GD EXPRESS

GD EXPRESS CARRIER BHD (630579-A)


# ADAPTING TO REGIONAL NEEDS

ANNUAL REPORT 2017

# CONTENTS

# GDEX
# Positioning Statement

## THE TRANSFORMING
## BUMBLE BEE

Scientists at a London University recently discovered that the tiny bumble bee is an inventive and highly resourceful insect. Aside from its uncanny navigational skills and communal-like behaviour, the bumble bee proved to be exceedingly receptive to external stimuli, adapting well to changes with whatever tools it has at its disposal.

Lab tests show the bumble bee, by just observing the actions of its peers, is able to move objects bigger than itself. It can also replicate and innovate on the given task by using – surprise of all surprises – its hind legs to push and pull the objects speedily towards its target.

So it is with GDEX. Its workforce is young and able to use its resourcefulness, agility and adaptability to do things better, faster and more efficiently.

GDEX and the Bumble Bee, both require innovation and adaptability to transform and remain relevant.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

**LIM CHEE SEONG**
*Executive Director/Chief Financial Officer*

**LEE KAH HIN**
*Executive Director*

**LIEW HENG HENG**
*Independent Non-Executive Director*

**ADI ARMAN BIN ABU OSMAN**
*Independent Non-Executive Director*

**WOO KENG LEONG**
*Non-Independent Non-Executive Director*

**CHUA KHING SENG**
*Non-Independent Non-Executive Director*

**HO SWEE FONG**
*Senior Independent Non-Executive Director*

### AUDIT AND RISK MANAGEMENT COMMITTEE

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

### COMBINED NOMINATION AND REMUNERATION COMMITTEE

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

### COMPANY SECRETARIES

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

### AUDITORS

Deloitte PLT *(LLP0010145-LCA)*
Chartered Accountants *(AF 0080)*
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

### REGISTERED OFFICE

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

### ADVOCATES & SOLICITORS

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

### CORPORATE HEAD OFFICE

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

### SHARE REGISTRAR

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

### PRINCIPAL BANKER

Malayan Banking Berhad *(3813-K)*

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### STOCK NAME AND CODE

GDEX : 0078

### WARRANT NAME AND CODE

GDEX-WB : 0078WB

### CORPORATE WEBSITE

www.gdexpress.com

# CORPORATE STRUCTURE

GD EXPRESS

Listed on Main Market of Bursa Malaysia Securities Berhad

Investment Holding

- 100% **GD Express Sdn Bhd**
  *Express Delivery*
- 100% **GD Venture (M) Sdn Bhd**
  *Transportation Services*
- 100% **GD Technosystem Sdn Bhd**
  *Renting of Computer Equipment*
- 100% **GD Facilities and Assets Management Sdn Bhd**
  *Facilities & Assets Management*
- 100% **GD Logistics (M) Sdn Bhd**
  *Logistics Operations*
  - 100% **GD Distribution Services Sdn Bhd**
    *Logistics Operations*
  - 100% **GD Secured Solutions Sdn Bhd**
    *Logistics Operations*
  - 100% **GD Customised Solution Sdn Bhd**
    *Logistics Operations*
- 100% **GD Express (Singapore) Pte Ltd**
  *Express Delivery*
- 100% **GDEX Regional Alliance Pte Ltd**
  *Dormant*
- 100% **GD Valueguard Sdn Bhd**
  *Insurance Services*
- 30% **Web Bytes Sdn Bhd**
  *Software Solutions*

Incorporated in Singapore

Associate

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

# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS

I am pleased to present my thirteenth annual report to our fellow stakeholders for the financial year ended 30 June 2017.

The Malaysian economy fared better this year, thanks largely to the recovery in commodity prices. Oil price, in particular, has recovered from its record low of US$36 per barrel and has now stabilised at around US$55 to US$60 per barrel. The higher oil revenue has enabled the government to follow through its development projects that helped boost economic activities in the country.

Malaysia recorded an economic growth of five per cent for the period under review. Elsewhere, Britain's decision to pull out from the European Union (Brexit), and the surprised election of Donald Trump as US President (with his America First policy) may affect future global trade landscape.

The emergence of China as a major global player in 2017 created some excitement in international trade and gave rise to business growth opportunities.

Against this background, our Group continued to grow with the faster adoption of E-commerce.

# CHAIRMAN'S STATEMENT
cont'd

## DIVIDEND AND BONUS ISSUE

I am pleased to report that the Company had completed a three-for-one bonus issue during the financial year under review. The Board has also declared a first and final dividend of 0.25 sen per share for every existing share.


## SIGNIFICANT DEVELOPMENTS

I am pleased to inform the Group's first major overseas investment. In December 2016, we subscribed to RM10.4 million in convertible bonds in PT Satria Antaran Prima (PTSAP), an up and coming Indonesian express carrier with 56 branches and a workforce of more than 1,500 employees. The convertible bonds, which will mature in 2021, will enable the Group to hold 40 per cent of the company.

This investment, together with our existing collaborative agreement with Pos Indonesia, will give us a firmer foothold in the Indonesian archipelago.

The Group has acquired a 30 per cent stake amounting to RM5.5 million in Web Bytes Sdn Bhd, a cloud-based software company in Penang which specialises in retail management solutions. This acquisition will help to enhance the connectivity and effectiveness of the Group's ecosystem.

The Group will continue to look for opportunities for further investments to enhance its ecosystem and expand its network into the ASEAN region.

## CHALLENGES AND OPPORTUNITIES

Competition in the express delivery service industry is very stiff, given the recent popularity of E-commerce in the region. The Group not only has to contend with newcomers with deep pockets and advanced technology, but also has to compete with the traditional logistics companies entering into the last mile delivery segment. The industry peers have also built up their capacities to compete.

Rising fuel cost and the continued weakening of the Ringgit has resulted in inflation and higher cost of operations which has affected our operating margins.

Where there are tough challenges, there are also great opportunities. In particular, I am most encouraged by the Government's recent decision to launch its first Digital Free Trade Zone (DFTZ) in April 2017. While this signifies the government's decision to embrace E-commerce fully, this move will speed and open up the country's digital and IT infrastructure development footprint tremendously.

By adopting the E-commerce agenda, all stakeholders – government agencies, statutory bodies and the private sector will have to move quickly to develop and use the E-commerce platform to synchronise all their operations digitally.

# CHAIRMAN'S STATEMENT
cont'd

This should augur well for the express carrier industry as there will be greater and more urgent demand for express delivery services. We need to be vigilant in training and preparing our workforce, and invest strategically in the right equipment, IT systems and processes.


## THE FUTURE

While all these developments are expected to challenge and test our resolve, I am confident of the Group's future and its plans to expand regionally. However, we will, as always, approach our drive into the ASEAN market with care and caution, and by adapting rigorously to the needs of the region.


## ACKNOWLEDGEMENT

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

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

I would also like to take this opportunity to welcome Mr Lee Kah Hin as executive director to the Board.

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

To the Board of Directors, thank you for fulfilling your commitments and obligations admirably.

Last but not least, I want to thank everyone for their valuable contributions and look forward to a better year ahead.

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

# ADAPTING TO
## CUSTOMERS' NEEDS

Our all-weather hub is a flurry of activity at night as inbound trucks from all parts of the country converge to unload the day's shipments. Our hub operations team has to work with clockwork precision to clear the load, moving them to the conveyor system to be sorted and processed. To relieve congestion at the hub, we have expanded our outbound operations to an adjacent property where the processed shipments could be loaded onto waiting outbound trucks to be sent to its final destinations.


GDEX

**TEONG TECK LEAN**

*Managing Director and*
*Group Chief Executive Officer*

# CHIEF EXECUTIVE OFFICER'S STATEMENT

## RISING TO THE CHALLENGE

**An upsurge of interest in E-commerce made competition in the express delivery service industry even more intense during the year under review. Many existing players as well as the emergence of newcomers with new technology have poured huge amount of funds into the industry in their efforts to compete and take market share. This has resulted in an increasingly crowded and highly challenging marketplace. Meanwhile, the improvement in exports and continued recovery in commodity prices, especially crude oil, have set Malaysia's economy on a steadier course.**

**In spite of this tough background, the Group continued its growth path. For the year ended 30 June 2017, Group profit before taxation improved 10.7% to RM44.5 million. This came on the back of a 14.0% increase in turnover to RM250.5 million. Group profit after taxation increased to RM36.8 million from RM34.4 million previously.**

**The Group's EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) increased to RM57.3 million from RM51.1 million previously.**

# CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

## OPERATIONS

In the face of such challenges, the management has to become even more vigilant. We devoted much energy and resources to raise the level of competence and capabilities during this trying period. Topmost, we recruited more employees, both new and experienced, to increase our workforce. We continued to reinforce and strengthen areas that are fast growing, repositioning and promoting workers who showed good potential.

The management ensured that proper training was given to new recruits to ensure they understand the standard operating procedures and assimilate the GDEX culture, as the latter promotes unity and cooperation amongst all levels of employees. Staff who are motivated and hardworking were given advanced training and promoted to positions with more responsibilities, thus ensuring upward mobility, talent retention and a better future for all who are dedicated and committed to the growth of GDEX. Our staff strength increased to 3,513 from 2,984 while total manpower training hours amounted to 37,672 hours compared to 31,354 hours previously.

To increase operations efficiency, the management continued to invest heavily in systems and processes, both hardware and software. We extended our automated conveyor belt system to cater for increased volume. The conveyor system can now sort up to 120,000 parcels daily compared to 90,000 parcels previously.

# CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

Our development capabilities has been further enhanced with the acquisition of 30.0% stake in Web Bytes Sdn Bhd, a business software solutions company. We aim to co-develop more innovative solutions to enhance customer experience.

The management also introduced new delivery solutions such as Mobile Applications and cloud-based Call Center. We also fine-tuned our customised logistics solutions and warehousing services by offering faster and more secured delivery solutions.

The increased demand for express delivery services also necessitates the continued investments in delivery trucks and infrastructure. We increased the number of delivery trucks to 831 units from 654 units previously, with a carrying capacity of 2,289.6 tonnes compared to 1,682.5 tonnes.

To ensure the smooth flow of incoming and outgoing trucks with their delivery loads into the hub, the management converted an adjoining piece of property into an outbound waiting area, so as to reduce the congestion of inbound vehicles during peak operations.

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

# CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

## GOVERNMENT ADOPTION OF E–COMMERCE

The introduction of the Digital Free Trade Zone (DFTZ) by the government in April this year augurs well for the express delivery service industry. The management is studying ways and means to participate meaningfully in the expected increase in express delivery services with the government's adoption of the E-commerce platform.

## COLLABORATION WITH THIRD PARTIES

Our collaboration with international co-loaders remain strong as management is able to meet their exacting requirements in last mile express delivery services. We maintain a close rapport and cooperation with our strategic partners, Yamato and Singapore Post. We also continue to maintain good relations with Pos Indonesia as our collaborative partner in Indonesia.

## STRATEGIC INVESTMENT OVERSEAS

The subscription of RM10.4 million in 5-year convertible bonds in PT Satria Antaran Prima (PTSAP), a fast growing express carrier in Indonesia with 56 branches and more than 1,500 employees, is our first major investment overseas. The bonds upon conversion will give GDEX a 40.0% stake in the company, as well as a stronger foothold in the Indonesian express delivery service market.


## INVESTOR RELATIONS

We continue to have a very pro-active investor relations programme where we meet regularly with investment analysts and fund managers. In such meetings, we share the latest market and corporate developments, as well as enunciate the rationale for our various activities to bring about better understanding of GDEX operations.

## CORPORATE SUSTAINABILITY

In striving to be a responsible corporate citizen, the management works hard to ensure future generations will continue to enjoy what we have currently, in terms of natural resources, training and education.

The management continues to focus and emphasise on our four pillars of corporate sustainability, ie, The Economy, The People, The Community and The Environment.

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

# CHIEF EXECUTIVE OFFICER'S STATEMENT
cont'd

## GDEX FOUNDATION

The GDEX Foundation, set up in 2013 with the objective of promoting the welfare of the community, has yet to identify any meaningful corporate social responsibility activity. Pending that, it will continue to build on its resources.

## ACKNOWLEDGEMENT

No corporation can survive without the support of its customers. We are extremely grateful for our customers' continued support. I would also like to thank our vendors, business service partners and the relevant government agencies for their support.

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

I look forward to further progress and improvement in GDEX as we strive to fulfil our goal of becoming the leading express carrier in the region.

Thank You.

**Teong Teck Lean**
*Managing Director and*
*Group Chief Executive Officer*

## VISION

A Team of Caring and Passionate People;

An Organisation of Sound Values and Dynamic Processes;

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

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

## MISSION

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

## QUALITY POLICY

We are committed to ensuring every task is thoroughly planned and goals understood. Each process is only completed after checking that the goals are met.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

For the financial year ended 30 June 2017, despite intense competition in the market, the Group continued to deliver positive growth in revenue and earnings. The Express Delivery Division remained the Group's largest earnings contributor, driven by the Business-to-Consumer ("B2C") or E-Commerce related volume growth whilst the Business-to Business ("B2B") segment continued to be a strong foundation for the Group and growth continued to be resilient in the period under review.

## FINANCIAL REVIEW

### Revenue

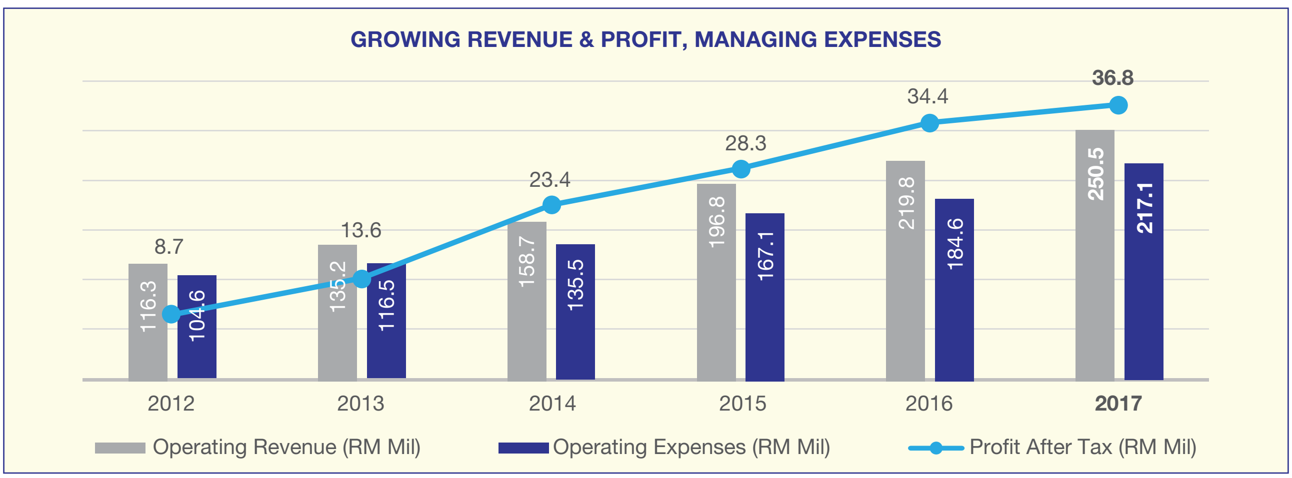
Year-on-year, the Group's operating revenue grew by RM30.7 million (+14.0%) to RM250.5 million from RM219.8 million in financial year ended 30 June 2016. As highlighted earlier, the B2B segment remained the Group's core foundation, accounting for 68% of the Group's revenue with 32% coming from the B2C segment.

The stronger pace in business volume growth in the B2C segment has attracted the entry of a number of new competitors and as a result, the industry on the whole has experienced some pricing pressure. Nevertheless, the Group was quick in adopting an effective strategy to quickly balance its business portfolio to ensure continued healthy growth in both revenue and profits.

Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") for the financial year ended 30 June 2017 grew 12.0% to RM57.3 million, compared to RM51.1 million for the financial year ended 30 June 2016. In terms of EBITDA margin, it declined by 0.5 percentage points to 22.8% as the Group continued to invest to expand its branch network, increase sorting capacity, strengthen IT infrastructure and adding more delivery trucks as well as manpower. The Group is on an expansion mode to win more business in the future.

### Key Financials

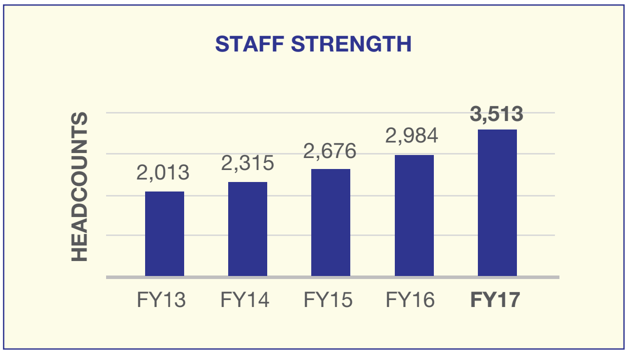
| (RM'000) | Financial Year Ended 30 June 2017 | Financial Year Ended 30 June 2016 | Year-on-Year Change |
|---|---|---|---|
| **Revenue** | 250,510 | 219,757 | 14.0% |
| **Operating Expenses** | 217,057 | 184,624 | 17.6% |
| **Other Operating Income** | 12,254 | 6,544 | 87.3% |
| **Share of profits of an associate** | 161 | - | 100.0% |
| **Profit Before Tax** | 44,474 | 40,183 | 10.7% |
| **Profit After Tax** | 36,829 | 34,444 | 6.9% |
| **EBITDA** | 57,265 | 51,118 | 12.0% |
| **EBITDA Margin (%)** | 22.8 | 23.3 | -0.5 ppt |
| **ROE (%)** | 9.1 | 13.0 | -3.9 ppt |
| **ROA (%)** | 8.0 | 11.0 | -3.0 ppt |

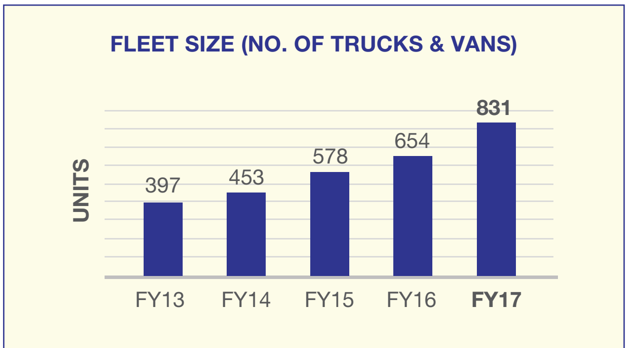


# MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

## Operating Expenses

The Group's operating expenses for the financial year ended 30 June 2017 stood at RM217.1 million, an increase of 17.6% compared to the preceding financial year. The increase was mainly driven by higher headcounts leading to a higher staff costs. Year-on-year, the Group has grown its staff base to 3,513 from 2,984. At the same time, the Group has also increased its fleet size to 831 units from 654 units. The increase is mainly aimed at supporting the demand growth of delivery services.



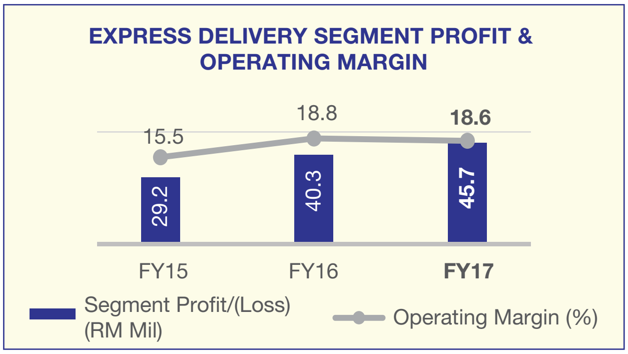

## Segmental Performance

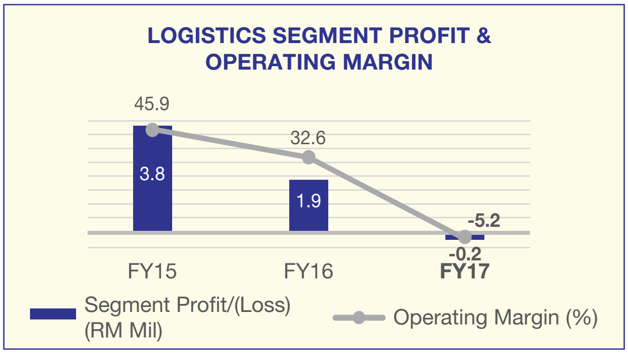
The Express Delivery Division continued to be the Group's largest contributor, delivering 15.1% and 13.5% growth in revenue and segmental profit respectively.

On the other hand, the Logistics Division recorded declines in both revenue and segmental profit of -24.9% and -112.0% respectively. The Group, however, would like to highlight that the Logistics Division functions as a supportive unit to provide value-added services that are bundled with its Express Delivery service. Depending on the nature of the agreements executed between the Group and its clients and the requirements of reporting standard, a number of the Group's key customers' revenues are recognized in the Express Delivery Division and therefore not recorded by the Logistics Division. Fundamentally, the business growth of the Logistics Division remained strong and the Group have recently expanded its warehouse space to 138,876 sq ft to cater for future demand growth.

| (RM'000) | Financial Year Ended 30 June 2017 | Financial Year Ended 30 June 2016 | Year-on-Year Change |
|---|---|---|---|
| **Segment Revenue:** | | | |
| **Express Delivery** | 246,122 | 213,918 | 15.1% |
| **Logistics** | 4,388 | 5,840 | -24.9% |
| **Total** | 250,510 | 219,757 | 14.0% |
| **Segment Profit/ (Loss):** | | | |
| **Express Delivery** | 45,718 | 40,279 | 13.5% |
| **Logistics** | -229 | 1,905 | -112.0% |
| **Total** | 45,489 | 42,184 | 7.8% |

# MANAGEMENT DISCUSSION AND ANALYSIS
cont'd




### Associate Income

In December 2016, the Group completed the acquisition of a 30% stake in Web Bytes Sdn Bhd ("WebBytes"). WebBytes is a cloud based solution development company, specializing in retail management point-of-sales (POS) system. The Group believes that technology is crucial for future growth and WebBytes will be able to spearhead and strengthen the Group's technology requirements. WebBytes had co-developed various solutions with the Group to enhance its operational efficiencies. On top of that, WebBytes' core business in POS is growing in the period under review.

### Statement of Financial Position

The Group's financial position remained solid for the financial year ended 2017. Deposit with licensed bank increased by 1.2% to RM290.0 million even after we have paid off the term loans, investment in associate company and convertible bond. As at 30 June 2017, the Group is at net cash position. In addition, the turnover of receivable days has improved to 73 days compared to 79 days in the same period last year.

However, hire purchase payable has increased by 57.9% driven by the expansion of its fleet base.

### Financial Position:

| (RM'000) | As at 30 June 2017 | As at 30 June 2016 | Change |
|---|---|---|---|
| Property, Plant & Equipment | 68,061 | 47,324 | 43.8% |
| Investment in an Associate | 5,661 | - | 100.0% |
| Investment in Convertible Bonds | 10,380 | - | 100.0% |
| Trade Receivables | 49,867 | 47,560 | 4.9% |
| Other Receivables & Prepaid Expenses | 12,215 | 8,818 | 38.5% |
| Deposit with Licensed Banks | 289,578 | 286,097 | 1.2% |
| Cash & Bank Balances | 16,760 | 21,346 | -21.5% |
| **Total Equity** | **426,148** | **386,809** | **10.2%** |
| Hire Purchase Payable | 29,674 | 18,789 | 57.9% |
| Other Payables & Accrued Expenses | 14,230 | 16,556 | -14.0% |
| Borrowings | - | 6,661 | -100.0% |
| **Total Asset/Total Equity & Liabilities** | **478,031** | **434,592** | **10.0%** |
| **Net Asset Per Share (RM)** | **0.08[1]** | **0.28** | **-71.4%** |
| **Debt/Equity Ratio (x)** | **0.07** | **0.07** | **0.0%** |

*Note: [1] GDEX did a 3-for-1 bonus issue in financial year ended 30 June 2017*

### Cash Flow

The Group continued to generate healthy operating cash flows. The significant changes in operating cash flow were mainly caused by the other receivables and some delay in the collection from trade receivables. The increase in investing cash was a result of the movement of cash allocated to fixed deposits. The sharp changes in financing activities were caused by an increase in net payment of hire purchase payables and that the Group has fully settled its term loans.

# MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

## Cash Flow:

| (RM'000) | Financial Year Ended 30 June 2017 | Financial Year Ended 30 June 2016 | Year-on-Year Change |
|---|---|---|---|
| Net Cash from Operating Activities | 31,711 | 41,926 | -24.4% |
| Net Cash from/(used in) Investing Activities | 27,764 | (245,595) | 111.3% |
| Net Cash (used in)/from Financing Activities | (12,194) | 199,317 | -106.1% |
| Net increase/(decrease) in Cash & Cash Equivalents | 47,281 | (4,353) | 1186.2% |
| Cash & Cash Equivalents at end of the year | 74,772 | 27,397 | 172.9% |

## Capital Expenditure

The Group's Capital Expenditure was mainly on hub and network expansion, upgrading IT infrastructure, fleet expansion and hiring more manpower.

## Dividend

To reward its shareholders, the Group has recommended a dividend of 0.25 sen per share for the financial year ended 30 June 2017. The dividend payment will be subject to the shareholders' approval in the upcoming Annual General Meeting scheduled in December 2017.

## Managing Risks

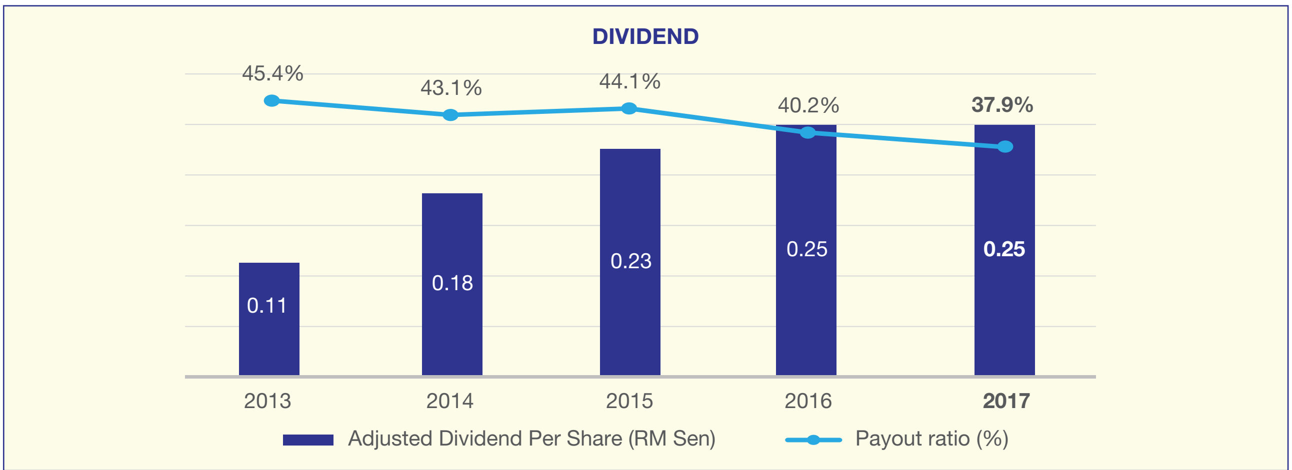
The strong growth potential in the last mile delivery business on the back of the E-Commerce boom has attracted the entry of a number of new players, thus intensifying competition in the industry. Apart from price competition, these new players have introduced more innovative solutions and operate in a more agile model.

Whilst the Group believes such progress as overall positive for the industry, the Group also recognizes the need to continuously improve its operational capabilities and to continuously innovate to stay relevant and ahead of its competitors. As highlighted earlier, the Group will leverage on WebBytes spearhead and strengthen the Group's technology requirements moving forward.

## Moving Forward

With the growth of the E-commerce market and the entrance of new players, the Group expects more intense competition in the express delivery market, with some impact on its business margins.

The Group will continue to leverage on its strong position in the industry and continue to invest in resources and infrastructure to expand its domestic and regional network. In addition, the Group is pro-actively seeking further strategic investment opportunities to enhance its long-term competitiveness.



# MEETING THE DEMANDS
## OF LAST MILE DELIVERIES

Demand for our express delivery services have grown so fast in the last few years that we need to expand our vehicle fleet constantly to ensure we meet the exacting requirements of the business. As part of our long term plan for growth and corporate sustainability, we signed an agreement to acquire 200 new trucks with the latest technology in low fuel consumption, maintenance and low carbon emission.

# **BOARD OF** DIRECTORS

**LEE KAH HIN**

**LIM CHEE SEONG**

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

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

# BOARD OF DIRECTORS
cont'd

HO SWEE FONG | LIEW HENG HENG | ADI ARMAN BIN ABU OSMAN | WOO KENG LEONG | CHUA KHING SENG

# DIRECTORS' PROFILE

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

*Independent Non-Executive Chairman*
*Malaysian, Male, aged 68*

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

## TEONG TECK LEAN

*Managing Director/Group Chief Executive Officer*
*Malaysian, Male, aged 57*

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 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 51*

Mr Lim was appointed to the Board on 10 April 2015. He holds a Certificate and Diploma in Taxation from HELP Institute (currently known as HELP University) and obtained his Certified Accounting Technician (CAT) from the Association of Chartered Certified Accountants (ACCA), UK in 1998. At present, he is a fellow member of the Association of Chartered Certified Accountants, member of Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA), and joined as associate member of Chartered Tax Institute of Malaysia (CTIM) in November 2014. He has a total of more than 25 years working experience in accounting, auditing, taxation, risks management, administrative and human resource management. He started his career as audit assistant with a small-sized accounting firm in 1988 and then joined Messrs. HALS & Associates as Audit Supervisor in 1992 before joining the commercial sector in 1996. He was the Senior Manager, Group Accounts of NV Multi Corporation Berhad (NV Multi) from 1996 to 2005. Upon leaving NV Multi, he assumed various management positions including Finance & Administration Manager in a travel agency company, and Group Finance Manager in trading & manufacturing company. Prior to joining GDEX, he was a General Manager, Finance in Turiya Berhad and Chase Perdana Sdn Bhd. Mr Lim joined GD Express as General Manager, Finance in May 2011 and is in charge of the overall accounting and financial management related matters of the Group. He was promoted as Chief Financial Officer in February 2014 and is involved in the strategic planning of the Group.

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

## LEE KAH HIN
*Executive Director*
*Malaysian, Male, aged 31*

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 Talent 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.

## HO SWEE FONG
*Senior Independent Non-Executive Director*
*Malaysian, Female, aged 55*

Ms Ho was appointed to the Board on 26 May 2016. She is currently a member of the Combined Nomination and Remuneration Committee and a member of the Audit Committee. She holds a Bachelor's degree (Honors) in Analytical Economics from University Kebangsaan Malaysia. She was the Head of Investor Relations at Digi.Com Berhad ("Digi") from 2005 to 2012 and later as Head of Investor Relations at Maxis Berhad from 2013 to August 2017. Her expertise includes shareholder communications, stakeholder management, corporate disclosures, corporate governance and financial reporting. She was also a founding board member of the Malaysian Investor Relations Association and was the Chairperson from 2010 to 2012. Prior to her position in Digi, she has worked extensively in the stock broking industry, first as a research analyst and later a Head of Research. Her stint in the stock broking industry includes positions with Ong & Co, Asia Equity and OSK Securities Berhad.

# DIRECTORS' PROFILE
cont'd

## LIEW HENG HENG

*Independent Non-Executive Director*
*Malaysian, Female, aged 60*

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

## ADI ARMAN BIN ABU OSMAN

*Independent Non-Executive Director*
*Malaysian, Male, aged 43*

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 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.

## WOO KENG LEONG

*Non-Independent Non-Executive Director*
*Singaporean, Male, aged 62*

Mr Woo was appointed to the Board on 12 February 2015. He is the Chief Executive Officer (Postal Services) of Singapore Post and is focused on the quality of postal services, as well as the sustainability of the mail business, which is the backbone of eCommerce Logistics services. He is also responsible for SingPost's international postal relationships.

Mr Woo joined SingPost in 1980, when it was the Singapore Postal Services Department, on a posting as a Public Service Commission scholar. He has been responsible for transforming SingPost's Postal business into one of the most efficient and admired postal service providers in the world.

Mr Woo sits on the boards of DataPost Pte Ltd, SingPost Distribution Pte Ltd, Singapore Post Enterprise Private Limited, SingPost Investments (Tampines) Pte Ltd, SingPost Investments (eCommerce Logistics) Pte Ltd, SingPost eCommerce Logistics Holdings Pte Ltd, GD Express Carrier Berhad, Famous Holdings Pte Ltd, Lock+Store (Ayer Rajah) Pte Ltd, Lock+Store (Chai Chee) Pte Ltd, Lock+Store (Tanjong Pagar) Pte Ltd, Lock and Store (Glenmarie) Sdn Bhd, L+S Self Storage Pte. Ltd. (formerly known as Store Friendly Self Storage Group Private Limited), SingPost Investment Pte Ltd, SingPost Centre (Retail) Pte Ltd and the Singapore Philatelic Museum. He is also a member of Singapore's Stamp Advisory Committee.

Mr Woo obtained a Bachelor of Arts with Honours degree from Nanyang University in Singapore, and has completed an International Post Office Management course in the UK.

# DIRECTORS' PROFILE
cont'd

## CHUA KHING SENG
*Non-Independent Non-Executive Director*
*Singaporean, Male, aged 59*

Mr Chua was appointed to the Board on 26 May 2016. He obtained his Bachelor of Mechanical Engineering degree in 1982 from the Tokyo Institute of Technology in Japan under the Japanese Mombusho and Singapore Government scholarships.

Mr Chua is currently the Managing Director & Group CEO of Yamato Asia Pte Ltd ("Yamato Asia") and an Executive Officer of Yamato Holdings Co., Ltd. ("Yamato Holdings") in Japan. Yamato Asia is a 100% subsidiary of Yamato Holdings. Yamato Holdings is public listed in the Tokyo Stock Exchange and is the largest parcel delivery service company in Japan with its Ta-Q-Bin having over 40% of the Japanese market.

Before joining Yamato, Mr Chua was the Managing Director of Yusen Logistics Singapore. Yusen Logistics group is a subsidiary group of the NYK Shipping group. Richard started his career with Yusen Logistics in 1999 as the General Manager for Corporate Planning and Marketing. He also oversaw the CIO and Sales responsibilities concurrently in 2001-2002. He was promoted to a board director in 2003 and put in charge of South Asia & Oceania Region. In June 2005, he became the first non-Japanese Managing Director of an overseas company in the Yusen Logistics group worldwide.

During his tenure with Yusen Logistics, he helped set up a Joint Venture ("JV") in Thailand as a spin-off in 2002 and played a pivotal role in the identifying of partners in the Shanghai JV in 2002. In 2004 he set up the JV in Vietnam to tap on the growing markets for logistics and international freight services in Vietnam.

Mr Chua also serves as a member of Temasek Polytechnic Business School Advisory Committee (2007-2017); he is the Immediate Past President of The Japanese University Graduates Association of Singapore (2008-2012); and also a Council Member of the Singapore Aircargo Agents Association (2009-2017).

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 2017.*

4. ***Attendance at Board Meetings***
   *Details of the Directors' attendance at the Board Meetings are disclosed in the Corporate Governance Statement on page 66 of this Annual Report.*

# KEY SENIOR MANAGEMENT

*Standing from left to right*

**Thoo Sin Khew** **Ong Chong Eng** **Sia Ming Diong**

**Hazlin Bin Abu Hasan** **Tiang Chen Chen** **Marmizahsalwa Ahmad Tarmizi**

**Kwok Nguk Mooi** **Chan Lai Wah** **Chong Hui Chuen**

# KEY SENIOR MANAGEMENT PROFILE

## THOO SIN KHEW

*Head, Business Group*
*Malaysian, Male, aged 52*

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

## HAZLIN BIN ABU HASAN

*Head, Country Operations*
*Malaysian, Male, aged 44*

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

# KEY SENIOR MANAGEMENT PROFILE
cont'd

## KWOK NGUK MOOI
*Head, Quality Assurance, Risk Management and Measurement Group*
*Malaysian, Female, aged 43*

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

## ONG CHONG ENG
*Advisory, Special Project*
*Malaysian, Male, aged 54*

Mr Ong graduated from Systematic Institute of Information Technology, Singapore in Business Computing in 1984. Along his working career he had obtained industrial certifications in project management, business process management, HR development, server system engineer.

His first 4 years of working career were primarily in IT technical positions, starting with Digital Electronics in 1984. He moved on to business process automation with Liveware Technologies for the next 10 years.

For the past 14 years, he had been in operation and management consulting, project management and business development, with Halal eCommerce, Kong & Co, SPAD, EPF and Matrix Optics, prior to joining GD Express in October 2016.

# KEY SENIOR MANAGEMENT PROFILE
cont'd

## TIANG CHEN CHEN
*Head, National Network Development*
*Malaysian, Female, aged 47*

Ms Tiang started her career as Account Assistant with See Hoy Chan Sdn Bhd in 1993 and moved to Ching and Associates as Senior Audit Executive in 1995. She later joined RHB Investment Bank Berhad (formerly known as OSK Securities Berhad) as Dealer's Assistant in 1998 before joining GD Express Sdn Bhd in 2000 as management trainee. Over the years, she held various positions in the company. In her current position, she is responsible for the implementation of national network expansion, plan, develop and maintain an effective network infrastructure and also ensuring network agents service quality. On 8 December 2013, she received Bachelor of Business (Honours) in Logistics and Supply Chain Management from Wawasan Open University.

## CHAN LAI WAH
*General Manager, Corporate Group*
*Malaysian, Female, aged 59*

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

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

# KEY SENIOR MANAGEMENT PROFILE
cont'd

## SIA MING DIONG
*Head, Information Technology*
*Malaysian, Male, aged 54*

Mr Sia graduated with a Bachelor of Science Degree from Monash University, Victoria, Australia in 1986. He has over twenty years of Information Technology (IT) experiences, starting as Analyst Programmer with Link Automation Pte Ltd in 1988. He joined Systems Design Pte Ltd as Systems Engineer in 1989. Mr Sia worked as IT Consultant in Gleneagles Hospital Singapore in 1992, and as IT Manager with Raffles Medical Group Ltd in 1996. He was Group IT Manager with United Malayan Land Bhd in 2000 and Atlan Holdings Bhd in 2007 prior to joining GD Express as IT Manager in 2013.

## MARMIZAHSALWA AHMAD TARMIZI
*Manager, Special Projects*
*Malaysian, Female, aged 36*

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

## CHONG HUI CHUEN
*Advisor, Process Innovation*
*Stand-In Head, Business Service and Support Group*
*Malaysian, Female, aged 36*

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 and is involved in process innovation, efficiency improvement, systems development and enhancement. In May 2017, she was given additional portfolio as Stand-In Head for Business Service and Support Group which oversees the Credit, Sales Support, Claim, Compensation & Insurance (CCI), Customer Service, Customer Care Centre (CCC) and Secured Shipment Project Dept. (SSPD).

*Save as disclosed above, none of the key senior management:*

1. *Hold any directorship in public companies and listed issuers.*
2. *Has any family relationship with any Director and/or major shareholder of the Company.*
3. *Have any conflict of interest with the Company.*
4. *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 2017.*

# CORPORATE SUSTAINABILITY REPORT 2017

**What is corporate sustainability and why is it important for business organisations to practise sustainability?**

**Corporate sustainability is described as an approach by organisations to create long-term stakeholder value by implementing a business plan that considers every aspect of how a company operates in the ethical, social, environmental, cultural, and economic spheres.**

**In a world characterised by rapid industrialisation and indiscriminate use of scarce resources leading to gross destruction of the environment, it is crucial that responsible government and corporations practise sustainable development so that future generations can continue to use and benefit from earth's natural resources.**

**For the GDEX Group, corporate sustainability involves formulating strategies that fosters sustainable use of scarce resources and the adoption of responsible business practices that include good governance, clear transparency and proper employee development.**

**In our day-to-day operations, and in our dealings with customers, employees, investors and business partners, we must act with integrity and honesty. This is an integral and fundamental part of corporate sustainability that the management practises and that our stakeholders have come to expect of us, as we strive to deliver long term profitability.**

**This report provides an insight into our focus areas and core activities related to sustainability and corporate responsibility.**


GDEX

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

## GDEX SUSTAINABILITY INITIATIVES

It is GDEX's belief that the viability of its long term business lies not in the all-out pursuit of short term gains but in developing and formulating policies that internalise and improve its commitment for responsible business practices and corporate sustainability.

Based on guidelines set by Bursa Malaysia and the highly competitive nature of the express carrier industry, GDEX has evolved its business and corporate sustainability policies based on four key pillars, that is The Economy, The People, The Community and The Environment.

## I. THE ECONOMY

As a leading express delivery service organisation, GDEX operates in an environment that is not only highly competitive but is subject to the vagaries of an uncertain world order that is constantly being influenced by changing economical, geo-political, trade and social forces.

While some forces may bring positive results, there are many that are negative and often generate disorder and chaos to the industry. GDEX has to remain flexible and be able to change and flow with the times. We need to constantly assess and re-evaluate the marketplace, adapting to new ideas and new technologies to stay ahead of the competition.

We also need to continuously improve and strengthen the quality and quantity of our workforce in preparation for continued and sustained growth in the region.

The Economy, which comprises The Marketplace, is thus an important pillar in our quest for corporate sustainability.

### The Marketplace

The marketplace is the place where we conduct our business, develop new ideas and products to retain existing customers and attract new ones. It is also the place where we raise funds to grow the business, and work with the authorities to strengthen the industry. GDEX continues to focus on the following areas to ensure its business sustainability:

- ***Customers***

  We continually upgrade and refine our courier and logistics services to give customers a better express delivery service experience. We believe in delivering more than our customers expectations in terms of availability, reliability and convenience of service. For us, there is always room for improvement in our delivery services. During the year, we opened many new point of sales outlets to enable customers to reach us easily. To date, we have more than 240 stations which include branches, affiliate, agents, contractors, lodge-in centers and resellers.

  We also improved customer experience by enhancing our service offerings to reach a wider market segment, such as Online Pick-up System, E-Payment Gateway, Systems Integration and better insurance coverage.

  The acquisition of a 30 per cent stake in Web Bytes Sdn Bhd, a cloud-based software solutions provider will further enhance our IT capabilities and infrastructure.

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd



Demand for comprehensive logistical and warehousing services has increased due to the preponderance of E-commerce business. Accordingly, we have strengthened our customised logistics solutions division with more resources to build capacity.

- ***Suppliers, Vendors and Business Partners***

As our business grow, our suppliers, vendors and business partners need to ensure the continued and regular supply of goods and services vital to the running of our operations. They also need to update us on the latest improvements and technical innovations that enable us to keep abreast of the industry. For instance, our vehicle vendors must provide us with regular updates on latest technological advancements in truck safety, carbon emissions and low fuel consumption.

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

- ***Government and Regulator***

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

On our own, we also liaised closely with the various regulatory bodies in matters concerning our own activities and development. We worked with the Road Transport Department (JPJ), Safety and Health Regulators (DOSH) and Malaysian Institute of Road Safety Research (MIROS) as well as the Traffic Police Department when we host our annual GDEX Driving Competition and other road safety campaigns.

- ***Stakeholders and Investors***

The trust and confidence of our shareholders is of paramount interest to us. As such, we ensure that the group is managed in a responsible, transparent and profitable manner with the required corporate governance and internal controls in place. We will ensure there is continued and sustainable growth, with consistent dividend to reward shareholders and attract potential investors.

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

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

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

| STAKEHOLDER | KEY ENGAGEMENT AREA | METHOD OF ENGAGEMENT |
|---|---|---|
| **THE ECONOMY: The Marketplace** | | |
| **Customers** | • Service Satisfaction<br>• Innovative Offerings<br>• Security Protection<br>• Customer Service Profit<br>• Customer Appreciation | • Point of sales, branches, agents, resellers, lodge-in centres<br>• On-line pick-up, e-payment gateway<br>• Customer Survey<br>• Feedback on GDEX Website, Facebook & Twitter<br>• Enhanced Liability Coverage<br>• Marketing Campaigns/Promotions<br>• Events Sponsorship (MIA conference, festive customer appreciation)<br>• After Sales Service |
| **Suppliers, Vendors & Business Partners** | • Supplier Evaluation<br>• Integrators Collaboration<br>• Agents & Contractors<br>• Suppliers Code of Conduct | • Compliance with ISO Standards<br>• Yearly supplier evaluation<br>• Agent workshop<br>• Co-load for international delivery<br>• Visitation to Suppliers Factories/ Plants |
| **Government & Regulator** | • Licensing<br>• Courier Industry Development Plan<br>• Courier Industry Rules & Regulations<br>• Courier Industry Code of Practice<br>• Personal Data Protection Act 2010<br>• Goods and Services Tax<br>• E-commerce Development Plan<br>• Safety and Health Campaigns | • Seminar/conference<br>• Participation through AMEC with MCMC<br>• Customer Awareness through website<br>• Staff awareness through seminar & training<br>• Participation with MITI and MDEC<br>• Visitation to Government Agencies<br>• Participation with DOSH, JPJ, MIROS, PDRM, JKJR (Jabatan Keselamatan Jalan Raya). |
| **Stakeholders & Investors** | • Corporate Governance<br>• Shareholders' Interests<br>• Investor Relations | • Annual Report<br>• Announcements to Bursa Malaysia<br>• Annual General Meeting and Extraordinary General Meeting<br>• Dividends<br>• Investor Relations Website<br>• Analyst briefing and roadshows |

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

## II. THE PEOPLE

### The Workplace

As a responsible organization, we believe in caring and training our people to be the best that they can be. We ensure the workplace provides all the necessary opportunities and incentives for our people to grow professionally and personally so that they can contribute both to the company and to society as a whole.

The workplace is thus a very important element in our drive for corporate sustainability. Through the workplace, we develop our human capital, strengthen teamwork and build loyalty among our employees. It is where we nurture and develop our people to enable them to handle their responsibilities in an effective and efficient manner. We ensure that our workforce remains committed and motivated.

- ***Training***

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

  Our Multimedia Remote Learning (MMRL) programme, launched in 2011, is constantly improved and updated to ensure our training modules are current and relevant to the industry. The MMRL programme enables our training to reach different parts of the country.

- ***Network Conference & Teambuilding***

  Every year we organise a Network Conference where executives, from supervisor level onwards from all over the country, converged for a time of sharing and bonding. This conference provides management with the opportunity to brief the participants on the Group's activities, operational performance and targets.

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

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

We also organised events like festive dinners, long service award ceremonies to recognise the efforts and hard work of our people, as well as foster family spirit and a sense of belonging to the Group.

- ***Safety, Health and Security***

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

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

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


| STAKEHOLDER | KEY ENGAGEMENT AREA | METHOD OF ENGAGEMENT |
|---|---|---|
| **THE PEOPLE: The Workplace** | | |
| **Employee** | • Human Capital Development<br>• Corporate Headquarters & Network Branches<br>• Health & Wellness<br>• Safety & Security | • Staff Training<br>• Teambuilding activities<br>• Staff Assistance Scheme<br>• Weekly operational briefings<br>• Corporate Events<br>• Network Conference<br>• Quarterly newsletter<br>• Hotel & Accommodation<br>• Shuttle Bus service<br>• Driving Competition<br>• Fire Drills<br>• Operational Safety and Health Committee |

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

## III. THE COMMUNITY

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

As part of our social and humanitarian programme, our CSR team conduct visits to orphanages, handicapped homes and other marginalised communities.

We also believe in the adage, "charity begins at home". In particular, the management is always sympathetic to staff in their time of need and we provide financial aid for those who require funding for medical treatment, school stationery and pocket money for their school-going children.

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

We created a GDEX Foundation to provide for welfare of the poor, needy and under-privileged, & protection of environment.

| STAKEHOLDER | KEY ENGAGEMENT AREA | METHOD OF ENGAGEMENT |
|---|---|---|
| THE COMMUNITY | | |
| | • CSR Involvement<br>• Education<br>• Community Support & Development<br>• GDEX Foundation | • Annual Blood Donation<br>• Donation to orphanage, Orang Asli community, Old Folks Home<br>• Aid for disaster relief (east coast flood, Nepal earthquake)<br>• Internship programme<br>• Fund for welfare of the poor, needy and under-privileged, & protection of environment |

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

## IV. THE ENVIRONMENT

As the fourth pillar in our corporate sustainability model, we place equal importance in ensuring the environment where we work and play is not compromised or abused by indiscriminate actions.

- ***Carbon Emission***

  Carbon Emission is a major challenge in many developed countries with industries and motor-vehicles causing serious pollution to air-quality.

  With more than 800 line-haul and delivery trucks on the road daily, GDEX strives to reduce carbon emission by ensuring its vehicle fleet is well-serviced and maintained. We have embarked on a long term strategy to replace our aging vehicle fleet with trucks that consume less fuel and emit less carbon.

  Our new 40 footer prime movers, for instance, are designed with the latest fuel saving and carbon emission reduction technology. Not only do they carry huge amounts of shipments (equivalent to 20 tonnes), they are able to travel more than one million kilometers without having to overhaul their engines, thus ensuring considerable savings in fuel, service and maintenance.


- ***Vehicle Maintenance***

  The risk of costly and time-consuming vehicle breakdowns is ever present, given the large number of our vehicles on the road. To mitigate this problem, we have our own vehicle maintenance well equipped with the proper tools and well-trained mechanics to service and maintain our trucks regularly. This department has a strict vehicle maintenance schedule that ensures all trucks leaving the GDEX premises are road-worthy.

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

# CORPORATE SUSTAINABILITY REPORT 2017
cont'd

- ***Environmental Management System***

  We continue to fine-tune and enhance the integration of our ISO 14001:2004 Environmental Management System with our ISO 9001:2008 Quality Management System. These systems which enabled us to strengthen our environment-friendly activities in areas of waste disposal and reduction of carbon emissions have been upgraded to ISO 14001:2015 and ISO 9001:2015 respectively.

  Our 3R (Reduce, Reuse and Recycle) initiatives are constantly being improved and upgraded. Our staff are encouraged to minimise the use of paper by going on-line, and are also constantly being reminded to switch off all electrical appliances when it is not in use. Similarly, all our delivery truck drivers are required to switch off the truck engines during breaks to reduce idling time. All these initiatives have resulted in significant cost savings in electricity, fuel and stationery.

| STAKEHOLDER | KEY ENGAGEMENT AREA | METHOD OF ENGAGEMENT |
|---|---|---|
| **THE ENVIRONMENT** | | |
| | • Carbon Emission<br>• Proper Maintenance of Vehicles<br>• Scheduled Waste Disposal<br>• 3R (Reduce, Reuse, Recycle)<br>• ISO Certification | • Adopting latest fuel & carbon emission technology<br>• Repair and maintenance workshop<br>• Purpose – build waste disposal shed<br>• ISO 9001:2015 (Quality Management System)<br>• ISO 14000:2015 (Environmental Management System) |

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of GD Express Carrier Bhd ("GDEX" or "the Company") recognises and subscribes to the importance of the principles and the recommendations of corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code"). In addition to the Code, the corporate governance practices and operations of the Company and its subsidiaries ("GDEX Group") comply with or are guided by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and GDEX Group's Code of Ethics and Conduct. The Board remains committed in ensuring and maintaining the highest standard of corporate accountability, transparency and integrity as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the GDEX Group.

In June 2017 GDEX remained as a constituent of the FTSE4Good Bursa Malaysia Index, which sets high standards for companies with environmental, social and governance practices. The GDEX Group is committed to complying the legal and other requirements on environment protection, preventing pollution to the environment and continually improving its environmental performance and upgrading its Environmental Management System. The GDEX Group has been awarded ISO 14001, an Environmental Quality Management ISO International Standard.

The Board considers that the corporate governance frameworks and practices of the Company, as set out in this Statement serve to strengthen the GDEX Group's sustainability, organisational effectiveness and drive a high-performance culture within the GDEX Group. This Statement outlines the key aspects in which the GDEX Group has applied and taken into account the Principles and Recommendations enumerated under the MCCG 2012 and Paragraph 15.25 of the MMLR during the financial year ended 30 June 2017 in which where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations. The Board will continue to implement measures to improve the compliance with principles and recommended best practices moving forward.

## PRINCIPLE 1 – ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

### Board Charter

The Board has established a Board Charter as a key reference to clarify the roles and responsibilities, duties and functions, composition, processes and procedures of the Board and its Committees in discharging its stewardship of the Company effectively and efficiently, having regards to the principles of good corporate governance and requirements of Bursa Securities' MMLR. The Board Charter is periodically reviewed and updated by the Board from time to time in accordance with the needs of the Company, to ensure relevance and compliance with any new regulations that may have an impact on the discharge of the responsibilities of the Board, amongst others:

(a) Roles of the Board and Committees
(b) The Composition of the Board, Board Committees and Term of Reference
(c) Nomination, Appointment, Re-election and Resignation of Directors
(d) Code of Ethics and Conduct for Directors and Employees
(e) Board and Board Committee Proceedings
(f) Directors' Remuneration and Benefits
(g) Continuing Education, Training and Development
(h) Annual Board Assessment

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 1 – ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT** *cont'd*

**Board Charter** *cont'd*

The Board Charter further defines the division of responsibilities and powers between the Board and Management as well as the different committees established by the Board. The Company has established a list of matters reserved for the Board's deliberations and decision-making ("Board Reserved Matters"). These Board Reserved Matters require approvals from the Board, except where they are expressly delegated by the Board to the Managing Director/Group Chief Executive Officer ("MD/Group CEO"), a Committee or another nominated member of the Management Team. These delegations are reviewed periodically. These Board Reserved Matters include, among others, the following:

- Reviewing and approving the corporate strategic plans and capital budget
- Reviewing and approving the annual strategic business plan and financial budget
- Approving transactions exceeding the authority delegated to MD/Group CEO
- Reviewing and approving quarterly financial results and the annual audited financial statements to be submitted to Bursa Securities
- Declaring and recommending dividend payment which is subject to the approval of shareholders in the Annual General Meeting ("AGM")
- Issuing of new securities and any corporate exercise involving the GDEX Group and the Company
- Reviewing and approving material acquisitions and disposals of undertakings and properties, equipment or assets outside the ordinary course of business and exceeding threshold under the management's approval
- Reviewing and approving new investments, divestments, mergers and acquisitions, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires the shareholders' approval
- Reviewing and approving Related Party Transactions
- Ensuring the Company and GDEX Group's strategies promote sustainability, with attention given to environmental, social and governance aspects of business
- Promoting effective communication with shareholders and relevant stakeholders, and understanding their expectations and contribute to the development of strategies in the best interest of the GDEX Group and the Company and enhance shareholders' value
- Ensuring that the financial statements of the GDEX Group and the Company are fairly stated and conform with the relevant regulations including the Malaysian Financial Reporting Standards ("MFRSs"), the provisions of the Companies Act, 2016 and acceptable accounting policies
- Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business
- Ensuring that high standards of ethics and corporate behaviour are adopted in the conduct of business
- Commitment in governing management and providing oversight of the GDEX Group and the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern Management's conduct, ensure sustainability of the GDEX Group and the Company, monitoring of performance and succession planning
- Identifying principal risks and ensuring sound risk management and internal control systems to manage such risks
- Commitment to understand and implement appropriate measures to manage key risk factors of the GDEX Group and the Company
- Reviewing the adequacy and the integrity of the GDEX Group and the Company's internal control systems and management information systems
- Overseeing the development and implementation of a shareholder and/or stakeholder communication policy for GDEX Group to ensure appropriate disclosures and effective communication are received on a timely manner

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 1 – ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT** *cont'd*

**Board Charter** *cont'd*

The Board has delegated the implementation of its strategy to the Management of the GDEX Group and the Company. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company, and therefore, delegated certain responsibilities to two (2) Board Committees, namely the Audit and Risk Management Committee ("ARMC") and the Combined Nomination and Remuneration Committee ("CNRC"). These Board Committees operate within clearly defined terms of reference to support and assist the Board in discharging its fiduciary duties and responsibilities.

These Board Committees have the authority to examine pertinent matters within their terms of reference and are responsible for reporting to the Board on issues together with their recommendations. The ultimate responsibility for final decision on all matters, however, lies with the entire Board. The term of office and performance of the ARMC is reviewed annually by the CNRC. The Chairman and members of each Board Committee is appointed by the Board.

The Board is chaired by an Independent Non-Executive Chairman. There is clear division of responsibilities between the Chairman and MD/Group CEO to ensure that there is a balance of power and authority. The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of the Company.

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

The Executive Directors oversee the day-to-day running of the business, including organisation effectiveness, developing, co-ordinating and implementation of corporate policies and strategies, performance monitoring, allocation of resources as well as improving corporate governance and internal controls, using their intimate knowledge and understanding of the business and industry.

The Board Members, in carrying out their duties and responsibilities, are firmly committed to ensuring that high standards of corporate governance and corporate conduct are adhered to, so that the GDEX Group achieves strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to stakeholders. In this regard, the Board has formulated a Sustainability Strategy in line with its vision - "A team of caring and passionate people" and "contributing to the well-being of the community" which sets out the business strategies that drives long-term corporate growth and profitability, by including environmental and social considerations in the business model. The details of Sustainability Strategy are set out in the GDEX Group Sustainability Report on page 36 of this Annual Report.

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 1 – ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT *cont'd*

### Board Charter *cont'd*

Aligned with the Company's strategy to develop growth platforms in markets within Asia, the Board had established an Executive Committee ("EXCO") on 30 June 2016 to assist the Board in fulfilling its oversight responsibility on matters related to major corporate exercises, acquisitions/disposals, operational issues, potential investments, business plans and the short and long term strategic plans of the Company and the GDEX Group and ensure that they are carried out, monitored and implemented efficiently and effectively. The EXCO comprised the Chairman, MD/Group CEO, Executive Directors and Senior Management members of the GDEX Group. Independent Directors may attend EXCO meeting by invitation. All actions of the EXCO are subjected to the approval of the full Board according to the LOA endorsed by the Board.

The Board Charter and Terms of Reference of the Board Committees are published on the Company's website at *www.gdexpress.com*.

### GDEX Group's Code of Ethics and Conduct ("GDEX COEC") Formalised and Whistleblowing Policy

GDEX COEC which was established by GDEX has been adopted by the Board to align and support the objectives, visions - "An organisation of sound values and dynamic processes" and missions - "To deliver the most trusted and professional express courier services in the countries we operate" as well as the values of the GDEX Group and the Company. The basic principles take into consideration the interests of the customers, shareholders and other stakeholders, business partners, employees and the broader community of GDEX Group and the Company in which it operates. The Company had put in place a whistleblowing policy to raise concerns about actual and potential corporate fraud and breach of ethics involving employees and Management of the Company.

The GDEX COEC are set out in the Employee Handbook and the Codes of Ethics and Conduct for Directors. These two documents provide a set of basic principles and standards of ethical conduct to guide the Directors and the Employees of the GDEX Group ethical requirements. All employees are briefed and provided with a copy of the GDEX's Employee Handbook on the commencement of their employment. The GDEX's Employee Handbook and whistleblowing policy can be found on the Company's website at *www.gdexpress.com*.

### Succession Planning

The Board acknowledges the vital importance of the succession planning process as a means of ensuring the GDEX Group's and the Company's effectiveness and its sustainability. It is the Board's responsibility to appoint the Executive Director to ensure he/she has a skilled manager at the helm to implement the GDEX Group's mission and vision. To ensure a smooth transition, the Board needs to identify a successor who has the capacity to replace the Executive Director in the future.

In developing a succession plan, the following provides important components that need to be considered:

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 1 – ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT** *cont'd*

**Access to Information and Advice**

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. In furtherance to this, the Directors also have access to all information within the GDEX Group and the Company, and may seek advice from the Management on issues under their respective purview. The Directors may also interact directly and invite the Management staff to attend the Board or Board Committees' meetings to brief and present, or request further explanation, information or updates on any aspect of the GDEX Group's operations or business concerns within their responsibility including financial, operational, regulatory, risk management, audit matters, information technology updates as well as corporate plans, strategies, development and results prior to the Board or respective Board Committees' meetings to facilitate informed discussion and decision-making during meetings  and effective discharge the Board's responsibilities.

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

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

**Support of Qualified and Competent Company Secretaries**

The Board supported by two (2) suitably qualified and competent Company Secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their duties. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the GDEX Group's governance model, ensuring it is effective and relevant. The Company Secretaries also provide administrative support in preparation of meeting and assist in the implementation of corporate strategies by ensuring that the Board's decisions are properly carried out and communicated. The Company Secretaries or their representatives attend and ensure that all meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company, and also the deliberations at the Board Committee and Board meetings were properly minuted within fourteen (14) days. Besides, the Company Secretaries also keep the Directors and Principal Officers informed of the closed period for trading in the Company's securities, in accordance with Chapter 14 of the MMLR of Bursa Securities.

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 2 – STRENGTH COMPOSITIN OF THE BOARD

### Composition of the Board

The Board currently has nine (9) members, comprising:

- One (1) Independent Non-Executive Chairman
- One (1) Managing Director/Group CEO
- One (1) Executive Director/Chief Financial Officer
- One (1) Executive Director/Head of Strategic Planning and Investment
- Two (2) Non-Independent Non-Executive Directors
- Three (3) Independent Non-Executive Directors

The Chairman and three (3) of the Non-Executive Directors are Independent Directors of the Company. Therefore, the Board composition complies with Paragraph 15.02 of MMLR of Bursa Securities which requires that at least two (2) Directors or one third (1/3) of the Board whichever is the higher, are independent Directors. Besides this, the Board complies with restriction on the number of directorships for listed companies. There is no individual Director or Group of Directors who dominates the decision-making of the Board. In the event of any vacancy in the Board resulting in non-compliance with the requirements on Independent Directors, the vacancy must be filled within three (3) months of that event.

A brief profile of each of the Directors are presented on pages 22 to 27 of the Annual Report.

### Combined Nomination and Remuneration Committee ("CNRC")

The Board had established the CNRC which has its own Terms of Reference to govern its responsibilities. The Terms of Reference of the CNRC are published on the Company's website, *www.gdexpress.com*.

The CNRC shall consist of at least three (3) members and to be appointed by the Board from amongst the Directors of the Company, and shall comprise exclusively of Non-Executive Directors, majority of whom are independent, in compliance with the MCCG 2012. The Committee meets as and when required, and at least once a year. During the financial year ended 30 June 2017, three (3) CNRC meetings were held. The members of the CNRC are as follows:

| | **Name** |
|---|---|
| Chairman: | Adi Arman bin Abu Osman |
| Members: | Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid |
| | Liew Heng Heng |
| | Ho Swee Fong |

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

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

The duties and responsibilities of the CNRC are as follows:

- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary

- To review and recommend new nominees for appointment to the Board of Directors when deemed necessary. In making its recommendations, the CNRC would consider the candidates':

    - skills, knowledge, expertise and experience
    - professionalism and sound judgment
    - character, integrity and credibility
    - time commitment to effectively discharge his/her role as a director
    - boardroom diversity
    - in the case of the candidates for the position of independent non-executive Directors, the CNRC would evaluate the candidates' ability to discharge such responsibilities/functions as expected from an independent non-executive Director

- To assess the performance of Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. All assessments and evaluations carried out by the CNRC in the discharge of all its functions are to be properly documented

- To recommend to the Board, Directors to fill the seats on Board Committees

- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board

- To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation

- To orientate and educate new Directors on the nature of business, the corporate strategy, current issues within the Group, the expectations of the Group concerning input from the Directors and the general responsibilities of Directors

- To recommend to the Board the framework of Executive Directors' remuneration package

- To recommend to the Board any performance related pay schemes for Executive Directors

- To review Executive Directors' scope of service contracts

- To consider the appointment of the advisers or consultants as it deems necessary to fulfill its functions

- To consider and examine such other matters as the members of the CNRC consider appropriate

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

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

It is important to have a formalised and structured board nomination and selection process in place. The CNRC is responsible to identify, evaluate, select and recommend candidate to the Board and Board Committees to fill vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skills or profession to the Board in order to close the competency gap in the Board identified by the CNRC. The potential candidate may be proposed by existing Director, Senior Management staff, shareholders or third party referrals.

In the assessment and selection of director candidate, the CNRC shall take into account criteria such as the achievement in the candidate's personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification, knowledge and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

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 receipt of the proposal, the CNRC is responsible to conduct an assessment and evaluation on the proposed candidate.

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.

**Activities of the CNRC**

During the financial year ended 30 June 2017, the CNRC held three (3) meetings and discussed, *inter alia*, the following matters:

- Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy as stated in the Company's Corporate Governance Statement to ensure compliance

- Assessed and reviewed the independence and continuing independence of the independent Directors

- Assessment of the effectiveness and performance of the Board, Directors and Board Committees for the financial year ended 30 June 2017

- Reviewed the proposal for the revision and adjustments of remuneration packages for MD/Group CEO and Executive Director/Chief Financial Officer, to ensure that the remuneration are equitable and reasonable, competitive and appropriate taking into account the GDEX Group's performance as well as the individual's performance which include the responsibilities and competencies in carry out the roles and duties as the Executive Directors and Key Officers of the GDEX Group, and recommend to Board for approval

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

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

**Activities of the CNRC** *cont'd*

- Reviewed and recommended to the Board the re-election of Directors pursuant to the provisions of the Company's Constitution

- Reviewed the independent directors with cumulative term of more than nine (9) years

- Reviewed and recommended the Directors' training

- Assessed and reviewed the appointments of Mr Lee Kah Hin as new Executive Director prior to recommending them to the Board for approval

The evaluation of the Board, its Committees and of each Director is carried out through a self and peer assessment document that is completed by each Director and reviewed by the CNRC. Assessment include the following:

- Board Structure
- Board Operation
- Management Relationship
- Board Roles and Responsibilities
- Board Chairman's Role and Responsibilities
- Performance of Board Committees
- Integrity and ethics, contribution of each individual Director including MD/Group CEO
- The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors
- The training needs of each Director
- The independence of Director
- The character, experience, integrity, competence and time commitment of Chief Financial Officer to ensure that he is effectively in discharging his duties
- The levels and remuneration packages of the Executive Directors

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Directors' Remuneration Policy**

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

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

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

The proposed Directors' fees and benefits for the financial year ended 30 June 2017 will be tabled for the shareholders' approval on the forthcoming Fourteenth (14th) AGM.

The aggregate remuneration of the Directors from the Company and its subsidiaries for the financial year ended 30 June 2017 categorized into appropriate components are as follows:

**Received from the Company**

| | Executive Directors RM | Non-Executive Directors RM |
|---|---|---|
| **Remuneration** | | |
| - Salaries and other emoluments* | 627,858 | 98,800 |
| - Defined contribution plan (EPF) | 69,986 | - |
| - Fees | - | 189,600 |
| | 697,844 | 288,400 |

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Directors' Remuneration Policy** *cont'd*

**Received on the Group Basis**

| | Executive Directors RM | Non-Executive Directors RM |
|---|---|---|
| **Remuneration** | | |
| Remuneration | | |
| - Salaries and other emoluments* | 627,858 | 98,800 |
| - Defined contribution plan (EPF) | 69,986 | - |
| - Fees | - | 189,600 |
| | 697,844 | 288,400 |

* *Other emoluments comprising meeting allowances.*

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

**Received from the Company**

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Directors' Remuneration Policy** *cont'd*

**Received on the Group Basis**

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

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

**Diversity Policy**

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

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

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

**(i) Recruitment**

- All persons with appropriate experience and qualifications will be considered, regardless of age, gender, ethnicity, cultural background or other factors. Same as for the recruitment of new staff or Directors

- No preference will be given to male applicants for a position, and equal consideration in the recruitment and selection process will also be given to any women applicants with appropriate experience and qualifications

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Diversity Policy** *cont'd*

**(i) Recruitment** *cont'd*

- For the recruitment of Director or Board member, the CNRC is entrusted by the Board to identify potential candidates by seeking applications from suitably qualified individuals; and/or engaging external consultants that will present diverse candidates

- The CNRC will evaluate the mix of skills, experience, expertise and diversity of the existing Board to ensure the effectiveness of the Board will improve accordingly. Consideration is also given to fulfilling the balance of independent Directors on the Board

**(ii) Remuneration, Career Development and Promotion**

- All employees and Directors are rewarded and promoted on the basis of their Key Performance Indicators (KPI), regardless of age, gender, ethnicity, cultural background or other personal factors

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

**(iii) Trainings**

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

**(iv) Workplace Diversity Principles**

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

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

- Practicing and promoting behavior consistent with the Code of Conduct of the GDEX Group and the Company

- Respecting different ways of thinking, using employees' different perspectives to improve and enhance business growth and performance

- Treat all employees with respect and dignity

- Strive to create and foster a supportive and understanding environment in which all employees realise their maximum potential within the GDEX Group and the Company, regardless of their differences

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Diversity Policy** *cont'd*

**(iv) Workplace Diversity Principles** *cont'd*

- Recognise that each employee brings their own unique capabilities, experiences and characteristics to their work, and the GDEX Group values such diversity at all levels in all that the GDEX Group do
- Provide a safe, secure, harmony and healthy workplace
- Make decisions genuinely based on equity and fairness
- Take appropriate action to eliminate discrimination

**(v) Community Programmes, Concerns or Complaints**

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

**(vi) Continuing Education and Training of Directors**

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated timeframe required by the MMLR of Bursa Securities.

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD *cont'd*

### Diversity Policy *cont'd*

**(vi) Continuing Education and Training of Directors** *cont'd*

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

| Name of Director | Training Programmes | Date |
|---|---|---|
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | Best Practices For Sustainability Reporting – What A Company Director Need To Know' | 13 July 2016 |
| Teong Teck Lean | MITI Roundtable Meeting With eCommerce Stakeholders | 30 August 2016 |
| | Closed-Door Discussion on Enhancing Malaysia-Indonesia Economic Ties | 4 November 2016 |
| | Sustainability Reporting | 24 November 2016 |
| | Brainstorming Session on Human Capital Requirement and Reverse Logistics Issues on E-Commerce/E-Fulfilment Industry | 1 March 2017 |
| | 38th East Asia Business Council Meeting, Nanning China | 17 April 2017 |
| | New Companies Act, 2016 | 23 May 2017 |
| | The STAR – Power Talks | 27 May 2017 |
| Liew Heng Heng (f) | Sustainability Reporting | 24 November 2016 |
| | New Companies Act, 2016 | 23 May 2017 |
| Adi Arman bin Abu Osman | Sustainability Reporting | 24 November 2016 |
| | New Companies Act, 2016 | 23 May 2017 |
| Woo Keng Leong | Sustainability Reporting | 24 November 2016 |

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 2 – STRENGTH COMPOSITION OF THE BOARD** *cont'd*

**Diversity Policy** *cont'd*

**(vi) Continuing Education and Training of Directors** *cont'd*

| Name of Director | Training Programmes | Date |
|---|---|---|
| Lim Chee Seong | ESG Seminar For FTSE4GOOD Bursa Malaysia Index | 1 August 2016 |
| | Deloitte TaxMax – The 42nd Series Seminar | 8 November 2016 |
| | Sustainability Reporting | 24 November 2016 |
| | CFO Dialogue 2016: Joining the dots – the new future of CFOs | 30 November 2016 |
| | Accounting for Revenue under MFRS 15 | 7 December 2016 |
| | Transfer Pricing: Audit Trend & New Reporting Requirements | 21 March 2017 |
| | New Companies Act, 2016 | 23 May 2017 |
| Chua Khing Seng | Sustainability Reporting | 24 November 2016 |
| Ho Swee Fong (f) | CG Breakfast Series: Cybersecurity Threat and How Board Should Mitigate the Risks | 18 November 2016 |
| | Women Power Network | 24 February 2017 |
| | A New Era of Auditor Reporting: Insights for Investors | 31 March 2017 |
| | New Companies Act, 2016 | 23 May 2017 |
| Lee Kah Hin* | ESG Seminar For FTSE4GOOD Bursa Malaysia Index | 1 August 2016 |
| | Sustainability Reporting | 24 November 2016 |
| | New Companies Act, 2016 | 23 May 2017 |

* *Appointed on 23 May 2017.*

The newly appointed Director, namely Mr Lee Kah Hin had attended the Mandatory Accreditation Programme on 10 and 11 August 2017. Mr Lee Kah Hin has also been briefed by the Executive Directors and Management to familiarise him with the structure and operation of the GDEX Group.

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

## PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

### Annual Assessment of Independence

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

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They are free from any relationship that could materially interfere with their judgment and decision. They bring a broader external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Management in meeting approved goals and objectives, and monitor risk profile of the GDEX Group and the Company's business and the reporting of monthly business performances.

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

### Tenure of Independent Directors

One of the recommendations of the MCCG 2012 states that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. The CNRC has carried out an evaluation on the reappointment of Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Ms Liew Heng Heng who have served on the Board for a cumulative of twelve (12) years and recommended that they be re-appointed to continue in their capacity as Independent Directors of the Company based on the following justifications:-

i) They have met the independence criteria as set out in Chapter 1 of the MMLR of Bursa Securities;

ii) They have contributed sufficient time and effort and attended all the Committee meetings and Board meetings;

iii) The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company;

iv) As they have been with the Company for almost twelve (12) years, therefore they understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at Committee meetings and Board meetings without compromising their independence and objective judgement; and

v) Ms Liew Heng Heng is a female director and is a member of the Malaysian Institute of Accountants.

Therefore, based on the recommendation of the CNRC, the Board recommended that Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid and Ms Liew Heng Heng to continue to act as Independent Non-Executive Directors of the Company subject to shareholders' approval at the Company's forthcoming 14th AGM as they have fulfilled the criteria under the definition on Independent Director as stated in the MMLR of Bursa Securities.

# CORPORATE GOVERNANCE STATEMENT
cont'd

**PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD** *cont'd*

**Appointments to the Board**

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

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

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

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

During the year under review, the CNRC had assessed and recommended to the Board the appointment of Mr Lee Kah Hin, as Executive Director of the Company with effect from 23 May 2017, given his working experience in investor relationships, shareholder communications, stakeholder management and corporate governance. The Board welcomes diversity and gender mix in its composition. The Board believes that diversity in ethnic, cultural, nationality and gender mix can broaden the Board's perspectives in effectively discharging its duties and responsibilities.

The Company Secretary is responsible for ensuring that all appointments are properly made, and that all legal and regulatory obligations are met.

**Shareholders' Approval for the Re-election of Directors**

Ms Liew Heng Heng, Encik Adi Arman bin Abu Osman and Mr Lee Kah Hin who are due for retirement, have offered themselves for re-election as Directors of the Company at the forthcoming 14th AGM.

The Board is satisfied with the skills, contribution and independent judgment of these retiring Directors. In view thereof, the Board recommends and supports their re-election/re-appointment as Directors of the Company which is to be tabled for shareholders' approval at the forthcoming Fourteenth (14th) AGM of the Company.

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD *cont'd*

### Board Balance and Effectiveness

The present size and composition of the Board is appropriate and well balanced, in terms of required mix of skills, experience and core competencies as well as need to safeguard the interests of minority shareholders, given the complexity of the Company's business, and the significant time demands placed on the Independent Non-Executive Directors who also serve as Members of Board Committees.

Balance in the Board is achieved and maintained where the composition of the members of the Board are professionals and entrepreneurs, with the mix of industrial knowledge and broad business and commercial experience. This includes finance and accounting, audit and taxation, international and regional operational experience, understanding of economics of the sector in which GDEX operates and knowledge of world capital markets. Such balance enables the Board to provide effective leadership in all aspects, as well as maintaining the premium standards of governance and integrity in making decision relating to strategy, performance, internal control, investors' relation and human resource management. This results in the Board having the stability, continuity and commitment as well as capacity to discharge its responsibilities and manage the GDEX Group and the Company effectively.

The current number of Independent Directors is deemed as ideal to provide the necessary check and balance to the Board's decision making process, through objective participate in Board deliberations and the exercise of independent judgement, Ms. Ho Swee Fong is the Senior Independent Non-Executive Director to whom concerns on matters relating to Corporate Governance of the Company could be conveyed by shareholders and other stakeholders. If the need arises, the Company may increase the number of Independent Directors to ensure the balance of power and authority on the Board.

## PRINCIPLE 4 – FOSTER BOARD COMMITMENT

### Time Commitment

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 generally seven (7) working days prior to the meetings of the Board and Board Committees which allow the Directors and Board Committees have sufficient time to peruse the agenda papers and review the issues well ahead of the meeting date 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.

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 4 – FOSTER BOARD COMMITMENT *cont'd*

### Time Commitment *cont'd*

The attendance of Directors during the financial year ended 30 June 2017 is set out below:

| Directors | Board Meetings | ARMC Meetings | CNRC Meetings |
|---|---|---|---|
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | 5/5 | 5/5 | 3/3 |
| Teong Teck Lean | 5/5 | Non Member | Non Member |
| Liew Heng Heng (f) | 5/5 | 5/5 | 3/3 |
| Adi Arman Bin Abu Osman | 5/5 | 5/5 | 3/3 |
| Woo Keng Leong | 5/5 | Non Member | Non Member |
| Lim Chee Seong | 5/5 | Non Member | Non Member |
| Chua Khing Seng | 4/5 | Non Member | Non Member |
| Ho Swee Fong (f) | 5/5 | 5/5 | 3/3 |
| Lee Kah Hin *(appointed on 23 May 2017)* | 1/1 | Non Member | Non Member |

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

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

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

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

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

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

The Board upholds the integrity of financial reporting by the Company and ARMC is entrusted to provide advice and assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to the Company's internal and external audit functions, risk management and compliance systems and practices, financial statements, accounting and control systems and matters that may significantly impact the affairs and financial condition of the business.

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY *cont'd*

### Compliance with Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board take responsibility to present a balanced and meaningful assessment of the GDEX Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of Companies Act, 2016 and applicable accounting standards in Malaysia. The ARMC assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The Directors' Responsibility Statement pursuant to the Bursa Securities' MMLR is set out in this Annual Report.

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

### Assessment of Suitability and Independence of External Auditors

The ARMC undertakes an annual assessment of the suitability and independence of the external auditors. It is the policy of the ARMC to meet with the External Auditors at least twice a year on 23 May 2017 and 29 August 2017 to discuss their audit plan, areas of audit focus, audit analytics, audit findings and the GDEX Group's and Company's financial statements. These meetings are held without the presence of the Executive Directors and the management. The ARMC also meets with the External Auditors additionally whenever it deems necessary. In addition, the External Auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

The External Auditors are independent of the activities that they audit and review during the financial year ended 30 June 2017.

During the financial year under review, the Company has established the External Auditors' Assessment Policy to evaluate the performance and independence of the External Auditors, selection and appointment of new auditors as well as the basic principles on the prohibition of non-audit services and the approved process for the provision of non-audit services. The ARMC was satisfied with the External Auditors' performance based on the quality of services and sufficiency of resources they provided to the GDEX Group and the Company. In view of the above, the Board approved the recommendation from ARMC for the shareholders' approval to be sought at the 14th AGM on the reappointment of Deloitte PLT as the External Auditors of the Company for the financial year ending 30 June 2018.

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISK

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

### Sound Framework to Manage Risks

Risk management involves the identification, assessment, and prioritization of risks and the application of resources to minimize, control and mitigate the impact of unfortunate events on a business. The Board plays a critical role to oversee that the GDEX Group has adequate risk management policies and procedures in place.

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 6 – RECOGNISE AND MANAGE RISK *cont'd*

### Sound Framework to Manage Risks *cont'd*

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

### Internal Audit Function

The internal audit function is independent of the operations of the GDEX Group and provides reasonable assurance that the GDEX Group's system of internal control is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the GDEX Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Planning Memorandum, setting out the internal audit work expected to be carried out annually, is tabled to the ARMC for review and approval.

## PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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

### Corporate Disclosure Policy and Procedure

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

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

### Leverage on Information Technology for Effective Dissemination of Information

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

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

# CORPORATE GOVERNANCE STATEMENT
cont'd

## PRINCIPLE 8 – STRENGTHENING RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### Encourage Shareholder Participation at General Meetings

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

The Company provides information to the shareholders with regards to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

### Encourage Poll Voting

The Company would conduct poll voting under the MMLR of Bursa Securities by the shareholders at all the general meetings. The shareholders would be informed of their rights to a poll vote on the resolutions prior to the commencement of the general meetings.

### Effective Communication and Proactive Engagement

In maintaining the commitment to effective communication with shareholders, the GDEX Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information, whilst complying with the requirements of the MMLR of Bursa Securities pertaining to continuing disclosure; it also adopts the best practices as recommended in the MCCG 2012 with regards to strengthening engagement and communication with shareholders. Where possible and applicable, the GDEX Group also provides additional disclosure of information on a voluntary basis. The GDEX Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Company's website has a "Contact Us" section as well as a dedicated link to the Company's Investor Relations team, where shareholders and potential investors may direct their enquiries on the GDEX Group. The GDEX Group's Investor Relations team will endeavour to reply to these queries in the shortest possible time.

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

All information to shareholders is available electronically as soon as it is announced or published. Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Company's Directors.

During the general meeting, shareholders are at liberty to raise questions or seek clarification on the agenda items of the general meeting from the Company's Directors.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. MATERIAL CONTRACTS

During the financial year ended 30 June 2017, there were no material contracts entered into by the Company and its subsidiary companies with Directors and/or major shareholders.

## 2. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

Details of the Recurrent Related Party Transactions made during the financial year ended 30 June 2017 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 2017 (RM) |
|---|---|---|---|---|
| Provision of express delivery services | GD Express (S) Pte Ltd ("GD(S)")(1) | Singapore Post Limited ("SingPost")(3) | Mr Woo Keng Leong(4) | 21,492 |
| Provision of express delivery services | GD Express Sdn Bhd ("GDSB")(2) | Quantium Solutions International (Malaysia) Sdn Bhd ("QSI(M)")(5) | Singpost | 2,931,858 |
| Provision of express delivery services | GD(S) | Quantium Solutions (Singapore) Pte Ltd ("QS(S)")(6) | Singpost | 152,878 |
| Provision of postal services and express delivery services | GDSB | Yamato Transport (M) Sdn Bhd ("YTSB")(7) | Yamato Asia Pte Ltd ("Yamato Asia")(8) | 206,145 |
| Provision of advisory services | GD Express Carrier Bhd | Yamato Asia | Mr Chua Khing Seng(9) | (234,000) |

*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 Woo Keng Leong is the Senior Executive Vice President/Head of Postal Services of Singpost and Corporate Representative of Singpost in the Company.*
*(5) QSI(M), an indirect wholly-owned subsidiary of Singpost.*
*(6) QS(S), an indirect wholly-owned subsidiary of Singpost.*
*(7) YTSB, a subsidiary of Yamato Asia Pte Ltd.*
*(8) Yamato Asia, a substantial shareholder of the Company.*
*(9) Mr Chua Khing Seng is the Managing Director & Group CEO of Yamato Asia Pte Ltd and an Executive Officer of Yamato Holdings Co., Ltd.*

# ADDITIONAL COMPLIANCE INFORMATION
cont'd

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

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

## 3. AUDIT AND NON-AUDIT FEES

For the financial year ended 30 June 2017, the total amount of audit and non-audit fees paid/payable to the external auditors were as follows:-

| | |
|---|---|
| Audit fee | RM163,492 |
| Non-audit fee | RM40,000 |

## 4. UTILISATION OF PROCEEDS

During the financial year ended 30 June 2017, the Company did not undertake any corporate proposal to raise proceeds except for the following:-

(i) Received the proceeds of RM3,346,661 from the exercise and conversion of 2,187,361 Warrants "B" at an exercise price of RM1.53 per ordinary share.

(ii) Received the proceeds of RM13,146,092 from the issuance of 8,362,275 new ordinary shares pursuant to the Dividend Reinvestment Plan.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

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

## BOARD'S RESPONSIBILITY

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

The Group has established an on-going process to identify, evaluate and manage significant risks 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 business environment or regulatory guidelines. The process is reviewed by the Board annually and is generally in line with the guidelines as contained in the publication – Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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

The Management assists the Board in the implementation of the Board's policies and procedures on risk management and internal control by identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely preventive and corrective actions as needed, and for providing assurance to the Board that the procedures have been carried out. In this regard, the Board has obtained assurance from the Managing Director and Executive Directors that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group, and nothing has come to their attention that may have a material impact on the business and operations of the Group which in turn may affect the Group's financial performance during the current financial year ended 30 June 2017 under review.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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

Key risks of major business sand operating units are identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. The risk profile of the major business and operating units of the Group are monitored by its respective senior management. As such, the Group's systems of risk management and internal control are designed and operated to support the identification and management of risks affecting the Group and the business environment in which it operates, and are subject to continuous review due to changes in the business environment and the fruition of new risks emerging. The key features of the Group's system of risk management and internal control are as follows:

**1. Control Environment**

o ***Organisation Structure and Limits of Authority ("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/or the Board in accordance to their LOA, in line with changes in business, structural and operational perspectives.

o ***Corporate Philosophy***

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

o ***Policies and Procedures***

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

o ***Human Resource***

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

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

**1. Control Environment** *cont'd*

- ***Budget Plan and Budget***

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

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

- ***Insurance and Physical Safeguard***

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

- ***Management Committee***

  Various Management Committees at senior level have been established by the Management to assist and support the Board to oversee areas such as business operations, risk management, information technology system and infrastructure, system implementation and support, investment appraisal as well as staff disciplinary issues etc. These include the Group's Executive Committee, IT Steering Committee and Disciplinary Action Committee.

**2. Internal Audit Function**

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

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

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

The internal audit function is undertaken by an in-house team and adopts a risk-based approach in preparing its audit strategy and audit plan that is reviewed and approved by the committee. The audit plan covers review of the risk exposures and control processes implemented by the management, review of 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 attention of the Board. Notwithstanding this, the Board will continue to embrace a risk and control conscious approach and maintain constant vigilance in order to meet its business objectives in the ever changing and challenging business environment.

### 3. Risk Management Framework

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

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

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

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

**4. Audit and Risk Management Committee**

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

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

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

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report of the Company for the financial year ended 30 June 2017 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 3 October 2017.

# 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 2017.

## COMPOSITION AND ATTENDANCE AT MEETINGS

The Composition of the ARMC comprises the following members, all are Independent Non-Executive Directors. During the financial year ended 30 June 2017, the Committee met five (5) times and the attendance records of the Committee are shown on page 66 of the Annual Report.

| Name | Designation |
|---|---|
| Liew Heng Heng* (f) | *Chairman, Independent Non-Executive Director* |
| Dato' Captain Ahmad Sufian @ Qurnian bin Abdul Rashid | *Member, Independent Non-Executive Director* |
| Adi Arman bin Abu Osman | *Member, Independent Non-Executive Director* |
| Ho Swee Fong (f) | *Member, Independent Non-Executive Director* |

* *Member of Malaysian Institute of Accountants*

The Company's internal and external auditors, Executive Director/Chief Financial Controller and Senior Management are normally invited to attend the meetings.

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

The Combined Nomination and Remuneration Committee ("CNRC") had on 3 October 2017 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*.

## SUMMARY OF WORKS OF THE ARMC

The Committee had carried out the following works during the financial year ended 30 June 2017 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/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;

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

**SUMMARY OF WORKS OF THE ARMC** *cont'd*

1. **Financial Reporting** *cont'd*

(b) Reviewed the annual audited financial statements of the Group and the Company with the External Auditor, Messrs. Deloitte PLT ("Deloitte") with particular focus on significant matters highlighted in its 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 Securities;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Committee discussed with Management and Deloitte the accounting principles and standards that were applied and 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 (covered from headquarter and branches) 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 response to these recommendations.

(b) Reviewed and discussed the Risk Management Reports which identified high and key risks as well as new and emerging risks and control mechanisms.

(c) Monitored and ensure that corrective actions had been taken to rectify the weaknesses highlighted and all the key risks and control lapses have been addressed.

(d) Reviewed and assessed the competency of the internal audit function.

3. **External Audit**

(a) Reviewed and discuss audit updates presented Deloitte on the matters arising from the audit of the Group for the financial year ended 30 June 2017.

(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 Securities.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

## SUMMARY OF WORKS OF THE ARMC *cont'd*

### 3. External Audit *cont'd*

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

(e) Assessed and discussed the 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 who remain effective, objective and independent.

(f) Had a private session with the external auditors without the presence of the Management to discuss further with them the matters, if any, arising from the audit and there were no significant audit issues were highlighted.

### 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 considered any related party transactions and conflict of interest situation that may or have arisen within the Company or the Group including any transactions, procedure or course of conduct that raises questions on management integrity; and

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

### 5. Others

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

(b) Reviewed the External Auditors' Assessment Policy which outlined the guidelines and procedures to be undertaken by the Committee for the selection, appointment and reappointment of external auditors.

(c) Met with the Head of Information Technology ("IT") to gain a better understanding of the key risks identified, including Management's proposed remedial actions and appropriate timeline for implementation of remedial actions to address areas of weakness. The primary risk was in connection with IT deficiencies raised by the external auditors.

## INTERNAL AUDIT FUNCTION AND SUMMARY OF WORKS

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

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

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

During the financial year ended 30 June 2017, the internal audit function assisted the Committee in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the risk management, internal and operational control, and governance process. Periodic activities were carried out to provide the Committee with reasonable assurance that such systems continue to operate satisfactorily and effectively.

The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of the Group during the financial year ended 30 June 2017 amounted to RM227,483.

The summary of works that were carried out by the internal audit function during the financial year ended 30 June 2017 encompassed the following:

1. Formulated annual audit plan that focuses on controls, managing the principal risks of the Group. Audits are prioritised according to an assessment of the potential risk exposures;

2. Internal audit executed in accordance with the approved annual audit plan. During the financial year, the internal audit audited the following business processes in Corporate Headquarter and 20 branches:

   (a) Hub and Linehaul Operations Review
   (b) IT General Controls Review
   (c) Billing and Collection Review
   (d) Credit Control and Cash Management
   (e) Storage and Security System
   (f) Delivery and Pick up Management
   (g) Management Information System
   (h) Human Resource Management
   (i) Fixed Asset Management

   These 20 branches include Kota Kinabalu, Sandakan, Lahad Datu, Kuching, Sibu, Batu Pahat, Rawang, Sitiawan, Taiping, Teluk Intan, Shah Alam, Sungai Buloh, Melaka, Melawati, Cheras, Petaling Jaya, Kuala Lumpur, Penang, Kepong, Bangi.

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

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

# 5-YEAR GROUP FINANCIAL HIGHLIGHTS

for the Financial Year Ended 30 June

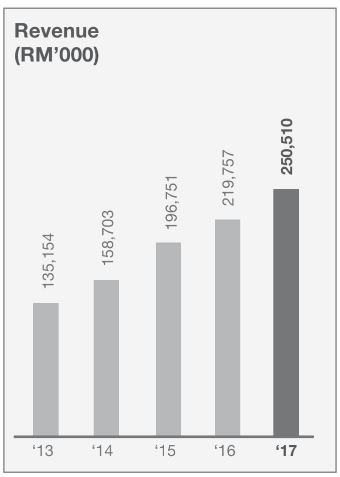
| | 2017 RM'000 | 2016 RM'000 | 2015 RM'000 | 2014 RM'000 | 2013 RM'000 |
|---|---|---|---|---|---|
| Revenue | **250,510** | 219,757 | 196,751 | 158,703 | 135,154 |
| Profit from Operations | **33,613** | 35,133 | 31,053 | 24,580 | 20,074 |
| Profit before tax | **44,474** | 40,183 | 31,306 | 24,272 | 19,255 |
| Profit after tax | **36,829** | 34,444 | 28,296 | 23,385 | 13,616 |
| Return on revenue | **15%** | 16% | 14% | 15% | 10% |
| Profit attributable to ordinary equity holders | **36,829** | 34,444 | 28,296 | 23,385 | 13,616 |
| Net assets | **426,148** | 386,809 | 141,360 | 97,351 | 65,071 |
| Paid-up capital | **313,837** | 69,162 | 61,816 | 41,935 | 26,171 |
| Shareholders' equity | **426,148** | 386,809 | 141,360 | 97,351 | 65,071 |
| **Share information** [1] | | | | | |
| Number of shares in issue ('000) | **5,576,237** [2] | 1,383,240 [2] | 1,236,328 | 838,691 | 261,710 |
| Basic earnings per share (sen) | **0.66** [3] | 0.66 [3] | 2.43 | 2.15 | 1.73 |
| Diluted earnings per share (sen) | **0.65** [3] | 0.66 [3] | 2.39 | 1.96 | 1.56 |
| Net assets per share (RM) | **0.08** | 0.28 | 0.11 | 0.12 | 0.25 |
| Share price at end of financial year (RM) | **0.625** [4] | 0.385 [4] | 1.370 | 1.628 | 0.667 |

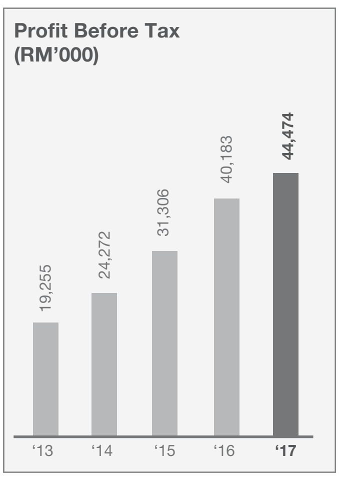
(1) *The Companies Act, 2016, which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concept of "par value" has been abolished.*

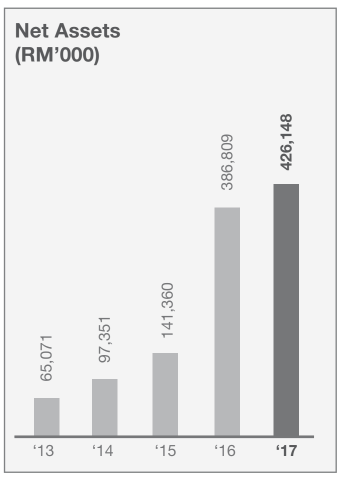
(2) *During the financial year ended 30 June 2017, the Company increased its issued and paid-up ordinary share capital from 1,383,239,537 ordinary shares to 5,576,236,692 ordinary shares as disclosed in Note 18 to the Financial Statements.*

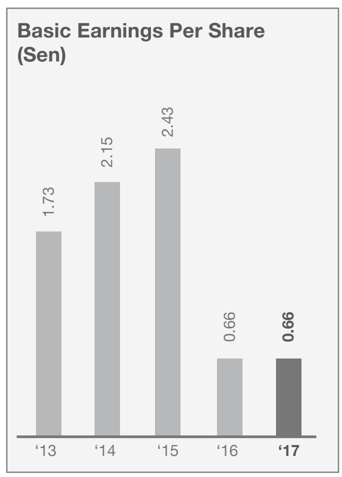
(3) *The effects of Bonus Issue and Dividend Reinvestment Plan (DRP) on the number of ordinary shares for the financial year ended 30 June 2017 has been adjusted as if these events had occurred on 1 July 2016, as disclosed in Note 10 to the Financial Statements.*

(4) *Adjusted for corporate events to ensure the prices are always comparable across different periods. These events include bonus issue and DRP issue during the financial year ended 30 June 2017.*



# 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 GDEX Group and of the Company as at the financial year end and of the results and cash flows of GDEX Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements of GDEX for the financial year ended 30 June 2017 on pages 100 to 166 of the printed version of this Annual Report, the Company has adopted appropriate accounting policies, applied them consistently and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

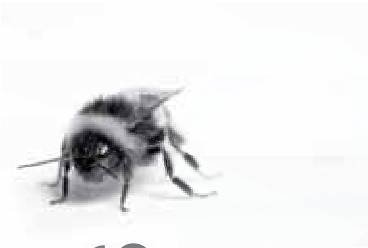
The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to comply with the provisions of the Companies Act, 2016.

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

The auditors' responsibilities are stated in their report to the shareholders on pages 95 to 99.

Statement is made in accordance with the resolution of the Board of Directors dated 3 October 2017.

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



# FINANCIAL STATEMENTS

# REPORT OF THE DIRECTORS

## REPORT OF THE DIRECTORS

The directors of GD EXPRESS CARRIER BHD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

## 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 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 13 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<br>RM | The Company<br>RM |
|---|---|---|
| Profit before tax | 44,474,457 | 34,266,711 |
| Income tax expense | (7,645,086) | (2,395,542) |
| Profit for the year | 36,829,371 | 31,871,169 |

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.

## DIVIDENDS

As mentioned in Note 25 to the financial statements, a dividend of 1.000 sen per share amounting to RM13,854,164 which was proposed in the previous financial year and dealt with in the previous report of the directors was paid by the Company during the financial year. The dividend was paid by way of Dividend Reinvestment Plan ("DRP") amounting to RM13,146,092 and cash amounting to RM708,072.

The directors proposed a dividend of 0.250 sen per share amounting to approximately RM13.9 million in respect of the financial year ended 30 June 2017. 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.

# REPORT OF THE DIRECTORS
cont'd

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM69,161,977, comprising 1,383,239,537 ordinary shares, to RM313,836,577, comprising 5,576,236,692 ordinary shares, as follows:

(a) Exercise of Warrants 2015/2020

Issuance of 2,177,319 new ordinary shares pursuant to the exercise of 2,177,319 Warrants 2015/2020 at an exercise price of RM1.53 per warrant before the effective date of Companies Act, 2016. The amount of RM108,866 and RM3,222,432 credited to the Company's issued capital and share premium, respectively.

Issuance of 10,042 new ordinary shares pursuant to the exercise of 10,042 Warrants 2015/2020 at the exercise price of RM1.53 per warrant after the effective date of Companies Act, 2016, with full amount of RM15,364 credited directly to the Company's issued capital.

(b) DRP

The Company via the announcement on 7 December 2016 proposed to undertake a recurrent and optional dividend reinvestment plan that allows the shareholders to reinvest their dividend as new ordinary shares in the Company.

The rationale of the DRP are as follows:

(i) dividends that are reinvested are utilised to fund the continuing business growth and expansion plan, and for working capital of the Group;

(ii) improve liquidity of the Company's shares traded on the Main Market of Bursa Malaysia Securities Berhad; and

(iii) enhance and maximise shareholders' value via the subscription of new shares where the issue price of a new share shall be at discount and the subscription shall be free from any brokerage fees and other related transaction cost.

A total of 8,632,275 new ordinary shares at the issue price of RM1.5229 per share was issued pursuant to the exercise of DRP on 17 February 2017.

# REPORT OF THE DIRECTORS
cont'd

**ISSUE OF SHARES AND DEBENTURES** *cont'd*

(c) Bonus Issue

A bonus issue of 4,182,177,519 new ordinary shares, on the basis of 3 bonus shares for every 1 existing ordinary share, was held through the capitalisation of RM209,108,876 from share premium on 9 June 2017. The bonus shares were listed on the Main Market of Bursa on 13 June 2017. In addition, an amount of RM238,799 was utilised out of the share premium for corporate exercise expenses.

The movements of bonus issue during the year are as disclosed in Note 18 to the financial statements.

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.

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) During the financial year, as a result of the bonus issue exercise mentioned in Note 18(i)(c) to the financial statements, 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.

# REPORT OF THE DIRECTORS
cont'd

**WARRANTS 2015/2020** *cont'd*

The movements of Warrants 2015/2020 during the year are as follows:

| | Number of Warrants 2015/2020 |
|---|---|
| At beginning of year | 179,153,694 |
| Exercised during the year (Note 18(ii)) | (2,187,361) |
| Balance before bonus issue | 176,966,333 |
| Bonus issue (Note 18(ii)) | 530,898,999 |
| At end of year | 707,865,332 |

**SHARE OPTIONS**

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

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

**OTHER STATUTORY INFORMATION**

Before the 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.

# REPORT OF THE DIRECTORS
cont'd

**OTHER STATUTORY INFORMATION** *cont'd*

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.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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

**DIRECTORS**

The 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:

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Teong Teck Lean
Liew Heng Heng
Adi Arman bin Abu Osman
Woo Keng Leong
Lim Chee Seong
Chua Khing Seng
Ho Swee Fong
Lee Kah Hin *(appointed on 23.05.2017)*

# REPORT OF THE DIRECTORS
cont'd

## DIRECTORS' INTERESTS

The shareholding 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 1.7.2016/ Date of appointment** | **Issued pursuant to 4th DRP(1)** | **Bought** | **Transferred Out** | **Balance before bonus issue** |
| **Shares in the Company** | | | | | |
| **Direct interest** | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | 12,465,847 | 80,214 | - | (250,000) | 12,296,061 |
| Teong Teck Lean | 16,048,230 | 139,195 | 9,466,100 | - | 25,653,525 |
| Liew Heng Heng | 1,021,752 | - | - | - | 1,021,752 |
| Lim Chee Seong | 81,052 | 448 | - | - | 81,500 |
| Lee Kah Hin | 177,002 | - | - | - | 177,002 |

| | **Balance before bonus issue on 13.6.2017 (cont'd)** | **Bonus issue(2)** | **Bought** | **Sold/ Transferred** | **As of 30.6.2017** |
|---|---|---|---|---|---|
| **Shares in the Company** | | | | | |
| **Direct interest** | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | 12,296,061 | 36,888,183 | - | - | 49,184,244 |
| Teong Teck Lean | 25,653,525 | 76,960,575 | 9,000,000 | - | 111,614,100 |
| Liew Heng Heng | 1,021,752 | 3,065,256 | - | - | 4,087,008 |
| Lim Chee Seong | 81,500 | 244,500 | - | - | 326,000 |
| Lee Kah Hin | 177,002 | 531,006 | - | - | 708,008 |

# REPORT OF THE DIRECTORS
cont'd

**DIRECTORS' INTERESTS** *cont'd*

| | Number of ordinary shares | | | | |
|---|---|---|---|---|---|
| | **Balance as of 1.7.2016** | **Issued pursuant to 4th DRP[1]** | **Bought** | **Transferred In** | **Balance before bonus issue** |
| **Shares in the Company** | | | | | |
| **Indirect interest** | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | | | | | |
| Substantial shareholdings | | | | | |
| Essem Capital Sdn. Bhd. | 984,674 | - | - | - | 984,674 |
| Essem Corporation Sdn. Bhd. | 4,856 | - | - | - | 4,856 |
| DB (Malaysia) Nominee (Asing) Sdn. Bhd. | 607,899 | 3,992 | - | - | 611,891 |
| Immediate family members | | | | | |
| Datin Mardiana binti Mohamed Zain | 172,859 | 1,463 | - | 50,000 | 224,322 |
| Suffaneena binti Ahmad Sufian | 63,779 | - | - | 50,000 | 113,779 |
| Muffadzlee bin Ahmad Sufian | 63,779 | - | - | 50,000 | 113,779 |
| Muffriezal bin Ahmad Sufian | 50,352 | 658 | - | 50,000 | 101,010 |
| Suffrianna binti Ahmad Sufian | 50,352 | - | - | 50,000 | 100,352 |
| Teong Teck Lean | | | | | |
| Substantial shareholdings | | | | | |
| GD Express Holdings (M) Sdn. Bhd. | 350,980,605 | 2,304,685 | - | - | 353,285,290 |
| GD Holdings International Limited | 153,458,744 | 1,007,674 | - | - | 154,466,418 |
| GDEX Foundation | 4,904,415 | 32,204 | - | - | 4,936,619 |

# REPORT OF THE DIRECTORS
cont'd

**DIRECTORS' INTERESTS** *cont'd*

| | Number of ordinary shares | | | | |
|---|---|---|---|---|---|
| | **Balance before bonus issue on 13.6.2017 (cont'd)** | **Bonus issue(2)** | **Bought** | **Sold/ Transferred** | **As of 30.6.2017** |
| **Shares in the Company** | | | | | |
| **Indirect interest** | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | | | | | |
| Substantial shareholdings | | | | | |
| Essem Capital Sdn. Bhd. | 984,674 | 2,954,022 | - | (6,200) | 3,932,496 |
| Essem Corporation Sdn. Bhd. | 4,856 | 14,568 | - | - | 19,424 |
| DB (Malaysia) Nominee (Asing) Sdn. Bhd. | 611,891 | 1,835,673 | - | - | 2,447,564 |
| Immediate family members | | | | | |
| Datin Mardiana binti Mohamed Zain | 224,322 | 672,966 | - | - | 897,288 |
| Suffaneena binti Ahmad Sufian | 113,779 | 341,337 | - | - | 455,116 |
| Muffadzlee bin Ahmad Sufian | 113,779 | 341,337 | - | - | 455,116 |
| Muffriezal bin Ahmad Sufian | 101,010 | 303,030 | - | - | 404,040 |
| Suffrianna binti Ahmad Sufian | 100,352 | 301,056 | - | - | 401,408 |
| Teong Teck Lean | | | | | |
| Substantial shareholdings | | | | | |
| GD Express Holdings (M) Sdn. Bhd. | 353,285,290 | 1,059,855,870 | - | - | 1,413,141,160 |
| GD Holdings International Limited | 154,466,418 | 463,399,254 | - | - | 617,865,672 |
| GDEX Foundation | 4,936,619 | 14,809,857 | - | - | 19,746,476 |

(1) DRP as described in Note 18(i)(b) to the financial statements.

(2) Bonus issue as described in Note 18(i)(c) to the financial statements.

# REPORT OF THE DIRECTORS
cont'd

**DIRECTORS' INTERESTS** *cont'd*

| | Number of Warrants 2015/2020 over ordinary shares | | | | | | |
|---|---|---|---|---|---|---|---|
| | As of 1.7.2016 | Bought | Sold/ Exercised | Balance of Warrants 2015/2020 before bonus issue on 13.6.2016 | Warrants 2015/2020 arising from bonus issue (1) | Sold/ Exercised | As of 30.6.2017 |
| **Warrants 2015/2020 in the Company** | | | | | | | |
| **Direct interest** | | | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | 1,875,400 | - | (1,875,400) | - | - | - | - |
| Teong Teck Lean | 992,069 | 3,650,400 | - | 4,642,469 | 13,927,407 | - | 18,569,876 |
| Liew Heng Heng | 151,271 | - | - | 151,271 | 453,813 | - | 605,084 |
| Lim Chee Seong | 12,000 | - | - | 12,000 | 36,000 | - | 48,000 |
| **Indirect interest** | | | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | | | | | | | |
| Substantial shareholding | | | | | | | |
| Essem Capital Sdn. Bhd. | 445,000 | - | (445,000) | - | - | - | - |
| Essem Corporation Sdn. Bhd. | 120,000 | - | (120,000) | - | - | - | - |
| DB (Malaysia) Nominee (Asing) Sdn. Bhd. | 90,000 | - | - | 90,000 | 270,000 | - | 360,000 |

# REPORT OF THE DIRECTORS
cont'd

**DIRECTORS' INTERESTS** *cont'd*

| | Number of Warrants 2015/2020 over ordinary shares | | | | | | |
|---|---|---|---|---|---|---|---|
| | **As of 1.7.2016** | **Bought** | **Sold/ Exercised** | **Balance of Warrants 2015/2020 before bonus issue on 13.6.2016** | **Warrants 2015/2020 arising from bonus issue[1]** | **Sold/ Exercised** | **As of 30.6.2017** |
| **Warrants 2015/2020 in the Company** | | | | | | | |
| **Indirect interest** | | | | | | | |
| Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid | | | | | | | |
| Immediate family members | | | | | | | |
| Datin Mardiana binti Mohamed Zain | 1,210,000 | - | (1,210,000) | - | - | - | - |
| Muffadzlee bin Ahmad Sufian | 2,000 | - | - | 2,000 | 6,000 | (8,000) | - |
| Suffrianna binti Ahmad Sufian | 2,000 | - | - | 2,000 | 6,000 | (8,000) | - |
| Teong Teck Lean | | | | | | | |
| Substantial shareholding | | | | | | | |
| GD Express Holdings (M) Sdn. Bhd. | 52,295,624 | - | - | 52,295,624 | 156,886,872 | - | 209,182,496 |
| GD Holdings International Limited | 20,352,086 | - | - | 20,352,086 | 61,056,258 | - | 81,408,344 |
| GDEX Foundation | 726,103 | - | - | 726,103 | 2,178,309 | - | 2,904,412 |

(1) Additional warrants as described in Note 18(ii)(e) to the financial statements.

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

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

# REPORT OF THE DIRECTORS
cont'd

## 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.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

## SIGNIFICANT EVENTS

Significant events during the financial year relating to the subscription of investment in an associate and convertible bonds are disclosed in Notes 14 and 15 to the financial statements.

## AUDITORS

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

## AUDITORS' REMUNERATION

The remuneration of the auditors for financial year ended 30 June 2017 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**

Kuala Lumpur,
3 October 2017

# 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 at 30 June 2017 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 113 to 124.

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 at 30 June 2017, 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 Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional 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.

# 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 *cont'd*

| *Key Audit Matter* | *Our audit performed and responses thereon* |
| --- | --- |
| The Group's revenue is mainly derived from express courier services rendered.<br><br>We identified revenue recognition as a key audit matter, as we consider the magnitude and the high volume of transactions may give rise to material misstatements of revenue recognition. | Our audit approach includes both controls testing and substantive procedures as follows:<br><br>● We obtained an understanding of the Group's relevant controls surrounding revenue recognition. We further performed a walkthrough and tested the design and implementation of those controls.<br><br>● We selected samples of sales invoices recorded during and at end of the financial year and traced to acknowledged consignment notes to ascertain proof of delivery.<br><br>● We performed substantive analytical procedure on revenue by using the direct overhead costs as a base to develop an expected revenue and compared against the actual revenue recorded by month. We also tested the completeness, accuracy and validity of the direct overhead costs provided by the management.<br><br>● We compared the Group's revenue growth rate against industry averages and competitor results. |

### 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 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.

# 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*

### 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.

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.

# 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*

- 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 will also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016, we also report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 on page 166 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

**OTHER MATTERS**

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 - 03153/08/2018 J**
**Chartered Accountant**

3 October 2017

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017 | 2016 | 2017 | 2016 |
| | | RM | RM | RM | RM |
| Revenue | 6 | 250,509,875 | 219,757,459 | 25,410,000 | 19,368,505 |
| Other operating income | 7 | 12,254,164 | 6,543,974 | 13,001,002 | 7,636,628 |
| Direct costs | 7 | (39,407,673) | (38,725,183) | - | - |
| Staff costs | 7 | (131,991,270) | (108,650,753) | (1,612,519) | (1,157,143) |
| Depreciation of property, plant and equipment | 11 | (10,876,699) | (8,940,117) | - | - |
| Amortisation of prepaid lease payments | 12 | (520,866) | (500,384) | - | - |
| Other operating expenses | 7 | (34,260,985) | (27,807,544) | (2,531,772) | (1,668,904) |
| Share of profits of an associate | 14 | 160,831 | - | - | - |
| Finance costs | 8 | (1,392,920) | (1,494,579) | - | - |
| **Profit before tax** | | 44,474,457 | 40,182,873 | 34,266,711 | 24,179,086 |
| Income tax expense | 9 | (7,645,086) | (5,738,622) | (2,395,542) | (1,350,041) |
| **Profit for the year** | | 36,829,371 | 34,444,251 | 31,871,169 | 22,829,045 |
| **Other comprehensive income** | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating foreign operations | | 109,523 | 115,382 | - | - |
| Items that will not be reclassified subsequently to profit or loss | | - | - | - | - |

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017
cont'd

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017 | 2016 | 2017 | 2016 |
| | | RM | RM | RM | RM |
| **Other comprehensive income for the year, net of tax** | | 109,523 | 115,382 | - | - |
| **Total comprehensive income for the year, net of tax** | | 36,938,894 | 34,559,633 | 31,871,169 | 22,829,045 |
| **Profit for the year attributable to:** | | | | | |
| Owners of the Company | | 36,829,371 | 34,444,251 | 31,871,169 | 22,829,045 |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | 36,938,894 | 34,559,633 | 31,871,169 | 22,829,045 |
| **Earnings per ordinary share:** | | | | | |
| Basic (sen) | 10 | 0.66 | 0.66 | | |
| Diluted (sen) | 10 | 0.65 | 0.66 | | |

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

# STATEMENTS OF FINANCIAL POSITION
as of 30 June 2017

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017 | 2016 | 2017 | 2016 |
| | | RM | RM | RM | RM |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 11 | 68,061,392 | 47,324,050 | - | - |
| Prepaid lease payments | 12 | 22,038,106 | 20,715,639 | - | - |
| Investment in subsidiary companies | 13 | - | - | 40,920,948 | 39,410,604 |
| Investment in an associate | 14 | 5,660,831 | - | 5,500,000 | - |
| Investment in convertible bonds | 15 | 10,380,000 | - | 10,380,000 | - |
| **Total Non-Current Assets** | | 106,140,329 | 68,039,689 | 56,800,948 | 39,410,604 |
| **Current Assets** | | | | | |
| Inventories - at cost | | 1,554,480 | 1,216,203 | - | - |
| Trade receivables | 16 | 49,867,134 | 47,560,486 | - | - |
| Other receivables and prepaid expenses | 16 | 12,214,674 | 8,817,836 | 27,899 | 23,418 |
| Amount owing by subsidiary companies | 13 | - | - | 36,963,880 | 19,564,491 |
| Tax recoverable | | 1,915,968 | 1,514,900 | - | - |
| Deposits with licensed banks | 26 | 289,578,088 | 286,096,997 | 270,296,667 | 263,124,599 |
| Cash and bank balances | 26 | 16,760,402 | 21,346,298 | 3,257,869 | 10,821,163 |
| **Total Current Assets** | | 371,890,746 | 366,552,720 | 310,546,315 | 293,533,671 |
| **Total Assets** | | 478,031,075 | 434,592,409 | 367,347,263 | 332,944,275 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Issued capital | 18 | 313,836,577 | 69,161,977 | 313,836,577 | 69,161,977 |
| Reserves | 19 | 112,311,019 | 317,646,934 | 52,617,236 | 263,020,876 |
| **Total Equity** | | 426,147,596 | 386,808,911 | 366,453,813 | 332,182,853 |
| **Non-Current Liabilities** | | | | | |
| Hire-purchase payables - non-current portion | 20 | 21,281,685 | 13,687,932 | - | - |
| Term loan - non-current portion | 21 | - | 5,715,891 | - | - |
| Provision for retirement benefits | 22 | 281,722 | 246,348 | 24,842 | 21,823 |
| Deferred tax liabilities | 23 | 4,047,200 | 3,047,700 | - | - |
| **Total Non-Current Liabilities** | | 25,610,607 | 22,697,871 | 24,842 | 21,823 |

# STATEMENTS OF FINANCIAL POSITION
as of 30 June 2017
cont'd

| | Note | The Group 2017 RM | The Group 2016 RM | The Company 2017 RM | The Company 2016 RM |
|---|---|---|---|---|---|
| **Current Liabilities** | | | | | |
| Trade payables | 24 | 3,184,815 | 2,122,655 | - | - |
| Other payables and accrued expenses | 24 | 14,229,742 | 16,556,330 | 580,720 | 468,469 |
| Amount owing to subsidiary companies | 13 | - | - | 17,368 | 17,368 |
| Hire-purchase payables - current portion | 20 | 8,392,359 | 5,101,097 | - | - |
| Term loan - current portion | 21 | - | 945,561 | - | - |
| Tax liabilities | | 465,956 | 359,984 | 270,520 | 253,762 |
| **Total Current Liabilities** | | 26,272,872 | 25,085,627 | 868,608 | 739,599 |
| **Total Liabilities** | | 51,883,479 | 47,783,498 | 893,450 | 761,422 |
| **Total Equity and Liabilities** | | 478,031,075 | 434,592,409 | 367,347,263 | 332,944,275 |

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

# STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2017

| The Group | Note | Issued capital | Non-distributable reserves: Share premium | Non-distributable reserves: Translation reserve | Distributable reserve - Retained earnings | Total |
|---|---|---|---|---|---|---|
| | | RM | RM | RM | RM | RM |
| **As of 1 July 2015** | | 61,816,413 | 12,388,236 | 188,833 | 66,966,336 | 141,359,818 |
| Profit for the year | | - | - | - | 34,444,251 | 34,444,251 |
| Other comprehensive income | | - | - | 115,382 | - | 115,382 |
| Total comprehensive income for the year | | - | - | 115,382 | 34,444,251 | 34,559,633 |
| Arising from warrants exercised | | 684,431 | 1,370,546 | - | - | 2,054,977 |
| Arising from private placement | | 6,244,678 | 211,070,096 | - | - | 217,314,774 |
| Arising from dividend reinvestment plan | | 416,455 | 11,395,040 | - | (11,811,495) | - |
| Dividends | 25 | - | - | - | (677,018) | (677,018) |
| Corporate exercise expenses | | - | (7,803,273) | - | - | (7,803,273) |
| **As of 30 June 2016** | | 69,161,977 | 228,420,645 | 304,215 | 88,922,074 | 386,808,911 |
| **As of 1 July 2016** | | 69,161,977 | 228,420,645 | 304,215 | 88,922,074 | 386,808,911 |
| Profit for the year | | - | - | - | 36,829,371 | 36,829,371 |
| Other comprehensive income | | - | - | 109,523 | - | 109,523 |
| Total comprehensive income for the year | | - | - | 109,523 | 36,829,371 | 36,938,894 |
| Arising from warrants exercised | 18(i)(a) | 124,230 | 3,222,432 | - | - | 3,346,662 |
| Arising from dividend reinvestment plan | 18(i)(b) | 13,146,092 | - | - | (13,146,092) | - |
| Arising from bonus issued | 18(i)(c) | 209,108,876 | (209,108,876) | - | - | - |
| Dividends | 25 | - | - | - | (708,072) | (708,072) |
| Corporate exercise expenses | 18(i)(c) | - | (238,799) | - | - | (238,799) |
| Transfer arising from "no par value" regime | 19 | 22,295,402 | (22,295,402) | - | - | - |
| **As of 30 June 2017** | | 313,836,577 | - | 413,738 | 111,897,281 | 426,147,596 |

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2017

cont'd

| The Company | Note | Issued capital | Non-distributable reserve - Share premium | Distributable reserve - Retained earnings | Total |
|---|---|---|---|---|---|
| | | RM | RM | RM | RM |
| **As of 1 July 2015** | | 61,816,413 | 12,388,236 | 24,259,699 | 98,464,348 |
| Total comprehensive income for the year | | - | - | 22,829,045 | 22,829,045 |
| Arising from warrants exercised | | 684,431 | 1,370,546 | - | 2,054,977 |
| Arising from private placement | | 6,244,678 | 211,070,096 | - | 217,314,774 |
| Arising from dividend reinvestment plan | | 416,455 | 11,395,040 | (11,811,495) | - |
| Dividends | 25 | - | - | (677,018) | (677,018) |
| Corporate exercise expenses | | - | (7,803,273) | - | (7,803,273) |
| **As of 30 June 2016** | | 69,161,977 | 228,420,645 | 34,600,231 | 332,182,853 |
| **As of 1 July 2016** | | 69,161,977 | 228,420,645 | 34,600,231 | 332,182,853 |
| Total comprehensive income for the year | | - | - | 31,871,169 | 31,871,169 |
| Arising from warrants exercised | 18(i)(a) | 124,230 | 3,222,432 | - | 3,346,662 |
| Arising from dividend reinvestment plan | 18(i)(b) | 13,146,092 | - | (13,146,092) | - |
| Arising from bonus issue | 18(i)(c) | 209,108,876 | (209,108,876) | - | - |
| Dividends | 25 | - | - | (708,072) | (708,072) |
| Corporate exercise expenses | 18(i)(c) | - | (238,799) | - | (238,799) |
| Transfer arising from "no par value" regime | 19 | 22,295,402 | (22,295,402) | - | - |
| **As of 30 June 2017** | | 313,836,577 | - | 52,617,236 | 366,453,813 |

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

# STATEMENTS OF CASH FLOWS
for the year ended 30 June 2017

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES** | | | | |
| Profit for the year | 36,829,371 | 34,444,251 | 31,871,169 | 22,829,045 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 10,876,699 | 8,940,117 | - | - |
| Income tax expense | 7,645,086 | 5,738,622 | 2,395,542 | 1,350,041 |
| Finance costs | 1,392,920 | 1,494,579 | - | - |
| Amortisation of prepaid lease payments | 520,866 | 500,384 | - | - |
| Bad debts written off | 70,940 | 272,052 | - | - |
| Provision for retirement benefits | 34,572 | 35,168 | 3,019 | 2,788 |
| Property, plant and equipment written off | 40,974 | 27,696 | - | - |
| Interest income | (11,538,395) | (6,231,013) | (10,559,002) | (5,416,628) |
| (Reversal of impairment loss)/Impairment loss on trade receivables, net | (378,041) | 506,650 | - | - |
| Share of profits of an associate | (160,831) | - | - | - |
| Gain on disposal of property, plant and equipment | (53,500) | (1,500) | - | - |
| Dividend income from subsidiary company | - | - | (25,410,000) | (19,368,505) |
| Operating Profit/(Loss) Before Working Capital Changes | 45,280,661 | 45,727,006 | (1,699,272) | (603,259) |
| (Increase)/Decrease in: | | | | |
| Inventories | (338,277) | 409,607 | - | - |
| Trade receivables | (1,995,969) | 836,014 | - | - |
| Other receivables and prepaid expenses | (3,030,179) | (2,030,219) | (4,481) | 2,235 |
| Increase/(Decrease) in: | | | | |
| Trade payables | 1,062,160 | (1,096,496) | - | - |
| Other payables and accrued expenses | (2,326,588) | 3,473,818 | 112,251 | 92,498 |
| Cash Generated From/(Used In) Operations | 38,651,808 | 47,319,730 | (1,591,502) | (508,526) |
| Income tax refunded | 33,555 | 1,012,887 | - | - |
| Income tax paid | (6,974,234) | (6,407,092) | (2,378,784) | (1,210,624) |
| Net Cash From/(Used In) Operating Activities | 31,711,129 | 41,925,525 | (3,970,286) | (1,719,150) |

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017
cont'd

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES** | | | | |
| Additions to property, plant and equipment* | (14,307,348) | (3,797,344) | - | - |
| Additions to prepaid lease payments | (1,843,333) | - | - | - |
| Proceeds from disposal of property, plant and equipment | 143,029 | 192,837 | - | - |
| Interest received | 11,538,395 | 6,231,013 | 10,559,002 | 5,416,628 |
| Increase in deposits pledged with licensed banks | (965) | (1,971) | - | - |
| Decrease/(Increase) in deposits with licensed banks | 48,480,643 | (247,114,903) | 42,202,625 | (240,374,164) |
| Increase in deposits paid for property, plant and equipment | (366,659) | (1,105,120) | - | - |
| Subscription of investment in an associates | (5,500,000) | - | (5,500,000) | - |
| Subscription of investment in convertible bonds | (10,380,000) | - | (10,380,000) | - |
| Additional investment in subsidiary company | - | - | (1,510,344) | - |
| Decrease in amount owing by subsidiary companies | - | - | 8,010,611 | 15,354,621 |
| Net Cash From/(Used In) Investing Activities | 27,763,762 | (245,595,488) | 43,381,894 | (219,602,915) |

# STATEMENTS OF CASH FLOWS

for the year ended 30 June 2017
cont'd

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2017 | 2016 | 2017 | 2016 |
| | | RM | RM | RM | RM |
| **CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES** | | | | | |
| Repayment of term loan | | (6,661,452) | (5,729,537) | - | - |
| Payments of hire-purchase payables | | (6,539,785) | (4,348,719) | - | - |
| Finance costs paid | | (1,392,920) | (1,494,579) | - | - |
| Dividends paid | | (708,072) | (677,018) | (708,072) | (677,018) |
| Proceeds from allotment of shares | | 3,107,863 | 211,566,478 | 3,107,863 | 211,566,478 |
| Net Cash (Used In)/From Financing Activities | | (12,194,366) | 199,316,625 | 2,399,791 | 210,889,460 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 47,280,525 | (4,353,338) | 41,811,399 | (10,432,605) |
| Effect of exchange differences | | 94,348 | 78,505 | - | - |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | 27,396,729 | 31,671,562 | 11,446,470 | 21,879,075 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 26 | 74,771,602 | 27,396,729 | 53,257,869 | 11,446,470 |

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

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Purchase of: | | |
| Property, plant and equipment | 31,732,148 | 10,596,544 |
| Financed by: | | |
| Cash payments | 14,307,348 | 3,797,344 |
| Hire-purchase | 17,424,800 | 6,799,200 |
| | 31,732,148 | 10,596,544 |

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 13.

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

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

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 3 October 2017.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

**Adoption of new and revised MFRS**

In the current year, the Group and the Company have applied the new Standard and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting periods that begin on or after 1 July 2016 as follows:

| | |
|---|---|
| MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception |
| Amendments to MFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to MFRS 101 | Disclosure Initiative |
| Amendments to MFRS 116 and 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 116 and 141 | Agriculture: Bearer Plants |
| Amendments to MFRS 127 | Equity Method in Separate Financial Statement |
| Amendments to MFRSs contained in the document entitled | Annual Improvement MFRSs 2012 - 2014 Cycle |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

The adoption of these new Standard and Amendments to MFRSs did not have any effect on the financial performance or position of the Group and of the Company in the current year and prior period.

**Standards and Amendments in Issue but Not Yet Effective**

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments, which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

| | |
|---|---|
| MFRS 9 | Financial Instruments[1] |
| MFRS 15 | Revenue from Contracts with Customers[1] |
| MFRS 16 | Leases[2] |
| Amendments to MFRSs | Annual Improvements to MFRSs 2014 - 2016 Cycle[1] |

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided MFRS 15 is also applied.

The directors anticipate that the abovementioned 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 except as discussed below:

**MFRS 9 Financial Instruments**

MFRS 9 (IFRS 9 issued by IASB in July 2016) introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instruments (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

**MFRS 9 Financial Instruments** *cont'd*

Key requirements of MFRS 9: *cont'd*

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in MFRS 139. Under MFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

**MFRS 15 Revenue from Contracts with Customers**

In May 2016, MFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contract with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

**MFRS 15 Revenue from Contracts with Customers** *cont'd*

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Directors are currently assessing the impact on adoption of MFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group completes a detailed review.

**MFRS 16 Leases**

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowing rate.

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Group and 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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### Subsidiaries and Basis of Consolidation *cont'd*

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

### 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Business Combinations** *cont'd*

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

**Revenue**

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

Interest income is recognised using the effective interest method.

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

**Foreign Currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

**3. SIGNIFICANT ACCOUNTING POLICIES** *cont'd*

**Foreign Currency** *cont'd*

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

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

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

**Employee Benefits**

***(a) Short-Term Employee Benefits***

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

***(b) Post-Employment Benefits***

*(i) Defined Contribution Plan*

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

*(ii) Defined Benefit Plan*

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

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### Operating Leases

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

### Income Tax

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

#### *(a) Current Tax*

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

#### *(b) Deferred Tax*

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Income Tax** *cont'd*

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

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

**Goods and Services Tax ("GST")**

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset.

Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statements of financial position inclusive of GST receivable or GST payable.

GST receivable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

**Investment in Associates and Joint Ventures**

*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.

*Joint venture*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### Investment in Associates and Joint Ventures *cont'd*

*Accounting treatment*

On acquisition of an investment in associate or joint venture, 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 or joint venture's profit or loss for the period in which the investment is acquired.

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

Under the equity method, on initial recognition the investment in an associate or a joint venture 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 or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The financial statements of the associates and joint ventures 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 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. 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.

In the Company's separate financial statements, investments in associates and joint ventures 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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Impairment of Non-Financial Assets**

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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Investment in Subsidiary Companies**

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

**Property, Plant and Equipment**

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

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

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% |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Property, Plant and Equipment** *cont'd*

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

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

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

**Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements**

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

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

**Prepaid Lease Payments**

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

**Inventories**

Inventories, which consist of consumables, are stated at 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Provisions** *cont'd*

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

**Financial Instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

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

***(a) Financial Assets***

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

*(i) Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all transaction costs and other premiums or discounts) through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

*(ii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Financial Instruments** *cont'd*

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

*(iii) Impairment of Financial Assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*(iv) Derecognition of Financial Assets*

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 3. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

**Financial Instruments** *cont'd*

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

*(i) Classification as Debt or Equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and equity instrument.

*(ii) Equity Instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

*(iii) Financial Liabilities*

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

*(iv) Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*(v) Derecognition of Financial Liabilities*

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

**Statements of Cash Flows**

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

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 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:

***Classification of investment in convertible bonds***

During the financial year, the Company subscribed to convertible bonds of a foreign company ("the FC") for a total consideration of approximately RM10,380,000. The convertible bonds can be converted into fixed amount of equity shares subject to the terms and conditions of the agreement between the Company and the FC. The classification of convertible bonds depends on management's assessment on the features of the agreement such as purpose and design of agreement, controls and rights to decision-making process, and the existence of variable returns. The assessment by management on the features requires management to make certain judgements. The investment is further explained in Note 15.

### (ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

***Allowance for impairment***

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 5. SEGMENT REPORTING

### Business segments

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

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

| | The Group | | | |
|---|---|---|---|---|
| | Segment Revenue | | Segment Profit/(Loss) | |
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Express delivery | 246,121,466 | 213,917,645 | 45,717,968 | 40,278,960 |
| Logistics | 4,388,409 | 5,839,814 | (228,632) | 1,905,142 |
| Total | 250,509,875 | 219,757,459 | 45,489,336 | 42,184,102 |
| Finance costs (Note 8) | | | (1,392,920) | (1,494,579) |
| Reversal/(Impairment loss) on trade receivables - net (Note 16) | | | 378,041 | (506,650) |
| Profit before tax | | | 44,474,457 | 40,182,873 |

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. **SEGMENT REPORTING** *cont'd*

**Business segments** *cont'd*

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

| | The Group Carrying Amount Of Segment Assets And Liabilities | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| **Segment Assets** | | |
| Express delivery | 473,233,629 | 427,491,227 |
| Logistics | 2,881,478 | 5,586,282 |
| | 476,115,107 | 433,077,509 |
| Unallocated assets* | | |
| - Tax recoverable | 1,915,968 | 1,514,900 |
| | 478,031,075 | 434,592,409 |
| **Segment Liabilities** | | |
| Express delivery | 47,121,268 | 44,153,181 |
| Logistics | 249,055 | 222,633 |
| | 47,370,323 | 44,375,814 |
| Unallocated liabilities* | | |
| - Tax liabilities | 465,956 | 359,984 |
| - Deferred tax liabilities | 4,047,200 | 3,047,700 |
| | 51,883,479 | 47,783,498 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 5. SEGMENT REPORTING *cont'd*

**Business segments** *cont'd*

| | 2017<br>RM | 2016<br>RM |
|---|---|---|
| **Other segment information** | | |
| Additions to property, plant and equipment | | |
| - Express delivery | 31,161,120 | 10,397,313 |
| - Logistics | 211,028 | 199,231 |
| Depreciation and amortisation | | |
| - Express delivery | 10,975,113 | 9,048,509 |
| - Logistics | 422,452 | 391,992 |

* *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.*

**Geographical segments**

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

| | The Group<br>Revenue By<br>Geographical Market | |
|---|---|---|
| | 2017<br>RM | 2016<br>RM |
| Malaysia | 249,613,753 | 218,688,866 |
| Singapore | 896,122 | 1,068,593 |
| | 250,509,875 | 219,757,459 |

## 5. SEGMENT REPORTING *cont'd*

**Geographical segments** *cont'd*

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 | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Malaysia | 105,967,620 | 67,726,639 |
| Singapore | 172,709 | 313,050 |
| | 106,140,329 | 68,039,689 |

## 6. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Income from provision of express delivery services and logistics | 250,509,875 | 219,757,459 | - | - |
| Single-tier dividend income from subsidiary company | - | - | 25,410,000 | 19,368,505 |
| | 250,509,875 | 219,757,459 | 25,410,000 | 19,368,505 |

# 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 | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| Interest income | 11,538,395 | 6,231,013 | 10,559,002 | 5,416,628 |
| Reversal/(Impairment loss) on trade receivables - net (Note 16) | 378,041 | (506,650) | - | - |
| Gain on disposal of property, plant and equipment | 53,500 | 1,500 | - | - |
| Management fee receivable from subsidiary companies | - | - | 2,442,000 | 2,220,000 |
| Direct costs: | | | | |
| Transportation | (37,573,388) | (36,676,729) | - | - |
| Warehouse charges | (1,834,285) | (2,048,454) | - | - |
| Rental of premises | (10,787,661) | (6,898,931) | - | - |
| Directors' remuneration: | | | | |
| Fees | (189,600) | (118,800) | (189,600) | (118,800) |
| Salaries and other emoluments | (726,658) | (662,039) | (726,658) | (662,039) |
| EPF | (69,986) | (61,775) | (69,986) | (61,775) |
| Bad debts written off | (70,940) | (272,052) | - | - |
| Auditors' remuneration: | | | | |
| Statutory audit: | | | | |
| Auditors of the Company | (115,000) | (95,000) | (51,000) | (38,000) |
| Other auditors | (48,492) | (37,461) | - | - |
| Others | (5,000) | (5,000) | (5,000) | (5,000) |
| Realised loss on foreign exchange | (53,830) | (60,222) | - | - |
| Property, plant and equipment written off | (40,974) | (27,696) | - | - |
| Provision for retirement benefits (Note 22) | (34,572) | (35,168) | (3,019) | (2,788) |

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 RM10,223,350 and RM113,484 (2016: RM8,479,247 and RM113,484) respectively.

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

**Compensation of Key Management Personnel**

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

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Short-term employee benefits | 627,858 | 580,079 |
| Defined contribution plans | 69,986 | 61,775 |
| | 697,844 | 641,854 |

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

| | The Group and The Company | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Executive Directors: | | |
| Salaries and other emoluments | 627,858 | 580,079 |
| EPF | 69,986 | 61,775 |
| | 697,844 | 641,854 |
| Non-Executive Directors: | | |
| Fees | 189,600 | 118,800 |
| Other emoluments | 98,800 | 81,960 |
| | 288,400 | 200,760 |
| | 986,244 | 842,614 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 8. FINANCE COSTS

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Interest expense on: | | |
| Term loan | 101,975 | 533,859 |
| Hire-purchase | 1,290,945 | 893,062 |
| Short-term revolving credit | - | 67,658 |
| | 1,392,920 | 1,494,579 |

## 9. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| Estimated tax payable: | | | | |
| Current year | 6,262,356 | 5,498,426 | 2,447,632 | 1,370,000 |
| Under/(Over)provision in prior years | 383,230 | (368,523) | (52,090) | (19,959) |
| | 6,645,586 | 5,129,903 | 2,395,542 | 1,350,041 |
| Deferred tax (Note 23): | | | | |
| Current year | 1,254,500 | 202,719 | - | - |
| (Over)/Underprovision in prior years | (255,000) | 406,000 | - | - |
| | 999,500 | 608,719 | - | - |
| | 7,645,086 | 5,738,622 | 2,395,542 | 1,350,041 |

**9. INCOME TAX EXPENSE** *cont'd*

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| Profit before tax | 44,474,457 | 40,182,873 | 34,266,711 | 24,179,086 |
| Tax at tax rate of 24% | 10,673,870 | 9,643,890 | 8,224,011 | 5,802,981 |
| Effect of different tax rates | (57,129) | (25,982) | - | - |
| Tax effects of: | | | | |
| Income not taxable | - | (1,945) | (6,098,400) | (4,593,017) |
| Expenses not deductible | 2,221,515 | 1,328,453 | 322,021 | 160,036 |
| Tax incentive under pioneer status | (5,294,073) | (5,244,302) | - | - |
| Utilisation of deferred tax assets previously not recognised | (27,327) | - | - | - |
| Deferred tax assets not recognised | - | 1,031 | - | - |
| Under/(Over)provision in prior years: | | | | |
| Current tax | 383,230 | (368,523) | (52,090) | (19,959) |
| Deferred tax | (255,000) | 406,000 | - | - |
| Income tax expense | 7,645,086 | 5,738,622 | 2,395,542 | 1,350,041 |

The Finance (No. 2) Act 2014 gazetted on 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates.

Malaysian income tax is calculated at the statutory rate of 24% (2016: 24%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 24 January 2014, GD Express Sdn. Bhd., a wholly-owned subsidiary of the company, was granted pioneer status for a period of 5 years commencing 26 September 2012 under Promotion of Investments (Promoted Activities and Promoted Products) (Amendment) Order 2005. By virtue of the pioneer status, 70% of the statutory income of the subsidiary company during the period will be exempted from income tax. The existing pioneer status tax incentive will lapse on 25 September 2017. The Group is currently in the process of renewing the pioneer status incentive.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 10. EARNINGS PER ORDINARY SHARE

### Basic

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

| | The Group | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Profit attributable to owners of the Company | 36,829,371 | 34,444,251 |
| Weighted average number of ordinary shares | 5,549,336,936 | 5,181,835,024* |
| Basic earnings per ordinary share (sen) | 0.66 | 0.66 |

* *The effect of the Bonus Issue on the number of ordinary shares for the financial year ended 30 June 2016 has been adjusted as if these events had occurred on 1 July 2015.*

### 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 | |
|---|---|---|
| | 2017 RM | 2016 RM |
| Profit attributable to owners of the Company | 36,829,371 | 34,444,251 |
| Weighted average number of ordinary shares | 5,549,336,936 | 5,181,835,024 |
| Effect of dilution: | | |
| Warrants | 137,738,344 | - |
| Adjusted weighted average number of ordinary shares | 5,687,075,280 | 5,181,835,024 |
| Diluted earnings per share (sen) | 0.65 | 0.66 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 10. EARNINGS PER ORDINARY SHARE *cont'd*

**Diluted** *cont'd*

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

| | The Group Number of shares 2017 | The Group Number of shares 2016 |
|---|---|---|
| Warrants 2015/2020 (Note 18) | - | 186,921,344 |

## 11. PROPERTY, PLANT AND EQUIPMENT

| The Group | Leasehold buildings RM | Office equipment, furniture and fittings RM | Computer hardware and software RM | Tools and equipment RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As of 1 July 2015 | 6,451,732 | 12,164,216 | 9,854,312 | 6,320,554 | 50,786,404 | 9,672,674 | 95,249,892 |
| Additions | - | 625,489 | 883,681 | 460,616 | 7,974,438 | 652,320 | 10,596,544 |
| Disposals | - | - | - | - | (291,281) | - | (291,281) |
| Written off | - | (520,771) | (5,123,563) | (78,229) | - | (2,529,011) | (8,251,574) |
| Exchange differences | - | 4,221 | 443 | 635 | 68,771 | 11,850 | 85,920 |
| As of 30 June 2016/1 July 2016 | 6,451,732 | 12,273,155 | 5,614,873 | 6,703,576 | 58,538,332 | 7,807,833 | 97,389,501 |
| Additions | 3,686,666 | 1,093,072 | 2,510,070 | 1,336,137 | 20,149,508 | 2,956,695 | 31,732,148 |
| Disposals | - | (47,932) | (43,064) | - | (794,764) | - | (885,760) |
| Written off | - | (153,189) | (224,629) | (10,927) | - | (721,982) | (1,110,727) |
| Exchange differences | - | 3,357 | 583 | 505 | 54,697 | 9,425 | 68,567 |
| As of 30 June 2017 | 10,138,398 | 13,168,463 | 7,857,833 | 8,029,291 | 77,947,773 | 10,051,971 | 127,193,729 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

| The Group | Leasehold buildings RM | Office equipment, furniture and fittings RM | Computer hardware and software RM | Tools and equipment RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|
| **Accumulated Depreciation** | | | | | | | |
| As of 1 July 2015 | 693,440 | 6,207,104 | 7,773,770 | 2,850,912 | 24,982,329 | 6,880,961 | 49,388,516 |
| Charge for the year | 130,253 | 1,204,226 | 916,227 | 626,626 | 4,999,757 | 1,063,028 | 8,940,117 |
| Disposals | - | - | - | - | (99,944) | - | (99,944) |
| Written off | - | (497,929) | (5,119,430) | (77,936) | - | (2,528,583) | (8,223,878) |
| Exchange differences | - | 2,857 | 443 | 1 | 52,717 | 4,622 | 60,640 |
| As of 30 June 2016/1 July 2016 | 823,693 | 6,916,258 | 3,571,010 | 3,399,603 | 29,934,859 | 5,420,028 | 50,065,451 |
| Charge for the year | 179,408 | 1,222,237 | 1,139,215 | 736,659 | 6,497,514 | 1,101,666 | 10,876,699 |
| Disposals | - | (11,253) | (42,853) | - | (742,125) | - | (796,231) |
| Written off | - | (116,285) | (222,132) | (9,511) | - | (721,825) | (1,069,753) |
| Exchange differences | - | 2,531 | 400 | - | 47,200 | 6,040 | 56,171 |
| As of 30 June 2017 | 1,003,101 | 8,013,488 | 4,445,640 | 4,126,751 | 35,737,448 | 5,805,909 | 59,132,337 |
| **Net Book Value** | | | | | | | |
| As of 30 June 2017 | 9,135,297 | 5,154,975 | 3,412,193 | 3,902,540 | 42,210,325 | 4,246,062 | 68,061,392 |
| As of 30 June 2016 | 5,628,039 | 5,356,897 | 2,043,863 | 3,303,973 | 28,603,473 | 2,387,805 | 47,324,050 |

Included in property, plant and equipment of the Group are motor vehicles under hire-purchase arrangements with net book value of approximately RM42,971,800 (2016: RM25,547,000). These motor vehicles have been charged to local licensed banks for hire-purchase obligations as disclosed in Note 20.

In the previous year, the leasehold buildings of the Group with net book value amounting to RM5,628,039 together with the long-term leasehold land as disclosed in Note 12 were charged to a local licensed bank for credit facilities granted to certain subsidiary companies as disclosed in Note 21.

Included in the cost of property, plant and equipment of the Group is an amount of RM27,411,298 (2016: RM17,903,473) representing fully depreciated property, plant and equipment which are still in use by the Group.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 12. PREPAID LEASE PAYMENTS

| | The Group<br>Long-term leasehold land<br>RM |
|---|---|
| **Cost:** | |
| As of 1 July 2015 and 30 June 2016/1 July 2016 | 24,018,414 |
| Additions | 1,843,333 |
| As of 30 June 2017 | 25,861,747 |
| **Cumulative Amortisation:** | |
| As of 1 July 2015 | (2,802,391) |
| Amortisation for the year | (500,384) |
| As of 30 June 2016/1 July 2016 | (3,302,775) |
| Amortisation for the year | (520,866) |
| As of 30 June 2017 | (3,823,641) |
| **Residual Value:** | |
| As of 30 June 2017 | 22,038,106 |
| As of 30 June 2016 | 20,715,639 |

Prepaid lease payments relate to:

(i) Lease of land for the Group's factory building at No. 19, and lease of vacant land at No. 21 for car park purposes, located at Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia. These lands were amalgamated under the new land title at Lot No. PT43, Seksyen 20, which was issued on 27 August 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 39 years (2016: 40 years).

(ii) Lease of land for the Group's factory building at No. 17 Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The land for the factory building and office is leased over a period of 99 years expiring on 1 February 2058. The Group does not have an option to purchase the leasehold interest in land at the expiry of the lease period. The leasehold land is amortised over the period of its remaining lease term of 41 years (2016: 42 years).

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 12. PREPAID LEASE PAYMENTS *cont'd*

(iii) During the current financial year, GD Facilities & Assets Management Sdn. Bhd., a wholly-owned subsidiary of the Company, acquired a leasehold land for a consideration of RM5,530,000. The land located at 8½ Mile, Batu Kitang Road, Kuching, is leased over a period of 60 years expiring on 28 September 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 60 years (2016: Nil years).

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

## 13. INVESTMENT IN SUBSIDIARY COMPANIES

| | The Company | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Unquoted shares - at cost: | | |
| At beginning of year | 39,854,881 | 39,854,881 |
| Additions | 1,510,344 | - |
| At end of year | 41,365,225 | 39,854,881 |
| Less: Impairment loss | (444,277) | (444,277) |
| Net | 40,920,948 | 39,410,604 |

During the financial year, the Company increased its investment in a subsidiary company, GDEX Regional Alliance Pte. Ltd., by subscribing to 499,998 new ordinary shares for an amount of SGD499,998 (equivalent to RM1,510,344).

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 13. 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 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| **Direct subsidiary companies** | | | | |
| GD Express Sdn. Bhd. | Malaysia | 100 | 100 | Provision of express delivery services |
| GD Venture (M) Sdn. Bhd. | Malaysia | 100 | 100 | Provision of transportation services to related company |
| GD Technosystem Sdn. Bhd. | Malaysia | 100 | 100 | Rental of computer equipment to related company |
| GD Logistics (M) Sdn. Bhd.* | Malaysia | 100 | 100 | Engaged in logistics operations |
| GD Facilities & Assets Management Sdn. Bhd.* | Malaysia | 100 | 100 | Provision of facilities and assets management services |
| GD Valueguard Sdn. Bhd.* | Malaysia | 100 | 100 | Provision of insurance services |
| GD Express (Singapore) Pte. Ltd.* | Singapore | 100 | 100 | Provision of express delivery services |
| GDEX Regional Alliance Pte. Ltd.* | Singapore | 100 | 100 | Dormant |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 13. INVESTMENT IN SUBSIDIARY COMPANIES *cont'd*

| Name | Country of Incorporation | Proportion of ownership interest and voting power held by the Group 2017 % | 2016 % | Principal Activities |
|---|---|---|---|---|
| **Indirect subsidiary companies held through GD Logistics (M) Sdn. Bhd.** | | | | |
| GD Secured Solutions Sdn. Bhd.* | Malaysia | 100 | 100 | Engaged in logistics operations |
| GD Distribution Services Sdn. Bhd.* | Malaysia | 100 | 100 | Engaged in logistics operations |
| GD Customised Solution Sdn. Bhd.* | Malaysia | 100 | 100 | Engaged in logistics operations |

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

**Composition of the Group**

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

| Principal activities | Place of incorporation and operation | Number of wholly-owned subsidiaries 2017 | 2016 |
|---|---|---|---|
| Express Delivery | Malaysia | 5 | 5 |
| | Singapore | 2 | 2 |
| Logistics | Malaysia | 4 | 4 |
| | | 11 | 11 |

Amount owing by/(to) subsidiary companies, which arose mainly from management fees receivable, dividends receivables, unsecured advances and payments on behalf, is unsecured, interest-free and repayable on demand. Transactions with subsidiary companies are disclosed in Note 17.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 14. INVESTMENT IN AN ASSOCIATE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **Unquoted shares - at cost** | | | | |
| At beginning of year | - | - | - | - |
| Acquisition | 5,500,000 | - | 5,500,000 | - |
| At end of year | 5,500,000 | - | 5,500,000 | - |
| **Share of post acquisition reserve** | | | | |
| At beginning of year | - | - | - | - |
| Share of profits of an associate | 160,831 | - | - | - |
| At end of year | 160,831 | - | - | - |
| **Share of net assets** | 5,660,831 | - | 5,500,000 | - |

The details of an associate are as follows:

| Name | Country of incorporation | Effective interest held 2017 | Effective interest held 2016 | Principal activities |
|---|---|---|---|---|
| Web Bytes Sdn. Bhd. | Malaysia | 30% | - | Provision of software solution and other related activities |

On 18 November 2016, the Company entered into a Share Purchase Agreement ("SPA") with Teak Ventures Sdn. Bhd., to acquire 30% equity interest in Web Bytes Sdn. Bhd., for a total consideration of RM5,500,000. The acquisition has been completed on 16 December 2016 following the completion of Conditions Precedents stipulated in the SPA.

Summarised financial information of the associate 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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 14. INVESTMENT IN AN ASSOCIATE *cont'd*

| | 2017 RM |
|---|---|
| **Statement of financial position** | |
| Non-current assets | 189,284 |
| Current assets | 2,062,180 |
| Total assets | 2,251,464 |
| Current liabilities | (337,915) |
| Net assets of the associate | 1,913,549 |

| | 16.12.2016 to 30.06.2017 (7 months) RM |
|---|---|
| **Statement of comprehensive income** | |
| Revenue | 3,188,249 |
| Profit for the year | 536,102 |
| Share of profits of an associate | 160,831 |

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

| | 2017 RM |
|---|---|
| Proportion of net assets of the associate | 574,065 |
| Goodwill | 4,925,935 |
| | 5,500,000 |
| Share of profits of an associate | 160,831 |
| | 5,660,831 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 15. INVESTMENT IN CONVERTIBLE BONDS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| At beginning of year | - | - | - | - |
| Subscription | 10,380,000 | - | 10,380,000 | - |
| At end of year | 10,380,000 | - | 10,380,000 | - |

PT Satria Antaran Prima ("SAP"), a company incorporated in the Republic of Indonesia, is principally involved in the business of a service company specialised in the field of courier and cargo. On 24 November 2016, the Company entered into a Convertible Bonds Agreement ("CBA") with SAP, to subscribe the convertible bonds amounted to IDR30,000,000,000 (approximately RM10,380,000). The subscription was completed on 27 December 2016.

The subscription of the convertible bonds is part of the Group's regional expansion plan. The convertible bonds are non-interest bearing and it is convertible to 40% of the total issued and paid up share capital of SAP upon the occurrence of certain event within 5 years from the issue date of the convertible bonds.

As a result of certain rights as stipulated in the CBA, the management of the Company has determined that the Group has joint control over SAP. These rights over SAP include the following:

- Involvement in key divisions of SAP to support its operations
- Power to nominate the member of Board of Directors

As at year end, SAP recorded an aggregate assets of IDR48,380,130,592 (approximately RM15,578,000) and an aggregate liabilities of IDR46,591,483,472 (approximately RM15,002,000). For the period 27 December 2016 to 30 June 2017, SAP recorded a revenue of IDR63,995,773,977 (approximately RM21,079,000) and loss after tax of IDR10,507,169,769 (approximately RM3,460,000). As of the report date, the Company does not hold any contractual equity interest over the investment. Consequentially, the Company is not entitled to any share of profit or loss and other comprehensive income of the investment.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables consist of:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Trade receivables | 52,124,745 | 50,192,560 |
| Less: Allowance for impairment | (2,257,611) | (2,632,074) |
| Net | 49,867,134 | 47,560,486 |

The currency exposure profile of trade receivables is as follows:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Ringgit Malaysia | 51,941,270 | 49,732,612 |
| Singapore Dollar | 183,475 | 459,948 |
| | 52,124,745 | 50,192,560 |

Trade receivables of the Group represent amounts receivable for the provision of express delivery services and logistics. The credit periods granted to customers range from 30 to 60 days (2016: 30 to 60 days). No interest is charged on trade receivables. The Group has recognised an allowance for impairment against certain receivables based on estimated irrecoverable amounts determined by reference to past default experience of the Group and an analysis of the counterparty's current financial position.

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

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

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

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Past due: | | |
| 1 - 30 days | 19,038,652 | 5,671,830 |
| 31 - 60 days | 5,859,906 | 1,789,539 |
| > 60 days | 5,754,750 | 2,766,491 |
| Total | 30,653,308 | 10,227,860 |

Ageing of impaired receivables are as follows:

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Less than 1 year | - | 1,014,137 |
| More than 1 year | 2,257,611 | 1,617,937 |
| Total | 2,257,611 | 2,632,074 |

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

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| At beginning of year | 2,632,074 | 2,113,018 |
| Amount recognised | 1,348,196 | 1,025,203 |
| Amount recovered during the year | (1,726,237) | (518,553) |
| Net (Note 7) | (378,041) | 506,650 |
| Translation differences | 3,578 | 12,406 |
| At end of year | 2,257,611 | 2,632,074 |

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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Other receivables and prepaid expenses consist of:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Refundable deposits | 5,054,953 | 4,222,387 | 200 | 200 |
| Prepaid expenses | 5,698,360 | 3,714,199 | 27,699 | 23,218 |
| Other receivables | 1,461,361 | 878,614 | - | - |
| GST receivable | - | 2,636 | - | - |
| | 12,214,674 | 8,817,836 | 27,899 | 23,418 |

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 RM1,495,029 (2016: RM1,128,370).

The currency exposure profile of other receivables is as follows:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Ringgit Malaysia | 1,451,275 | 859,655 |
| Singapore Dollar | 10,086 | 18,959 |
| | 1,461,361 | 878,614 |

## 17. 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 Berhad. |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 17. RELATED COMPANY TRANSACTIONS *cont'd*

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **With related company, Yamato Asia Pte. Ltd.** | | | | |
| Advisory fees | (234,000) | (54,000) | (234,000) | (54,000) |
| **With subsidiary companies, GD Venture (M) Sdn. Bhd.** | | | | |
| Management fee | - | - | 610,500 | 555,000 |
| Dividends | - | - | 4,550,000 | - |
| **GD Express Sdn. Bhd.** | | | | |
| Management fee | - | - | 927,960 | 843,600 |
| Dividends | - | - | 20,060,000 | 19,175,000 |
| **GD Facilities & Assets Management Sdn. Bhd.** | | | | |
| Management fee | - | - | 293,040 | 266,400 |
| **GD Valueguard Sdn. Bhd.** | | | | |
| Management fee | - | - | 122,100 | 111,000 |
| **GD Logistics (M) Sdn. Bhd.** | | | | |
| Management fee | - | - | 488,400 | 444,000 |
| Dividends | - | - | 800,000 | - |
| **GD Technosystem Sdn. Bhd.** | | | | |
| Dividends | - | - | - | 193,505 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 18. ISSUED CAPITAL

| | | The Group and the Company | | | |
|---|---|---|---|---|---|
| | | 2017 | | 2016 | |
| | Note | Number of ordinary shares | | Amount | |
| | | 2017 | 2016 | 2017 RM | 2016 RM |
| **Authorised: Ordinary shares** | | - | 10,000,000,000 | - | 500,000,000 |
| **Issued and fully paid:** | | | | | |
| At beginning of year | | 1,383,239,537 | 1,236,328,268 | 69,161,977 | 61,816,413 |
| Allotment of shares pursuant to: | | | | | |
| - Warrants 2011/2016 exercised over ordinary shares of RM0.05 each | | - | 13,687,402 | - | 684,370 |
| - Warrants 2015/2020 exercised | 18(i)(a) | 2,187,361 | 1,220 | 124,230 | 61 |
| - bonus issue | 18(i)(c) | 4,182,177,519 | - | 209,108,876 | - |
| - private placement | | - | 124,893,548 | - | 6,244,678 |
| - DRP | 18(i)(b) | 8,632,275 | 8,329,099 | 13,146,092 | 416,455 |
| - Transfer from share premium | 19 | - | - | 22,295,402 | - |
| At end of year | | 5,576,236,692 | 1,383,239,537 | 313,836,577 | 69,161,977 |

The new Companies Act, 2016, which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

### (i) Ordinary Shares

During the financial year, the Company increased its issued and paid-up share capital from RM69,161,977, comprising 1,383,239,537 ordinary shares, to RM313,836,577, comprising 5,576,236,692 ordinary shares, as follows:

#### *(a) Exercise of Warrants 2015/2020*

Issuance of 2,177,319 new ordinary shares pursuant to the exercise of 2,177,319 Warrants 2015/2020 at an exercise price of RM1.53 per warrant during the period, before the effective date of Companies Act, 2016. The amount of RM108,866 and RM3,222,432 credited to the Company's issued capital and share premium, respectively.

Issuance of 10,042 new ordinary shares pursuant to the exercise of 10,042 Warrants 2015/2020 at the exercise price of RM1.53 per warrant after the effective date of Companies Act, 2016, with full amount of RM15,364 credited directly to the Company's issued capital.

## 18. ISSUED CAPITAL *cont'd*

### (i) Ordinary Shares *cont'd*

#### *(b) DRP*

The Company via the announcement on 7 December 2016 proposed to undertake a recurrent and optional dividend reinvestment plan that allows the shareholders to reinvest their dividend as new ordinary shares in the Company.

The rationale of the DRP are as follows:

(i) dividends that are reinvested are utilised to fund the continuing business growth and expansion plan, and for working capital of the Group;

(ii) improve liquidity of the Company's shares traded on the Main Market of Bursa Malaysia Securities Berhad; and

(iii) enhance and maximise shareholders' value via the subscription of new shares where the issue price of a new share shall be at discount and the subscription shall be free from any brokerage fees and other related transaction cost.

A total of 8,632,275 new ordinary shares at the issue price of RM1.5229 per share was issued pursuant to the exercise of DRP on 20 February 2017.

#### *(c) Bonus Issue*

A bonus issue of 4,182,177,519 new ordinary shares, on the basis of 3 bonus shares for every 1 existing ordinary share, was held through the capitalisation of RM209,108,876 from share premium on 13 June 2017. The bonus shares were listed on the Main Market of Bursa on 13 June 2017. In addition, an amount of RM238,799 was utilised out of the share premium for corporate exercise expenses.

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

The result of share premium account from the above exercises are described in Note 19.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 18. ISSUED CAPITAL *cont'd*

### (i) Ordinary Shares *cont'd*

The movements of bonus issue during the year are as follows:

| | The Group and the Company | |
|---|---|---|
| | 2017 | |
| | Number of ordinary shares | RM |
| At beginning of year | 1,383,239,537 | 69,161,977 |
| Warrants 2015/2020 exercised over ordinary shares | 2,187,361 | 124,230 |
| DRP | 8,632,275 | 13,146,092 |
| Balance before bonus issue | 1,394,059,173 | 82,432,299 |
| Bonus issue | 4,182,177,519 | 209,108,876 |
| At end of year | 5,576,236,692 | 291,541,175 |

### (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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 18. ISSUED CAPITAL *cont'd*

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

(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) During the financial year, as a result of the bonus issue exercise mentioned in Note (c) of issue of shares and debentures, 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 RM1.53 to RM0.3825 due to the bonus issue exercise as mentioned in Note 18(i)(c).

The movements of Warrants 2015/2020 during the year are as follows:

| | Number of Warrants 2015/2020 | |
|---|---|---|
| | **2017** | **2016** |
| At beginning of year | 179,153,694 | 179,154,914 |
| Exercised during the year | (2,187,361) | (1,220) |
| Balance before bonus issue | 176,966,333 | 179,153,694 |
| Bonus issue | 530,898,999 | - |
| At end of year | 707,865,332 | 179,153,694 |

## 19. RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| **Non-distributable:** | | | | |
| Share premium | - | 228,420,645 | - | 228,420,645 |
| Translation reserve | 413,738 | 304,215 | - | - |
| | 413,738 | 228,724,860 | - | 228,420,645 |
| **Distributable:** | | | | |
| Retained earnings | 111,897,281 | 88,922,074 | 52,617,236 | 34,600,231 |
| | 112,311,019 | 317,646,934 | 52,617,236 | 263,020,876 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 19. RESERVES *cont'd*

**Share premium**

| | Note | The Group and The Company 2017 RM | 2016 RM |
|---|---|---|---|
| At beginning of year | | 228,420,645 | 12,388,236 |
| Warrants exercised (before bonus issue) | 18(i)(a) | 3,222,432 | - |
| Bonus issue | 18(i)(c) | (209,108,876) | - |
| Warrants exercised | | - | 1,370,546 |
| Private placement | | - | 211,070,096 |
| Corporate exercise expenses | 18(i)(c) | (238,799) | (7,803,273) |
| DRP | | - | 11,395,040 |
| Transfer arising from "no par value" regime (Note 18) | | (22,295,402) | - |
| At end of year | | - | 228,420,645 |

In accordance with the transitional provisions of the Act, the amount standing to the credit of the Group's and of the Company's share premium account has become part of the Group's and of the Company's share capital. These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders.

However, the Group and the Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium account and capital redemption reserves in a manner as specified by the Act.

**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.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 20. HIRE-PURCHASE PAYABLES

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Total outstanding | 32,685,935 | 20,714,068 |
| Less: Interest-in-suspense | (3,011,891) | (1,925,039) |
| Principal outstanding | 29,674,044 | 18,789,029 |
| Less: Amount due within 12 months (shown under current liabilities) | (8,392,359) | (5,101,097) |
| Non-current portion | 21,281,685 | 13,687,932 |

The non-current portion is repayable as follows:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Within 1 - 2 years | 7,725,241 | 5,153,396 |
| Within 3 - 5 years | 13,556,444 | 8,534,536 |
| | 21,281,685 | 13,687,932 |

The interest rates implicit in these hire-purchase obligations ranges from 2.70% to 7.16% (2016: 2.80% to 7.16%) 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.

## 21. TERM LOAN

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Term loan | - | 6,661,452 |
| Less: Amount due within 12 months (shown under current liabilities) | - | (945,561) |
| Non-current portion | - | 5,715,891 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 21. TERM LOAN *cont'd*

The non-current portion is repayable as follows:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Within 1 - 2 years | - | 994,928 |
| Within 3 - 5 years | - | 3,307,441 |
| More than 5 years | - | 1,413,522 |
| | - | 5,715,891 |

The Group has fully repaid the term loan obtained from local licensed banks in the current financial year.

## 22. PROVISION FOR RETIREMENT BENEFITS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| At beginning of year | 246,348 | 210,356 | 21,823 | 19,035 |
| Charge to profit or loss (Note 7) | 34,572 | 35,168 | 3,019 | 2,788 |
| Translation adjustment | 802 | 824 | - | - |
| At end of year | 281,722 | 246,348 | 24,842 | 21,823 |

The most recent actuarial valuation of the defined benefit plan was carried out on 14 July 2015 by Mr. Sreedhar Menon, Fellow of the Society of Actuaries (SOA). 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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Discount rate | 5.00% | 5.00% | 5.00% | 5.00% |
| Monthly average staff turnover rate | 5.00% | 5.00% | 5.00% | 5.00% |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 22. PROVISION FOR RETIREMENT BENEFITS *cont'd*

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.

## 23. DEFERRED TAX LIABILITIES

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| At beginning of year | (3,047,700) | (2,438,981) |
| (Charge)/Credit to profit or loss (Note 9): | | |
| Property, plant and equipment | (959,118) | (1,096,279) |
| Trade receivables | (51,602) | 455,000 |
| Provision for retirement benefits | 11,220 | 32,560 |
| | (999,500) | (608,719) |
| At end of year | (4,047,200) | (3,047,700) |

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

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| **Deferred tax assets (before offsetting):** | | |
| Temporary differences arising from: | | |
| Trade receivables | 536,398 | 588,000 |
| Provision for retirement benefits | 56,220 | 45,000 |
| | 592,618 | 633,000 |
| Offsetting | (592,618) | (633,000) |
| Deferred tax assets (after offsetting) | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 23. DEFERRED TAX LIABILITIES *cont'd*

Deferred tax liabilities provided in the financial statements are in respect of the tax effects of the following: *cont'd*

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| **Deferred tax liabilities (before offsetting):** | | |
| Temporary differences arising from property, plant and equipment | (4,639,818) | (3,680,700) |
| Offsetting | 592,618 | 633,000 |
| Deferred tax liabilities (after offsetting) | (4,047,200) | (3,047,700) |

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 | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Unused tax losses | 173,066 | 286,929 |

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

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 24. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise mainly amounts outstanding for services rendered by suppliers. The average credit period granted to the Group is 30 days (2016: 30 days).

The currency exposure profile of trade payables is as follows:

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Ringgit Malaysia | 3,171,149 | 2,106,922 |
| Singapore Dollar | 13,666 | 15,733 |
| | 3,184,815 | 2,122,655 |

Other payables and accrued expenses consist of:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Other payables | 4,708,985 | 5,190,941 | 446,564 | 326,810 |
| Accrued expenses | 5,357,328 | 6,047,034 | 124,641 | 130,771 |
| Accrued staff costs | 3,263,594 | 4,413,296 | - | - |
| GST payable | 899,835 | 905,059 | 9,515 | 10,888 |
| | 14,229,742 | 16,556,330 | 580,720 | 468,469 |

The currency exposure profile of other payables is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Ringgit Malaysia | 4,471,880 | 4,968,046 | 446,564 | 326,810 |
| Singapore Dollar | 237,105 | 222,895 | - | - |
| | 4,708,985 | 5,190,941 | 446,564 | 326,810 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 25. DIVIDENDS

| | The Group and The Company | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| In respect of financial year ended 30 June 2016: | | |
| Dividend of 1.000 sen per share: | | |
| DRP (Note 18(i)(b)) | 13,146,092 | - |
| Cash | 708,072 | - |
| In respect of financial year ended 30 June 2015: | | |
| Dividend of 1.000 sen per share: | | |
| DRP | - | 11,811,495 |
| Cash | - | 677,018 |
| | 13,854,164 | 12,488,513 |

The directors proposed a dividend of 0.250 sen per share amounting to approximately RM13.9 million in respect of the financial year ended 30 June 2017. 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.

## 26. CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| Deposits with licensed banks | 289,578,088 | 286,096,997 | 270,296,667 | 263,124,599 |
| Cash and bank balances | 16,760,402 | 21,346,298 | 3,257,869 | 10,821,163 |
| | 306,338,490 | 307,443,295 | 273,554,536 | 273,945,762 |
| Less: Non cash and cash equivalents: | | | | |
| Deposits pledged with licensed banks | (64,515) | (63,550) | - | - |
| Deposits with licensed banks with maturity term more than 3 months | (231,502,373) | (279,983,016) | (220,296,667) | (262,499,292) |
| | 74,771,602 | 27,396,729 | 53,257,869 | 11,446,470 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 26. CASH AND CASH EQUIVALENTS *cont'd*

Deposits with licensed banks earn interest at rates ranging from 3.18% to 3.70% (2016: 2.95% to 4.55%) per annum. Deposits with licensed banks of the Group and of the Company have an average maturity term of 1 to 12 months (2016: 1 to 12 months).

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| | **RM** | **RM** | **RM** | **RM** |
| Ringgit Malaysia | 304,378,725 | 306,823,889 | 273,554,536 | 273,945,762 |
| Singapore Dollar | 1,959,765 | 619,406 | - | - |
| | 306,338,490 | 307,443,295 | 273,554,536 | 273,945,762 |

## 27. FINANCIAL INSTRUMENTS

**Capital Risk Management**

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

The capital structure of the Group consists of debt (as disclosed in Notes 20 and 21) and equity (as disclosed in Notes 18 and 19).

**Gearing Ratio**

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

| | The Group | |
|---|---|---|
| | **2017** | **2016** |
| | **RM** | **RM** |
| Debt | 29,674,044 | 25,450,481 |
| Equity | 426,147,596 | 386,808,911 |
| Debt to equity ratio (%) | 6.96 | 6.58 |

Debt consists of secured borrowings and hire-purchase payables.

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 27. 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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **Financial assets** | | | | |
| Loans and receivables: | | | | |
| Trade receivables | 49,867,134 | 47,560,486 | - | - |
| Other receivables and refundable deposits (Note 16) | 6,516,314 | 5,101,001 | 200 | 200 |
| Amount owing by subsidiary companies | - | - | 36,963,880 | 19,564,491 |
| Cash and bank balances | 16,760,402 | 21,346,298 | 3,257,869 | 10,821,163 |
| Deposits with licensed banks | 289,578,088 | 286,096,997 | 270,296,667 | 263,124,599 |
| **Financial liabilities** | | | | |
| Other financial liabilities: | | | | |
| Trade payables | 3,184,815 | 2,122,655 | - | - |
| Other payables and accrued expenses (Note 24) | 13,329,907 | 15,651,271 | 571,205 | 457,581 |
| Amount owing to subsidiary companies | - | - | 17,368 | 17,368 |
| Hire-purchase payables (Note 20) | 29,674,044 | 18,789,029 | - | - |
| Term loan (Note 21) | - | 6,661,452 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 27. 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.

### 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

## 27. 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 | 3 to 5 years RM | Total RM |
|---|---|---|---|---|---|
| **2017** | | | | | |
| **Financial liabilities** | | | | | |
| **Non-interest bearing:** | | | | | |
| Trade payables | | 3,184,815 | - | - | 3,184,815 |
| Other payables and accrued expenses | | 13,329,907 | - | - | 13,329,907 |
| **Interest bearing:** | | | | | |
| Hire-purchase payables | 3.26 | 9,837,466 | 8,634,235 | 14,214,234 | 32,685,935 |
| | | 26,352,188 | 8,634,235 | 14,214,234 | 49,200,657 |

| The Group | Weighted average effective interest rate (%) | Less than 1 year RM | 1 to 2 years RM | 3 to 5 years RM | More than 5 years RM | Total RM |
|---|---|---|---|---|---|---|
| **2016** | | | | | | |
| **Financial liabilities** | | | | | | |
| **Non-interest bearing:** | | | | | | |
| Trade payables | | 2,122,655 | - | - | - | 2,122,655 |
| Other payables and accrued expenses | | 15,651,271 | - | - | - | 15,651,271 |
| **Interest bearing:** | | | | | | |
| Hire-purchase payables | 3.26 | 5,997,274 | 5,857,822 | 8,858,972 | - | 20,714,068 |
| Term loan | 5.10 | 1,263,396 | 1,263,396 | 3,790,188 | 1,458,571 | 7,775,551 |
| | | 25,034,596 | 7,121,218 | 12,649,160 | 1,458,571 | 46,263,545 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 27. FINANCIAL INSTRUMENTS *cont'd*

**Liquidity Risk Management** *cont'd*

| | The Company | |
|---|---|---|
| | Less than 1 year | |
| | 2017 | 2016 |
| | RM | RM |
| **Financial liabilities** | | |
| **Non-interest bearing:** | | |
| Other payables | 571,205 | 457,581 |
| Amount owing to subsidiary companies | 17,368 | 17,368 |
| Financial guarantee contracts | - | 6,661,452 |

In 2016, the amounts included above for financial guarantee contracts are the maximum amount of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

**Fair Values**

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

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

**Hire-purchase payables and borrowings**

The fair values of hire-purchase payables and borrowings are estimated using discounted cash flow analysis based on current borrowing rates for similar type of borrowing/financing arrangements (Level 2 fair value measurements).

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 27. FINANCIAL INSTRUMENTS *cont'd*

**Hire-purchase payables and borrowings** *cont'd*

| | The Group | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | RM | RM | RM | RM |
| ***Financial Liabilities*** | | | | |
| Term loan (Note 21) | - | - | 6,661,452 | 6,862,965 |
| Hire-purchase payables (Note 20) | 29,674,044 | 29,365,634 | 18,789,029 | 18,244,276 |

## 28. RENTAL COMMITMENTS

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

| | The Group | |
|---|---|---|
| | Future Minimum Lease Payments | |
| | 2017 | 2016 |
| | RM | RM |
| Within 1 year | 228,969 | 248,442 |
| 1 - 2 years | 198,096 | 403,407 |
| | 427,065 | 651,849 |

## 29. CAPITAL COMMITMENTS

| | The Group | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Approved and contracted for: | | |
| Purchase of motor vehicles | 20,503,469 | 5,765,092 |
| Purchase of tools and equipment | 187,578 | 28,575 |
| | 20,691,047 | 5,793,667 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 30. CONTINGENT LIABILITIES - UNSECURED

| | The Company | |
|---|---|---|
| | 2017 | 2016 |
| | RM | RM |
| Corporate guarantee given to a bank for banking facilities granted to subsidiary companies | 86,500,000 | 90,180,000 |
| Corporate guarantee given to a supplier for credit facility granted to a subsidiary company | 50,000 | 50,000 |
| | 86,550,000 | 90,230,000 |

# NOTES TO THE FINANCIAL STATEMENTS
cont'd

## 31. SUPPLEMENTARY INFORMATION - DISLCOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2011, Bursa Malaysia Securities Berhad ("Bursa") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2011, Bursa further issued guidance on the disclosure and the prescribed format of disclosure.

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | RM | RM | RM | RM |
| **Total retained earnings:** | | | | |
| Realised | 109,616,788 | 85,815,153 | 52,617,236 | 34,600,231 |
| Unrealised | (4,047,200) | (3,047,700) | - | - |
| | 105,569,588 | 82,767,453 | 52,617,236 | 34,600,231 |
| Add: Consolidation adjustments | 6,327,693 | 6,154,621 | - | - |
| **Total retained earnings** | 111,897,281 | 88,922,074 | 52,617,236 | 34,600,231 |

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

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

# STATEMENT BY DIRECTORS

The directors of GD EXPRESS CARRIER BHD state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 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 2017 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The supplementary information set out on Note 31 on page 166, which is not part of the financial statements, is prepared in all material aspects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

**TEONG TECK LEAN** **LEE KAH HIN**

Kuala Lumpur,
3 October 2017

# DECLARATION BY THE DIRECTOR

## Primarily Responsible for the Financial Management of the Company

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

**LIM CHEE SEONG**

Subscribed and solemnly declared by the
abovenamed **LIM CHEE SEONG** at
**KUALA LUMPUR** on this 3rd day of October, 2017.

Before me,

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

# ANALYSIS OF SHAREHOLDINGS
as at 9 October 2017

| | | |
|---|---|---|
| Total number of Issued Shares | : | 5,576,236,692 |
| 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 | 149 | 1.60 | 3,590 | 0.00 |
| 100 – 1,000 | 663 | 7.11 | 366,976 | 0.01 |
| 1,001 – 10,000 | 4,292 | 46.05 | 24,060,010 | 0.43 |
| 10,001 – 100,000 | 3,604 | 38.67 | 115,551,040 | 2.07 |
| 100,001 – 278,811,833[1] | 608 | 6.52 | 1,612,615,868 | 28.92 |
| 278,811,834 and above[2] | 5 | 0.05 | 3,823,639,208 | 68.57 |
| **TOTAL** | **9,321** | **100.00** | **5,576,236,692** | **100.00** |

Notes:-

[1] *Less than 5% of issued shares.*
[2] *5% and above of issued shares.*

## LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

| No. | Name of Shareholders/Depositors | No. of Shares | % |
|---|---|---|---|
| 1 | MAYBANK NOMINEES (ASING) SDN BHD<br>*NOMURA SINGAPORE LIMITED FOR YAMATO ASIA PTE LTD (683567)* | 1,272,222,440 | 22.81 |
| 2 | GD EXPRESS HOLDINGS (M) SDN BHD | 709,466,084 | 12.72 |
| 3 | GD EXPRESS HOLDINGS (M) SDN BHD | 703,675,076 | 12.62 |
| 4 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE POST LIMITED* | 625,551,076 | 11.22 |
| 5 | HSBC NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)* | 512,724,532 | 9.19 |
| 6 | LEONG CHEE TONG | 150,150,940 | 2.69 |
| 7 | GD HOLDINGS INTERNATIONAL LIMITED | 113,951,644 | 2.04 |
| 8 | LAU WING TAT | 111,324,640 | 2.00 |
| 9 | LAU WING TAT | 104,097,156 | 1.87 |

# ANALYSIS OF SHAREHOLDINGS
as at 9 October 2017
cont'd

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

| No. | Name of Shareholders/Depositors | No. of Shares | % |
|---|---|---|---|
| 10 | DING MEI SIANG | 91,817,676 | 1.65 |
| 11 | AGNES CHAN WAI CHING | 75,286,540 | 1.35 |
| 12 | LOI SIEW HOONG | 59,439,336 | 1.06 |
| 13 | TEONG TECK LEAN | 55,888,068 | 1.00 |
| 14 | AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID | 46,684,244 | 0.84 |
| 15 | KONG HWAI MING | 40,965,596 | 0.73 |
| 16 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*PHILLIP SECURITIES PTE LTD FOR LAU CHEN HONG* | 31,860,968 | 0.57 |
| 17 | AMSEC NOMINEES (TEMPATAN) SDN BHD<br>*AMBANK (M) BERHAD FOR TEONG TECK LEAN (6186-1501)* | 27,047,500 | 0.49 |
| 18 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)* | 26,642,760 | 0.48 |
| 19 | UOB KAY HIAN NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)* | 25,650,548 | 0.46 |
| 20 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*PHILLIP SECURITIES PTE LTD FOR KONG HWAI MING* | 24,329,804 | 0.44 |
| 21 | GDEX FOUNDATION | 19,746,476 | 0.35 |
| 22 | HSBC NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR CACEIS BANK (LUX BR-UCITSCLT)* | 17,665,600 | 0.32 |
| 23 | TEONG TECK LEAN | 17,343,196 | 0.31 |
| 24 | CHAN MOON FOOK | 17,195,064 | 0.31 |
| 25 | TEONG TEIK CHEONG | 17,190,820 | 0.31 |
| 26 | CIMB GROUP NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR DBS BANK LTD (SFS-PB)* | 16,364,592 | 0.29 |
| 27 | CHIN CHEE SUE | 14,809,856 | 0.27 |
| 28 | CITIGROUP NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)* | 12,484,000 | 0.22 |
| 29 | MILLENNIUM SECTOR SDN BHD | 12,244,116 | 0.22 |
| 30 | TEONG TECK LEAN | 12,000,000 | 0.22 |
| | **TOTAL** | **4,965,820,348** | **89.05** |

# ANALYSIS OF SHAREHOLDINGS

as at 9 October 2017
cont'd

## DIRECTORS' SHAREHOLDINGS AS AT 9 OCTOBER 2017

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| **Name of Directors** | **No. of Shares** | **% of Issued Capital** | **No. of Shares** | **% of Issued Capital** |
| DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID | 46,684,244 | 0.84 | 8,716,552[a] | 0.16 |
| TEONG TECK LEAN | 121,941,800 | 2.19 | 2,050,753,308[b] | 36.78 |
| LIEW HENG HENG | 4,087,008 | 0.07 | - | - |
| ADI ARMAN BIN ABU OSMAN | - | - | - | - |
| WOO KENG LEONG | - | - | - | - |
| LIM CHEE SEONG | 326,000 | 0.01 | - | - |
| CHUA KHING SENG | - | - | - | - |
| HO SWEE FONG | - | - | - | - |
| LEE KAH HIN | 708,008 | 0.01 | - | - |

*Notes:-*

*[a] Deemed interested by virtue of his shareholdings in Essem Capital Sdn Bhd and Essem Corporation Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and disclosure is made pursuant to Section 59(11)(c) of the Companies Act, 2016 on interest held by his spouse and children in the Company and in DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Bank of Singapore Limited.*

*[b] Deemed interested by virtue of the substantial shareholdings of his interest in GD Express Holdings (M) Sdn Bhd, GD Holdings International Limited and GDEX Foundation pursuant to Section 8 of the Companies Act, 2016.*

# ANALYSIS OF SHAREHOLDINGS
as at 9 October 2017
cont'd

## SUBSTANTIAL SHAREHOLDERS AS AT 9 OCTOBER 2017

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| **Name of Substantial Shareholders** | **No. of Shares** | **% of Issued Capital** | **No. of Shares** | **% of Issued Capital** |
| TEONG TECK LEAN | 121,941,800 | 2.19 | 2,050,753,308[a] | 36.78 |
| GD EXPRESS HOLDINGS (M) SDN BHD | 1,413,141,160 | 25.34 | - | - |
| GD HOLDINGS INTERNATIONAL LIMITED | 617,865,672 | 11.08 | - | - |
| SINGAPORE POST LIMITED | 625,551,076 | 11.22 | - | - |
| SINGAPORE TELECOMMUNICATIONS LIMITED | - | - | 625,551,076[b] | 11.22 |
| TEMASEK HOLDINGS (PRIVATE) LIMITED | - | - | 625,551,076[b] | 11.22 |
| YAMATO ASIA PTE LTD | 1,272,222,440 | 22.81 | - | - |
| YAMATO HOLDINGS CO., LTD | - | - | 1,272,222,440[c] | 22.81 |

*Notes:-*

[a] *Deemed interested by virtue of his interest in GDEX Foundation (19,746,476 ordinary shares), his personal and spouse's Wang Herng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn Bhd (1,413,141,160 ordinary shares) and GD Holdings International Limited (617,865,672 ordinary shares) pursuant to Section 8 of the Companies Act, 2016.*

[b] *Deemed interested by virtue of its substantial shareholding in Singapore Post Limited pursuant to Section 8 of the Companies Act, 2016.*

[c] *Deemed interested by virtue of its substantial shareholding in Yamato Asia Pte Ltd pursuant to Section 8 of the Companies Act, 2016.*

# ANALYSIS OF WARRANTS-B HOLDINGS
as at 9 October 2017

| | | |
|---|---|---|
| No. of Warrants-B in issue | : | 707,865,332 Warrants-B |
| Issue Date | : | 6 February 2015 |
| Expiry date | : | 11 February 2020 |
| Exercise price per Warrant-B | : | RM0.3825 |

## ANALYSIS OF WARRANTS-B HOLDINGS

| Size of Holdings | No. of Holders | % of Holders | No. of Warrants-B | % of Issued Warrants-B |
|---|---|---|---|---|
| 1 – 99 | 119 | 6.42 | 6,512 | 0.00 |
| 100 – 1,000 | 522 | 28.16 | 181,612 | 0.03 |
| 1,001 – 10,000 | 584 | 31.50 | 2,702,428 | 0.38 |
| 10,001 – 100,000 | 480 | 25.89 | 17,418,500 | 2.46 |
| 100,001 – 35,393,265[1] | 146 | 7.87 | 241,386,784 | 34.10 |
| 35,393,266 and above[2] | 3 | 0.16 | 446,169,496 | 63.03 |
| **TOTAL** | **1,854** | **100.00** | **707,865,332** | **100.00** |

*Notes:-*

[1] *Less than 5% of issued Warrants-B.*
[2] *5% and above of issued Warrants-B.*

## LIST OF TOP 30 WARRANTS-B HOLDERS

| No. | Name of Warrants-B Holders | No. of Warrants-B | % |
|---|---|---|---|
| 1 | GD EXPRESS HOLDINGS (M) SDN BHD | 193,182,496 | 27.29 |
| 2 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*DBS VICKERS SECS (S) PTE LTD FOR SINGAPORE POST LIMITED* | 173,388,736 | 24.49 |
| 3 | HSBC NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR BANK JULIUS BAER & CO LTD (SINGAPORE BCH)* | 79,598,264 | 11.24 |
| 4 | LAU WING TAT | 22,338,000 | 3.15 |
| 5 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*PHILLIP SECURITIES PTE LTD FOR KONG HWAI MING* | 19,938,420 | 2.82 |
| 6 | TEONG TECK LEAN | 17,049,876 | 2.41 |
| 7 | GD EXPRESS HOLDINGS (M) SDN BHD | 16,000,000 | 2.26 |
| 8 | DING MEI SIANG | 13,505,016 | 1.91 |
| 9 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*PHILLIP SECURITIES PTE LTD FOR LAU CHEN HONG* | 12,805,320 | 1.81 |

# ANALYSIS OF WARRANTS-B HOLDINGS
as at 9 October 2017
cont'd

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

| No. | Name of Warrants-B Holders | No. of Warrants-B | % |
|---|---|---|---|
| 10 | LAU WING TAT | 11,076,848 | 1.56 |
| 11 | LOI SIEW HOONG | 9,157,800 | 1.29 |
| 12 | *UOB KAY HIAN NOMINEES (ASING) SDN BHD*<br>*EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)* | 8,623,284 | 1.22 |
| 13 | GD HOLDINGS INTERNATIONAL LIMITED | 7,290,080 | 1.03 |
| 14 | KONG HWAI MING | 6,025,432 | 0.85 |
| 15 | MILLENNIUM SECTOR SDN BHD | 4,857,600 | 0.69 |
| 16 | UOBM NOMINEES (ASING) SDN BHD<br>*UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR AURORA HOLDINGS PTE LTD* | 4,200,000 | 0.59 |
| 17 | TEONG TEIK CHEONG | 3,658,072 | 0.52 |
| 18 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR DBS VICKERS SECURITIES (SINGAPORE) PTE LTD (CLIENTS)* | 3,297,692 | 0.47 |
| 19 | RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br>*PLEDGED SECURITIES ACCOUNT FOR LOW BEE KIEW (CEB)* | 3,088,300 | 0.44 |
| 20 | GDEX FOUNDATION | 2,904,412 | 0.41 |
| 21 | KENANGA NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)* | 2,741,700 | 0.39 |
| 22 | CHAN MOON FOOK | 2,615,720 | 0.37 |
| 23 | LEW KIM TECK | 2,600,000 | 0.37 |
| 24 | CIMB GROUP NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR DBS BANK LTD (SFS-PB)* | 2,420,000 | 0.34 |
| 25 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*DBS VICKERS SECS (S) PTE LTD FOR TANG TAI MOY* | 2,282,124 | 0.32 |
| 26 | CHIN CHEE SUE | 2,178,308 | 0.31 |
| 27 | CITIGROUP NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)* | 2,117,160 | 0.30 |
| 28 | PUBLIC INVEST NOMINEES (ASING) SDN BHD<br>*EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)* | 2,072,100 | 0.29 |
| 29 | RHB NOMINEES (TEMPATAN) SDN BHD<br>*KWOK NGUK MOOI* | 1,830,700 | 0.26 |
| 30 | AFFIN HWANG NOMINEES (ASING) SDN BHD<br>*DBS VICKERS SECS(S) PTE LTD BEH HAN KHOON SAMUEL* | 1,563,120 | 0.22 |
| | **TOTAL** | **634,406,580** | **89.62** |

# ANALYSIS OF WARRANTS-B HOLDINGS
as at 9 October 2017
cont'd

## DIRECTORS' WARRANTS-B HOLDINGS AS AT 9 OCTOBER 2017

| Name of Directors | Direct Interest No. of Warrants-B | Direct Interest % of Issued Warrants-B | Indirect Interest No. of Warrants-B | Indirect Interest % of Issued Warrants-B |
|---|---|---|---|---|
| DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID | - | - | 376,000[a] | 0.05 |
| TEONG TECK LEAN | 18,569,876 | 2.62 | 293,495,252[b] | 41.46 |
| LIEW HENG HENG | 605,084 | 0.09 | - | - |
| ADI ARMAN BIN ABU OSMAN | - | - | - | - |
| WOO KENG LEONG | - | - | - | - |
| LIM CHEE SEONG | 48,000 | 0.01 | | |
| CHUA KHING SENG | - | - | - | - |
| HO SWEE FONG | - | - | - | - |
| LEE KAH HIN | - | - | - | - |

*Notes:-*

*[a] Deemed interested by virtue of the Warrants-B held by his children namely, Muffadzlee bin Ahmad Sufian (8,000 Warrants-B) and Suffaneena binti Ahmad Sufian (8,000 Warrants-B) pursuant to Section 59(11)(c) of the Companies Act, 2016 and in DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Bank of Singapore Limited (270,000 Warrants-B).*

*[b] Deemed interested by virtue of his interest in GDEX Foundation (2,904,412 Warrants-B), his personal and spouse's Wang Herng Tsuey, substantial shareholdings in GD Express Holdings (M) Sdn Bhd (209,182,496 Warrants-B) and GD Holdings International Limited (81,408,344 Warrants-B) pursuant to Section 8 of the Companies Act, 2016.*

# 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 30.06.2017 (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 | 58 years | 18,446,428 | - |
| (2) | 19 - 21, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan.(1) | Corporate Head Office, Distribution Hub and Vacant Land | 91,666 | 99 years lease expiring 13 August 2056 | 44 years | 7,266,614 | 20 June 2008 and 30 June 2009 |
| (3) | Sub-lots No. 1 - 4, 8½ Miles, Batu Kitang Road, 93250 Kuching, Sarawak. | Branch office, Distribution Hub and Warehouses | 26,886 | 60 years lease expiring 23 October 2076 | 60 years | 5,460,361 | |

*Note:*

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

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fourteenth Annual General Meeting of the Company will be held at Setia City Convention Centre, 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 6 December 2017 at 11.00 a.m. to transact the following businesses:-

**AGENDA**

**As Ordinary Business**

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2017 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 0.25 sen per ordinary share in respect of the financial year ended 30 June 2017.

**Ordinary Resolution 1**

3. To approve the payment of Directors' Fees of RM189,600.00 for the financial year ended 30 June 2017 and Benefits of RM43,500.00 payable for the period from 31 January 2017 to 30 June 2017.

**Ordinary Resolution 2**

4. To approve the payment of Directors' fees and Benefits payable to the Directors of the Company and its subsidiaries up to an aggregate amount of RM324,480.00 from 1 July 2017 until the next Annual General Meeting of the Company.

**Ordinary Resolution 3**

5. To re-elect the following Directors who retire pursuant to the Constitution of the Company:

   (a) Ms Liew Heng Heng **Ordinary Resolution 4**
   (b) Encik Adi Arman bin Abu Osman **Ordinary Resolution 5**
   (c) Mr Lee Kah Hin **Ordinary Resolution 6**

6. To re-appoint Messrs Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 7**

**As Special Business**

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

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

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

**Ordinary Resolution 8**

# NOTICE OF ANNUAL GENERAL MEETING
cont'd

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

"**THAT** Ms Liew Heng Heng who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution 9**

9. **Authority under Section 76 of the Companies Act, 2016 for the Directors to issue shares**

"**THAT** pursuant to 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**

10. **Proposed Renewal of the Authority to allot and issue new ordinary shares in GD Express Carrier Bhd ("GDEX Shares"), for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of GD Express Carrier Bhd the Option to elect to reinvest their cash dividend in new GDEX Shares**

"**THAT** pursuant to the DRP as approved by the shareholders at the Annual General Meeting held on 3 December 2013 and subject to the approval of the relevant regulatory authorities (if required), approval be and is hereby given to the Company to allot and issue such number of new GDEX Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new GDEX Shares shall be fixed by the Directors at not more than 10% discount to the adjusted five (5)-day volume weighted average market price ("**VMAMP**") of GDEX Shares immediately prior to the price-fixing date, of which the VMAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and issue price may not be less than the par value of GDEX Shares;

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

**Ordinary Resolution 11**

# NOTICE OF ANNUAL GENERAL MEETING
cont'd

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

"**THAT** approval be and is hereby given to the Company and its subsidiaries ("**Group**") to enter into and give effect to the specified recurrent related party transactions of a revenue or trading nature and with the specified classes of related parties as specified in Section 2.4 of the Circular to Shareholders dated 31 October 2017, 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 12**

# NOTICE OF ANNUAL GENERAL MEETING
cont'd

12. **Proposed Adoption of New Constitution of the Company**

    "**THAT** the existing Memorandum of Association and Articles of Association of the Company be and are hereby deleted in its entirety and that the new Constitution as set out Part B of the Circular to Shareholders dated 31 October 2017 be and is hereby adopted as the new Constitution of the Company."

    **Special Resolution**

13. 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.

BY ORDER OF THE BOARD

**TAI YIT CHAN** (MAICSA 7009143)
**TAN AI NING** (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
Date: 31 October 2017

***Notes:***

1. *A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.*

2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 November 2017 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

# NOTICE OF ANNUAL GENERAL MEETING
cont'd

***EXPLANATORY NOTES:-***

1. ***Item 1 of the Agenda***

   *The Agenda item is meant for discussion only as the provision of Section 340 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 2 and Item 3 of the Agenda***

   *There is an increase in the Directors' Fees from RM118,800.00 to RM189,600.00 for the financial year ended 30 June 2017. The proposed increase was taken into consideration of the financial stability of the Company and greater fiduciary duties held by Independent Non-Executive Directors of the Company. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for an increase of the fees for payment to the Independent Non-Executive Directors of the Company.*

   *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 current Directors' Benefits payable to the Independent Non-Executive Directors comprises meeting allowances.*

   *The proposed Ordinary Resolution 3 is to facilitate the payment of Directors' fees and Benefits payable on a current financial year basis, calculated based on the current Board size and the number of scheduled meetings. 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 AGM for the shortfall.*

3. ***Item 7 of the Agenda***

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

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

4. ***Item 8 of the Agenda***

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

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

# NOTICE OF ANNUAL GENERAL MEETING
cont'd

5. ***Item 9 of the Agenda***

*The Company had, at its Thirteenth AGM held on 6 December 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act, 2016 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.*

*Ordinary Resolution 10 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under 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 AGM.*

*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.*

6. ***Item 10 of the Agenda***

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

*Ordinary Resolution 11 proposed under item 10 of the Agenda will give authority to the Directors to allot and issue shares under the DRP in respect of dividend declared in this AGM and subsequently, until the conclusion of the next AGM. A renewal of this authority will be sought at the next AGM.*

7. ***Item 11 of the Agenda***

*The proposed adoption of the Ordinary Resolution 12 is a renewal of Shareholders' Mandate and new Shareholders' Mandate which will enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

*Please refer to the Circular to Shareholders dated 31 October 2017 for further information.*

8. ***Item 12 of the Agenda***

*The proposed Special Resolution, if passed, will align the Constitution of the Company with the new Companies Act, 2016 which came into force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout. Details of which as set out in Part B of the Circular to Shareholders dated 31 October 2017.*

***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.*

*This page has been intentionally left blank.*

**GD EXPRESS**

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

## PROXY FORM

| Number of shares held | |
|---|---|
| CDS Account No. | |

I/We, ______________________________________________ (Full Name in Block Letters),

(NRIC No./Passport No./Company No. ____________ ) of ______________________________

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

*Mr/Ms ______________________________ (NRIC/Passport No. ________________ )

of ______________________________________________ or failing whom

*Mr/Ms ______________________________ (NRIC/Passport No. ________________ )

of ______________________________________________

or failing *him/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Setia City Convention Centre, 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 6 December 2017 at 11.00 a.m. and at any adjournment thereof.

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

| NO. | RESOLUTIONS | | FOR # | AGAINST # |
|---|---|---|---|---|
| 1. | First and final single-tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 30 June 2017 | Ordinary Resolution 1 | | |
| 2. | To approve the payment of Directors' Fees for the financial year ended 30 June 2017 and Benefits payable for the period from 31 January 2017 to 30 June 2017 | Ordinary Resolution 2 | | |
| 3. | To approve the payment of Directors' Fees and Benefits of the Company and its subsidiaries from 1 July 2017 until the next Annual General Meeting of the Company | Ordinary Resolution 3 | | |
| 4. | Re-election of Ms Liew Heng Heng as Director | Ordinary Resolution 4 | | |
| 5. | Re-election of Encik Adi Arman bin Abu Osman as Director | Ordinary Resolution 5 | | |
| 6. | Re-election of Mr Lee Kah Hin as Director | Ordinary Resolution 6 | | |
| 7. | Re-appointment of Auditors and to authorise the Directors to fix their remuneration | Ordinary Resolution 7 | | |
| 8. | Authority for Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid to continue in office as Independent Non-Executive Director | Ordinary Resolution 8 | | |
| 9. | Authority for Ms Liew Heng Heng to continue in office as Independent Non-Executive Director | Ordinary Resolution 9 | | |
| 10. | Authority under Section 76 of the Companies Act, 2016 for the Directors to issue shares | Ordinary Resolution 10 | | |
| 11. | Proposed Renewal of the authority to allot and issue new ordinary shares in GD Express Carrier Bhd for the purpose of the Company's Dividend Reinvestment Plan | Ordinary Resolution 11 | | |
| 12. | Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate | Ordinary Resolution 12 | | |
| 13. | Proposed Adoption of New Constitution of the Company | Special Resolution | | |

*# Please indicate your vote "For" or "Against" with an "X" within the box provided.*
** Delete if not applicable.*

______________________________
Signature/Common Seal

Date : ________________

Contact No. : ________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

| | Percentage |
|---|---|
| Proxy 1 | % |
| Proxy 2 | % |
| Total | 100% |

*Fold This Flap For Sealing*

*Fold along this line (1)*

Please Affix
Stamp

The Company Secretary
**GD EXPRESS CARRIER BHD** (630579-A)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
MALAYSIA

*Fold along this line (2)*

***Notes:***

1. *A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 48 hours before the time set for the Meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 28 November 2017 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

***Personal Data Privacy:***

*By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2017.*

# OUR STATIONS

**HEADQUARTERS (PJ)**
03-7787 2222

**PENINSULAR MALAYSIA**

**Ajil**
09-682 6271

**Alor Gajah**
06-556 4440

**Alor Setar**
04-734 9636

**Ampang**
03-4280 1415

**Bahau**
06-454 0295

**Bandar Chiku**
09-928 4035

**Bangi**
03-8922 2184

**Banting**
03-3180 1601

**Batu Pahat**
07-435 2533

**Bayan Baru**
04-645 6525

**Benta**
09-323 9453

**Bentong**
09-223 5099

**Bukit Beruntung**
03-6021 3634

**Bukit Mertajam**
04-540 4480

**Butterworth**
04-313 2471

**Cheras**
03-9281 6951

**Damansara Perdana**
03-7722 3400

**Dungun**
09-848 1243

**Gemas**
07-948 1266

**Gemencheh**
06-431 9420

**Gua Musang**
09-912 6622

**Ipoh**
05-545 0596

**Jerantut**
09-266 2708

**Jerteh**
09-697 2737

**Jitra**
04-714 0403

**Johor Bahru**
07-333 5578

**Kajang**
03-8737 0988

**Kampar**
05-465 9448

**Kemaman**
09-858 3091

**Kepong**
03-6259 6220

**Keratong**
09-445 7433

**Klang**
03-3291 1768

**Kluang**
07-774 3362

**Kok Lanas**
09-788 3090

**Kota Bharu**
09-743 1800

**Kota Tinggi**
07-882 1322

**Kuala Krai**
09-966 3546

**Kuala Lipis**
09-312 4877

**Kuala Selangor**
03-3289 4727

**Kuala Terengganu**
09-620 3006

**Kuantan**
09-568 9033

**Langkawi**
04-961 0960

**Machang**
09-975 1160

**Malim Jaya**
06-334 0131

**Maran**
09-477 1573

**Melaka**
06-281 8033

**Melawati**
03-6187 3059

**Mentakab**
09-277 2100

**Mersing**
07-799 7027

**Muadzam Shah**
09-452 5888

**Muar**
06-953 9337

**Nilai**
06-797 1780

**Palong**
07-948 2253

**Parit Buntar**
05-716 9429

**Pasir Gudang**
07-252 0025

**Pekan**
09-422 2012

**Penang**
04-227 9358

**Perlis**
016-223 1775

**Pontian**
07-686 1430

**Port Dickson**
06-646 3372

**Port Klang**
03-3323 6063

**Puchong**
03-8060 0964

**Pulau Ketam**
03-3110 4076

**Rawang**
03-6091 5662

**Segamat**
07-932 8033

**Senai**
07-598 6578

**Serdang**
03-8945 3488

**Seremban**
06-767 0121

**Seri Iskandar**
05-371 1367

**Setiu**
09-609 9695

**Sg. Petani**
04-421 5580

**Shah Alam**
03-5548 7413

**Sitiawan**
05-691 0372

**Skudai**
07-511 1288

**Subang Jaya**
03-5631 0688

**Sungai Besar**
03-3224 1278

**Sungai Besi**
03-9221 0193

**Sungai Koyan**
012-9616 056

**Sungai Buloh**
03-7734 0172

**Taiping**
05-805 2401

**Tampin**
06-441 0304

**Tangkak**
012-783 4330

**Tanjung Malim**
05-459 9210

**Teluk Intan**
05-623 4635

**Triang**
09-255 1968

**Tun Hussein Onn**
03-8964 4547

**Ulu Tiram**
07-863 2533

**Wangsa Maju**
03-4142 0192

**Yong Peng/Paloh**
012-701 2719

**EAST MALAYSIA**

**SABAH**

**Beaufort**
019-851 1775

**Keningau**
087-330 589

**Kota Belud**
088-977 126

**Kota Kinabalu**
088-259 953

**Kota Marudu**
016-829 3868

**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**
085-737 789

**Bau**
082-763 164

**Bekenu**
016-873 2399

**Belawai**
014-894 6800

**Betong**
083-472 337

**Bintangor**
084-693 497

**Bintulu**
086-318 871

**Dalat**
084-864 250

**Daro**
084-823 786

**Kanowit**
084-752 899

**Kapit**
013-560 9977

**Kuching**
082-232 306

**Lawas**
085-285 369

**Limbang**
085-212 521

**Lundu**
019-819 1875

**Marudi**
085-765 560

**Miri**
085-434 148

**Mukah**
084-872 808

**Saratok**
083-436 450

**Sarikei**
084-654 108

**Serian**
082-876 618

**Sibu**
084-335 075

**Song**
084-777 261

**Sri Aman**
083-324 752

**Tatau**
011-1525 9963

**LABUAN**

**Labuan**
087-425 880

**SINGAPORE**

**Singapore**
65-6396 5539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