.

Sustainable Fund Assets have been pouring into Asia. As of end-March 2020, such funds amounted to US$7.7 billion, 21% higher than before (Source: Morningstar Research 2020). This will attract more funds to invest in companies that practise good sustainability.

Better Corporate Creditability: There is a positive correlation between a company's ESG performance and credit quality.

Consumer Preference: Consumers are willing to pay more to support companies that embrace sustainability, resulting in better marketability of their products and services.

Talent Retention: Most employees and potential recruits indicate that working at a company that impacts society is essential.

Sustainability practices were proven to correlate with strong company performance, better brand recognition, improved productivity, and a positive impact on profitability.

CORPORATE SUSTAINABILITY REPORT 2020
cont'd

Where is GDEX on The Sustainability Journey?

GDEX is at the stage of compliance. The Group has a good understanding and awareness of sustainability and able to enhance liabilities management through strict adherence to legal and labour requirement. Safety and health regulations are strictly enforced to ensure the well-being of employees.

GDEX THREE PILLARS OF SUSTAINABILITY

GDEX's corporate sustainability policy has continued to evolve over the years, as the Group adopted strategies and initiatives that are beneficial while discarding systems that are onerous and redundant. The Group subscribes to three pillars of sustainability; the Economy, Environment, and Social.

I. THE ECONOMY

The Group continuously strives to understand better the correlation between our initiative on sustainability and the economic environment, the socio-economic, and geopolitical trends. This includes a better understanding of technological enhancement impact societal behaviour, operational changes, and directions. Our express courier services not only receive and deliver documents or parcels. We also recognise and connect with people, their aspirations, their ideas, and strive to provide our services in line with their needs.

In striving for continuous improvement and building strong partners and strategic alliances, GDEX is continually creating, improving, and expanding our connectivity that will result in greater conveniences and better customer experience as well as generating more employment opportunities, foster economic prosperity, and contributing towards lifting communities to better standards of living.

To ensure our profitability and business sustainability in this area, we focus on the following:

- Customers
- Suppliers, Vendors and Business Partners
- Government and Regulator
- Shareholders and Investors

Customers

The customer is of paramount importance, and delivering a positive customer experience is our priority. We realised that society is moving towards a cashless market environment, making it extremely important for the Group to offer online payments and e-wallet such as Touch 'n Go, Boost, Grabpay, Wechat pay, etc., for the convenience of customers. Cashless transactions have increased threefold over the previous year.

In recognition of these trends, the Group has implemented various new digital initiatives such as myGDEX and myGDEX Prime. myGDEX is an online shipping platform to enhance our customers' delivery experience and provide a user friendly and hassle-free environment for our customers. myGDEX Prime enables customers to print own airway bills in the comfort of their homes or offices. This initiative helped reduced some RM260,000 of paper wastage and carbonised printing costs. We have added new features for our customers to access and print an invoice at their convenience via the e-payment portal.

We continued to improve and fine-tuned our service standards so that our customers have easy access to our services. Most of our call service centres are now equipped with VOIP (Voice Over Internet Protocol) technology, which enables customers to access conveniently any service or billing department, even in the absence of an operator. Customers can go online via the GDEX website, myGDEX.com, or access many services and product offerings through Facebook or Twitter.

In our drive to create easier access and greater convenience for customers, we have increased our neighbourhood GDEX POP (Points of Presence) outlets. These outlets can be found in stationery shops, dry-cleaning centres, and even sundry shops. Through this initiative, customer access points, including branches and sub-substations, have expanded to over 450 outlets.

To ensure complete customer experience, we keep improving the usefulness of our products and services by ensuring that product packages remained cost-effective and innovative. We enhanced the liability coverage and one-stop solutions packages to ensure timely and secured delivery that meets customer needs and satisfaction.

CORPORATE SUSTAINABILITY REPORT 2020
cont'd

We significantly improved the door-to-door delivery services of documents and parcels. To carry out this successfully, 1,249 delivery partners were recruited, named "KITAKER" (a crowdsourcing application), to complement the GDEX delivery workforce of 2,347 drivers and riders. Similar efforts were taken for same-day delivery, express delivery service for time-sensitive and high-value goods, and other value-added services such as risk management and insurance coverage.

As gaining the trust of customers is crucial in business, and to increase name recognition for customers, we conduct regular sales promotion campaigns and sponsorships of events to ensure further familiarity of our various products and services.

The growth in business and advancement in technology has increased customer demand for comprehensive logistical and warehousing services. To support our customers, we provide customised logistics solutions and services, which include security handling for high-value items, managing mailroom operations, and handling logistics and distribution arrangements.

GDEX freight forwarding and warehousing division are providing integrated logistical solutions to meet the evolving needs and requirements of our customers. Covering around 240,000 sq ft of warehousing space, this expanded division houses the bulk handling of inbound and outbound goods and storage for temperature-sensitive goods.

We have also developed a nationwide transportation network with the necessary infrastructure that links towns and cities to our services. This ensures there is adequate logistical support and expertise to assist customers in their logistics needs. To date, we have increased our fleet of vehicles to 1,277 units with a carrying capacity of 3,905 tonnes compared to 3,580 tonnes previously.

Suppliers, Vendors and Business Partners

No business can thrive if they do not have reputable and reliable suppliers, vendors, and business partners. These third parties provide the necessary supplies and equipment to keep GDEX operations working effectively and efficiently. To ensure customers get the best services, we enforce strict criteria in the selection and evaluation of our suppliers, vendors, agents, contractors, and Business Partners. Strict requirements are imposed, such as compliance with ISO Certification quality standards, GDEX Vendors' Code of Conduct, and GDEX Group Anti-Bribery Policy. These policies had been communicated to the intermediaries during the financial year. We worked closely with them in continually keeping abreast of technological advancement that positively impacted the products and services provided to the Group.

Our suppliers and vendors are also expected to organise regular workshops and seminars and were appropriate for overseas factory visits, to ensure our technical staff is thoroughly trained and capable of handling the products used. On an annual basis, supplier evaluation exercise was conducted to ensure suppliers and vendors meet the quality standards set by the Group.

Our cooperation with international co-loaders is an essential aspect of the last mile delivery service. We continue to prioritise their needs by having special lanes for co-loaders' shipments to be off-loaded, sorted, and delivered in the quickest time possible. This way, customers can get their orders within the promised shipping time.

Government and Regulator

The Government, through the Malaysian Communications and Multimedia Commission (MCMC), is the main regulatory body for the express delivery industry. We continue to actively engage the regulatory authorities through the Association of Malaysian Express Carriers (AMEC) to fine-tune the long-term development of the express carrier industry, particularly in areas of education, road safety, and orderly industry growth.

We also gave inputs to the training and building of skills set to enhance the human resource aspect of the industry. One of the results of our collaboration with the authorities is the setting up of GDEX Academy with the Department of Skills Development, Human Resources Ministry, which provides school leavers with industrial training leading to a professional certificate in logistics and express delivery.

On 10th January 2020, GDex Academy held a Convocation Ceremony for its eight Diploma in Skills Malaysia receivers who completed their Diploma in Courier Service Management via Pengiktirafan Pencapaian Terdahulu program. The Convocation was withnessed by approximately 50 people including representatives from the government agencies such as Malaysian Occupational of Skill Qualification, Malaysian Institute of Road Safety Research (MIROS) and MCMC.

We also liaised with other regulatory authorities such as the Road Transport Department (JPJ), Department of Occupational Safety and Health (DOSH), MIROS, and Traffic Police Division in matters concerning our road safety activities. We hold an annual road safety competition endorsed by JPJ, DOSH, MIROS, and the Traffic Police Division.

Shareholders and Investors

The interests and well-being of our shareholders, as always, an important factor. The Board of Directors, representing shareholders' interest, meet regularly (at least five times a year) take full recognisant of their fiduciary responsibility to ensure that the Group and the Company is managed in a responsible, transparent and profitable manner. The Board works closely with management to ensure continued and sustainable growth with dividends to reward shareholders and attract potential investors.

Shareholders and potential investors are kept informed of the latest developments through investor relations websites and official publications such as an annual report, announcement of quarterly results, and other important corporate announcements. We also organise regular briefings for investment analysts and fund managers to keep them abreast of development concerning the Group.

CORPORATE SUSTAINABILITY REPORT 2020

cont'd

Consistent with Bursa Malaysia's requirements, we announced quarterly financial results on a timely basis and presented an Annual Report for shareholder's approval at the Annual General Meeting.

II. THE ENVIRONMENT

As responsible corporate citizens, we continue to look at ways where environmental degradation can be minimised and actively contribute to addressing climate change issues. We are aware of the need to reduce fossil fuels and carbon emissions and plan to utilise our knowledge and expertise in operational efficiency to reduce carbon emission, wherever possible.

One way is to look into the use of environmentally-friendly electric vehicles as a means of transportation. At the same time, we are looking at increasing the use of alternatives such as bio-diesel and hybrid vehicles to minimize fuel usage and carbon emissions. We continue to fine-tune and enhance the integration of ISO 14001:2015 Environmental Management System (EMS) with ISO 9001:2015 Quality Management System (QMS), enabling the strengthening of environmental-friendly activities in areas of waste disposal and reduction of carbon emissions. These EMS and QMS are verified by a renowned independent party, Intertek Certification International Sdn Bhd on a yearly basis. The ISO 14001:2015 certification covers 90% of the sites of the Group's operating subsidiaries. As we strictly adhered to the requirements of the ISO standard, there was no environmental fine and penalty imposed during the financial year.

We have purpose-built waste disposal shed where all petroleum and lubricant waste is stored and systematically disposed of according to a scheduled waste disposal programme. During the financial year, we successfully reduced the oil waste disposal to 33.93 mt3 compared to 58.02 mt3 in 2019 and 44.09 mt3 in 2018. This reflects our firm commitment to reduce the adverse impact of waste on the environment.

GDEX motor vehicle workshop is manned by experienced and skilled staff responsible for repairing and servicing some 1,349 trucks and vehicles. The Group has a vehicle replacement programme for older one-tonne and three-tonne trucks with lighter and more fuel-efficient vans that are suited to city driving, thus reducing fuel usage and reduction of carbon emissions. During the financial year, 16 new trucks were added to the fleet assets. For the long-haul sector, more 40-foot container trucks were used that are fuel-efficient, require less servicing, and able to carry four times the load of the smaller trucks.

We continue to fine-tune our 3R (Reduce, Reuse, and Recycle) initiatives to reduce electricity, fuel, and stationery costs. To further improve the efficiency of resource use, through the quarterly newsletter and notice board bulletins, staff are encouraged to go online for submission of reports and correspondence as a way to minimise paper usage. We also constantly remind employees to switch off all electrical appliances when not in use. Truck drivers are trained to switch off engines to reduce idling and conserve fuel while on the delivery rounds. Such efforts might appear menial, but go a long way in inculcating a culture of saving and thrift, and in the process, support the campaign against waste and environmental degradation. The Group's electricity consumption totalled 1,817,545 KWH as compared to 1,731,052KWH in 2019 and 1,678,550 KWH in 2018. The increase in the electricity usage was due to our business expansion and additional operation hours during peak period.

CORPORATE SUSTAINABILITY REPORT 2020

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III. SOCIAL

Many of the company's social activities and plans have been either postponed or pared down following the implementation of the Movement Control Order (MCO) in the third and fourth quarters of the financial year. The Group diligently practised social distancing, wearing a face mask, and carry out regular sanitisation exercises to keep the workforce safe.

All the necessary efforts were implemented to our workforce safety precautions to keep the coronavirus pandemic at bay. We continue to provide training, motivation, and incentives to nurture and develop talents. Retention of talents becomes an imperative given the rampant pinching of experienced staff by competitors, 'many' were new licensees who lacked skilled workforce. In developing human capital, we pursue policies and practices that enable people to work in a safe and healthy environment. We also developed incentive systems that allow progress in career development.

New Philosophy

To rejuvenate the group, on 6 February 2020, we launched GDEX new philosophy, which comprises new core values, management principles, corporate qualities, and goals. The pillars of GDEX's corporate qualities are 4P's and 1S, namely People, Process, Platform, Product, and Speed. We recognise our people as the most important assets while Process has to be thoroughly planned. Our Platform and Product must also be reliable to provide transparent and consistent results, leading to quality service. As we strive to improve our turnaround time, learning to be expedited to remain competitive and productive, a culture of Speed needs to be nurtured.

Protecting Workers Welfare

Aligned with International Human Rights Pillars, "Protect, Respect and Remedy," the Group embraces these values and subscribe in the framework of Corporate Governance. Only candidates above 18 years old were recruited, in line with the international efforts to prevent child or forced labour. The Group embraces equality among human being, respect their effort and energy, protect workers' right and welfare. This principle will be cascaded, shared, and disclosed in our Employee Handbook.

All policies and practices within the Group are aligned with the Employment Act 1955 and government guidelines. Policies on staff are continuously improved. Work-life balance is improved via comprehensive schedules that enable the operational department to obviate excessive working hours that might affect the employee's health, family time, and productivity.

The Group responds quickly to changes in government regulation on employment, for example, on minimum wage, leave management, or statutory contribution. Employees were rewarded above minimum wage consistent with performance, skills, and experience.

The Group contributed to the industry by collaborating with Jabatan Pembangunan Kemahiran to provide a workshop on Occupation Framework for Postal and Courier Industry.

CORPORATE SUSTAINABILITY REPORT 2020
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As a fair employer, GDEX is committed to attract, recruit, develop, and employ a diverse workforce. All groups, irrespective of race, religion, gender, or age, will have equal opportunities within the Group.

The Group is very supportive of the underprivileged, the disabled, and those without formal education by providing job and training opportunities for skill-building. Of the 4,308 workforces, 0.02% of the employees are disabled workers working in Malaysia and Singapore, and 0.6% are employed under contract or temporary staff.

The GDEX Internship Programme provides an opportunity for young participants to develop professional and leadership skills. In 2018, the Group expanded the Internship Programme nationwide that enable participants to complete their internship in selected GDEX network throughout the country.

The Group conducted a new and refresher training programme for all staff on important and emerging topics such as HR procedures, Anti-Bribery Management System, Whistleblowing Policy, Sexual Harassment, Health, and Safety Operational Procedures.

The following programmes and incentives were designed to build loyalty and strengthen the commitment and dedication of our people:

I) Training

Our staff continues to receive regular and structured training, from new recruits to front-line service staff, couriers, drivers, supervisors, middle and senior executives. Our Pembangunan Sumber Manusia Berhad (PSMB) certified trainer works closely with management to plan rigorous training programmes that enhance professionalism among the staff.

The Group's Multimedia Remote Learning programme continues to provide valuable training guides. The programme, launched in 2011, has undergone numerous upgrades and improvements to reflect the latest teaching and learning techniques. It enables our training outreach to all parts of the Peninsular and East Malaysia. The training programme provided 25,495 training hours, an average of 10 hours per employee, or an average of 1.4 days per employee.

Despite the MCO lockdown that had affected specialised training and fewer executives were able to attend seminars, workshops, and industry exhibitions, a few programmes were held, including Personal Data Protection Act, Risk Management Seminars, MFRS 16, 9 & 15 Accounting Standards, National Conference GRS4.0, Workshops on ISO 37001:2016 Anti-Bribery Management System (ABMS), ISO 9001:2015 (QMS) & ISO 14001:2015 (EMS) Internal Auditor.

We have also launched the Group Anti-Bribery Policy on 21st May 2020, in compliance with ISO 37001:2016 Anti Bribery Management System, which is expected to be certified by Sirim QAS International Sdn Bhd in November 2020.

During the financial year, there was no case occurred on dismissal due to non-compliance on anti-corruption policy and no fines and penalties imposed concerning anti-corruption.

II) Network Conference and Team-building

Staff interaction is a vital part of training and workforce development. GDEX makes it a point to organise a network conference annually where executives from the supervisory level onwards, congregate from all over the country to share their work experience, briefed on the Group's plans and directions. It is also a time for bonding and re-affirming their commitment and solidarity to the Group's vision and mission.

On a yearly basis, events were held such as annual dinners, long service award ceremonies, and festive gatherings to appreciate and recognize the efforts of our people as well as foster a family spirit and a sense of belonging to the Group. Many of such activities have been curtailed this year due to the need to maintain social distancing.

III) Safety, Health and Security

The 4,308-strong employees of GDEX are like family, and the management takes great effort to create a conducive workplace that looks after the welfare, health, and safety aspects of our employees. Our Safety policy covers employees, contractors, customers, and external shareholders. To ensure policies on these areas are not compromise, several oversight committees were established.

CORPORATE SUSTAINABILITY REPORT 2020

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Through our Safety and Health Committee, we continue to ensure safety measures to minimise accidents at the workplace. An investigation will be carried out to determine the root cause of the accident/incident, and suitable control measures will be proposed to avoid a similar accident/incident from occurring. The committee also carried out other safety-related activities such as fire drills for the entire workforce, defensive driving contests, and enhances driving skills for the drivers. The committee has organised a Safety Campaign on Covid-19 Awareness for the Group and participated in the Humanitarian Disaster Relief Programme in collaboration with MCMC. During the year, we had 45 staff trained on safety and 189 staff trained on general training which includes safety.

The Safety & Health Committee works together closely with the Network Committee on existing operations, new operations, including new branch opening, relocation, and expansion. Of particular importance, the committees emphasize risk assessment on safety & health and labour issues. This is consistent with the Branch Set-Up Flow as documented under ISO.

The management remains committed to maintaining a workplace that is free from theft, violence, harassment, intimidation, and other unsafe and disruptive behaviour. Security cameras are placed in strategic locations to ensure the safety of employees. External security was employed to provide 24-hour security services for the entire premises. Varies measures put in place managed to reduce workplace accidents by 18 cases (a reduction of 24%) to 56 cases compared with the previous year's record. Theft cases were also reduced by 24 (a decrease of 53%) to 21 cases than the last year's record. The Lost Time Incident Rate was reduced to 1.23 compared to 3.0 in 2019 and 1.3 in 2018. The Group will continuously introduce measures that will reduce the above cases to a minimum.

COMMUNITY

On community participation, the Group commits to a domestic workforce where 96% of employees are local. The Group also aims to create a positive relationship with the local community. The Group's comprehensive networks can provide direct employment opportunities and help to build local skills and expertise. The local community is also encouraged to join the GDEX enterprise development programme through the G-Partner and crowdsourcing programme (called KITA). This strategic collaboration aims to strengthen the local economy by promoting entrepreneurship and support the young entrepreneur who will later contribute to the local business development and job creation.

GDEX community-based activities strive to provide relief and support to those in need. For example, the commitment to invest in the community by offering Package Prihatin to Malaysians. This initiative was offered under Prihatin Rakyat Economic Stimulus Package to support E-commerce entrepreneurs and alleviate challenges for Malaysians affected by the Covid-19 outbreak.

To provide a boost to the initiative, from 6th April to 15th October 2020, myGDEX members can enjoy an RM5 charge for courier service delivery (price before tax) of shipments not exceeding 1kg within Peninsular Malaysia, and within Sabah and Sarawak.

In support of our front liners in facing challenging situation during the MCO period in April 2020, the Group contributed personal protective equipment such as surgical gloves, face masks, hand sanitizers, RO water to IPD Polis Petaling Jaya, IPD Polis Shah Alam, Polis Diraja Malaysia Taiping and Angkatan Tentera Malaysia Taiping, Polis Diraja Malaysia, and Angkatan Tentera Malaysia at PJ Old Town. We also worked together with Agensi Pengurusan Bencana Negara (NADMA) and MCMC to provide cleaning assistance after the flood at the Kota Tinggi flood incident. We also assisted NADMA and Jabatan Kebajikan Masyarakat Negeri Melaka to provide free delivery service of all PPE to Melaka and NADMA Putrajaya.

As part of our social and humanitarian programme, our CSR team continues to conduct annual visits to orphanages, handicapped homes, and the Orang Asli community, especially during the festive season, to bring some cheer and provided assistance such as foodstuff, toys, and educational items to the disadvantaged children. Unfortunately, all these programmes had to be postponed due to MCO. Once the MCO period is over, we intend to organise more of such activities to benefit the community.

The Group planned to resume the GDEX internship programme to provide students with an employment opportunity during their semester breaks. Some of these interns might be recruited as part of the Group's plan to nurture talents.

During the financial year, there was no contribution/donation made to any political parties or non-profit organisations.

CORPORATE SUSTAINABILITY REPORT 2020

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STAKEHOLDER ENGAGEMENT TABLE

STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
THE ECONOMY		
Customers	• Service Satisfaction • Innovative offerings • Security Protection • Customer Service • Customer Easy Access • Customer Appreciation • Claim and Compensation • After Sales Service	• Customer Survey • Feedback on GDEX Website, Facebook & Twitter • myGDEX portal • myGDEX Prime portal • e-payment portal • Enhanced Liability Coverage • Extensive GDEX network • Call Centre via Voice Over Internet Protocol (VOIP) • Customer Care Centre (CCC) • Secured Shipment & Project Department (SSPD) • Point of Presence (POP) Outlets • Refresh Through Campaign/Promotion • Events Sponsorship (MIA conference, festive customer appreciation)
Suppliers, Vendors & Business Partners	• Supplier Quotation • Supplier Evaluation • International Shipment • Integrators Collaboration • External audit exercise • Legal documents drafting and vetting • Financial matters	• Compliance with ISO Standards • Yearly supplier evaluation • Suppliers Code of Conduct • Visitation to Suppliers Factories/Plants • Purchasing Control Procedures • Agent Workshop • Co-load for international delivery • Face-to-face meetings • Email/phone communication
Government Agencies & Regulators	• Courier Industry Development Plan • Courier Industry Rules & Regulations • Courier Industry Code of Practice • Personal Data Protection Act 2010 • Sales and Services Tax • E-commerce Development Plan • Safety and Health Campaigns	• Licensing • 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	• Corporate Governance • Shareholders' Interests • Investor Relations	• Annual Report • Announcements to Bursa Malaysia • Annual General Meeting and Extraordinary General Meeting • Dividends • Investor Relations Website • Analyst briefing and roadshows

CORPORATE SUSTAINABILITY REPORT 2020

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STAKEHOLDER	KEY ENGAGEMENT AREA	METHOD OF ENGAGEMENT
THE ENVIRONMENT		
ISO Auditor PUSPAKOM	• Carbon emission • Efficient energy use • Proper Maintenance of Vehicles • Scheduled Waste Disposal • 3R (Reduce, Reuse, Recycle) • ISO Certification • Vehicle Inspection	• Adopting latest fuel & carbon emission technology • Repair and maintenance workshop • Purpose-built waste disposal shed • ISO 9001:2015 (Quality Management System) • ISO 14001:2015 (Environmental Management System) • Annual vehicle inspection
THE SOCIAL		
Employee	• Protecting rights and welfare of workers • Human Capital Development • Health & Wellness • Safety & Security • Education	• Employees Handbook • Employment Act 1955 • Quarterly Newsletter • Weekly Operational Briefs • Refresher training • Regular Training, Multimedia Remote Learning (MMRL) Training • Teambuilding Activities • Operational Safety and Health Committee • Safety campaign – Covid 19 Awareness • GDEX Academy • Adoption of DOSH Vision 2020 campaign • Corporate Events • Staff Interaction Subsidy • Staff Assistance Scheme • Safety Driving Competition • Fire Drills • Hotel & Accommodation • Shuttle Bus service • Network Conference • Professional Certification
Community	• CSR Involvement • Education • Community Support & Development • GDEX Foundation • Kuching e-commerce Hub	• G-Partner and KITA (Enterprise Development programme) • myGDEX Prihatin for e-commerce entrepreneurs • Internship Programme • Annual Blood Donation • Contribution of PPE to hospitals, government agencies • Free Delivery of PPE for Corvid 19 Relief • Fund for welfare of the poor, needy and under-privileged, & protection of environment • Job opportunities for Sarawakians

AWARDS AND CERTIFICATION

RECOGNITION FOR A JOB WELL-DONE

GDEX's efforts for operational, workplace, product and industrial excellence over the years have been acknowledged and recognized by industry specialists and various statutory bodies. The following are some of the recognition awards and certifications that the Group has received in the last five years as it strives to be the leading express carrier in the Asean region.

AWARDS AND ACHIEVEMENTS		
	• 2019 Frost & Sullivan Asia-Pacific Best Practices Awards	• 2019 Malaysia Express Logistics Service Customer Value Leadership Award
	• 2018 E-Commerce Delivery Awards (MCMC)	• Best Innovation Award – GDEX GO
	• 2018 Frost & Sullivan	• Malaysia Express Service Provider of the Year – Private Sector
	• 2018 MCMC Campaign #SampaiDenganSelamat	• Champion – Warcry Competition 2nd Place – Rider Category
	• 2016 Frost & Sullivan	• Malaysia Domestic Express Services Provider of the Year
	• 2016 Certificate of Appreciation (EPF)	• Compliance with EPF 1991 Act, Selangor
	• 2016 E-Commerce Delivery Awards (MCMC)	• Operational Excellence Award – Top 5 Delivery Performance
	• 2016 E-Commerce Delivery Awards (MCMC)	• Road Safety Excellence Award – Top 3 Companies
	• 2015 Frost & Sullivan Malaysia Excellence Awards	• Malaysia Excellence in Growth - Domestic Express Services
	• 2015 Forbes Asia Malaysia Excellence Awards	• Best Under A Billion Award - Private Sector

AWARDS AND CERTIFICATION

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AWARDS AND ACHIEVEMENTS		
	• 2015 Certificate of Appreciation (MCMC)	• Driver and Rider Championship Award #SampaiDenganSelamat Postal and Courier Industry
	• 2015 Certificate of Recognition (EPF)	• Best Employer 2015 EPF Petaling Jaya
	• 2014 Driver and Rider Championship Award Postal and Courier Industry (MCMC)	• Overall Championship
	• 2014 Frost & Sullivan Malaysia Excellence Awards	• Domestic Express Service Provider of the Year – Private Sector
	• 2013 Frost & Sullivan Malaysia Excellence Awards	• Domestic Express Service Provider of the Year – Private Sector

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of GD Express Carrier Bhd (the "Company") is collectively responsible for good corporate governance of the Company. The Board acknowledges that maintaining a good corporate governance is essential to enhance the long-term growth and corporate value of the Company as well as delivering sustainable growth in the interests of all its shareholders and other stakeholders. Accordingly, it is the Board's responsibility to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance (the "MCCG") are observed and practised throughout the Company and its subsidiaries (the "Group").

This Corporate Governance Overview Statement (the "Statement") has been prepared in accordance with paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and it provides an overview of the application of the three (3) key principles set out in the MCCG. The Board believes that this new code of corporate governance will ensure the highest standards of transparency, integrity and accountability in all the Group's businesses. This Statement should be read together with the Corporate Governance Report which can be found on the Company's website at *www.gdexpress.com*.

This Statement describes how the Group has applied the corporate governance practices of the MCCG during the financial year ended 30 June 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is accountable and responsible for the overall governance, management, performance and strategic direction of the Group in accordance with the Group's goals and objectives. Therefore, it is the responsibility of the Board to oversee the effective performance of the Management in order to protect and enhance shareholder value and to meet the Group's obligations to its employees and other stakeholders. In performing its role, the Board has a formal schedule of matters specifically reserved for its decision and these cover the Group's strategy, risk management, major items of capital expenditure, approval of quarterly and annual financial statements and budget, approval of dividends, acquisitions and disposals of assets and appointment of Directors and Board Committees.

The current Board is led by experienced and competent Board members of whom three (3) are Executive Directors, four (4) are Independent Non-Executive Directors and two (2) are Non-Independent Non-Executive Directors. All Directors have suitable background, qualifications, skills and relevant knowledge to ensure that they have proper understanding of the Group's operations and business and are able to challenge and facilitate discussion and decision making.

A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

The roles of Chairman and Managing Director/Group Chief Executive Officer are separated to ensure that sufficient attention is given in carrying out their roles effectively. There is a clear division of responsibility between the Chairman and the Managing Director/Group Chief Executive Officer. The Company is headed by an Independent Non-Executive Chairman who is responsible for leading the Board as well as ensuring its effectiveness in all aspects of its role.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

As stipulated in the Limits of Authority, the Managing Director/Group Chief Executive Officer is responsible for day-to-day management of the Group including implementing the corporate strategy and policy agreed with the Board and reports to the Board on the status of implementation, including progress toward each of the planning activities and challenges/problems faced by the Group. The Managing Director/Group Chief Executive Officer is also accountable to the Board for all authority delegated to Executive Management and Senior Management. 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 Limits of Authority also sets out the specific thresholds reserved for Management decisions, which are subject to regular reviews to reflect the dynamic expansion/changes within the Group. Any changes to the authority limits of the the Managing Director/Group Chief Executive Officer will require the Board's approvals. The Company adopted a succession planning policy for Chief Executive Officer, Executive Directors and Senior Management.

The Managing Director/Group Chief Executive Officer is assisted by two (2) Executive Directors who oversee the day-to-day running of the business, including finance, organisational effectiveness, development, co-ordination and implementation of corporate policies and strategies, performance monitoring, allocation of resources, investment appraisal and assessment as well as improvement of corporate governance and internal controls, using their intimate knowledge and understanding of the business and industry.

Apart from the above, the Executive Committee was established in 2016 to approve and undertake the transactions on behalf of the Board in respect of each investment and/or disinvestment project within an authorised limit granted. The Executive Committee consists of the Managing Director/Group Chief Executive Officer, Executive Director, Chief Financial Officer, Chief Investment Officer, Chief Operating Officer, Group Head, Strategy & Business Adviser and such other members as recommended by the Chairman of the EXCO and endorsed by the Board. All actions of the Executive Committee are subjected to the approval of the full Board according to the Limits of Authority endorsed by the Board. The Executive Committee reports these activities to the full Board.

The Independent Non-Executive Directors play an important part in assisting the Chairman to fulfil his role by regularly and rigorously assessing the effectiveness of the Board's processes and activities. The presence of Independent Non-Executive Directors brings an independent perspective to the Board meeting and they act constructively to challenge the decisions and proposals made by Executive Directors and review the performance of the business and management. They also have the ability to make independent analytical inquiries. The Board has delegated some of its responsibilities to the Audit and Risk Management Committee ("ARMC") as well as the Combined Nomination and Remuneration Committee ("CNRC").

The ARMC and the CNRC have their own written terms of references. The Chairperson/Chairman of these committees will report to the Board on salient matters deliberated in the committee meetings together with their recommendations.

The roles and responsibilities of the Board, Management, Board Committees and individual Directors are set out clearly in the Board Charter. The Code of Ethics and Conduct for Directors and Key Officers was formulated to enhance the standard of corporate governance and to establish a standard of ethical behaviour for Directors and Key Officers of the Group. The Whistleblowing Policy and Procedures was formalised to provide an avenue for employees and stakeholders to disclose information about malpractice or wrongdoing they discover occurring in GDEX.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

To be in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and Part H of Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad effective from 1 June 2020, the Board has adopted Anti-Bribery and Corruption Policy Statement and No Gift Policy. On the other hand, the existing Whistleblowing Policy and Procedures was also enhanced to align to the requirements ISO 37001:2016 which the Group is in the progress of obtaining this certification to use as its anti-bribery and corruption system. All these policies are applicable to all Directors and employees within the Group.

The Group is committed to applying the highest standards of ethical conduct, integrity and accountability in all their business activities and operations in compliance with anti-bribery related laws and ISO 37001:2016 Anti-Bribery Management System ("ABMS") that are applicable to the Company, as declared under the Group Anti-Bribery and Corruption Policy Statement. Trainings/workshops and copies of policies were also provided to the employees to create awareness within the Group.

The Board Charter, Code of Ethics and Conduct for Directors and Key Officers, Group Anti-Bribery and Corruption Policy Statement, Whistleblowing Policy and Procedures, No Gift Policy, Directors' Assessment and Remuneration Policy, Corporate Disclosure Policy and Procedure, Succession Planning Policy are available on the Company's website at *www.gdexpress.com*.

The Board meets at least five (5) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. The Board and Board Committees meetings are conducted in accordance with a structured Agenda. The Agenda for each Board and Board Committee together with the relevant reports and Board and Board Committees papers are forwarded to the Directors and Board Committees seven (7) days prior to the meetings of the Board and Board Committees so as to allow the Directors and Board Committees have sufficient time to peruse the agenda papers and review the issues well ahead of the meeting dates for effective discussions and decision making during the meetings. 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 which is evidenced by satisfactory attendance record of the Directors at Board meetings and Board Committees meetings.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

The details of Directors' attendance during the financial year ended 30 June 2020 are set out as follows:

Directors	Board Meetings	Audit and Risk Management Committee Meetings	Combined Nomination and Remuneration Committee Meetings
Tan Sri Muhammad bin Ibrahim *(Appointed on 1 May 2020)*	1/1	Non Member	Non Member
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid *(Resigned on 31 May 2020)*	5/5	5/5	2/2
Teong Teck Lean	5/5	Non Member	Non Member
Liew Heng Heng (f) *(Resigned on 5 December 2019)*	5/5	5/5	2/2
Adi Arman Bin Abu Osman	5/5	5/5	2/2
Woo Keng Leong *(Resigned on 1 October 2019)*	5/5	Non Member	Non Member
Lim Chee Seong	5/5	Non Member	Non Member
Chua Khing Seng *(Resigned on 1 March 2020)*	4/5	Non Member	Non Member
Lee Kah Hin	5/5	Non Member	Non Member
Low Ngai Yuen (f)	5/5	5/5	0/0
Lai Tak Loi *(Appointed on 1 October 2019)*	4/4	Non Member	Non Member
Chua Put Moy (f) *(Appointed on 1 November 2019)*	3/3	3/3	Non Member
Shuji Yamauchi *(Appointed on 1 March 2020)*	1/1	Non Member	Non Member

The Board is supported by two (2) qualified external Company Secretaries who have requisite knowledge and experience to carry out their functions of company secretary. The Directors have full access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

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 also provide administrative and secretarial support to the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition

An effective Board needs to have the right group of people, considering each individual's background, skills, knowledge and experience, diversity (e.g. age, gender, culture) and how to bring a group of individuals to work together as a team and assist the Company to achieve its goals. Considerations include the size, composition and time commitments required for the Board members to fulfil their duties effectively.

The current Board comprises professionals from different ethnic, cultural and backgrounds to ensure that each other's viewpoints and concerns are fully considered in the decision-making process. The Board believes that both genders are to be given fair and equal opportunity regardless of age, diverse backgrounds and ethnic origin. Currently, there are two (2) female Independent Non-Executive Directors on the Board which account for 22.2% of the total Board members. In pursuing its gender diversity agenda, the Board is committed to have higher female representation on its Board when necessary and have the appropriate director candidate. Any new appointments of female Director to the Board shall be based on her experience, qualifications, merit and other attributes.

The Board's current diversity is as follows:

Board of Directors	**Gender**		**Ethnicity**			**Age Group (Years)**			
	Male	**Female**	**Bumiputera**	**Chinese**	**Others**	**30-39**	**40-49**	**50-59**	**60 and above**
	7	2	2	6	1	1	2	3	3

The Group is committed to workplace diversity ensuring that the Group values and respects the differences and that the workplace is fair, accessible, flexible, inclusive and free from discrimination. Based on the following summary of the employment gender diversity, there is balanced gender diversity across all the levels of employees in the Company during the financial year under review:

Category of Employees	**Female**		**Male**		**Total**
General Staff	736	17.08%	3,184	73.91%	3,920
Supervisory	85	1.97%	78	1.81%	163
Managerial	17	0.39%	208	4.83%	225
Total No. of Employees	**838**	**19.45%**	**3,470**	**80.55%**	**4,308**

The Company has not set a target of achieving a gender balance in the workplace but the employees are able to access and enjoy the same rewards, resources and opportunities regardless of gender.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

The Board through the CNRC periodically reviews the size, structure and overall composition of its Board to ensure that the total number and balance of Directors are appropriate given the size and complexity of the operations and nature of business of the Group. During the financial year under review, the CNRC conducted an annual review of the Board's size and composition. The evaluation of the Board, its Board Committees and of each Director was carried out through a self and peer assessment that was completed by each Director and reviewed by the CNRC. This evaluation focuses on the Board's contribution to the Company over the preceding year, including areas in which the Board believes the Board's future contribution could be enhanced. The CNRC was satisfied that the existing size, composition, mix of skills, competence, knowledge, experience and independence of the Board members are appropriate to enable them to carry out its responsibilities effectively. The Board has adopted the Diversity Policy and is available on the Company's website at *www.gdexpress.com*.

The composition of the Board has complied with the minimum one-third (1/3) requirement for Independent Directors to be on the Board. The MCCG now provides that at least half of the Board must comprise Independent Directors and for large company there must be a majority of Independent Directors. The Board takes cognizance of the recommendation of the MCCG but it has not adopted this corporate governance best practice at this juncture. Nonetheless, the Board will take the appropriate steps to review and discuss the merits of increasing the number of Independent Board members that could bring a different and wider range of perspectives as well as could bring knowledge and expertise in areas where the Management's knowledge may be lacking.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Where the tenure of Independent Director exceeds a cumulative term of nine (9) years, the Board would justify its decision and seek shareholders' approval at the Annual General Meeting to retain an Independent Director beyond nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. As recommended by MCCG best practices, if the Board continues to retain the independent director after year-12, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

The two (2) long serving Independent Directors namely Dato' Capt. Ahmad Sufian @ Qurain bin Abdul Rashid and Ms Liew Heng Heng whose tenures have exceeded twelve (12) years have resigned on 5 December 2019 and 31 May 2020 respectively. The Board is satisfied with the level of independence demonstrated by the Independent Directors during the financial year 2020 and their ability to act in the best interest of the Group.

According to the Constitution of the Company, at every annual general meeting, the shareholders entitled to vote for the election or re-election of directors. To enable shareholders to make an informed decision on their election at annual general meeting, the names of directors submitted for election or re-election as a director together with his/her biographical details are set out in the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

All Directors shall retire from office at least once in every three (3) years or at least one-third (1/3) of the Directors shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting. The Directors may fill casual vacancies and appoint additional directors. Mr Lim Chee Seong and Mr Lee Kah Hin will retire by rotation pursuant to Clause 96 while Ms Chua Put Moy, Mr Shuji Yamauchi and Tan Sri Muhammad bin Ibrahim will retire pursuant to Clause 103 at the forthcoming Annual General Meeting, and having being eligible, will offer themselves for re-election. The CNRC had made recommendations to the Board on re-election of Mr Lim Chee Seong, Mr Lee Kah Hin, Ms Chua Put Moy, Mr Shuji Yamauchi and Tan Sri Muhammad bin Ibrahim. The Board is satisfied with their skills and contribution of these retiring Directors and recommended their re-election as Directors of the Company which is to be tabled at the forthcoming Annual General Meeting.

The CNRC is mandated to review the size and composition of the Board and re-election of Director nominees annually.

The Board has delegated to the CNRC the authority to identify, evaluate and recommend to the Board potential new candidates for Board membership. The potential candidate may be proposed by existing Director, Senior Management, shareholders or third party referrals. Upon receipt of the proposal, the CNRC is responsible to conduct an assessment and evaluation on the proposed candidate.

In the assessment and selection of new director candidate, the CNRC shall take into account criteria such as backgrounds, mix and diversity of skills, experience, integrity, wisdom, independence of the candidate, ability to work as a team to support the Board, qualification, knowledge and expertise that would add value to the Board and the willingness to devote adequate time and commitment to carry out his/her duties and responsibilities effectively. The assessment/evaluation process may include, at the CNRC'S discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interview at the CNRC'S discretion. Upon completion of the assessment and evaluation of the proposed candidate, the CNRC would make its recommendation to the Board. Based on the recommendation of the CNRC, the Board would evaluate and decide on the appointment of the proposed candidate.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

The CNRC meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the CNRC met twice (2) times and deliberated on the following:

(a) results of Directors' self-assessment in respect of the mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors;
(b) structure, size, composition (including gender diversity) and effectiveness of the Board as a whole and Board Committees;
(c) level of independence of Directors;
(d) re-election of Directors pursuant to the provisions of the Company's Constitution;
(e) retention of Independent Directors with cumulative term of more than twelve (12) years;
(f) training needs of directors;
(g) terms of office and performance of ARMC and each of its members;
(h) remuneration packages of Executive Directors and Senior Management;
(i) revision of Directors' Assessment and Remuneration Policy;
(j) proposed appointment of directors and members of Committees; and
(k) proposed appointment of Head of Internal Audit.

Besides the Mandatory Accreditation Programmes as required by Bursa Securities and induction programme for new directors, the Board through the CNRC shall assess the training needs of the Directors and recommend appropriate educational and training programmes for continuous development of its Directors. 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.

In addition, the Company Secretaries would facilitate and assist in directors' training and development.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Details of training programmes attended by each Director during the financial year under review are as follows:

Name of Directors	Training Programmes	Date
Teong Teck Lean	Discussion on Panel Topic Malaysia's Logistics/ Fulfillment Industry Readiness in E-Commerce	3 July 2019
	Selangor, Regional Powerhouse Forum	23 July 2019
	ASEAN-Japan: New Areas of Economic Cooperation by ASEAN Business Club	29 July 2019
	The Future of Fintech in ASEAN	15 August 2019
	Forbes Global CEO Conference 2019	15 - 16 October 2019
	Busyweekly Investment Forum	3 November 2019
	Asian Logistics and Maritime Conference	19 - 20 November 2019
	Hong Kong Business Seminar cum Networking Luncheon	26 November 2019
	Leadership in Crisis Management	17 June 2020
Adi Arman bin Abu Osman	Demystifying the Diversity Conundrum: The Road to Business Excellence	5 July 2019
	Leadership in Crisis Management	17 June 2020
Lim Chee Seong	Transfer Pricing Conference 2019	15 July 2019
	MFRS 16 Leases Seminar	7 August 2019
	MFRS 16 Leases Course	14 October 2019
	ISO 37001:2016 Anti Bribery Management System (Awareness Training)	27 November 2019
	Seminar on Service Tax	28 November 2019
	ACCA - MICG Ethics, Governance and Transparent in Corporate Reporting Forum 2020	9 January 2020
	Workshop on ISO 37001:2016: Understanding and Implementing	6 - 7 January 2020
	Workshop on ISO 37001: 2016: Risk Assessment	13 - 14 January 2020
	Leadership in Crisis Management	17 June 2020
Lee Kah Hin	RISE 2019 (Hong Kong) - Tech Conference	8 - 11 July 2019
	Busyweekly Investment Forum	3 November 2019
	Leadership in Crisis Management	17 June 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Name of Directors	Training Programmes	Date
Low Ngai Yuen (f)	Islamic Capital Market 4.0: Driving Inclusiveness and Trust in Digital Capital Markets	17 October 2019
	Asia Innovatif Summit: Leading the Businesses of Tomorrow, Today	25 - 27 October 2019
	Market Access & Funding Post Covid-19	23 April 2020
	Nasi Lemak Economics: Women's Role in Rebuilding the Malaysian Economy	1 May 2020
	Webinar 4.0 Opportunities in Crisis	20 May 2020
	How Will Things Change in A Post-Pandemic-World?	20 May 2020
	Leadership in Crisis Management	17 June 2020
	Gamechangers Sharing Session: Arts in The Time of Coronavirus	26 June 2020
	Financial Oversight & Assurance Post-COVID-19	30 June 2020
Lai Tak Loi	Mandatory Accreditation Programme (MAP)	11 - 12 November 2019
	Leadership in Crisis Management	17 June 2020
Chua Put Moy (f)	Directors Dialogue on Integrated International Reporting	11 September 2019
	Audit Oversight Board for Audit Committee	8 November 2019
	Corporate Liability on Corruption - A Basic Awareness & Implementation Framework	13 March 2020
	Covid-19 Implications on Financial Reporting	14 April 2020
	Cyber and Economic Crime/Fraudsters	23 April 2020
	Valuation Assessment & Deal Restructuring Post Covid-19	27 April 2020
	Virtual Annual General Meetings	30 April 2020
	Recovery and Resilience	5 May 2020
	Audit Committee Roundtable Webinar/Post MCO Thought Leadership	12 May 2020
	Regional Economic Forum	4 June 2020
	Leadership in Crisis Management	17 June 2020
Shuji Yamauchi	Mandatory Accreditation Programme (MAP)	15 - 17 June 2020
	Leadership in Crisis Management	17 June 2020
Tan Sri Muhammad bin Ibrahim	Leadership in Crisis Management	17 June 2020
	Financial Oversight & Assurance Post-COVID-19	30 June 2020
	Mandatory Accreditation Programme (MAP)	20 - 22 July 2020

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. Remuneration

The CNRC and the Board are mindful of the need to remunerate and retain its Directors and Senior Management to ensure that their commitment remains and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

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

The remuneration of the Directors is determined on the basis of market benchmarking and the Group's performance taking into account the performance, the level of contribution of individual Directors, their responsibilities and the number of meetings attended.

In establishing the remuneration of Senior Management, performance measures should include appropriate financial targets and non-financial targets so as to reward individual performance and promote the long-term success of the Company.

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.

During the financial year under review, the CNRC had reviewed the Non-Executive Directors' fees and benefits as well as the remuneration of Executive Directors and recommended the same to the Board for approval. The proposed Directors' fees and benefits payable for the financial year ending 30 June 2021 will be tabled for the shareholders' approval on the forthcoming Annual General Meeting of the Company.

The detailed disclosure of the remuneration of the individual Directors and Senior Management during the financial year under review is provided in the Corporate Governance Report, which is available for download at *www.gdexpress.com*.

The Company's policy and procedures for the remuneration of Directors and Senior Management are set out in the Directors' Assessment and Remuneration Policy and a copy of the said policy can be found on the Company's website at *www.gdexpress.com*.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

While risk assessment and the internal audit are different processes, the Board assigned risk oversight to its Audit Committee by combining the functions of the Audit Committee and Risk Management Committee in 2013 and known as "Audit and Risk Management Committee" ("ARMC").

Currently, all the four (4) members of ARMC of the Company are Independent Non-Executive Directors. The Chairperson of the ARMC, Ms Chua Put Moy, is a member of the Malaysian Institute of Accountants. All members of the ARMC are able to read and understand fundamental financial statements of the Group.

The ARMC undertakes its role and responsibilities as set out in its written Terms of Reference. The ARMC oversees the financial reporting and disclosure process, the system of internal controls and risk management as well as the internal and external audit functions. The ARMC has full access to any information it requires pertaining to the Group from the Management as well as the Company's internal and external auditors, who have access at all times to the Chairperson of the ARMC. The Terms of Reference of the ARMC outlining the composition and duties and responsibilities are available on the Company's website at *www.gdexpress.com*. The activities undertaken by the ARMC during the financial year are summarised in the Audit and Risk Management Committee Report contained in this Annual Report.

In safeguarding and supporting the external auditors' independence and objectivity, the ARMC has formalised the External Auditors Assessment Policy which spells out the selection process of new external auditors, assessment of independence, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit service. At least twice a year, the ARMC shall meet with the external auditors to discuss their audit plan, areas of audit focus, audit analytics, audit findings and the Company and Group's audited financial statements. These meetings are held without the presence of the Executive Directors and Management. The external auditors attend the Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and contents of audit report, if necessary.

During the financial year under review, the ARMC has carried out an assessment of the independence, performance and suitability of the external auditors, Messrs. Deloitte PLT and the ARMC was satisfied with the independence, performance and suitability of External Auditors based on their quality of services, competency and industry knowledge of external audit staff and sufficient resources provided to the Group. Based on its assessment of the independence and performance of Messrs. Deloitte PLT, the ARMC has recommended to the Board the re-appointment of Messrs. Deloitte PLT as External Auditors for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The Board through the CNRC evaluated the performance and term of office of ARMC and each of its members annually to ensure it functions effectively. The Board is satisfied that the ARMC and members have effectively and efficiently discharged their duties.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework policy and overseeing the strategic risk management and internal control frameworks of the Group.

The Group's internal audit function is independent of the Group's operations and provides reasonable assurance that the Group's system of internal control is satisfactory, adequate and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group's framework in designing, implementing and monitoring its internal control system. A three (3) years internal audit plan setting out the internal audit work expected to be carried out over the next three (3) financial years, is tabled to the ARMC for review and approval.

The Internal Audit Charter, approved by the ARMC, sets out the nature, purpose, authority and responsibility of the internal audit function.

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the risk management and internal processes within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Company recognises the importance of the use of information technology for effective and timely dissemination of information that serves as a direct line of communication with shareholders and investors by way of timely dissemination of information of the Group's performance and major development.

The Group's Investor Relations section is accessible by the public via its website at *www.gdexpress.com*, which enhances such communication with the stakeholders through its analyst reports, all announcements made, Annual Reports as well as the corporate and governance structure of the Company.

The Company recognises the value of transparent, consistent and coherent communications with investment community which is also consistent with commercial confidentiality and regulatory considerations. Therefore, it has put in place a Corporate Disclosure Policy and Procedure to ensure that communications to the investing public about the Group comply with the disclosure requirements as stipulated in the Main Market Listing Requirements of Bursa Securities.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

cont'd

II. Conduct of 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 Group's business and activities, and allows the Group's businesses and prospects to be evaluated properly.

The Annual General Meeting ("AGM") provides a privileged opportunity for shareholders to share their views and communicate with the Board. Shareholders attending the AGM will be given a reasonable opportunity to participate in the AGM and vote on matters.

All Board members, including the Chairperson/Chairman of ARMC and CNRC, attended and participated in 2019 AGM.

Currently, the Notice of the Company's AGM is circulated to shareholders at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and explanatory notes/papers supporting the resolutions proposed before making any decision in relation to the proposed resolutions. In view of the Covid-19 outbreak and as part of the safety measures, the forthcoming AGM of the Company will be conducted on a fully virtual basis via Remote Participation and Electronic Voting facilities. This is in line with best practices of MCCG.

All the resolutions set out in the Notice of the AGM were put to vote by poll voting. The poll results were confirmed and verified by an independent scrutineer appointed by the Company.

A summary of key matters discussed at the AGM will be published on the Company's website as soon as practicable upon being reviewed by the Board members and approved by the Chairman.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS

During the financial year ended 30 June 2020, there were no material contracts entered into by the Company and its subsidiary companies with Directors and/or major shareholders.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of the Recurrent Related Party Transactions made during the financial year ended 30 June 2020 were as follows:

Nature of Transaction	Company involved in the Transaction	Related Company	Interested Directors/ Substantial Shareholders/ Persons Connected to Directors or Substantial Shareholders	Actual Value for the year ended 30 June 2020 (RM)
Provision of express delivery services to SingPost	GD Express (Singapore) Pte Ltd ("GD(S)")(1)	Singapore Post Limited ("SingPost")(3)	Lai Tak Loi(4)	23,951
Provision of express delivery services to QSI(M)	GD Express Sdn Bhd ("GDSB")(2)	Quantium Solutions International (Malaysia) Sdn Bhd ("QSI(M)")(5)	SingPost	2,885,963
Provision of postal services and express delivery services to YTSB	GDSB	Yamato Transport (M) Sdn Bhd ("YTSB")(7)	Yamato Asia Pte Ltd ("Yamato Asia")(8)	538,464
Provision of advisory services to GDEX	GD Express Carrier Bhd	Yamato Asia Pte Ltd ("Yamato Asia")(8)	Shuji Yamauchi(10)	95,000
Provision of advisory services to GDEX	GD Express Carrier Bhd	Yamato Holdings Co., Ltd.(9)	Shuji Yamauchi(10)	25,000
Provision of business software solution to GDSB	GDSB	Web Bytes Sdn Bhd (11), (12)	Teong Teck Lean(11) Lee Kah Hin(12)	63,407
Loan Interest charged to Web Bytes	GD Express Carrier Bhd	Web Bytes Sdn Bhd (11), (12)	Teong Teck Lean(11) Lee Kah Hin(12)	100,000

ADDITIONAL COMPLIANCE INFORMATION

cont'd

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE *cont'd*

Notes:-

(1) GD(S), a wholly-owned subsidiary of the Company.
(2) GDSB, a wholly-owned subsidiary of the Company.
(3) SingPost, a substantial shareholder of the Company.
(4) Mr Lai Tak Loi is the Group Chief Financial Officer of SingPost and Corporate Representative of Singpost in the Company.
(5) QSI(M), an indirect 66%-owned subsidiary of SingPost.
(6) YTSB, a subsidiary of Yamato Asia Pte Ltd.
(7) Yamato Asia, a substantial shareholder of the Company.
(8) Yamato Holdings Co., Ltd., a holding company of Yamato Asia Pte Ltd.
(9) Mr Shuji Yamauchi is the Managing Director of Yamato Asia Pte Ltd and an Executive Officer of Yamato Holdings Co., Ltd.
(10) Mr Teong Teck Lean is the Director of Web Bytes Sdn Bhd, a 32.69% associate company of the Company.
(11) Mr Lee Kah Hin is the Director of Web Bytes Sdn Bhd, a 32.69% associate company of the Company.

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

3. AUDIT AND NON-AUDIT FEES

For the financial year ended 30 June 2020, the total amount of audit and non-audit fees paid/payable to the external auditors, and firms affiliated to external auditors for services rendered to the Company and the Group were as follows:

	The Company (RM)	**The Group (RM)**
Audit Fees	129,000	318,078
Non-Audit Fees	53,000	53,000

4. UTILISATION OF PROCEEDS

During the financial year ended 30 June 2020, the Company did not undertake any corporate proposal to raise proceeds except for the proceeds of RM8,606 arising from the exercise of 22,500 Warrants-B 2015/2020 received by the Company.

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 (“the Code”), a listed company should establish a sound risk management framework and internal control systems 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 (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors for Listed Issuers for the financial year ended 30 June 2020.

BOARD’S RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control systems for good corporate governance. It 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 a review of its effectiveness, particularly the financial, operational, and compliance aspects of the Group throughout the financial year. However, the Board also acknowledges that such risk management and internal control systems 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 financial losses or fraud.

The Group has established an on-going process to identify, evaluate, and manage significant risks faced by the Group and its achievement of objectives and strategies. The process involves, amongst others, updating the risk register and internal control documentation when there are changes to the business environment or regulatory guidelines. The process is reviewed by the Board annually. It 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 systems 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, given the dynamic and changing business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

FIVE KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

I. RISK MANAGEMENT

Risk Management Framework

The Board has entrusted the ARMC to review the risk management processes within the Group.

The ARMC is assisted by the Risk Management Working Committee (RMWC), which is comprised of Entity Risk Owners to identify and assess relevant business risks and to devise relevant risk response actions plan to mitigate them accordingly.

Business risks of the Group identified, assessed, and grouped into seven categories 1) Financial; 2) Operations; 3) Legal and Regulatory; 4) Human Capital; and 5) External Factors; 6) Business Operations *(which include IT risks like Cyber Security and Disaster Recovery)* and 7) Shareholders. The associated business risks from these seven categories are first assessed and rated based on their risk likelihood and impact. After risk assessments, the business risks are then rated into i) Significant; ii) Medium and iii) Low and Risk Management Actions to be prioritised based on the business risk levels.

The ARMC reviews the Risk Management Update report to ensure the risk response action plans devised are indeed carried out to mitigate the risks faced by the Group. The outcomes of the Risk Management Update review are also presented to the Board.

II. CONTROL ENVIRONMENT

The Audit and Risk Management Committee ("ARMC")

In addition to Risk Management, the Board has tasked the ARMC with established Terms of Reference to examine the effectiveness of the Group's System of Internal Control.

To achieve that, the ARMC evaluates the internal audit function to assess its effectiveness in discharging its responsibilities. Internal audit findings are presented, together with Management's comments and proposed action plans, to the ARMC for its review. The ARMC also ensures the internal audit function follows up and reports on the implementation of action plans by Management on the findings.

The ARMC had updated the Board on the status of the Group's System of Internal Control in the Board meetings conducted during the year.

The ARMC also reviewed and ensured relevant measures had been carried out by the Management to address the internal control weaknesses raised by the external auditors during the ARMC meetings.

FIVE KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

II. CONTROL ENVIRONMENT *cont'd*

Organisation Structure and Limits of Authority ("LOA")

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, revised as the need arises, and approved by the Management and the Board in accordance with their LOA, in line with changes in business, structural, and operational perspectives.

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 governed by a Code of Ethics and Conduct embedded in the Employee Handbook.

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 governing 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, the extension of credits, investments, acquisitions, and disposals of property, plant, and equipment.

Human Resource

The Group has an effective human resource policy 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 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 experienced and competent employees in areas of responsibility to support the effectiveness of the Group's systems of Risk Management and Internal Control. The Group provided relevant training to the employees to ensure continuous improvement. It embarked on an individual development plan for functional competency to upskill and reskill its employees and strengthen career management and succession planning.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

FIVE KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

III. CONTROL ACTIVITIES

Budget Plan and Budget

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

A comprehensive work plan and budgeting process are established, requiring all critical business and operating units to prepare a work plan and budget annually. The final budgets are presented and tabled for Board approval. Operating results are being closely monitored by Management against approved budget and key performance indicators. Any significant variances identified will be investigated, and corrective measures will be implemented accordingly.

Insurance and Physical Safeguard

The insurance coverage of the Group's major assets is reviewed annually and when it 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.

Management Committee

Various Management Committees at the Senior Management level have been established to assist and support the Board. They oversee areas such as Occupational Health, Safety and Security, Business Operations, Risk Management, Information Technology System and Infrastructure, System Implementation and Support, Acquisition, and Disposal of Major Assets, Merger & Acquisition, Takeover and Investment Appraisal as well as Staff disciplinary issues etc. These include the Group's Executive Committee, IT Steering Committee, Disciplinary Action Committee, and Group Safety and Health Committee.

When Covid-19 cases started to grow in Malaysia in February 2020, the Group Chief Executive Officer had formed a Special Committee which consisted of key Management and SHC members to implement relevant health and safety procedures within the Group to mitigate such risks.

IV. INFORMATION AND COMMUNICATION

Financial performance and key business indicators are tabled and deliberated at the regular EXCO meetings. Major business strategies and operational issues are also discussed at these meetings.

The Executive Directors report to the Board the financial performances of the Group during the regular Board meetings. Major investments and business strategies are also discussed and approved by the Board.

FIVE KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

V. MONITORING

Internal Audit Function

The review of the adequacy and integrity of the Group's Risk Management and Internal control systems is the delegated responsibility of the ARMC. The ARMC is assisted by the Internal Audit Function in discharging its duties and responsibilities by providing the Board with the assurance it requires on the adequacy and integrity of the system of internal controls. The ARMC has an oversight function of all activities carried out by the Internal Audit Function. Periodically, the ARMC assesses the adequacy and integrity of the Risk Management and Internal Control systems through a review conducted by the Internal Auditors and Management. Significant internal control matters and findings that are brought to the attention of the ARMC will be highlighted to the Board. The systems 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 Function is undertaken by an in-house team and adopts a risk-based approach in preparing an audit plan reviewed and approved by the ARMC. The audit plan covers a review of the risk exposures and control processes implemented by the Management, and the critical areas within the Group, including the adequacy of operational controls and information systems, compliance with established policies and procedures. 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. The internal audit reports summarising the results of periodic internal audit visits are presented to the ARMC 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 Board's attention. Notwithstanding this, the Board will continue to embrace a risk and control conscious approach and maintain constant vigilance to meet its business objectives in the ever-changing and challenging business environment.

ISO Certifications

ISO 9001:2015 and 14001:2015

The Group's core subsidiaries are ISO certified in Quality Management and Environmental Systems. Regular Internal and Certification audits are being carried out to ensure the requirements of the Quality Management and Environmental Systems are met to improve customers' satisfaction as well as complying with the best environmental practices.

ISO 37001:2016

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and Paragraph 15.29(1)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group is also working toward achieving ISO 37001:2016, i.e., ABMS to mitigate the associated bribery and corruption risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

FIVE KEY COMPONENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM *cont'd*

V. MONITORING *cont'd*

Assurance

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.

The Board has obtained assurance from the Group Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects based on the risk management and internal control systems of the Group. To date, 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 2020 under review.

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 2020 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 12 October 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") of GD Express Carrier Bhd ("the Company") is pleased to present the report of the Audit and Risk Management Committee ("Committee" or "ARMC") for the financial year ended 30 June 2020.

COMPOSITION AND ATTENDANCE AT MEETINGS

The composition of the ARMC comprises the following four (4) Independent Non-Executive Directors:

Name	**Designation**
Liew Heng Heng* (f) *(Ceased as Chairperson on 5 December 2019)*	Chairperson, Independent Non-Executive Director
Chua Put Moy* (f) *(Appointed as member on 1 November 2019 and re-designated as Chairperson on 5 December 2019)*	Chairperson, Independent Non-Executive Director
Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid *(Ceased as member on 31 May 2020)*	Member, Independent Non-Executive Director
Adi Arman bin Abu Osman	Member, Independent Non-Executive Director
Low Ngai Yuen (f)	Member, Independent Non-Executive Director
Tan Sri Muhammad bin Ibrahim* *(Appointed as member on 1 July 2020)*	Member, Independent Non-Executive Director

* *Member of Malaysian Institute of Accountants*

During the financial year ended 30 June 2020, the Committee met five (5) times and the attendance records of the Committee are shown on page 56 of this Annual Report.

The Company's internal and external auditors, Executive Directors and Senior Management are normally invited to attend the meetings.

The Chairperson of the Committee will report formally to the Board on its proceedings after each meeting.

The Combined Nomination and Remuneration Committee ("CNRC") had on 7 October 2020 reviewed on the term of office and performance of the Committee and each of its members. The CNRC is satisfied that the Committee carried out its duties in accordance with its Terms of Reference.

The full Terms of Reference of the Committee are available at the Company's website at *www.gdexpress.com*.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE ARMC

The Committee had carried out the following works during the financial year ended 30 June 2020 in discharging its duties and responsibilities:

1. Financial Reporting

(a) Reviewed the unaudited quarterly financial results of the Group. The Committee had sought explanations and additional information from the Executive Director cum Chief Financial Officer and the Management on the reasons for variances/fluctuations in the financial performance of the Group, including the key income and operating expenses, before recommending the same to the Board for approval.

(b) Reviewed and discussed the annual audited financial statements of the Group and the Company with the External Auditors, Messrs. Deloitte PLT ("Deloitte") with particular focus on significant matters highlighted in their management letter, including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, if any, and how these matters are addressed, and the responses/actions taken by the Management on resolution of such issues, prior to submission to the Board for their approval. The review was to ensure that the financial reporting and disclosures requirements are in compliance with:

- Provisions of the Companies Act 2016
- Listing Requirements of Bursa Malaysia Securities Berhad
- Applicable and approved Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS")
- Other legal and regulatory requirements

In the review of the annual audited financial statements, the Committee discussed with Management and Deloitte the accounting policies and principles, financial reporting standards that were applied, and also their judgement of the items that may affect the financial statements, including accounting estimates and assumptions, going concern, materiality and related disclosures.

2. Internal Audit

(a) Reviewed and discussed the internal audit reports which were tabled during the meetings, the audit recommendations for improvements to existing system of internal controls, and work processes are made to the Management for resolutions where necessary, as well as the Management's action and response to these recommendations.

(b) Reviewed and discussed the high and key risks that had being identified and reported in the Risk Management Reports as well as new and emerging risks and control mechanism.

(c) Reviewed and discussed the implementation status taken by the management in response to the audit recommendations on the audit findings raised in the audit reports and ensure that appropriate management actions being taken to rectify the weaknesses and all the key audit findings as highlighted, and control lapses have been addressed effectively and efficiently.

(d) Reviewed the revised Internal Audit Charter and Risk Management Policy in tandem with latest changes in Malaysian Code on Corporate Governance ("the Code") and to ensure effectiveness of the Risk Management and Internal Control systems and recommended to the Board for approval.

SUMMARY OF WORKS OF THE ARMC *cont'd*

2. **Internal Audit** *cont'd*

    (e) Reviewed and approved the 2020-2023 risk-based internal audit plan to ensure adequacy of audit scope and programmes.

    (f) Reviewed and assessed the competency and resources' adequacy of the internal audit function.

3. **External Audit**

    (a) Reviewed and discussed audit updates presented by Deloitte on the matters arising from the audit of the Group and the Company for the financial year ended 30 June 2020.

    (b) Reviewed and discussed with Deloitte their audit planning memorandum which set out audit strategy, scope of work, key audit matters and proposed audit fees.

    (c) Reviewed the annual audited financial statements of the Group and the Company prior to submission to the Board for approval and release the same to Bursa Malaysia Securities Berhad.

    (d) Reviewed and discussed Deloitte's observations, the results of the annual audit and management letter together with Management's responses to the findings.

    (e) Assessed and discussed the audit performance and effectiveness of Deloitte, including independence, objectivity and reporting, professional scepticism, communication, interaction, experience and expertise, audit finalisation, the quality of skills and capabilities of audit staff, resources as well as the terms of engagement. The Committee is satisfied with the performance of Deloitte which remain effective, objective and independent.

    (f) Had private sessions with Deloitte without the presence of the Management to discuss further with them other issues of concern, if any, arising from the audit.

4. **Related Party Transactions**

    (a) Reviewed the recurrent related party transactions ("RRPT") of a revenue or trading nature entered into by the Company and its subsidiaries and associated companies, 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.

    (b) Reviewed the draft Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for RRPT of a revenue or trading nature prior to submitting the same to the Board for consideration and approval as well as to Bursa Malaysia Securities Berhad for perusal and approval.

5. **Anti-Bribery and Corruption**

    (a) Reviewed and assured adequate risk management and internal control frameworks are being put in place by Management to mitigate associated bribery and corruption risks.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF WORKS OF THE ARMC *cont'd*

6. Others

(a) Reviewed the ARMC Report and Statement on Risk Management and Internal Control prior to recommending the same to the Board for approval and inclusion in the Annual Report of the Company.

INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS

Internal Audit Function

The Board has established an in-house and independent internal audit department to assist the ARMC and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance systems.

The Internal Audit department is staffed by 5 professionals and it is led by Mr Chow Kim Wai (Manager, Internal Audit). He holds a Bachelor of Commerce (majoring in Accounting) and is currently member of reputable professional bodies namely, i) Chartered Accountant, Malaysian Institute of Accountants; ii) Certified Practising Accountant, CPA Australia; and iii) Chartered Member, The Institute of Internal Auditors Malaysia. He reports directly to the Committee.

Internal audit charter is established to ensure the Internal Audit function is free from any relationship or conflict of interest, which could impair their objectivity and independence. In addition, Internal Audit Standard Operating Procedures is established to ensure the Internal Audit function carries out their duties closely in line with the International Professional Practices Framework (IPPF).

During the financial year ended 30 June 2020, the Internal Audit function carried out the following activities to assure ARMC regarding the risk management, internal control and governance state of the Group:

i) Based on the approved 2019/2020 Internal Audit Plan which formulated after considering key business processes and risks of the Group, carried out internal and risk management audits on the Company's Branches and relevant Business Functions respectively. The Internal Audit function has also introduced data analytics in its audit and hence all Branches audits and bigger sample sizes are able to be covered to improve efficiency and effectiveness of its audit processes.

ii) Internal Audit and Risk Management reports and follow-up audit results are tabled to the ARMC and Management to ensure agreed actions plan are indeed carried out to address significant findings;

iii) In response to Covid-19 outbreak, prepared Covid-19 Crisis and Recovery Action Plan Report.

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 statements.

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 2020 amounted to RM437,788.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Year Ended 30 June	**2020**	**2019**	**2018**	**2017**	**2016**
Results of Operation					
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	364,010	313,858	292,989	250,510	219,757
Profit from Operations	19,878	14,515	34,752	33,613	35,133
Profit before tax	23,740	32,372	44,608	44,474	40,183
Profit after tax	18,491	32,468	23,627	36,829	34,444
EBITDA	70,544	53,735	61,429	57,265	51,118
Return on revenue	5%	10%	8%	15%	16%
Profit attributable to:-					
Owners of the parent	18,534	32,468	23,627	36,829	34,444
Non-controlling interests	(43)	-	-	-	-
	18,491	32,468	23,627	36,829	34,444

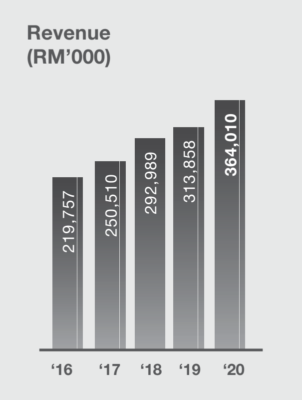
As at 30 June	**2020**	**2019**	**2018**	**2017**	**2016**
Financial Position					
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total assets	656,056	555,635	518,055	478,031	434,592
Total liabilities	159,630	76,471	68,374	51,883	47,783
Net assets	496,427	479,164	449,681	426,148	386,809
Paid-up capital	337,896	337,888	327,809	313,837	69,162
Treasury shares	(905)	-	-	-	-
Shareholders' equity:-					
Owners of the parent	483,181	479,164	449,681	426,148	386,809
Non-controlling interests	13,246	-	-	-	-
	496,427	479,164	449,681	426,148	386,809

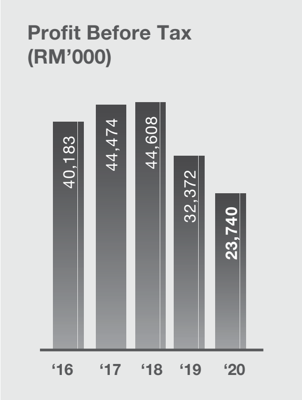
5-YEAR GROUP FINANCIAL HIGHLIGHTS
cont'd

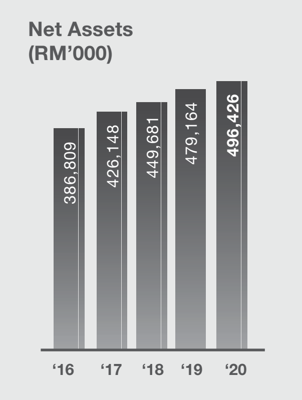
As at 30 June	**2020**	**2019**	**2018**	**2017**	**2016**
Share Information					
Number of shares in issue ('000)	5,641,411 (1)	5,641,388	5,602,624	5,576,237	1,383,240
Basic earnings per share (sen)	0.33	0.58	0.42	0.66	0.66
Diluted earnings per share (sen)	0.33 (2)	0.58	0.40	0.65	0.66
Net assets per share (RM)	0.09	0.08	0.08	0.08	0.28
Share price at end of financial year (RM)	0.355	0.265	0.405	0.625	0.385

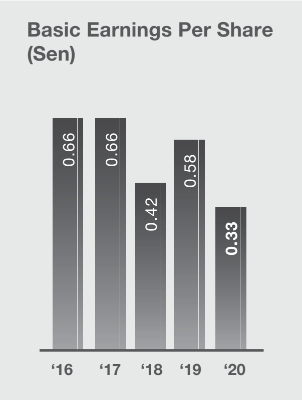
(1) During the financial year ended 30 June 2020, the Company increased its issued and paid-up ordinary share capital from 5,641,388,335 ordinary shares to 5,641,410,835 ordinary shares as disclosed in Note 23 to the financial statements.

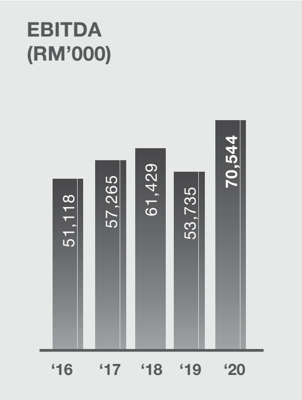
(2) There is no effect of dilution on diluted earnings per share as the Warrants 2015/2020 had expired and lapsed on 11 February 2020 as disclosed in Note 10 to the Financial Statements.


Revenue (RM'000)


Profit Before Tax (RM'000)


Net Assets (RM'000)


Basic Earnings Per Share (Sen)


EBITDA (RM'000)

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, 2016 to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2020 on pages 96 to 188 of the printed version of this Annual Report, the Group and 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 Group and the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to comply with the provisions of the Companies Act, 2016.

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

The auditors' responsibilities are stated in their report to the shareholders on pages 91 to 95.

This Statement is made in accordance with the resolution of the Board of Directors dated 12 October 2020.

Tan Sri Muhammad Bin Ibrahim
Chairman

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2020.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries include provision of express delivery services, logistics services and property investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issue share capital held by the Company in each subsidiary companies are disclosed in Note 15 to the financial statements.

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	23,739,639	15,902,045
Income tax expense	(5,248,609)	(1,501,519)
Profit for the year	18,491,030	14,400,526

	The Group RM	The Company RM
Profit for the year attributed to:		
Owners of the parent	18,534,186	14,400,526
Non-controlling interests	(43,156)	-
	18,491,030	14,400,526

In the opinion of the directors, the results 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 other than amortisation of right-of-use assets as disclosed in Note 13 to the financial statements.

DIVIDENDS

As mentioned in Note 31 to the financial statements, a dividend of 0.25 sen per share amounting to RM14,101,465 which was proposed in the previous financial year and dealt with in the previous report of the directors was paid in cash by the Company during the financial year.

The directors proposed a dividend of 0.20 sen per share amounting to approximately RM11,280,000 in respect of the financial year ended 30 June 2020. 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM337,887,802, comprising 5,641,388,335 ordinary shares, to RM337,896,408, comprising 5,641,410,835 ordinary shares as disclosed in Note 23 to the financial statements and the details as follows:

Exercise of Warrants 2015/2020

Issuance of 22,500 new ordinary shares amounted to RM8,606 during the financial year, pursuant to exercise of 22,500 Warrants 2015/2020 at the exercise price of RM0.3825 per warrant.

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

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

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 2015.

WARRANTS 2015/2020 *cont'd*

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.

(e) In previous financial year, as a result of the bonus issue exercise, an additional 530,898,999 number of Warrants 2015/2020 adjustment was made in accordance with the provisions under the Deed Poll constituting the Warrants dated 20 January 2015. Consequentially, the exercise price of Warrants 2015/2020 was revised on 13 June 2017 from RM1.5300 to RM0.3825.

The Warrants 2015/2020 had expired and lapsed during the year, and the movement are as follows:

	Number of Warrants 2015/2020
At beginning of year	706,030,568
Exercised during the year (Note 23)	(22,500)
	706,008,068
Expired and lapsed on 11 February 2020 (Note 23)	(706,008,068)
At end of year	-

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.

DIRECTORS' REPORT
cont'd

TREASURY SHARES

During the financial year, the Company repurchased 4,196,300 of its ordinary shares listed and quoted on the main market of Bursa Malaysia Securities Berhad from the open market at an average buy-back price of RM0.216 per ordinary share. The total consideration paid, including transaction costs, of RM904,861 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell or distribute the treasury shares as dividends or transfer the treasury shares for the purposes of an employees' share scheme or as purchase consideration at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased have been sold, cancelled or transferred during the financial year.

The number of ordinary shares as at 30 June 2020 after taking into account the new shares issued and deducting the shares brought back is 5,637,214,535 ordinary shares. Further relevant details are disclosed in Note 24 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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 except as disclosed in Note 36 to the financial statements.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Teong Teck Lean
Adi Arman bin Abu Osman
Lim Chee Seong
Lee Kah Hin
Low Ngai Yuen
Lai Tak Loi
Chua Put Moy (Appointed on 1 November 2019)
Shuji Yamauchi (Appointed on 1 March 2020)
Tan Sri Muhammad bin Ibrahim (Appointed on 1 May 2020)
Liew Heng Heng (Resigned on 5 December 2019)
Chua Khing Seng (Resigned on 1 March 2020)
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Resigned on 31 May 2020)

The directors of the subsidiaries in office which have not been disclosed above during the financial year and during the period from the end of the financial year to the date of this report are:

Chan Lai Wah
Teong Lynn Tze Rachel
Chong Hui Chuen (Appointed on 1 August 2020)
Kwok Nguk Mooi (Appointed on 1 August 2020)
Kong Hwai Meng (Appointed on 7 August 2020)
Ong Mei Chen (Resigned on 17 August 2020)

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

The shareholdings and warrants 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 59 of the Companies Act, 2016, are as follows:

	← Number of ordinary shares →			
	Balance as of 1.7.2019	**Bought**	**Sold**	**Balance as of 30.06.2020**
Shares in the Company				
Direct interest				
Teong Teck Lean	124,315,352	-	-	124,315,352
Lim Chee Seong	330,000	-	-	330,000
Lee Kah Hin	716,753	-	-	716,753
Shares in the Company				
Indirect interest				
Teong Teck Lean				
<u>Substantial shareholdings</u>				
GD Express Holdings (M) Sdn Bhd	1,408,770,556	-	-	1,408,770,556
GD Holdings International Limited	632,331,693	-	-	632,331,693
GDEX Foundation	19,990,408	-	-	19,990,408
Teong Teck Lean				
<u>Immediate family member</u>				
Wang Herng Tsuey	12,604,215	-	-	12,604,215

DIRECTORS' INTERESTS *cont'd*

	Number of Warrants 2015/2020 over ordinary shares			
	Balance as of 1.7.2019	**Bought**	**Sold/ Exercised/ Lapsed**	**Balance as of 30.06.2020**
Warrants 2015/2020 in the Company				
Direct interest				
Teong Teck Lean	18,569,876	-	(18,569,876)	-
Lim Chee Seong	48,000	-	(48,000)	-
Warrants 2015/2020 in the Company				
Indirect interest				
Teong Teck Lean				
Substantial shareholdings				
GD Express Holdings (M) Sdn Bhd	375,071,232	-	(375,071,232)	-
GD Holdings International Limited	81,408,344	-	(81,408,344)	-
GDEX Foundation	2,904,412	-	(2,904,412)	-

By virtue of the above directors' interest in the shares of the Company, they are deemed to have beneficial interest in the shares of all the subsidiary and related companies to the extent the Company has an interest. The Warrants 2015/2020 has expired and lapsed on 11 February 2020.

The other directors in office at the end of the financial year did not hold shares, nor had beneficial interest in the shares 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.

DIRECTORS' REPORT
cont'd

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains directors' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group and its subsidiaries. The amount of insurance premium paid during the year amounted to RM21,075.

SIGNIFICANT EVENTS

Significant events during the financial year relating to the acquisition of subsidiary and associate companies, the impact of the outbreaks of Coronavirus disease "COVID-19" and a Movement Control Order ("MCO") imposed by the Malaysian Government are disclosed in Notes 15, 16 and 39 to the financial statements.

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for financial year ended 30 June 2020 is as disclosed in Note 7 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors,

TEONG TECK LEAN

LEE KAH HIN

Petaling Jaya,
12 October 2020

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2020 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to financial statements, including a summary of significant accounting policies, as set out on pages 96 to 188.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Our audit performed and responses thereon*
The Group's revenue is mainly derived from express delivery services rendered with the characteristics of large volume of transactions involving immaterial value individually. For the year ended 30 June 2020, the Group has recorded revenue of RM338 million from express delivery, representing 92.95% of the Group's total revenue. The Group tracks the rendering of express delivery services in its operation systems. Therefore, revenue recognition largely relies on the effectiveness of design, implementation and operation of the internal control relating to operation systems. As there is higher inherent risk of revenue recognition in light of the large volume of express delivery and the involvement of operation systems, we considered the recognition of revenue from express delivery as a key audit matter.	Our audit approach includes both controls testing and substantive procedures as follows: • We understood, evaluated and tested the Group's internal control relating to recognition of revenue from express delivery, including general controls on the operation systems relating to revenue from express delivery. Understanding, evaluation and testing of general controls on the operation systems relating to revenue from express delivery were performed by the information technology specialists; • We performed branch visit by rotation to ensure the existence of the branches business operating activities; • With respect to the express delivery revenue from credit sales, which accounted for 67.81% of total delivery revenue, we applied analytic tools, to agree 100% of transaction from operation system to accounting system. In addition, we checked, on a sampling basis, the information in proof of delivery against the information of revenue recognised and recorded in the accounting system; and • With respect to the express delivery revenue from other sales streams, we checked, on a sampling basis, the proof of delivery against the revenue recognised and recorded in the accounting system.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016, we also report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG KAR CHOON
Partner - 03153/08/2022 J
Chartered Accountant

12 October 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
		RM	**RM**	**RM**	**RM**
Revenue	6	364,009,954	313,857,807	10,249,000	14,446,000
Other operating income	7	9,924,260	19,916,366	12,580,821	20,671,763
Direct costs	7	(82,515,146)	(57,524,917)	-	-
Staff costs	7	(184,836,985)	(174,982,778)	(3,886,649)	(3,332,720)
Depreciation of property, plant and equipment	11	(23,056,031)	(18,772,871)	-	-
Amortisation of prepaid lease payments	12	-	(531,108)	-	-
Amortisation of Right-of-use assets	13	(17,685,824)	-	-	-
Other operating expenses	7	(41,622,718)	(41,693,458)	(3,041,127)	(2,505,564)
Impairment loss on goodwill	17	-	(397,385)	-	-
Share of profits/(loss) of associates	16	5,584,625	(5,440,282)	-	-
Finance costs	8	(6,062,496)	(2,059,272)	-	-
Profit before tax		23,739,639	32,372,102	15,902,045	29,279,479
Income tax (expense)/credit	9	(5,248,609)	95,652	(1,501,519)	(2,128,557)
Profit for the year		18,491,030	32,467,754	14,400,526	27,150,922

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020
cont'd

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
		RM	**RM**	**RM**	**RM**
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		803,299	56,429	-	-
Fair value gain	18	-	-	46,298,312	20,148,563
Remeasurements of post-employment benefit obligations	28	(323,774)	-	4,874	-
Other comprehensive income for the year, net of tax		479,525	56,429	46,303,186	20,148,563
Total comprehensive income for the year, net of tax		18,970,555	32,524,183	60,703,712	47,299,485
Profit for the year attributable to:					
Owners of the parent		18,534,186	32,467,754	14,400,526	27,150,922
Non-controlling interests		(43,156)	-	-	-
		18,491,030	32,467,754	14,400,526	27,150,922
Total comprehensive income attributable to:					
Owners of the Parent		19,013,711	32,524,183	60,703,712	47,299,485
Non-controlling interests		(43,156)	-	-	-
		18,970,555	32,524,183	60,703,712	47,299,485
Earnings per ordinary share:					
Basic (sen)	10	0.33	0.58		
Diluted (sen)	10	0.33	0.58		

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

STATEMENTS OF FINANCIAL POSITION

as of 30 June 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	114,095,859	108,637,618	-	-
Prepaid lease payments	12	-	22,612,330	-	-
Right-of-use assets	13	97,021,039	-	-	
Investment properties	14	17,425,000	18,025,000	-	-
Investment in subsidiary companies	15	-	-	56,731,832	38,381,701
Investment in associates	16	35,043,769	29,043,998	8,115,146	7,700,000
Goodwill arising from consolidation	17	3,455,153	-	-	-
Other investment	18	-	-	76,312,500	30,014,188
Loan to an associate	16	2,050,000	2,000,000	2,050,000	2,000,000
Investment in redeemable convertible preference shares	19	500,000	500,000	500,000	500,000
Total Non-Current Assets		269,590,820	180,818,946	143,709,478	78,595,889
Current Assets					
Inventories - at cost		1,223,100	1,465,802	-	-
Trade receivables	20	72,156,429	51,538,867	-	-
Other receivables and prepaid expenses	20	23,655,605	22,777,330	66,300	1,194,532
Amount owing by subsidiary companies	15	-	-	107,541,917	100,226,743
Tax recoverable		21,745,968	19,331,553	123,815	-
Short term funds	21	78,767,961	12,200,014	78,767,961	12,200,014
Deposits with licensed banks	32	151,077,132	237,443,402	144,073,163	230,743,732
Cash and bank balances	32	37,839,331	30,059,509	3,260,109	10,855,825
Total Current Assets		386,465,526	374,816,477	333,833,265	355,220,846
Total Assets		656,056,346	555,635,423	477,542,743	433,816,735

STATEMENTS OF FINANCIAL POSITION

as of 30 June 2020
cont'd

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
		RM	**RM**	**RM**	**RM**
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	23	337,896,408	337,887,802	337,896,408	337,887,802
Treasury shares	24	(904,861)	-	(904,861)	-
Reserves	25	146,188,836	141,276,590	140,067,637	93,465,390
Non-controlling interests		13,246,447	-	-	-
Total Equity		496,426,830	479,164,392	477,059,184	431,353,192
Non-Current Liabilities					
Hire-purchase payables	26	10,722,224	20,465,587	-	-
Bank borrowings	27	53,715	-	-	-
Lease liabilities	13	60,055,918	-	-	-
Provision for retirement benefits	28	637,712	321,314	15,528	28,108
Deferred tax liabilities	29	6,626,808	6,272,790	-	-
Total Non-Current Liabilities		78,096,377	27,059,691	15,528	28,108
Current Liabilities					
Trade payables	30	11,046,552	2,881,356	-	-
Other payables and accrued expenses	30	33,369,694	26,189,408	468,031	347,243
Amount owing to subsidiary companies	15	-	-	-	1,917,368
Hire-purchase payables	26	18,811,502	19,721,613	-	-
Bank borrowings	27	887,815	-		-
Lease liabilities	13	17,154,320	-	-	-
Tax liabilities		263,256	618,963	-	170,824
Total Current Liabilities		81,533,139	49,411,340	468,031	2,435,435
Total Liabilities		159,629,516	76,471,031	483,559	2,463,543
Total Equity and Liabilities		656,056,346	555,635,423	477,542,743	433,816,735

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Issued share capital	Treasury shares	Non-distributable reserves – Translation reserve	Distributable reserves – Retained earnings	Attributable to the owners of the parent	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM
The Group								
As of 1 July 2018, as previously reported		327,809,125	-	289,581	121,582,494	449,681,200	-	449,681,200
Effect of change in accounting policy due to adoption of MFRS 9, net of tax		-	-	-	(1,394,946)	(1,394,946)	-	(1,394,946)
Effect of change in accounting policy due to adoption of MFRS 15, net of tax		-	-	-	(519,480)	(519,480)	-	(519,480)
As of 1 July 2018, as restated		327,809,125	-	289,581	119,668,068	447,766,774	-	447,766,774
Profit for the year		-	-	-	32,467,754	32,467,754	-	32,467,754
Other comprehensive income		-	-	56,429	-	56,429	-	56,429
Total comprehensive income for the year		-	-	56,429	32,467,754	32,524,183	-	32,524,183
Arising from dividend reinvestment plan	23(i)(b)	10,078,677	-	-	(10,078,677)	-	-	-
Dividends	31	-	-	-	(1,126,565)	(1,126,565)	-	(1,126,565)
As of 30 June 2019		337,887,802	-	346,010	140,930,580	479,164,392	-	479,164,392
As of 1 July 2019		337,887,802	-	346,010	140,930,580	479,164,392	-	479,164,392
Profit for the year		-	-	-	18,534,186	18,534,186	(43,156)	18,491,030
Other comprehensive income		-	-	803,299	(323,774)	479,525	-	479,525
Total comprehensive income for the year		-	-	803,299	18,210,412	19,013,711	(43,156)	18,970,555
Arising from warrants exercised	23(i)(a)	8,606	-	-	-	8,606	-	8,606
Acquisition of subsidiary companies	15	-	-	-	-	-	13,289,603	13,289,603
Shares repurchased	24	-	(904,861)	-	-	(904,861)	-	(904,861)
Dividends	31	-	-	-	(14,101,465)	(14,101,465)	-	(14,101,465)
As of 30 June 2020		337,896,408	(904,861)	1,149,309	145,039,527	483,180,383	13,246,447	496,426,830

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020
cont'd

	Note	Issued share capital RM	Treasury shares RM	Non-distributable reserves – Fair value reserve RM	Distributable reserves – Retained earnings RM	Total equity RM
The Company						
As of 1 July 2018		327,809,125	-	-	57,371,147	385,180,272
Profit for the year		-	-	-	27,150,922	27,150,922
Other comprehensive income		-	-	20,148,563	-	20,148,563
Total comprehensive income for the year		-	-	20,148,563	27,150,922	47,299,485
Arising from dividend reinvestment plan	23(i)(b)	10,078,677	-	-	(10,078,677)	-
Dividends	31	-	-	-	(1,126,565)	(1,126,565)
As of 30 June 2019		337,887,802	-	20,148,563	73,316,827	431,353,192
As of 1 July 2019		337,887,802	-	20,148,563	73,316,827	431,353,192
Profit for the year		-	-	-	14,400,526	14,400,526
Other comprehensive income		-	-	46,298,312	4,874	46,303,186
Total comprehensive income for the year		-	-	46,298,312	14,405,400	60,703,712
Arising from warrants exercised	23(ii)	8,606	-	-	-	8,606
Shares repurchased	24	-	(904,861)	-	-	(904,861)
Dividends	31	-	-	-	(14,101,465)	(14,101,465)
As of 30 June 2020		337,896,408	(904,861)	66,446,875	73,620,762	477,059,184

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

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2020

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit for the year	18,491,030	32,467,754	14,400,526	27,150,922
Adjustments for:				
Income tax expense/(credit)	5,248,609	(95,652)	1,501,519	2,128,557
Depreciation of property, plant and equipment	23,056,031	18,772,871	-	-
Interest expense on:				
Hire-purchase	1,793,866	2,059,272	-	-
Lease liabilities	3,970,934	-	-	-
Bank borrowings	297,696	-	-	-
Impairment loss on goodwill	-	397,385	-	-
Amortisation of prepaid lease payments	-	531,108	-	-
Amortisation of right-of-use assets	17,685,824	-	-	-
Allowance/(Reversal) of impairment loss on trade receivables, net	1,356,115	(681,690)	-	-
Bad debts written off	324,271	152,101	-	-
Gain on disposal of property, plant and equipment	(51,301)	(192,178)	-	-
Property, plant and equipment written off	345,240	90,766	-	-
Provision for retirement benefits	31,009	-	794	-
Interest income	(7,593,453)	(10,791,084)	(7,263,420)	(9,905,784)
Dividend income from short term funds	(1,675,401)	(374,433)	(1,675,401)	(374,433)
Share of (profits)/loss of associates	(5,584,625)	5,440,282	-	-
Fair value loss/(gain) on investment properties	600,000	(125,000)	-	-
Gain on redemption of convertible bonds	-	(7,949,546)	-	(7,949,546)
Impairment loss of investment in subsidiaries	-	-	-	698,200
Dividend income from subsidiaries	-	-	(10,249,000)	(14,446,000)
Operating Profit/(Loss) Before Working Capital Changes	58,295,845	39,701,956	(3,284,982)	(2,698,084)
(Increase)/Decrease in:				
Inventories	497,317	(387,437)	-	-
Trade receivables	(4,747,971)	(681,683)	-	-
Other receivables and prepaid expenses	6,347,202	(3,292,080)	1,128,232	(134,125)

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2020
cont'd

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Increase/(Decrease) in:				
Trade payables	(622,147)	844,540	-	-
Other payables and accrued expenses	3,582,172	3,522,561	120,788	(166,754)
Cash Generated From/(Used In) Operations	63,352,418	39,707,857	(2,035,962)	(2,998,963)
Income tax refunded	550,364	2,363,725	-	138,861
Income tax paid	(8,625,045)	(15,847,286)	(1,796,158)	(2,174,369)
Retirement benefit paid	(38,745)	(5,218)	(8,500)	-
Net Cash From/(Used In) Operating Activities	55,238,992	26,219,078	(3,840,620)	(5,034,471)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Interest received	7,593,453	10,791,084	7,263,420	9,905,784
Proceeds from disposal of property, plant and equipment	196,309	242,849	-	-
Decrease in deposits paid for property, plant and equipment	782,200	283,646	-	-
Dividend income received	-	374,433	-	374,433
Decrease in deposits with licensed banks	86,473,567	16,125,731	86,670,569	7,226,201
(Increase)/Decrease in short term funds	(64,892,546)	4,835,849	(64,892,546)	4,835,849
Additions to property, plant and equipment *	(11,478,922)	(24,774,604)	-	-
Additions to prepaid lease payments	-	(1,636,435)	-	-
Additional interest in Web Bytes Sdn. Bhd.	-	(2,200,000)	-	(2,200,000)
Loan to an associate	(50,000)	(2,000,000)	(50,000)	(2,000,000)
Proceed from redemption of convertible bonds	-	17,284,226	-	17,284,226
Subscription of Initial Public Offering ("IPO") Shares in PT Satria Antara Prima TBK ("SAPX")	-	(26,607,289)	-	(9,865,625)
Investment in redeemable convertible preference shares	-	(500,000)	-	(500,000)
Net cash outflow on acquisition of subsidiaries	(6,434,124)	-	(16,745,001)	-
Investment in an associate (Note 16)	(415,146)	-	(415,146)	-
Incorporation of a subsidiary	-	-	(1,605,130)	-
Decrease/(Increase) in amount owing by subsidiaries	-	-	1,016,458	(22,189,264)
Net Cash From/(Used In) Investing Activities	11,774,791	(7,780,510)	11,242,624	2,871,604

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2020
cont'd

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Proceed for allotment of shares	8,606	-	8,606	-
Consideration paid for shares repurchased	(904,861)	-	(904,861)	-
Payments of hire-purchase payables	(21,970,304)	(17,957,316)	-	-
Payments of lease liabilities	(17,791,573)	-	-	-
Repayment of bank borrowings	(3,018,755)	-	-	-
Finance costs paid	(2,091,562)	(2,059,272)	-	-
Dividends paid	(14,101,465)	(1,126,565)	(14,101,465)	(1,126,565)
Net Cash Used In Financing Activities	(59,869,914)	(21,143,153)	(14,997,720)	(1,126,565)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,143,869	(2,704,585)	(7,595,716)	(3,289,432)
Effect of exchange differences	743,250	56,257	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	30,059,509	32,707,837	10,855,825	14,145,257
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 32)	37,946,628	30,059,509	3,260,109	10,855,825

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

	The Group	
	2020 RM	2019 RM
Purchase of:		
Property, plant and equipment	22,795,752	41,700,575
Financed by:		
Cash payments	11,478,922	24,774,604
Hire-purchase	11,316,830	16,925,971
	22,795,752	41,700,575

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 subsidiaries include provision of express delivery services and logistics services.

The information on the name, place of incorporation, principal activities, and percentage of issue share capital held by the Company in each subsidiary companies are disclosed in Note 15.

The Company's registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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 12 October 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of New MFRSs, Amendments to MFRSs and Issues Committee Interpretation ("IC Interpretation")

In the current financial year, the Group and the Company have adopted the following new MFRSs, Amendments to MFRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for the financial period commencing on or after 1 July 2019.

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Payments
Amendments to MFRSs	Annual Improvements to MFRSs 2015 - 2017 Cycle

The adoption of these MFRSs, Amendments to MFRSs and IC Interpretation have not had material impact on the amounts reported in the financial statements of the Group and the Company in the current financial year except for the adoption of MFRS 16. The details and the financial effects of the adoption of MFRS 16 are disclosed in Note 38.

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

New and Revised 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.

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
MFRS 17	Insurance Contracts[5]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 16	Covid-19-Related Rent Concessions[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to MFRS 101 and MFRS 108	Definition of Material[1]
Amendments to MFRS 9, MFRS 139, and MFRS 7	Interest Rate benchmark Reform[1]
Amendments to MFRS 3	Reference to the Conceptual Framework[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[5]
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use[4]
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendments to MFRSs	Annual Improvements to MFRSs 2018 - 2020[4]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 June 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after 1 January 2022.
5 Effective for annual periods beginning on or after 1 January 2023.
6 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the abovementioned new and revised 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for 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 takes 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 these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements 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.

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.

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received and paid, is adjusted to or against Group reserves.

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.

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.

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 on Consolidation

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.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Goodwill on Consolidation *cont'd*

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue

(i) Revenue from contract with customers

Under MFRS 15, the Group and the Company recognise 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Revenue *cont'd*

(i) Revenue from contract with customers *cont'd*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create and enhance an asset that the customer controls as the Group and the Company perform; or
- the Group's and the Company's performance does not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For contracts that contain more than one performance obligations (to specify), the Group and the Company allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group and the Company would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group and the Company estimate it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customer, net of discounts, rebates and compensation in relation to the services performed and to the extent that it is highly probable that a significant reversal will not occur.

The Group recognises revenue when (or as) they transfer control over a good or service to customer. A good or service is transferred when (or as) the customer obtains control over the good or service at a point in time for express delivery and over time for logistics service.

The Group recognises revenue over time using the output method, which is based on the right consideration in an amount that corresponds directly with the value of the Group's performance completed to date, net of sales and service tax, discounts and rebates.

(ii) Interest income

Interest income is recognised using the effective interest method in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Revenue *cont'd*

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Employee Benefits

(i) 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.

(ii) Post-Employment Benefits

(a) Defined Contribution Plan

The Group and the Company make 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.

(b) Defined Benefit Plan

The Group and the Company have 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.

Leases

Policy effective from 1 July 2019 (MFRS 16)

(a) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset that may be specified explicitly or implicitly, and should be physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the assets is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermined how and for what purpose it will be used.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Leases *cont'd*

Policy effective from 1 July 2019 (MFRS 16) *cont'd*

(a) Definition of a lease cont'd

At inception or on assessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(b) Recognition and initial measurement

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments less any incentives receivables;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise the option; and
- Payments of penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease unless the Company is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Leases *cont'd*

Policy effective from 1 July 2019 (MFRS 16) *cont'd*

(c) Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Policies applicable prior to 1 July 2019 (MFRS 117)

Operating Leases – The Group as a lessee

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 recognised as an expenses and charged to profit or loss on the straight-line basis over the term of the relevant lease period.

Prepaid Lease Payments – Leases of land

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.

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. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Income Tax *cont'd*

(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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Income Tax *cont'd*

(b) Deferred Tax *cont'd*

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

(b) 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.

Investment in Associates

Associate

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Accounting treatment

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate unless the Group does not have contractual equity interest over the associate.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Investment in Associates *cont'd*

Accounting treatment cont'd

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 136 Impairment of Assets to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Impairment of Non-Financial Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets other than inventories and deferred tax 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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Impairment of Non-Financial Assets other than Goodwill *cont'd*

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.

Property, Plant and Equipment

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

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% - 50%
Tools and equipment	12.5%
Motor vehicles	12.5%
Renovation	20%

Capital-in-progress is not depreciated until it is completed and ready for intended use.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are based on active market prices, adjusted, if necessary, for any difference in the nature, location or conditions of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair value are included in profit or loss in the period in which they arise.

On the disposal of the investment property, or when it is permanently withdrawn from use and no economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statements of financial position). The difference between the net proceeds and the carrying amount in recognised in profit or loss in the period of the retirement or disposal.

Inventories

Inventories, which consist of consumables, are stated at lower of cost or net realisable value (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. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Treasury shares

Shares repurchased by the Company are held as treasury shares and are measured and carried at the cost of purchase. Treasury shares are presented in the financial statements as a set-off against equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Should such shares be re-issued by re-sale in the open market, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity. Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the distributable retained earnings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments

(a) Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as either:

(i) Financial assets at amortised cost (debt instruments);
(ii) Financial assets at fair value through profit or loss ("FVTPL");
(iii) Financial assets at fair value through other comprehensive income ("FVTOCI") with recycling of cumulative gains and losses (debt instruments); or
(iv) Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group or the Company commit to purchase or sell the asset.

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets through other comprehensive income (FVTOCI)

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and for selling the financial assets, where those cash flows represent solely payments of principal and interest ("SPPI"), are measured at FVTOCI. Subsequent to initial recognition, debt instruments are measured at fair value. Changes in the fair value of these assets are recognised in other comprehensive income ("OCI"), except for recognition of interest and foreign exchange gains or losses, which are recognised in profit or loss. On derecognition, gains and losses accumulated are not reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments *cont'd*

(a) Financial assets cont'd

Financial assets through profit or loss (FVTPL)

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group and the Company may irrevocable designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired.

A financial asset (or, where applicable, a part of a financial asset or part of a Group and a Company of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments *cont'd*

(a) Financial assets cont'd

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group and the Company consider a financial asset in default when contractual payments are past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, or other financial liabilities, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments *cont'd*

(b) Financial liabilities cont'd

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group or the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at FVTPL.

Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

Financial Instruments *cont'd*

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 other than as follows:

<u>Consolidation of Noi Bai Express Trading Joint Stock Company ("Netco") and allocation of goodwill of VIVL Pte Ltd ("VIVL") to Netco</u>

The management has assessed and considered the Group has control over Netco as the Group is exposed, or has rights, to variable returns from its involvement in Netco and has the ability to affect the return through its power over Netco. The Company and 3 Comma Capital Limited Liability Company ("3CC") formed a consortium namely GD Consortium to invest in Netco through GDEX Consortium. On 7 January 2020, 3CC completed the letter of consent, letter of power of attorney and letter of proxy, whereby giving its 20% voting rights in Netco to the Group representative to attend and vote on matters on behalf of 3CC at Shareholders and Board Meetings. Given this, the Group achieved highest voting rights therefore the ultimate power to direct Netco's strategy and operation to optimise the investment return of the Group in Netco.

The management of the Group has assessed that the acquisition of VIVL was entered into as part and parcel of the acquisition of Netco by GD Consortium. The transactions as set out in Note 15 are viewed to form a single transaction and are designed to enable the Group to obtain control over Netco. As a result, the goodwill of VIVL is allocated to Netco as an individual cash generating unit for the purpose of impairment assessment.

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 records impairment losses on its trade receivables using ECL models. The impairment losses computed based on the ECL models requires judgement to ensure impairment losses recorded reflect the credit risk of the Group's trade receivables in accordance with the requirements of MFRS 9. Areas of judgement includes determination of criteria for significant increase in credit risk and selection of appropriate ECL models.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units ("CGUs") to which goodwill has been allocated.

(i) CGU of logistic operations of Netco

The value-in-use of logistic operations requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable pre-tax discount rate in order to calculate the present value of those cash flows in reviewing the goodwill impairment of logistic operations.

(ii) CGUs of leasehold land, factory buildings and commercial offices

The recoverable amount requires management to estimate the fair value less cost to sell of the cash-generating units where a market valuation was performed by the qualified external valuers as adopted in goodwill assessment of leasehold land, factory buildings and commercial offices.

The carrying amount of goodwill at the reporting date was RM3,455,153 (2019: RMNil), with impairment loss of RMNil (2019: RM397,385) recognised during the current financial year.

Fair value measurements and valuation processes

Some of the Group's and the Company's assets are measured at fair value for the financial reporting purposes. The directors use their judgment in selecting and applying an appropriate valuation technique for fair value measurements.

In estimating the fair value of an asset, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and the Company engaged third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation technique and inputs used in determining the fair value of various assets are disclosed in Note 14.

5. SEGMENT REPORTING

Operating segments

The Group has three operating segments and operates predominantly in Malaysia, Singapore, Vietnam and Indonesia, 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 three operating 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 operating segments.

	The Group			
	Segment Revenue		Segment Profit/(Loss)	
	2020	2019	2020	2019
	RM	RM	RM	RM
Express delivery	338,334,360	295,427,307	32,579,094	36,969,521
Logistics	25,140,718	17,868,689	1,766,120	(1,116,507)
Property investment	534,876	561,811	(3,186,964)	(1,705,945)
Total	364,009,954	313,857,807	31,158,250	34,147,069
Finance costs (Note 8)			(6,062,496)	(2,059,272)
Impairment loss on goodwill (Note 17)			-	(397,385)
(Allowance)/Reversal of impairment loss on trade receivables, net (Note 20)			(1,356,115)	681,690
Profit before tax			23,739,639	32,372,102

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*

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

	The Group Carrying Amount Of Segment Assets And Liabilities	
	2020 RM	2019 RM
Segment Assets		
Express delivery	548,920,078	477,669,544
Logistics	35,718,765	7,673,994
Property investment	49,671,535	50,960,332
	634,310,378	536,303,870
Unallocated assets*		
- Tax recoverable	21,745,968	19,331,553
	656,056,346	555,635,423
Segment Liabilities		
Express delivery	127,605,496	67,914,338
Logistics	24,348,960	799,682
Property investment	784,996	865,258
	152,739,452	69,579,278
Unallocated liabilities*		
- Tax liabilities	263,256	618,963
- Deferred tax liabilities	6,626,808	6,272,790
	159,629,516	76,471,031

5. SEGMENT REPORTING *cont'd*

	2020 RM	2019 RM
Other segment information		
Additions to property, plant and equipment		
- Express delivery	21,038,578	30,975,615
- Logistics	830,390	4,321,116
- Property investment	926,784	6,403,844
Depreciation		
- Express delivery	20,622,771	17,082,719
- Logistics	1,153,786	932,669
- Property investment	1,279,474	757,483

	2020 RM	2019 RM
Other segment information		
Additions to right-of-use assets		
- Express delivery	38,512,880	-
- Logistics	1,010,642	-
Amortisation of right-of-use assets		
- Express delivery	11,076,387	-
- Logistics	6,207,135	-
- Property investment	402,302	

* For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated directly to reportable segments except for items listed above.

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 2020 RM	 2019 RM
Malaysia	334,562,791	312,508,080
Singapore	1,890,718	1,349,727
Vietnam	27,556,445	-
	364,009,954	313,857,807

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 2020 RM	 2019 RM
Malaysia	259,967,932	180,791,924
Singapore	424,867	27,022
Vietnam	9,198,021	-
	269,590,820	180,818,946

6. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Income from provision of express delivery services and logistics services	363,475,078	313,295,996	-	-
Rental income	534,876	561,811	-	-
Single-tier dividend income from subsidiary company	-	-	10,249,000	14,446,000
	364,009,954	313,857,807	10,249,000	14,446,000

Revenue of the Group consists of revenue earned from services which is transferred at a point in time and over time, net of discounts, rebates and compensation in relation to the service performed are as follows:

	The Group	
	2020	2019
	RM	RM
Point-in-time		
Express delivery services	338,334,360	295,427,307
Over time		
Logistics services	26,140,718	17,868,689
Rental income	534,876	561,811
	364,009,954	313,857,807

As of 30 June 2020, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining contract period of the service agreements relating to handling and warehousing operations, generally cover a contract period of one year.

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income:				
Deposits with licensed banks	7,493,453	10,741,084	7,163,420	9,855,784
Others	100,000	50,000	100,000	50,000
Dividend income from short term funds	1,675,401	374,433	1,675,401	374,433
Direct costs:				
Transportation	(78,339,315)	(53,546,245)	-	-
Warehouse charges	(4,175,832)	(3,978,672)	-	-
Rental of premises	(1,756,587)	(12,171,268)	-	-
Tax penalty arising from over/(under) provision of income tax expense in prior years (Note 9)	-	954,699	-	-
(Allowance)/Reversal of impairment loss on trade receivables, net (Note 20)	(1,356,115)	681,690	-	-
Bad debts written off	(324,271)	(152,101)	-	-
Directors' remuneration:				
Fees	(347,880)	(264,000)	(347,880)	(264,000)
Salaries and other emoluments	(1,052,810)	(1,056,291)	(1,044,883)	(1,059,091)
EPF	(94,541)	(99,996)	(94,541)	(99,996)
Auditors' remuneration:				
Statutory audit:				
Auditors of the Company	(221,000)	(128,000)	(129,000)	(58,000)
Other auditors	(97,078)	(55,050)	-	-
Non-audit services	(53,000)	(78,840)	(53,000)	(78,840)
Loss on foreign exchange	(87,238)	(250,503)	-	-
Gain on disposal of property, plant and equipment	51,301	192,178	-	-
Property, plant and equipment written off	(345,240)	(90,766)	-	-
Provision for retirement benefits (Note 28)	31,009	-	794	-
Gain on redemption of convertible bonds	-	7,949,546	-	7,949,546
Management fee receivable from subsidiaries	-	-	3,642,000	2,442,000
Impairment loss of investment in subsidiaries	-	-	-	698,200
Fair value (loss)/gain on investment properties	(600,000)	125,000	-	-
Withholding tax receivable written off	(1,045,320)	-	(1,045,320)	-

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

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 RM17,215,456 and RM317,062 (2019: RM15,444,542 and RM275,572) 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.

Compensation of Key Management Personnel

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

	The Group	
	2020	**2019**
	RM	**RM**
Short-term employee benefits	1,243,641	1,048,497
Defined contribution plans	124,400	118,087
	1,368,041	1,166,584

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

	The Group		**The Company**	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
Salaries and other emoluments	994,710	960,011	986,783	960,011
EPF	94,541	99,996	94,541	99,996
	1,089,251	1,060,007	1,081,324	1,060,007
Non-Executive Directors:				
Fees	347,880	264,000	347,880	264,000
Other emoluments	58,100	96,280	58,100	96,280
	405,980	360,280	405,980	360,280
	1,495,231	1,420,287	1,487,304	1,420,287

8. FINANCE COSTS

	The Group	
	2020	**2019**
	RM	**RM**
Interest expense on:		
Hire-purchase	1,793,866	2,059,272
Lease liabilities (Note 13)	3,970,934	-
Bank borrowings	297,696	-
	6,062,496	2,059,272

9. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Estimated tax payable:				
Current year	5,784,366	7,713,282	1,506,674	2,080,234
(Over)/Under provision in prior years	(900,486)	(9,743,451)	(5,155)	48,323
	4,883,880	(2,030,169)	1,501,519	2,128,557
Deferred tax (Note 29):				
Current year	963,176	2,344,505	-	-
Overprovision in prior years	(598,447)	(409,988)	-	-
	364,729	1,934,517	-	-
	5,248,609	(95,652)	1,501,519	2,128,557

9. INCOME TAX EXPENSE/(CREDIT) *cont'd*

A reconciliation of income tax expense/(credit) applicable to profit before tax at the applicable statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and the Company are as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Profit before tax	23,739,639	32,372,102	15,902,045	29,279,479
Tax at tax rate of 24%	5,697,513	7,769,305	3,816,491	7,027,075
Effect of different tax rates	(36,672)	34,700	-	-
Tax effects of:				
Income not taxable	(451,375)	(61,061)	(2,861,856)	(5,374,931)
Expenses not deductible	1,597,963	2,238,846	552,039	428,090
Utilisation of tax losses for which deferred tax asset has not been recognised previously	(85,638)	-	-	-
Unused tax losses for which deferred tax asset has not been recognised	25,751	75,997	-	-
(Over)/Under provision in prior years:				
Current tax	(900,486)	(9,743,451)	(5,155)	48,323
Deferred tax	(598,447)	(409,988)	-	-
Income tax expense/(credit)	5,248,609	(95,652)	1,501,519	2,128,557

On 20 December 2013, GD Express Sdn. Bhd. ("GDESB"), 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 existing pioneer status tax incentive lapsed on 25 September 2017.

On 14 December 2017, GDESB was notified that the pioneer status was rescinded as the GDESB's equity structure had not met the requirements of the pioneer status. The rescindment took effect retrospectively from 12 February 2016 onwards. The appealing process was initiated by GDESB based on the advice from the authority. The authority did not provide a conclusion on this matter prior to GDESB submitting the tax payable for YA2016 and YA2017. This has resulted in underprovision of RM2,727,710 and RM5,287,392 in YA2016 and YA2017 respectively.

9. INCOME TAX EXPENSE/(CREDIT) *cont'd*

On 10 May 2019, GDESB had obtained the approval from the Ministry Of Finance ("MOF") for the changes of equity structure and reinstatement of its pioneer status for YA2016, YA2017 and YA2018. Accordingly, overprovision of income tax expense of RM2,727,710, RM5,289,552 and RM1,726,189 of the respective YAs have been recognised in the financial year 2019.

As a result of the above, the Group has also reversed the tax penalty payment accrued for YA2016 in prior year amounted to RM954,699 in the financial year 2019 as disclosed in Note 7.

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	
	2020 RM	2019 RM
Profit attributable to owners of the Company	18,534,186	32,467,754
Weighted average number of ordinary shares	5,639,935,457	5,615,936,055
Basic earnings per ordinary share (sen)	0.33	0.58

10. EARNINGS PER ORDINARY SHARE *cont'd*

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	
	2020 RM	2019 RM
Profit attributable to owners of the Company	18,534,186	32,467,754
Weighted average number of ordinary shares	5,639,935,457	5,615,936,055
Effect of dilution:		
Warrants *	-	(54,869,648)
Adjusted weighted average number of ordinary shares	5,639,935,457	5,561,066,407
Diluted earnings per share (sen)	0.33	0.58

* There is no effect of dilution on diluted earnings per share as the Warrants 2015/2020 had expired and lapsed on 11 February 2020.

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cont'd

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Capital-in -progress	Leasehold buildings	Office equipment, furniture and fittings	Computer hardware and software	Tools and equipment	Motor vehicles	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Cost								
As of 1 July 2018	-	10,176,934	14,007,650	9,241,276	9,196,330	103,239,258	12,191,103	158,052,551
Additions	-	3,272,869	1,923,911	4,614,882	4,560,966	20,463,786	6,864,161	41,700,575
Disposals	-	-	(56,451)	(48,894)	(38,874)	(590,977)	-	(735,196)
Written off	-	-	(184,474)	(8,053)	(38,341)	(31,800)	(6,700)	(269,368)
Exchange differences	-	-	2,851	433	375	40,583	6,993	51,235
As of 30 June 2019/ 1 July 2019	-	13,449,803	15,693,487	13,799,644	13,680,456	123,120,850	19,055,557	198,799,797
Additions	-	-	2,473,687	2,618,018	1,635,932	12,865,956	3,202,159	22,795,752
Acquisition of Netco	701,029	-	1,570,744	282,986	-	5,795,134	895,439	9,245,332
Disposals	-	-	(75,887)	(220,162)	(21,255)	(4,057,311)	-	(4,374,615)
Written off	-	-	(191,934)	(123,679)	(11,941)	(361,715)	(6,411)	(695,680)
Exchange differences	19,581	-	44,159	7,969	40	166,433	25,797	263,979
As of 30 June 2020	720,610	13,449,803	19,514,256	16,364,776	15,283,232	137,529,347	23,172,541	226,034,565

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

The Group	Capital-in -progress	Leasehold buildings	Office equipment, furniture and fittings	Computer hardware and software	Tools and equipment	Motor vehicles	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated Depreciation								
As of 1 July 2018	-	1,207,216	9,056,448	5,726,605	5,015,482	43,853,883	7,342,588	72,202,222
Charge for the year	-	204,756	1,463,370	1,715,287	1,370,066	11,815,087	2,204,305	18,772,871
Disposals	-	-	(41,355)	(35,424)	(16,790)	(590,956)	-	(684,525)
Written off	-	-	(131,455)	(5,557)	(8,093)	(31,798)	(1,699)	(178,602)
Exchange differences	-	-	2,300	413	-	40,582	6,918	50,213
As of 30 June 2019/ 1 July 2019	-	1,411,972	10,349,308	7,401,324	6,360,665	55,086,798	9,552,112	90,162,179
Charge for the year	-	251,275	1,876,345	2,361,736	1,467,997	13,956,177	3,142,501	23,056,031
Acquisition of Netco	-	-	67,224	69,537	-	2,899,803	-	3,036,564
Disposals	-	-	(46,704)	(209,337)	(13,997)	(3,802,263)	-	(4,072,301)
Written off	-	-	(141,387)	(20,004)	(6,672)	(175,967)	(6,410)	(350,440)
Exchange differences	-	-	8,335	2,435	13	91,422	4,468	106,673
As of 30 June 2020	-	1,663,247	12,113,121	9,605,691	7,808,006	68,055,970	12,692,671	111,938,706
Net Book Value								
As of 30 June 2020	720,610	11,786,556	7,401,135	6,759,085	7,475,226	69,473,377	10,479,870	114,095,859
As of 30 June 2019	-	12,037,831	5,344,179	6,398,320	7,319,791	68,034,052	9,503,445	108,637,618

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

Included in property, plant and equipment of the Group are motor vehicles under hire-purchase and mortgage loans arrangements with net book value of approximately RM57,407,002 (2019: RM55,234,817) and RM577,313 (2019: RMNil) respectively. These motor vehicles have been charged to local licensed banks for hire-purchase and mortgage loans obligations as disclosed in Note 26.

Included in the cost of property, plant and equipment of the Group is an amount of RM43,845,131 (2019: RM35,249,190) representing fully depreciated property, plant and equipment which are still in use by the Group.

12. PREPAID LEASE PAYMENTS

	The Group Long-term leasehold land RM
Cost:	
As of 1 July 2018	25,861,747
Additions	1,636,435
As of 30 June 2019	27,498,182
Reclassified to right-of-use assets (Note 13)	(27,498,182)
As of 1 July 2019/30 June 2020	-
Cumulative Amortisation:	
As of 1 July 2018	(4,354,744)
Amortisation for the year	(531,108)
As of 30 June 2019/1 July 2019	(4,885,852)
Reclassified to right-of-use assets (Note 13)	(4,885,852)
As of 1 July 2019/30 June 2020	-
Residual Value:	
As of 30 June 2020	-
As of 30 June 2019	22,612,330

As at 1 July 2019, the Group reclassified the prepaid lease properties with a net carrying amount of RM22,612,330 to right-of-use assets upon the adoption of MFRS 16.

13. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group	Long-term Leasehold Land RM	Leased Properties RM	Total RM
Cost			
As of 1 July 2019	-	-	-
Effect of adoption of MFRS 16	-	50,030,864	50,030,864
Reclassified from prepaid lease payments (Note 12)	27,498,182	-	27,498,182
As of 1 July 2019, as restated	27,498,182	50,030,864	77,529,046
Acquisition of Netco	-	3,162,542	3,162,542
Additions	-	39,523,522	39,523,522
Exchange difference	-	90,585	90,585
As of 30 June 2020	27,498,182	92,807,513	120,305,695
Cumulative Amortisation			
As of 1 July 2019	-	-	-
Acquisition of Netco	-	682,647	682,647
Reclassified from prepaid lease payments (Note 12)	4,885,852	-	4,885,852
Amortisation charge for the year	551,563	17,134,261	17,685,824
Exchange differences	-	30,333	30,333
As of 30 June 2020	5,437,415	17,847,241	23,284,656
Residual Value:			
As of 30 June 2020	22,060,767	74,960,272	97,021,039

The Group's right-of-use assets consists of long-term leasehold land and leased properties. The lease terms for lease properties range from 2 to 9 years.

13. RIGHT-OF-USE ASSETS/LEASE LIABILITIES *cont'd*

The lease liabilities component is analysed as follows: -

	The Group **2020** **RM**
Non-current	60,055,918
Current	17,154,320
As of 30 June 2020	77,210,238

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	The Group **2020** **RM**
Amount recognised in profit or loss:	
Amortisation of right-of-use assets	17,685,824
Interest expense on lease liabilities	3,970,934
Expenses relating to short-term leases	1,756,587
Expenses relating to leases of low value assets	71,520

Long-term leasehold land relates 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 which amounted RM7,398,658 (2019: RM7,398,658). These lands were amalgamated under the new land title at Lot No. PT43, Seksyen 20, which was issued on 27 August 2015. 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 36 years (2019: 37 years).

(ii) Lease of land for the Group's factory building at No. 17 Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia which amounted RM16,619,756 (2019: RM16,619,756). 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 38 years (2019: 39 years).

(iii) Lease of land for the Group's factory building at 8 ½ Mile, Batu Kitang Road, Kuching which amounted RM3,479,768 (2019: RM3,479,768). The land for the factory building and office is leased over a period of 60 years expiring on 23 October 2076. The Group does not have an option to purchase the leasehold land at the expiry of the lease period. The leasehold land is amortised over the period of its remaining lease term of 56 years (2019: 57 years).

14. INVESTMENT PROPERTIES

	At fair value		
	Freehold properties	Long-term leasehold property	Total
The Group	RM	RM	RM
As of 1 July 2018	7,200,000	10,700,000	17,900,000
Fair value (loss)/gain arising from valuation	(675,000)	800,000	125,000
As of 30 June 2019/1 July 2019	6,525,000	11,500,000	18,025,000
Fair value loss arising from valuation	(200,000)	(400,000)	(600,000)
As of 30 June 2020	6,325,000	11,100,000	17,425,000

The following are recognised in profit or loss in respective of investment properties.

	2020	2019
The Group	RM	RM
Rental income	534,876	561,811
Other operating expenses	323,143	379,516

(a) At fair value

The fair values of the Group's investment properties as of 30 June 2020 have been arrived at by the directors based, among others, on valuations carried out in June 2020 by an independent firm of professional valuers that is not related to the Group using the comparison method of valuation and current prices in an active market for similar properties or replacement cost method.

The fair values of the Group's investment properties are classified as a Level 2 fair value item for the purposes of fair value hierarchy disclosure, except for a lease of land for the Group's factory building at No. 196803, Jalan Hala Jati 12, Kawasan Perindustrian Taman Meru, Off Jalan Jelapang, 30200 Ipoh, Perak Darul Ridzuan which amounted RM11,100,000 (2019: RM11,500,000) is categorised into Level 3 of the fair value hierarchy. The following table shows the significant unobservable input used in the valuation model.

14. INVESTMENT PROPERTIES *cont'd*

(a) At fair value *cont'd*

Type	Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Leasehold land and factory building	The most significant input into replacement cost method is price per square foot. The value of leasehold land and factory building are adjusted for differences in key attributes such as property size and usage of the property. Lack of market evidence of transaction prices for similar properties.	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

There were no transfers between Level 1 and 2 during the year.

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2020 RM	2019 RM
Unquoted shares - at cost:		
At beginning and at end of year	41,365,225	41,365,225
Acquisition of subsidiaries	16,745,001	-
Incorporation of a subsidiary	1,605,130	-
Less: Impairment loss	(2,983,524)	(2,983,524)
Net	56,731,832	38,381,701

15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Details of the subsidiary companies are as follows:

Name	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
Direct subsidiaries				
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
GDEX SEA Sdn. Bhd.	Malaysia	100	100	Involved in investment holding
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
PT Gede Advisory Indonesia ("PT Gede") #	Indonesia	100	-	Provision of advisory service
Noi Bai Express Trading & Trading Joint Stock Company ("Netco") *	Vietnam	50	-	Provision of express delivery and logistics services
VIVL Pte. Ltd. *	Singapore	90	-	Provision of advisory service

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15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

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

Name	Country of Incorporation	Proportion of ownership interest and voting power held by the Group 2020 %	2019 %	Principal Activities
Indirect subsidiaries held through GD Logistics (M) Sdn. Bhd.				
GD Secured Solutions Sdn. Bhd.*	Malaysia	100	100	Provision of express delivery services
GD Distribution Services Sdn. Bhd.*	Malaysia	100	100	Engaged in logistics operations
GD Customised Solution Sdn. Bhd.*	Malaysia	100	100	Engaged in logistics operations
Indirect subsidiaries held through GD Facilities & Assets Management Sdn. Bhd.				
GDEX Properties Sdn. Bhd. *	Malaysia	100	100	Involved in property investment holding

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

Not required to be audited under respective local statutory requirements.

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 subsidiaries 2020	2019
Express Delivery	Malaysia	5	5
	Singapore	3	2
	Vietnam	1	-
	Indonesia	1	-
Logistics	Malaysia	3	3
Investment Holding	Malaysia	1	1
Property Investment Holding	Malaysia	1	1
		15	12

15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Composition of the Group *cont'd*

Amount owing by/(to) subsidiaries, which arose mainly from management fees receivable, dividends receivable, unsecured advances and payments on behalf, is unsecured, interest-free and repayable on demand. Transactions with subsidiary companies are disclosed in Note 22.

(a) Subsidiaries incorporated

PT Gede Advisory Indonesia

On 26 September 2019, the Company and its wholly owned subsidiary company, namely GDEX SEA Sdn. Bhd. had subscribed 30% and 70% respectively, equivalent to a total of 180,000 new ordinary shares of IDR 100,000 each per share in a subsidiary company in Republic of Indonesia, namely PT Gede Advisory Indonesia ("PT Gede") for a total subscription of IDR18,000,000,000 which equivalent to a total of RM5,350,443 (RM1,605,130 by the Company and RM3,745,313 by GDEX SEA Sdn Bhd). The principal activity of PT Gede is of provision of advisory service.

(b) Subsidiaries acquired

Noi Bai Express and Trading Joint Stock Company ("Netco") and VIVL Pte Ltd ("VIVL")

On 13 February 2019, the Company and 3 Comma Capital Limited Liability Company ("3CC") formed a consortium namely GD Consortium to invest in Netco, a company incorporated in Vietnam. The principal activity of Netco is of provision of express delivery and logistics services. The investment was structured as follows:

(i) On 15 October 2019, the Company entered into Share Sale and Purchase Agreement ("SSPA") and Shareholders Agreement ("SA") in relation to the acquisition of Netco, a company incorporated in Vietnam. The proposed acquisition had been completed on 20 December 2019 in accordance with the terms of the SSPA and the Company had subscribed to a total of 4,428,355 ordinary shares of VDN10,000 per share, representing 50% of the total number of ordinary shares of Netco, for a total consideration of VDN76,725,000,000 (equivalent to RM13,745,400). On the same day, 3CC subscribed 20% shareholdings in Netco.

(ii) On 7 January 2020, 3CC completed the letter of consent, letter of power of attorney and letter of proxy, whereby giving its 20% voting rights in Netco to the Company representative to attend and vote on matters on behalf of 3CC at the Shareholders and Board Meetings. On the next day, the Company completed the Share Sale and Purchase Agreement ("VIVL SSPA") and Shareholders Agreement ("SA") in relation to the acquisition of VIVL, a company incorporated in Singapore, to acquire 90 ordinary shares of SGD 1.00 each per share, representing 90% of the total number of ordinary shares of VIVL, for a total consideration of RM2,999,601. The VIVL SSPA is conditional upon the completion of the Netco acquisition mentioned in (i) above. The intended principal activity of VIVL is provision of advisory services in Vietnam.

15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Composition of the Group *cont'd*

(b) Subsidiaries acquired *cont'd*

Noi Bai Express and Trading Joint Stock Company ("Netco") and VIVL Pte Ltd ("VIVL") *cont'd*

The management determined that the Company obtained control over Netco on 7 January 2020 for Group's consolidation in accordance to the requirements of MFRS 10 Consolidated Financial Statements. From 20 December 2019 to 31 December 2019, the Group assessed Netco as associate as disclosed in Note 16. The share of loss of Netco from 20 December 2019 to 31 December 2019 amounting to RM130,940.

				The Group
	Principal activities	**Date of acquisition**	**Proportion of shares acquired**	**Cash consideration transferred**
				RM
2020:				
Netco	Provision of express delivery and logistics services	20 December 2019*	50%	13,745,400
VIVL	Provision of advisory services	8 January 2020	90%	2,999,601

* The Company completed the acquisition on 20 December 2019. The Company considered Netco as an associate as disclosed in Note 16. The share of loss of Netco from 20 December 2019 to 31 December 2019 amounting to RM130,940.

Table below summarised the assets and liabilities assumed at the date of the Company's obtaining control over Netco.

15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Composition of the Group *cont'd*

(b) Subsidiaries acquired *cont'd*

Assets and liabilities assumed at the date of acquisition

	Netco and VIVL Total fair value RM
2020:	
Non-current assets	
Property, plant and equipment	6,208,768
Right-of-use assets	2,479,895
Deferred tax assets	10,546
	8,699,209
Current assets	
Inventories	254,615
Trade receivables (gross: RM17,961,540, allowance for impairment: RM411,563)	17,549,977
Other receivables	8,007,677
Tax recoverable	28,608
Deposits with licensed banks	7,269,604
Cash and bank balances	3,041,273
	36,151,754
Total Assets	44,850,963
Non-current liabilities	
Bank borrowings	122,915
Lease liabilities	1,476,491
	1,599,406

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15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Composition of the Group *cont'd*

(b) Subsidiaries acquired *cont'd*

Assets and liabilities assumed at the date of acquisition *cont'd*

	Netco and VIVL Total fair value RM
2020:	
Current liabilities	
Trade payables	8,787,343
Other payables and accrued expenses	3,598,114
Bank borrowings	3,837,370
Tax liabilities	449,279
	16,672,106
Total Liabilities	18,271,512
Fair value of net assets	26,579,451
Goodwill (Note 17)	3,455,153
Non-Controlling interest	(13,289,603)
Total consideration paid	16,745,001

Goodwill arising on acquisition

The goodwill is attributable mainly to the logistic operations as an individual CGU.

Net cash outflow on acquisition of subsidiaries

	The Group 2020 RM
Consideration paid in cash	16,745,001
Less: Cash and bank balances acquired	(3,041,273)
Less: Deposits with licensed banks acquired	(7,269,604)
Net cash outflow	6,434,124

15. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

Composition of the Group *cont'd*

(b) Subsidiaries acquired *cont'd*

Impact of acquisitions on the results of the Group

Included in the Group's revenue and profit or loss for the year are amounts attributable to the additional business generated by Netco a subsidiary is as follows:

	The Group 1.1.2020 to 30.6.2020* RM
Revenue	27,556,445
Loss for the period	(86,311)

* The Management included in the Group's revenue and profit or loss from 1 January 2020 with the consideration that the financial performance for 7 days does not have material impact to the Group.

16. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares				
- at cost				
At beginning of year	34,307,289	5,500,000	7,700,000	5,500,000
Additional interest in Web Bytes	-	2,200,000	-	2,200,000
Subscription of IPO shares in SAPX	-	26,607,289	-	-
Investment in GDComma Resources Joint Stock Company ("GDComma")	415,146	-	415,146	-
At end of year	34,722,435	34,307,289	8,115,146	7,700,000

NOTES TO THE FINANCIAL STATEMENTS
cont'd

16. INVESTMENT IN ASSOCIATES *cont'd*

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Share of post acquisition reserve				
At beginning of year	(5,263,291)	176,991	-	-
Share of (loss)/profits of Web Bytes	(89,021)	3,529	-	-
Share of profit/(loss) of SAPX	5,895,251	(5,443,811)	-	-
Share of loss of GDComma	(90,665)	-	-	-
Share of loss of Netco	(130,940)	-	-	-
At end of year	321,334	(5,263,291)	-	-
Share of net assets	35,043,769	29,043,998	8,115,146	7,700,000

The details of associates are as follows:

Name	Country of incorporation	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
Web Bytes Sdn. Bhd. ("Web Bytes")	Malaysia	32.69%	32.69%	Provision of software solution and other related activities
PT Satria Antaran Prima TBK ("SAPX")	Indonesia	44.50%	44.50%	Provision of courier delivery service
GDComma	Vietnam	49.81%	-	Provision of advisory service

Loan to Web Bytes

On 2 November 2019, the Company entered into a Shareholder's Loan Agreement with Web Bytes, the associate of the Company, granted Web Bytes a loan of RM2,000,000 with 5% interest per annum for a period of 5 years commencing from the date of the Agreement. Due to the Covid-19 pandemic and as requested by Web Bytes, the Company had agreed and granted Web Bytes to extend the interest payment by another six months. The Directors anticipate that the deferment of the interest payment by Web Bytes will have no material impact on the financial statements of the Group and the Company. However, the unpaid interest had been included as an asset in the financial statements.

16. INVESTMENT IN ASSOCIATES *cont'd*

Loan to Web Bytes *cont'd*

	The Group and The Company	
	2020	**2019**
	RM	**RM**
Loan to an associate company	2,050,000	2,000,000

Investment in Web Bytes

On 2 May 2019, the Company entered into a Subscription Agreement with Web Bytes to subscribe for additional 4,000 new ordinary shares ("Subscription Shares") in Web Bytes for a total consideration of RM2,200,000.

Summarised financial information of the Web Bytes is set out below. The summarised financial information represents the amount in the financial statements of the associate and not the Group's share of those amounts.

	2020	**2019**
	RM	**RM**
Statement of financial position		
Non-current assets	2,378,002	1,269,931
Current assets	8,033,468	7,058,364
Total assets	10,411,470	8,328,295
Current liabilities	(6,245,086)	(3,723,303)
Net assets of the associate	4,166,384	4,604,992
Statement of comprehensive income		
Revenue	12,490,570	7,754,513
(Loss)/Profit for the year	(272,320)	62,814
Share of (loss)/ profit of an associate	(89,021)	3,529

16. INVESTMENT IN ASSOCIATES *cont'd*

Investment in Web Bytes *cont'd*

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	2020 RM	2019 RM
Proportion of net assets of the associate	1,361,991	1,505,372
Goodwill	6,429,508	6,429,508
Other adjustments	-	(54,360)
	7,791,499	7,880,520

Investment in SAPX

On 3 October 2018, the Company and its two wholly-owned subsidiary companies, namely GDEX SEA Sdn. Bhd. and GD Valueguard Sdn. Bhd. subscribed to 16.5%, 18% and 10% respectively, equivalent to a total of 370,833,300 new ordinary shares of IDR100 each at issue price of IDR250 per share, representing 44.5% of the total number of ordinary shares of SAPX, for a total consideration of IDR92,708,325,000 (equivalent to approximately MYR26.6 million) from the IPO of SAPX.

SAPX, a Company incorporated in the Republic of Indonesia, listed on PT Bursa Efek Indonesia ("BEI"), and is principally involved in the business of a service company specialised in the field of courier and cargo.

The management determined that the Group has significant influence over SAPX by virtue of contractual rights to vote and advises SAPX on financial and technology related matters. Accordingly, SAPX has been accounted for as associate under MFRS 128 Investments In Associates at the group level.

16. INVESTMENT IN ASSOCIATES *cont'd*

Investment in SAPX *cont'd*

Summarised financial information of SAPX is set out below. The summarised financial information represents the amount in the financial statements of the associate and not the Group's share of those amounts.

	2020 RM	2019 RM
Statement of financial position		
Non-current assets	13,021,621	7,141,440
Current assets	46,991,070	25,781,329
Total assets	60,012,691	32,922,769
Non-current liabilities	(7,077,214)	(5,031,138)
Current liabilities	(15,564,184)	(4,550,448)
Total liabilities	(22,641,398)	(9,581,586)
Net assets of the associate	37,371,293	23,341,183
Statement of comprehensive income		
Revenue for the period	128,980,643	62,368,613
Profit/(Loss) for the period	13,247,755	(12,233,284)
Share of profit/(loss) of an associate *	5,895,251	(5,443,811)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	2020 RM	2019 RM
Proportion of net assets of the associate	16,630,225	10,462,626
Goodwill	15,458,472	15,458,472
Other adjustments *	(4,507,116)	(4,507,116)
Exchange differences	(522,852)	(250,504)
	27,058,729	21,163,478

* The other adjustments is recognised to the extent to the unrelated interests in the associate from upstream transaction as a result of redemption of convertible bonds in 2019.

16. INVESTMENT IN ASSOCIATES *cont'd*

Investment in GDComma

On 14 November 2019, the Company and its associate company, namely Web Bytes, acquired 40% and 30% respectively, equivalent to a total of 231,500 and 173,625 ordinary shares of VND10,000 per share, representing 49.81% of the total number of ordinary shares of GDComma, for a total consideration of VND2,315,000,000 (equivalent to approximately MYR415,146) and VND1,736,250,000.

GDComma, a Company incorporated in Vietnam and its intended business activity is involved in the field of information technology solutions development.

Summarised financial information of GDComma is set out below. The summarised financial information represents the amount in the financial statements of the associate and not the Group's share of those amounts.

	2020 RM
Statement of financial position	
Non-current assets	19,482
Current assets	699,051
Total assets	718,533
Current liabilities	(18,291)
Net assets of the associate	700,242
Statement of comprehensive income	
Revenue for the period	89,073
Loss for the period	(182,022)
Share of loss of an associate	(90,665)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	2020 RM
Proportion of net assets of the associate	348,791
Goodwill	66,355
Share of loss of an associate	(90,665)
	324,481

17. GOODWILL ARISING FROM CONSOLIDATION

	The Group	
	2020	2019
	RM	RM
Cost		
At beginning of year	1,346,077	1,346,077
Additions (Note 15)	3,455,153	-
At end of year	4,801,230	1,346,077
Accumulated Impairment Loss		
At beginning of year	1,346,077	948,692
Impairment loss for the year	-	397,385
At end of year	1,346,077	1,346,077
Carrying amount	3,455,153	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill was allocated to the following CGUs:

(i) Leasehold land and factory buildings of GDEX Properties Sdn Bhd ("GDEXP") as an individual CGU;

(ii) Commercial office 1 of GDEXP as an individual CGU;

(iii) Commercial office 2 of GDEXP as an individual; and

(iv) Logistic operations of Netco as an individual CGU.

The carrying amount of goodwill allocated to each CGU is as follows:

	The Group	
	2020	2019
	RM	RM
Leasehold land and factory buildings	-	948,692
Commercial office 1	-	248,366
Commercial office 2	-	149,019
Logistic operations	3,455,153	-
	3,455,153	1,346,077

17. GOODWILL ARISING FROM CONSOLIDATION *cont'd*

The recoverable amounts of leasehold land, factory buildings and commercial offices are determined based on 'fair value less cost to sell' where a market valuation was performed by the qualified external valuers using comparison method as follows:

- Leasehold land, commercial office 1 and 2 - transacted prices for similar properties;
- Factory buildings - replacement cost method;

The fair value hierarchy and significant inputs are as disclosed in Note 14(a).

The review led to the recognition of the above impairment loss of goodwill to leasehold land and factory buildings due to the significant uncertainties of recovering values exceeding the market value of the property as there is non-renewal of tenancy and a stagnant property market.

The recoverable amounts of logistic operations are determined based on 'value-in-use' where management make an estimate of the expected future cash flows from the cash-generating unit covering a five-year period. The key assumptions for the value-in-use calculation include management's expectation on the growth of revenue. The pre-tax discount rate applied to the expected future cash flows is 8.87% (2019: Nil).

The Group has conducted an analysis on the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for logistic operations to which goodwill is allocated. The directors believe that any reasonably change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of CGU.

18. OTHER INVESTMENT

	The Company	
	2020 RM	2019 RM
Quoted shares measured at FVTOCI:		
At beginning of year	30,014,188	-
Addition	-	9,865,625
Fair value gain	46,298,312	20,148,563
At end of year	76,312,500	30,014,188

18. OTHER INVESTMENT *cont'd*

On 3 October 2018, the Company subscribed to 16.5%, equivalent to 137,500,000 new ordinary shares of IDR100 each at an issue price of IDR250 per share in SAPX, representing 16.5% of the total number of ordinary shares of SAPX, for a total consideration of IDR34,375,000,000 (equivalent to approximately MYR9.866 million) from the IPO of SAPX.

The Company has irrevocably elected to classify the equity instrument as FVTOCI because they are held within a business model whose objective is to collect cash flows but it does not give rise to a contractual payment of principal and interest on the investment.

19. INVESTMENT IN REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	The Group and The Company	
	2020 RM	2019 RM
Financial asset measured at FVTPL:		
At beginning of year	500,000	-
Addition	-	500,000
At end of year	500,000	500,000

On 23 November 2018, the Company entered into a Subscription Agreement ("A-RCPS Agreement") with ALP Capital Sdn Bhd ("ALP Capital") to subscribe for ten tranches of interest bearing Series-A Redeemable Convertible Preference Shares ("A-RCPS"), i.e. 5,000 A-RCPS each tranche over the next five years, at total subscription price of RM5,000,000. On same day, the Company completed the first tranche of A-RCPS subscription. The subscription of subsequent tranches is conditional upon the completion of the preceding tranche and upon the formal written request by the Company after the approval of the Company's Investment Committee.

According to the A-RCPS Agreement, the Company is entitled to but not obliged:

(i) to subscribe for such number of ordinary shares, equivalent to the number of ordinary shares which would have been issued upon conversion of all (but not part of) the remaining unsubscribed subscription A-RCPS (as if such A-RCPS were fully subscribed); and/or

(ii) to forthwith convert the number of existing A-RCPS held by the Company into ordinary shares; in accordance with the terms of this A-RCPS Agreement, provided always that the shareholding ratio of the Company upon completion of the (i) and (ii) above shall be no less than 50% equity interests (consisting of ordinary shares) in ALP Capital in accordance with the Shareholders Agreement ("Accelerated Subscription/ Conversion").

19. INVESTMENT IN REDEEMABLE CONVERTIBLE PREFERENCE SHARES *cont'd*

The A-RCPS is redeemable at any time by both parties on any occurrence of the following events:

(i) There is a material breach of any of the Warranties and undertakings of ALP Capital in the Investment Contracts,
(ii) The maturity date of 22 November 2023, or
(iii) If for any reason ALP Capital and the Company have irreconcilable differences concerning the interest of the business.

The redemption amount is the total subscription price of the A-RCPS paid together with interest at the following rate:

- 0% per annum on the 1st year,
- 6% per annum on the 2nd year, or
- 8% per annum on the 3rd year onwards,

as the case may be, on the total subscription price of A-RCPS to be redeemed calculated from their respective date of redemption notice, taking into account any dividend paid or bonus shares issued by ALP Capital on the A-RCPS.

The A-RCPS are mandatorily redeemable on 22 November 2023 at their subscription price with the interest rates, if the Company does not choose to exercise its redemption right.

20. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

	The Group	
	2020 RM	2019 RM
Trade receivables	76,583,666	54,178,577
Less: Allowance for impairment	(4,427,237)	(2,639,710)
Net	72,156,429	51,538,867

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

The currency exposure profile of trade receivables is as follows:

	The Group	
	2020	**2019**
	RM	**RM**
Ringgit Malaysia	58,094,925	53,968,692
Singapore Dollar	284,920	209,885
Vietnamese Dong	18,203,821	-
	76,583,666	54,178,577

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 3 to 120 days (2019: 30 to 60 days). No interest is charged on trade receivables.

The Group has applied a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime ECL. The Group estimated the loss allowance on trade receivables by applying an ECL rate at each reporting date. The ECL rate is computed 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.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 80% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

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 trade receivables balances.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

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

	The Group	
	2020	2019
	RM	RM
At beginning of year	2,639,710	2,637,736
Impact of adoption of MFRS 9	-	683,527
	2,639,710	3,321,263
Acquisition of Netco (Note 15)	411,563	-
Amount recognised	1,372,759	719,912
Amount recovered during the year	(16,644)	(1,401,602)
Net (Note 7)	1,356,115	(681,690)
Translation differences	19,849	137
At end of year	4,427,237	2,639,710

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

	The Group	
	Gross trade receivables	Lifetime ECL
	RM	RM
30 June 2020		
Not past due and impaired:		
1 to 120 days	66,144,431	959,210
Past due and impaired:		
120 to 150 days	5,831,981	548,707
150 to 365 days	1,846,919	925,867
More than 365 days	2,760,335	1,993,453
	76,583,666	4,427,237

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

	The Group	
	Gross trade receivables	Lifetime ECL
	RM	RM
30 June 2019		
Not past due and impaired:		
1 to 120 days	47,359,928	471,790
Past due and impaired:		
120 to 150 days	3,269,769	180,571
150 to 365 days	1,677,331	748,553
More than 365 days	1,871,549	1,238,796
	54,178,577	2,639,710

Other receivables and prepaid expenses consist of:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Refundable deposits	9,458,222	11,701,598	200	200
Prepaid expenses	9,438,376	8,596,034	53,964	77,524
Other receivables	3,475,739	298,001	11,340	70,692
Withholding tax receivable	-	1,045,320	-	1,045,320
Goods and Services Tax receivable	65,028	274,866	796	796
Deferred expenses	1,218,240	861,511	-	-
	23,655,605	22,777,330	66,300	1,194,532

Other receivables balance are not past due and not impaired.

Included in refundable deposits is deposits paid in relation to purchase of motor vehicles of RM224,267 (2019: RM1,006,467) and rental deposit for branches of RM3,851,597 (2019: RM6,273,986).

Included in prepaid expenses is insurance and road tax for the motor vehicles and deposit for hire purchase agreement that will be net off against the final instalment of the hire purchase agreement.

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

The currency exposure profile of other receivables is as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	636,590	1,325,840	11,340	1,116,012
Singapore Dollar	51,388	17,481	-	-
Vietnamese Dong	2,787,761	-	-	-
	3,475,739	1,343,321	11,340	1,116,012

21. SHORT TERM FUNDS

	The Group and The Company	
	2020	**2019**
	RM	**RM**
Financial assets measured at FVTPL:		
Investment in money market funds - at fair value	78,767,961	12,200,014

22. RELATED COMPANY TRANSACTIONS

The related party and its relationship with the Company is as follows:

Name of related party	**Relationship**
Yamato Asia Pte. Ltd.	A substantial shareholder of GD Express Carrier Bhd.
Yamato Transport (M) Sdn. Bhd.	A subsidiary of substantial shareholder of GD Express Carrier Bhd.

22. RELATED COMPANY TRANSACTIONS *cont'd*

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

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
With related company, Yamato Asia Pte. Ltd.				
Advisory fees	(95,000)	(120,000)	(95,000)	(120,000)
Yamato Holdings Co., Ltd				
Advisory fees	(25,000)	-	(25,000)	-
Yamato Transport (M) Sdn. Bhd.				
Express delivery fee	538,464	1,344,062	-	-
With subsidiary companies, GD Venture (M) Sdn. Bhd.				
Management fee	-	-	790,500	610,500
GD Express Sdn. Bhd.				
Management fee	-	-	1,527,960	927,960
Dividends	-	-	9,145,000	14,446,000
GD Facilities & Assets Management Sdn. Bhd.				
Management fee	-	-	413,040	293,040
GD Valueguard Sdn. Bhd.				
Management fee	-	-	182,100	122,100
GD Logistics Sdn. Bhd.				
Management fee	-	-	728,400	488,400
Dividends	-	-	1,104,000	-

22. RELATED COMPANY TRANSACTIONS *cont'd*

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
With associated company, SAPX				
Subscription of IPO shares	-	26,607,289	-	-
Gain on redemption of convertible bonds	-	7,949,546	-	7,949,546
Web Bytes Sdn. Bhd				
Software development fee	-	(48,966)	-	-
Interest income	100,000	50,000	100,000	50,000

23. ISSUED CAPITAL

		The Group and the Company			
		Number of ordinary shares		RM	
	Note	2020	2019	2020 RM	2019 RM
Issued and fully paid:					
At beginning of year		5,641,388,335	5,602,624,193	337,887,802	327,809,125
- Warrants 2015/2020 exercised	23(i)(a)	22,500	-	8,606	-
- DRP	23(i)(b)	-	38,764,142	-	10,078,677
At end of year		5,641,410,835	5,641,388,335	337,896,408	337,887,802

23. ISSUED CAPITAL *cont'd*

(i) Ordinary Shares

During the financial year, the Company increased its issued and paid-up share capital from RM337,887,802, comprising 5,641,388,335 ordinary shares, to RM337,896,408, comprising 5,641,410,835 ordinary shares, as follows:

(a) Exercise of Warrants 2015/2020

Issuance of 22,500 new ordinary shares pursuant to the exercise of 22,500 Warrants 2015/2020 at the exercise price of RM0.3825 per warrant during the financial year. The amount of RM8,606 credited directly to the Company's share capital.

(b) Dividend Reinvestment Plan ("DRP")

No DRP being proposed by the Company at the last AGM held on 5 December 2019 that allows the shareholders to reinvest their dividend as new ordinary shares in the Company.

(ii) 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 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.

23. ISSUED CAPITAL *cont'd*

(ii) Warrants 2015/2020 *cont'd*

(e) During the last financial year, as a result of the bonus issue exercise, an additional 530,898,999 number of Warrants 2015/2020 adjustment was made in accordance with the provisions under the Deed Poll constituting the Warrants dated 20 January 2015. Consequentially, the exercise price of Warrants 2015/2020 was revised on 13 June 2017 from RM1.5300 to RM0.3825.

The Warrants 2015/2020 had expired and lapsed during the year, and the movement are as follows:

	Number of Warrants 2015/2020	
	2020	2019
At beginning of year	706,030,568	706,030,568
Exercised during the year	(22,500)	-
Expired and lapsed on 11 February 2020	(706,008,068)	-
At end of year	-	706,030,568

24. TREASURY SHARES

The shareholders of the Company, by a resolution passed at an Annual General Meeting held on 5 December 2019, had granted an approval to the Company to buy back its own shares of up to 10% of the issued and paid-up share capital of the Company.

During the financial year, the Company repurchased its issued ordinary shares from the open market as summarised below:

			Purchase price per share		
	Number of shares	Total consideration	Highest	Lowest	Average
		RM	RM	RM	RM
Share repurchased during the financial year:					
January 2020	800,000	224,601	0.280	0.280	0.280
February 2020	1,500,000	345,850	0.205	0.240	0.231
March 2020	1,896,300	334,410	0.150	0.195	0.176
Balance at 30 June 2020	4,196,300	904,861	0.360	0.355	0.216

24. TREASURY SHARES *cont'd*

The total consideration paid, including transaction costs, of RM904,861 was financed by internally generated funds. The shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

The Company has the right to cancel, resell or distribute the treasury shares as dividends or transfer the treasury shares for the purposes of an employees' share scheme or as purchase consideration at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares repurchased had been sold or cancelled during the financial year.

25. RESERVES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable:				
Translation reserve	1,149,309	346,010	-	-
Fair value reserve	-	-	66,446,875	20,148,563
	1,149,309	346,010	66,446,875	20,148,563
Distributable:				
Retained earnings	145,039,527	140,930,580	73,620,764	73,316,827
	146,188,836	141,276,590	140,067,639	93,465,390

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

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income until the investment are derecognised or impaired.

26. HIRE-PURCHASE PAYABLES

	The Group	
	2020	2019
	RM	RM
Total outstanding	30,749,571	42,390,560
Less: Interest-in-suspense	(1,215,845)	(2,203,360)
Principal outstanding	29,533,726	40,187,200
Less: Amount due within 12 months (shown under current liabilities)	(18,811,502)	(19,721,613)
Non-current portion	10,722,224	20,465,587

The non-current portion is repayable as follows:

	The Group	
	2020	2019
	RM	RM
Within 1 - 2 years	9,187,569	15,063,150
Within 3 - 5 years	1,534,655	5,402,437
	10,722,224	20,465,587

The interest rates implicit in these hire-purchase obligations ranges from 2.30% to 2.98% (2019: 2.45% to 5.82%) 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.

27. BANK BORROWINGS

	The Group	
	2020	2019
	RM	RM
Non-current		
Mortgage loans (secured)	53,715	-
Current		
Mortgage loans (secured)	778,623	-
Term loans (unsecured)	109,192	-
	887,815	-
	941,530	-

27. BANK BORROWINGS *cont'd*

The mortgage loans bear interest rate at 10.0% to 10.7% for a tenure of 2 years from the date of the first disbursement of the mortgage loan. The mortgage loans are secured by way of legal charge over motor vehicles.

The term loans bear interest rate at 16.9% for a tenure of 4 months from the date of the first disbursement of the term loan. The terms loans was granted to the Group for working capital purpose.

The currency exposure profile for bank borrowings is at Vietnamese Dong.

28. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of year	321,314	325,682	28,108	28,108
Charge to profit or loss (Note 7)	31,009	-	794	-
Benefit paid	(38,745)	(5,218)	(8,500)	-
Remeasurements of post-employment benefit obligations	323,774	-	(4,874)	-
Translation adjustment	360	850	-	-
At end of year	637,712	321,314	15,528	28,108

The most recent actuarial valuation of the defined benefit plan was carried out on 23 February 2020 by Nicholas Actuarial Solutions Sdn Bhd. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Discount rate	4.37%	5.00%	4.37%	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
cont'd

29. DEFERRED TAX LIABILITIES

	The Group	
	2020	2019
	RM	RM
At beginning of year	(6,272,790)	(4,942,829)
Impact on adoption of MFRS 9	-	164,047
Impact on adoption of MFRS 15	-	440,509
	(6,272,790)	(4,338,273)
Acquisition of Netco	10,546	-
Exchange differences	165	-
(Charge)/Credit to profit or loss (Note 9):		
Property, plant and equipment	(1,611,999)	(1,762,431)
Right-of-use assets	173,820	-
Trade receivables	183,452	(161,504)
Lease liabilities	103,997	-
Provision for retirement benefits	131,415	(63,024)
Deferred revenue	480,804	(179,558)
Prepaid expenses	(7,575)	-
Accrued staff costs	(2,521)	-
Unabsorbed capital allowances	183,878	232,000
	(364,729)	(1,934,517)
At end of year	(6,626,808)	(6,272,790)

29. DEFERRED TAX LIABILITIES *cont'd*

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

	The Group	
	2020 RM	2019 RM
Deferred tax assets (before offsetting):		
Temporary differences arising from:		
Right-of-use assets	173,820	-
Trade receivables	814,021	632,963
Lease liabilities	103,997	-
Provision for retirement benefits	136,153	2,344
Deferred revenue	741,755	260,951
Prepaid expenses	3,136	-
Unabsorbed capital allowances	415,878	232,000
	2,388,760	1,128,258
Offsetting	(2,388,760)	(1,128,258)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	(9,013,048)	(7,401,048)
Accrued staff costs	(2,520)	-
Offsetting	2,388,760	1,128,258
Deferred tax liabilities (after offsetting)	(6,626,808)	(6,272,790)

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	
	2020 RM	2019 RM
Unused tax losses	1,852,646	2,102,179

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

30. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amounts outstanding for services rendered by suppliers and rental of trucks provided by the business partner of a subsidiary. The average credit period granted to the Group is 30 days to 120 days (2019: 30 days).

The currency exposure profile of trade payables is as follows:

	The Group	
	2020	2019
	RM	RM
Ringgit Malaysia	3,836,579	2,871,361
Singapore Dollar	34,175	9,995
Vietnamese Dong	7,175,798	-
	11,046,552	2,881,356

Other payables and accrued expenses consist of:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables	7,996,710	5,467,438	348,984	136,464
Accrued expenses	7,186,053	7,065,833	28,144	210,779
Accrued staff costs	6,823,637	6,749,813	90,903	-
Sales and Service Tax payable	7,054,407	4,957,518	-	-
Deferred revenue	4,308,887	1,948,806	-	-
	33,369,694	26,189,408	468,031	347,243

The currency exposure profile of other payables is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	7,195,963	5,283,192	348,984	136,464
Singapore Dollar	8,726	184,246	-	-
Indonesian Rupiah	1,018	-	-	-
Vietnamese Dong	791,003	-	-	-
	7,996,710	5,467,438	348,984	136,464

31. DIVIDENDS

	The Group and The Company	
	2020	2019
	RM	RM
In respect of financial year ended 30 June 2019:		
Dividend of 0.25 sen per share:		
Cash	14,101,465	-
In respect of financial year ended 30 June 2018:		
Dividend of 0.20 sen per share:		
DRP	-	10,078,677
Cash	-	1,126,565
	14,101,465	11,205,242

The directors proposed a dividend of 0.20 sen per share amounting to approximately RM11.28 million in respect of the financial year ended 30 June 2020. 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.

32. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Deposits with licensed banks	151,077,132	237,443,402	144,073,163	230,743,732
Cash and bank balances	37,839,331	30,059,509	3,260,109	10,855,825
	188,916,463	267,502,911	147,333,272	241,599,557
Less: Non cash and cash equivalents:				
Deposits with licensed banks with maturity term more than 3 months	(150,969,835)	(237,443,402)	(144,073,163)	(230,743,732)
	37,946,628	30,059,509	3,260,109	10,855,825

Deposits with licensed banks earn interest at rates ranging from 2.50% to 4.40% (2019: 3.35% to 4.40%) per annum. Deposits with licensed banks of the Group and of the Company have an average maturity term of 1 to 12 months (2019: 1 to 12 months).

32. CASH AND CASH EQUIVALENTS *cont'd*

Cash Held on Behalf of Customer from Cash on Delivery Service

As of 30 June 2020, cash held on behalf of customers from cash on delivery service amounting to RM8,691,708 (2019: RM4,097,936). These cash held on behalf of customers do not form part of the Group's cash and cash equivalents.

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	178,146,918	267,025,110	147,333,272	241,599,557
Singapore Dollar	1,881,314	477,801	-	-
Indonesian Rupiah	5,440,599	-	-	-
Vietnamese Dong	3,447,632	-	-	-
	188,916,463	267,502,911	147,333,272	241,599,557

33. 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 Note 13, 26 and 27) and equity (as disclosed in Note 23 and 25).

Gearing Ratio

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

	The Group	
	2020 RM	2019 RM
Debt	107,685,494	40,187,200
Equity	496,426,830	479,164,392
Debt to equity ratio (%)	21.69	8.39

Debt consists of hire-purchase payables, bank borrowings and lease liabilities.

33. 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	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Financial assets				
Financial assets measured at amortised cost:				
Trade receivables	72,156,429	51,538,867	-	-
Other receivables and refundable deposits (Note 20)	12,933,961	11,999,599	11,540	70,892
Cash and bank balances	37,839,331	30,059,509	3,260,109	10,855,825
Deposits with licensed banks	151,077,132	237,443,402	144,073,163	230,743,732
Amount owing by subsidiaries	-	-	107,541,917	100,226,743
Loan to an associate	2,050,000	2,000,000	2,050,000	2,000,000
Financial assets measured at FVTPL:				
Investment in redeemable convertible preference shares	500,000	500,000	500,000	500,000
Short term funds	78,767,961	12,200,014	78,767,961	12,200,014
Financial asset measured at FVTOCI:				
Other investment	-	-	76,312,500	30,014,188
Financial liabilities				
Other financial liabilities:				
Trade payables	11,046,552	2,881,356	-	-
Other payables and accrued expenses (Note 30)	22,006,400	19,283,084	468,031	347,243
Amount owing to subsidiaries	-	-	-	1,917,368
Hire-purchase payables (Note 26)	29,533,726	40,187,200	-	-
Bank borrowings	941,530	-	-	-
Lease liabilities (Note 13)	77,210,238	-	-	-

33. FINANCIAL INSTRUMENTS *cont'd*

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.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group and the Company are exposed to credit risk mainly from trade 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 fund with credit worthy financial 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.

Credit quality analysis

The Group uses two categories of trade receivables to determine the allowance for impairment for each category based on their credit risk.

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	**Group's definition of category**
Lifetime ECL	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are from 1 to 365 days.
Credit Impaired	Interest and/or principal repayments are more than 365 days.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of trade receivables.

33. FINANCIAL INSTRUMENTS *cont'd*

Credit quality analysis *cont'd*

The Group provides for credit losses as follow:

Group internal credit rating	Credit quality by days past due	Basis for recognition of ECL provision	Gross carrying amount RM	Gross carrying amount (net of impairment provision) RM
2020				
Lifetime ECL	1 to 365	Lifetime ECL	73,823,331	71,389,547
Credit impaired	More than 365	Credit impaired	2,760,335	766,882
2019				
Lifetime ECL	1 to 365	Lifetime ECL	52,307,028	50,906,114
Credit impaired	More than 365	Credit impaired	1,871,549	632,753

There are no significant changes to estimation technique or assumption made during the financial year.

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

33. 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
2020						
Financial liabilities						
Non-interest bearing:						
Trade payables		11,046,552	-	-	-	11,046,552
Other payables and accrued expenses		22,006,400	-	-	-	22,006,400
Interest bearing:						
Hire-purchase payables	5.32	18,811,502	9,187,569	1,534,655	-	29,533,726
Lease liabilities	5.76	20,751,367	19,018,058	33,006,157	15,572,264	88,347,846
Bank borrowings	13.54	887,815	53,715	-	-	941,530
		73,503,636	28,259,342	34,540,812	15,572,264	151,876,054
2019						
Financial liabilities						
Non-interest bearing:						
Trade payables		2,881,356	-	-	-	2,881,356
Other payables and accrued expenses		19,283,084	-	-	-	19,283,084
Interest bearing:						
Hire-purchase payables	5.43	21,210,204	15,735,898	5,444,458	-	42,390,560
		43,374,644	15,735,898	5,444,458	-	64,555,000

33. FINANCIAL INSTRUMENTS *cont'd*

Liquidity Risk Management *cont'd*

	The Company Less than 1 year 2020 RM	 2019 RM
Financial liabilities		
Non-interest bearing:		
Other payables	468,031	347,243
Amount owing to subsidiary companies *	-	1,917,368

* At the end of the financial year, it was not probable that the counterparties to financial guarantee contracts will claim under the contracts. Consequently, the amount included is negligible.

Fair Values

The carrying amount of cash and cash equivalents, short term funds, trade and other receivables, trade and other payables, inter-company indebtedness and financial guarantee contracts of the Group and the Company approximate their fair values because of the short maturity period of these instruments.

The fair values of the short term funds of the Group and the Company are measured at fair value in the statement of financial position as of the end of the reporting period using Level 2 inputs for the purpose of fair value hierarchy in accordance with the generally accepted pricing model based on the net asset value of the unit trust fund.

The fair values of the other investment of the Company is measured at fair value in the statement of financial position as of the end of the reporting period using Level 1 inputs for the purpose of fair value hierarchy based on the market value of the quoted investment.

33. FINANCIAL INSTRUMENTS *cont'd*

Fair Values *cont'd*

The fair values of loan to an associate, hire-purchase payables and bank borrowings are estimated using discounted cash flow analysis based on current borrowing rates for similar type of borrowing/financing arrangements (Level 2 inputs), as follows:

	The Group			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	RM	RM	RM	RM
Financial Asset				
Loan to an associate	2,050,000	1,996,862	2,000,000	2,013,970
Financial Liabilities				
Hire-purchase payables (Note 26)	29,533,726	28,633,842	40,187,200	39,469,546
Bank borrowings	941,530	808,711	-	-

34. RENTAL COMMITMENTS

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

	The Group	
	Future Minimum Lease Payments	
	2020	2019
	RM	RM
Within 1 year	-	12,863,201
1 - 2 years	-	9,594,550
2 - 5 years	-	2,111,567
More than 5 years	-	8,000
	-	24,577,318

35. CAPITAL COMMITMENTS

	The Group	
	2020 RM	2019 RM
Approved and contracted for:		
Purchase of motor vehicles	3,564,442	11,213,166
Purchase of tools and equipment	4,689	22,860
Renovation of office buildings/warehouse	24,499	853,969
Purchase of Technology system	696,432	-
	4,292,062	12,089,995

36. CONTINGENT LIABILITIES - UNSECURED

	The Company	
	2020 RM	2019 RM
Corporate guarantee given to a bank for banking facilities granted to subsidiary companies	123,000,000	123,000,000

The total amount of corporate guarantees provided by the Company to financial institutions for the banking facilities granted to subsidiary companies amounted to RM123,000,000 (2019: RM123,000,000). The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary companies' borrowings in view of the securities pledged by the subsidiary companies.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from/(used in) financing activities:

	Hire-purchase payables (Note 26)	
	2020	2019
	RM	RM
At beginning of year	40,187,200	41,218,545
Cash flows	(21,970,304)	(17,957,316)
New hire purchase agreements	11,316,830	16,925,971
At end of year	29,533,726	40,187,200

	Lease liabilities (Note 13)	
	2020	2019
	RM	RM
At beginning of year/Effect of adoption of MFRS 16	50,030,864	-
Additions to right-of-use assets	39,523,522	-
Acquisition of Netco	1,476,491	-
Cash flows	(17,791,573)	-
Interest expense	3,970,934	-
At end of year	77,210,238	-

	Bank borrowings (Note 27)	
	2020	2019
	RM	RM
At beginning of year	-	-
Acquisition of Netco	3,960,285	-
Cash flows	(3,018,755)	-
Interest expense	297,696	-
Finance cost paid	(297,696)	-
At end of year	941,530	-

38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Adoption of MFRS 16 Leases

During the current financial year, the Group and the Company adopted MFRS 16 Leases that is effective for annual periods that begin on or after 1 January 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of MFRS 16 on the Group and the Company's financial statements is described below.

The date of initial application of MFRS 16 for the Company is 1 July 2019.

The Group and the Company had adopted MFRS 16 using the modified retrospective approach which:

- Requires the Group and the Company to recognise the cumulative effect of initially applying MFRS 16 at the date of initial application, i.e. 1 July 2019.
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117 and IC Interpretation 4.

Impact of the new definition of a lease

The Group and the Company had made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117 and IC Interpretation 4.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract).

38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

Impact on lessee accounting

Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off balance sheet.

Applying MFRS 16, for all leases (except as noted below), the Group and the Company:

- Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments.

- Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.

- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group and the Company has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'operating expenses' in statement of profit or loss.

The Group and the Company had recognised RM50,030,864 right-of-use assets and lease liabilities upon transition to MFRS 16.

The Group and the Company had used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117.

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- elected not to recognised right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- excluded initial direct cost from the measurement of right-of-use asset at the date of initial application.

- use hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

38. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

Financial impact of initial application of MFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 range from 4.36% to 4.48%.

The following table shows the operating lease commitments disclosed applying MFRS 117 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Reconciliation for the differences between the operating lease commitments disclosed under MFRS 117 at 30 June 2019 to the lease liabilities recognised at 1 July 2019 is as follows:

		Group
	Note	**RM**
Operating lease commitments disclosed at 30 June 2019	34	24,577,318
Discounted using the borrowing rate		18,138,366
Recognition of extension option		31,892,498
Lease liabilities recognised at 1 July 2019	13	50,030,864

The Group has recognised RM50,030,864 right-of-use assets and lease liabilities upon adoption of MFRS 16.

39. SIGNIFICANT EVENT DURING AND AFTER THE FINANCIAL YEAR

Save for the undermentioned, there was no other significant event during the current financial year and subsequent to the end of the financial year up to the date these financial statements were authorised and approved for issuance that have a material bearing on the Group and the Company.

The outbreaks of Coronavirus disease 2019 "COVID-19" has evolved into global pandemic that is adversely affecting global and national economies due to imposition of extensive and unprecedented related measurement on public health, restrictions on travelling and movements, social distancing regulations and constraints on people gathering, as well as the suspension of many business operations and other activities, by many countries in order to curb the spread of virus.

This has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Group's business operations are located. In relation to this, the Government of Malaysia issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was extended for 2 weeks consecutively on 25 March 2020, 10 April 2020 and 23 April 2020 until 14 April 2020, 28 April 2020 and 12 May 2020 respectively, and followed by the announcement on 10 May 2020 on the further extension of the MCO for another 4 weeks until 9 June 2020, and subsequently with some modifications, the Recovery Movement Control Order ("RMCO"), is still in place.

39. SIGNIFICANT EVENT DURING AND AFTER THE FINANCIAL YEAR

The Group anticipates that the impacts of COVID-19 would be potentially impact the judgements and assumptions used in the preparation of the financial statements, if any and necessary, and may have a negative bearing on the Group's and the Company's financial performance and condition, and also its liquidity position for the forthcoming financial year, such as expected credit losses of financial assets, fair value measurements of investment properties and financial instruments, and impairment assessments of assets (property, plant and equipment, goodwill, and investments in subsidiaries and associates).

As at the date of the authorisation of this financial statements, the COVID-19 pandemic and the MCO since 18 March 2020 have financial impact to the Group, particularly on the express delivery segment of the Group, even though the business operations of the Group is categorised as an essential activity and resumed operations during the MCO. Nevertheless, the Group is focusing on its efforts in the best possible way to mitigate its impact while protecting the business potential and branding from the medium to long term perspective. The extent of the full potential financial impact on the Group and the Company is difficult to assess in this time in light of prevailing uncertainties over when the pandemic and the MCO will end.

The Group will continue to closely monitor and provide further updates on the financial impact in the financial statements, if any, and mitigating actions relating to the COVID-19 pandemic and also the Government's measures to address the pervasive and underlying effects of the pandemic on everyone.

40. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in statements of profit or loss and other comprehensive income of the Group and of the Company have been reclassified to conform with current year's presentation as follows:

	As previously reported RM	Reclassification RM	As reclassified RM
Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019			
The Group			
Staff costs	(173,470,901)	(1,511,877)	(174,982,778)
Other operating expenses	(43,205,335)	1,511,877	(41,693,458)
The Company			
Staff costs	(1,820,843)	(1,511,877)	(3,332,720)
Other operating expenses	(4,017,441)	1,511,877	(2,505,564)

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, 2016 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 2020 and of the financial performance and the cash flows of the Group and of the Company for the year then ended on that date.

Signed in accordance with a resolution of the Directors,

TEONG TECK LEAN **LEE KAH HIN**

Petaling Jaya,
12 October 2020

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
(MIA membership number 30345)

Subscribed and solemnly declared by the
abovenamed **LIM CHEE SEONG** at
PETALING JAYA on this 12th day of October, 2020.

Before me,

HEMALA RAJALINGAM
NO. B430
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

as at 9 October 2020

Total number of Issued Shares : 5,641,410,835

Class of Shares : Ordinary shares

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	404	3.45	12,730	0.00
100 – 1,000	1,291	11.04	678,999	0.01
1,001 – 10,000	4,950	42.32	28,648,276	0.51
10,001 – 100,000	4,292	36.70	143,686,549	2.55
100,001 – 281,705,476 [1]	754	6.45	1,659,590,348	29.46
281,705,477 and above [2]	5	0.04	3,801,492,633	67.47
TOTAL	**11,696**	**100.00**	**5,634,109,535** #	**100.00**

Notes:

[1] Less than 5% of issued shares.
[2] 5% and above of issued shares.
 # Excluding a total of 7,301,300 shares bought back by the Company and retained as treasury 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)	1,287,938,501	22.86
2.	GD EXPRESS HOLDINGS (M) SDN BHD	718,230,283	12.75
3.	GD EXPRESS HOLDINGS (M) SDN BHD	690,540,273	12.26
4.	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE POST LIMITED	655,106,119	11.63
5.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)	449,677,457	7.98
6.	GD HOLDINGS INTERNATIONAL LIMITED	115,359,314	2.05
7.	DING MEI SIANG	92,951,920	1.65

ANALYSIS OF SHAREHOLDINGS
as at 9 October 2020
cont'd

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

No.	Name of Shareholders/Depositors	No. of Shares	%#
8.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)	84,131,582	1.49
9.	LAU WING TAT	70,839,555	1.26
10.	LAU WING TAT	69,578,641	1.23
11.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	67,294,922	1.19
12.	TEONG TECK LEAN	56,578,465	1.00
13.	LOI SIEW HOONG	55,948,393	0.99
14.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	55,495,001	0.99
15.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	54,703,000	0.97
16.	LEONG CHEE TONG	51,656,916	0.92
17.	AGNES CHAN WAI CHING	45,333,428	0.81
18.	AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID	40,900,061	0.73
19.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	40,382,692	0.72
20.	KONG HWAI MING	37,396,653	0.66
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR TEONG TECK LEAN (6186-1501)	27,381,624	0.49
22.	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR LAU CHEN HONG	26,331,378	0.47
23.	TEE CHERN JYU	24,038,729	0.43
24.	MAYBANK INVESTMENT BANK BERHAD IVT (13)	22,531,100	0.40
25.	GDEX FOUNDATION	19,990,408	0.36
26.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	19,255,232	0.34
27.	TEONG TECK LEAN	18,424,621	0.33
28.	CHAN MOON FOOK	17,094,597	0.30
29.	CHIN CHEE SUE	14,492,804	0.26
30.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR LGT BANK AG (FOREIGN)	13,788,993	0.25
	TOTAL	**4,943,372,662**	**87.77**

ANALYSIS OF SHAREHOLDINGS

as at 9 October 2020
cont'd

DIRECTORS' SHAREHOLDINGS AS AT 9 OCTOBER 2020

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**% of Issued Capital#**	**No. of Shares**	**% of Issued Capital#**
TAN SRI MUHAMMAD BIN IBRAHIM	-	-	-	-
TEONG TECK LEAN	124,315,352	2.21	2,073,696,872 [a]	36.81
LIM CHEE SEONG	330,000	0.01	-	-
LEE KAH HIN	716,753	0.01	-	-
ADI ARMAN BIN ABU OSMAN	-	-	-	-
CHUA PUT MOY	-	-	-	-
LOW NGAI YUEN	-	-	-	-
LAI TAK LOI	-	-	-	-
SHUJI YAMAUCHI	-	-	-	-

Notes:

[a] Deemed interested by virtue of: (i) his shareholdings held through GD Express Holdings (M) Sdn Bhd, GD Holdings International Limited and GDEX Foundation, and (ii) his spouse's direct shareholding in the Company.

 # Excluding a total of 7,301,300 shares bought back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS

as at 9 October 2020
cont'd

SUBSTANTIAL SHAREHOLDERS AS AT 9 OCTOBER 2020

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**% of Issued Capital#**	**No. of Shares**	**% of Issued Capital#**
TEONG TECK LEAN	124,315,352	2.21	2,073,696,872 [a]	36.81
GD EXPRESS HOLDINGS (M) SDN BHD	1,408,770,556	25.00	-	-
GD HOLDINGS INTERNATIONAL LIMITED	632,331,639	11.21	-	-
SINGAPORE POST LIMITED	655,106,119	11.63	-	-
SINGAPORE TELECOMMUNICATIONS LIMITED	-	-	655,106,119 [b]	11.63
TEMASEK HOLDINGS (PRIVATE) LIMITED	-	-	655,106,119 [c]	11.63
YAMATO ASIA PTE LTD	1,287,938,501	22.86	-	-
YAMATO HOLDINGS CO., LTD	-	-	1,278,938,501 [d]	22.86

Notes:

[a] *Deemed interested by virtue of: (i) his shareholdings held through GD Express Holdings (M) Sdn Bhd, GD Holdings International Limited and GDEX Foundation, and (ii) his spouse's direct shareholding in the Company.*

[b] *Deemed interested by virtue of its substantial shareholding in Singapore Post Limited.*

[c] *Deemed interested by virtue of its substantial shareholding in Singapore Telecommunications Limited, which is held through Singapore Post Limited.*

[d] *Deemed interested by virtue of its substantial shareholding in Yamato Asia Pte Ltd.*

\# *Excluding a total of 7,301,300 shares bought back by the Company and retained as treasury shares.*

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 30.06.2020 (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	61 years	17,101,966	-
(2)	19 - 21, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan.	Corporate Head Office and Distribution Hub	91,666	99 years lease expiring 13 August 2056	45 years	6,719,173	20 June 2008 and 30 June 2009
(3)	Sub-lots No. 1 - 4, 8½ Mile, Batu Kitang Road, 93250 Kuching, Sarawak.	Branch Office, Distribution Hub and Warehouse	26,886	60 years lease expiring 23 October 2076	4 years	5,146,987	-
(4)	Unit 41-18 Q Sentral, 2A Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur.	Commercial Office rented as Investment Property	2,917	Freehold	5 years	3,600,000	30 June 2020
(5)	J-8-6, J-8-7 & J-8-8, SOHO KL, Solaris Mont Kiara, No. 2, Jalan Solaris, Mont Kiara 50480 Kuala Lumpur, Wilayah Persekutuan.	Commercial Office rented as Investment Property	3,749	Freehold	11 years	2,725,000	30 June 2020
(6)	Lot No. 196803, Jalan Hala Jati 12, Kawasan Perindustrian Taman Meru, Off Jalan Jelapang 30020 Ipoh, Perak Darul Ridzwan.	Double Storey Factory Building	143,956	60 Year Lease expiring 21st June 2052	28 years	11,100,000	30 June 2020
(7)	Sub-lots No. 5 - 8, 8½ Mile, Batu Kitang Road, 93250 Kuching, Sarawak.	Branch Office, Distribution Hub and Warehouse	32,291	60 years lease expiring 23 October 2076	4 years	4,842,330	-

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting ("**17th AGM**") of the Company will be conducted entirely on a virtual basis at Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 3 December 2020 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2020 together with the Directors' and Auditors' Reports thereon.

   Please refer to Explanatory Note 1

2. To approve the payment of a first and final single-tier dividend of 0.20 sen per ordinary share in respect of the financial year ended 30 June 2020.

   Ordinary Resolution 1

3. To approve the payment of Directors' fees payable to the Independent Non-Executive Directors of the Company up to an aggregate amount of RM434,000.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting.

   Ordinary Resolution 2

4. To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM147,800.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting.

   Ordinary Resolution 3

5. To re-elect the following Directors who retire pursuant to Clause 96 of the Constitution of the Company:

   (a) Mr Lim Chee Seong **Ordinary Resolution 4**
   (b) Mr Lee Kah Hin **Ordinary Resolution 5**

6. To re-elect the following Directors who retire pursuant to Clause 103 of the Constitution of the Company:

   (a) Ms Chua Put Moy **Ordinary Resolution 6**
   (b) Mr Shuji Yamauchi **Ordinary Resolution 7**
   (c) Tan Sri Muhammad bin Ibrahim **Ordinary Resolution 8**

7. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

   Ordinary Resolution 9

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

cont'd

As Special Business

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

8. **Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

   "**THAT** pursuant to Section 75 and Section 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever 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 total number of issued share/total number of voting shares of the Company (excluding treasury shares) at the time of issue and **THAT** the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and **THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

   Ordinary Resolution 10

9. **Proposed Renewal of 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 30 October 2020, 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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 11

10. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

"**THAT** subject to the Companies Act 2016 ("**Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the Company's aggregate retained profits as at 31 December 2019 to purchase such amount of ordinary shares in the Company ("**Proposed Renewal of Share Buy-Back Authority**") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

cont'd

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

(i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Ordinary Resolution 12

11. **Proposed Change of Company's Name from "GD Express Carrier Bhd" to "GDEX Berhad"**

"**THAT** the name of the Company be changed from "GD Express Carrier Bhd" to "GDEX Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia and the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears **AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Change of Company's Name and to carry out all the necessary formalities in effecting the Proposed Change of Company's Name."

Special Resolution

12. 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 2016 and the Constitution of the Company.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 0.20 sen per ordinary share in respect of the financial year ended 30 June 2020, if approved by the shareholders at the Seventeenth Annual General Meeting, will be paid on 22 February 2021 to Depositors whose names appear in Record of Depositors at the close of business on 22 January 2021.

A depositor shall qualify for entitlement to the dividend only in respect of the following:

(a) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 22 January 2021 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

cont'd

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)(SSM PC No. 202008001023)
TAN AI NING (MAICSA 7015852)(SSM PC No. 202008000067)
Company Secretaries
Selangor Darul Ehsan
30 October 2020

Notes:

1. *As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the 17th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities. Please follow the procedures provided in the Administrative Guide for the 17th AGM in order to register, participate and vote remotely.*

2. *The venue of the 17th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the 17th AGM is to inform shareholders where the electronic 17th AGM production and streaming would be conducted from.* ***NO SHAREHOLDER(S)/ PROXY(IES)*** *from the public will be allowed to be physically present at the Broadcast Venue.*

3. *In respect of deposited securities, only members whose names appear in the Company's Record of Depositors on 23 November 2020 (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/her behalf.*

4. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

5. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.*

7. *The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 17th AGM or at any adjournment thereof, as follows:*

   (a) In hard copy form

   The original instrument appointing a proxy ("Form of Proxy") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

   (b) By electronic means

   The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at www.boardroomlimited.my or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 17th AGM in order to deposit the Form of Proxy electronically.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

cont'd

8. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic 17th AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.*

9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 17th AGM will be put to vote by way of poll.*

EXPLANATORY NOTES:

1. *Item 1 of the Agenda - Audited Financial Statements*

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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 3 of the Agenda - Directors' Fees*

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 2, if passed, will facilitate the payment of proposed Directors' fees of RM434,000.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting to the Independent Non-Executive Directors.

3. *Item 4 of the Agenda - Benefits Payable*

The proposed benefits of RM147,800.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting payable to the Non-Executive Directors comprises meeting allowances, travelling expenses and hotel accommodation. In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

4. *Item 5 of the Agenda - Re-election of Directors pursuant to Clause 96 of the Constitution of the Company*

Clause 96 of the Company's Constitution provides that 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election.

Mr Lim Chee Seong and Mr Lee Kah Hin, being eligible, have offered themselves for re-election at the 17th AGM. Please refer to the profiles of Mr Lim Chee Seong and Mr Lee Kah Hin as set out on page 27 of the Annual Report 2020.

5. *Item 6 of the Agenda - Re-election of Directors pursuant to Clause 103 of the Constitution of the Company*

Clause 103 of the Company's Constitution provides that any Director appointed, either to fill a casual vacancy or as an addition to the existing Board of Directors, shall hold office only until the next following Annual General Meeting and shall be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting.

Ms Chua Put Moy, Mr Shuji Yamauchi and Tan Sri Muhammad bin Ibrahim who were appointed to the Board of the Company on 1 November 2019, 1 March 2020 and 1 May 2020 respectively have offered themselves for re-election at the 17th AGM. Please refer to the profiles of Ms Chua Put Moy, Mr Shuji Yamauchi and Tan Sri Muhammad bin Ibrahim as set out on pages 28, 30 and 26 of the Annual Report 2020.

The Board through the Combined Nomination and Remuneration Committee had assessed the above retiring Directors and had recommended the re-election of them as Directors.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
cont'd

6. ***Item 7 of the Agenda - Re-appointment of Auditors***

   The auditors of the Company must be re-appointed at each Annual General Meeting. The Proposed Ordinary Resolution 9 proposes the re-appointment of Messrs Deloitte PLT, to hold office until the conclusion of the next Annual General Meeting.

   The Audit and Risk Management Committee at its meeting held on 7 October 2020 had undertaken an annual assessment of the suitability and effectiveness of the audit process, performance, suitability and independence of Messrs Deloitte PLT.

7. ***Item 8 of the Agenda - Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares***

   The Company had, at its Sixteenth Annual General Meeting held on 5 December 2019, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 75 and Section 76 of the Companies Act 2016 ("Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

   The proposed Ordinary Resolution 10 is a renewal of the general mandate for issuance of shares by the Company under Section 75 and Section 76 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.

   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.

8. ***Item 9 of the Agenda - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature***

   The proposed Ordinary Resolution 11 is a renewal of 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 30 October 2020 for further information.

9. ***Item 10 of the Agenda - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares***

   The proposed Ordinary Resolution 12, if passed, will empower the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

   Please refer to the Statement to Shareholders dated 30 October 2020 for further information.

10. ***Item 11 of the Agenda - Proposed Change of Company's Name from "GD Express Carrier Bhd" to "GDEX Berhad"***

    The proposed Change of Name is to reflect a new corporate identity of the Company.

    Please refer to the Circular to Shareholders dated 30 October 2020 for further information.

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING
cont'd

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.*

GD EXPRESS

GD EXPRESS CARRIER BHD

(Registration No. 200301028159 (630579-A))
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

FORM OF PROXY

*I/We, ______________________________ NRIC/Passport/Company No. ______________
(Full name in block letters)

of ____
(Full Address)

and telephone no./email address ______________________ being a member/members of **GD EXPRESS CARRIER BHD**,

hereby appoint ______________________________ NRIC No. ______________
(Full name in block letters)

of ____
(Full Address)

______________________________ or failing *him/her, ______________

NRIC/Passport No. ______________ of ______________________________
(Full Address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Seventeenth Annual General Meeting of the Company to be conducted entirely on a virtual basis at Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 3 December 2020 at 11.00 a.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below:

NO.	RESOLUTIONS		FOR	AGAINST
1.	First and final single-tier dividend of 0.20 sen per ordinary share in respect of the financial year ended 30 June 2020	Ordinary Resolution 1		
2.	Approval of Directors' fees payable to the Independent Non-Executive Directors of the Company of up to an aggregate amount of RM434,000.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting	Ordinary Resolution 2		
3.	Approval of benefits payable to the Non-Executive Directors of the Company of up to an aggregate amount of RM147,800.00 for the period from 1 July 2020 until the conclusion of the next Annual General Meeting	Ordinary Resolution 3		
4.	Re-election of Mr Lim Chee Seong as Director	Ordinary Resolution 4		
5.	Re-election of Mr Lee Kah Hin as Director	Ordinary Resolution 5		
6.	Re-election of Ms Chua Put Moy as Director	Ordinary Resolution 6		
7.	Re-election of Mr Shuji Yamauchi as Director	Ordinary Resolution 7		
8.	Re-election of Tan Sri Muhammad bin Ibrahim as Director	Ordinary Resolution 8		
9.	Re-appointment of Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 9		
10.	Authority under Section 75 and Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 10		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 11		
12.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 12		
13.	Proposed Change of Company's Name	Special Resolution		

*Subject to the abovestated voting instructions, *my/our proxy vote or abstain from voting on any resolutions as *he/she/they may think fit.*

**Strikeout whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he thinks fit.]

Signed this ______________ day of ______________ 2020.

The proportion of my/our shareholdings to be represented by my/our proxies are as follows:

	Percentage
First Proxy	%
Second Proxy	%
Total	100%

____
Signature of Member(s) or Common Seal

Fold This Flap For Sealing

Notes:

1. *As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the 17th AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities. Please follow the procedures provided in the Administrative Guide for the 17th AGM in order to register, participate and vote remotely.*
2. *The venue of the 17th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the 17th AGM is to inform shareholders where the electronic 17th AGM production and streaming would be conducted from.* ***NO SHAREHOLDER(S)/PROXY(IES)*** *from the public will be allowed to be physically present at the Broadcast Venue.*
3. *In respect of deposited securities, only members whose names appear in the Company's Record of Depositors on 23 November 2020 (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/her behalf.*
4. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
5. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.*

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Please Affix
Stamp

BOARDROOM SHARE REGISTRARS SDN. BHD.
GD EXPRESS CARRIER BHD
(Registration No. 200301028159 (630579-A))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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7. *The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 17th AGM or at any adjournment thereof, as follows:*
   - ***(a) In hard copy form***
     The original instrument appointing a proxy ("Form of Proxy") must be deposited at the Company's Share Registrar's Office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
   - ***(b) By electronic means***
     The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at www.boardroomlimited.my or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 17th AGM in order to deposit the Form of Proxy electronically.
8. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic 17th AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 17th AGM will be put to vote by way of poll.*

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 pursuant to Personal Data Protection Act, 2010.

OUR STATIONS

Headquarters (PJ)
03-7787 2222

Ajil
09-682 6271

Alor Gajah
06-556 4440

Alor Setar
04-734 9636

Alor Setar (Lodge-in)
04-730 5194

Ampang
03-4280 1415

Ayer Hitam
04-826 2091

Ayer Keroh
06-231 6223

Bahau
06-454 0295

Baling
016-521 9415

Bandar Chiku
09-928 4035

Bandar Pusat Jengka
09-467 6554

Bangi
03-8922 2184

Banting
03-3180 1601

Batu Pahat
07-435 2533

Bayan Baru
04-688 9051

Benta
09-323 9453

Bentong
09-223 5099

Bukit Beruntung
03-6021 3634

Bukit Mertajam
04-540 4480

Bukit Pasir
06-985 9852

Bukit Rahman Putra
03-6157 2106

Butterworth
04-313 2471

Cheras
03-9281 6951

Damansara Perdana
03-7722 3400

Desa Tasik, Sg. Besi
03-9054 8038

Felda Kota Gelangi
014-503 2929

Gemas
017-205 3627

Gemencheh
013-650 9211

Gerik
05-791 1276

Gua Musang
09-912 6622

Gurun
019-315 8755

Ipoh
05-545 0596

Jeli
010-901 4030

Jerantut
09 -266 2708

Jitra
04-714 0403

Johor Bahru
07-353 0413

Kajang
03-8737 0988

Kampar
05-468 4243

Kemaman
09-858 1780

Kepong
03-6259 6220

Keratong
013-734 9416

Klang
03-3291 1768

Klang (Lodge-in)
03-3359 0224

Kluang
07-774 3362

Kok Lanas
09-788 3090

Kota Bharu
09-743 1800

Kota Kemuning
03-5525 5423

Kota Sarang Semut
012-550 7757

Kota Tinggi
07-882 1322

Kuala Besut
014-510 4900

Kuala Kangsar
(Distribution Centre)
05-770 2288

Kuala Krai
09-966 3546

Kuala Krau
013-960 3548

Kuala Lipis
09-312 4877

Kuala Selangor
03-3289 4727

Kuala Terengganu
09-620 3006

Kuantan
09-568 9033

Kulai
07-660 7426

Kulim
04-410 1481

Langkawi
(Distibution Centre)
04-961 0449

Machang
09-975 1160

Malim Jaya
06-334 0131

Maran
09-477 1573

Melaka Raya (Lodge-in)
06-281 8033

Melawati
03-6187 3059

Melor
09-783 2110

Mentakab
09-290 2159

Merlimau
06-263 9359

Mersing
017-760 1227

Muadzam Shah
013-999 1837

Muar
06-953 9337

Nilai
06-797 1780

Paka
08-827 1313

Palong
07-948 2253

Parit Buntar
05-716 9429

Pasir Gudang
07-387 0103

Pasir Gudang (Lodge-in)
07-252 0025

Pasir Mas
09-719 2513

Pekan
09-422 2012

Penang
04-227 9358

Pendang
019-413 0582

Pengkalan Hulu
04-477 8032

Perlis
016-223 1775

Permas Jaya (Lodge-in)
07-380 4502

Pontian
07-686 1430

Port Dickson
06-651 6532

Port Klang
03-3885 3355

Port Klang (Lodge-in)
03-3323 6063

Puchong
03-8060 00782

Pulau Ketam
019-349 1777

Pulau Pangkor
019-515 6161

Raub (Distribution Centre)
09-355 0245

Rawang
03-6091 5662

Rompin
012-790 8678

Sabak Bernam
03-3224 8630

Segamat
07-932 8033

Segambut
03-6241 0645

Senai
07-598 6578

Senawang
06-675 8878

Serdang
03-8945 3488

Seremban
06-767 0121

Seri Iskandar
05-371 1367

Setiu
013-955 6122

Shah Alam
03-5548 7413

Sitiawan
05-691 0372

Skudai
07-511 1288

Subang Jaya
03-5631 0688

Sungai Besi
03-9221 0193

Sungai Koyan
012-961 6056

Sungai Petani
04-421 5580

Sungei Buloh
03-7734 0172

Taiping
05-829 3214

Tampin
06-441 0304

Tangkak
06-978 1511

Tanjung Malim
05-459 9210

Teluk Intan
05-621 1589

Triang
010-917 1373

Tun Hussein Onn
03-8964 4547

Ulu Tiram
07-863 2533

Wangsa Maju
03-4142 0192

Yong Peng
(Distribution Centre)
07-467 1171

EAST MALAYSIA

Beaufort
019-851 1775

Keningau
087-330 589

Kota Belud
088-977 126

Kota Kinabalu
088-393 354

Kota Kinabalu
(Lodge-in)
088-259 953

Kota Marudu
088-661 046

Kudat
088-611 490

Kunak
089-851 197

Lahad Datu
089-885 770

Ranau
019-802 2788

Sandakan
089-222 475

Tawau
089-769 348

SARAWAK

Batu Niah
016-876 5699

Bau
014-695 8777

Bekenu
016-873 2399

Belawai
019-891 4319

Betong
083-420 168

Bintangor
084-693 497

Bintulu
086-318 871

Dalat
019-821 9772

Daro
084-823 331

Kanowit
084-752 899

Kapit
013-560 9977

Kuching
082-620 220

Kuching (Lodge-in)
082-232 306

Lawas
085-285 369

Limbang
010-977 7005

Lundu
012-847 9573

Marudi
010-857 8888

Miri
085-434 148

Mukah
084-872 808

Saratok
083-436 450

Sarikei
019-886 8480

Serian
016-888 0655

Sibu
084-335 075

Song
011-1984 7281

Sri Aman
083-322 688

Tatau
011-1525 9963

LABUAN

Labuan
087-425 880

SINGAPORE

Singapore
65-6396 5539

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