

BEYOND LOGISTICS SOLUTIONS

NATIONWIDE
EXPRESS



ANNUAL REPORT 2017

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BOARD OF DIRECTORS

**YBhg Tan Sri Siti Sa'diah
binti Sheikh Bakir**
Chairman
Independent, Non-Executive Director

Cik Rozilawati binti Haji Basir
Member
Non-Independent, Executive Director

Mr. Yong Kok Liew
Independent, Non-Executive Director

Encik Mukhnizam bin Mahmud
Member
Independent, Non-Executive Director

Puan Azizah binti Abdul Rahman
Member,
Independent, Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Mr. Yong Kok Liew
Chairman
Independent, Non-Executive Director

Encik Mukhnizam bin Mahmud
Member
Independent, Non-Executive Director

Puan Azizah binti Abdul Rahman
Member,
Independent, Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

**YBhg Tan Sri Siti Sa'diah
binti Sheikh Bakir**
Chairman
Independent, Non-Executive Director

Encik Mukhnizam bin Mahmud
Member
Independent, Non-Executive Director

REGISTERED OFFICE

Lot 11A, Persiaran Selangor,
Section 15,
40200 Shah Alam,
Selangor Darul Ehsan.
Tel No. : +603 5163 3333
Fax No. : +603 5518 2084
Email address : enquiry@nationwide2u.com
Website : www.nationwide2u.com

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel No. : +603 7841 8000
Fax No. : +603 7841 8151 / 8152

AUDITORS

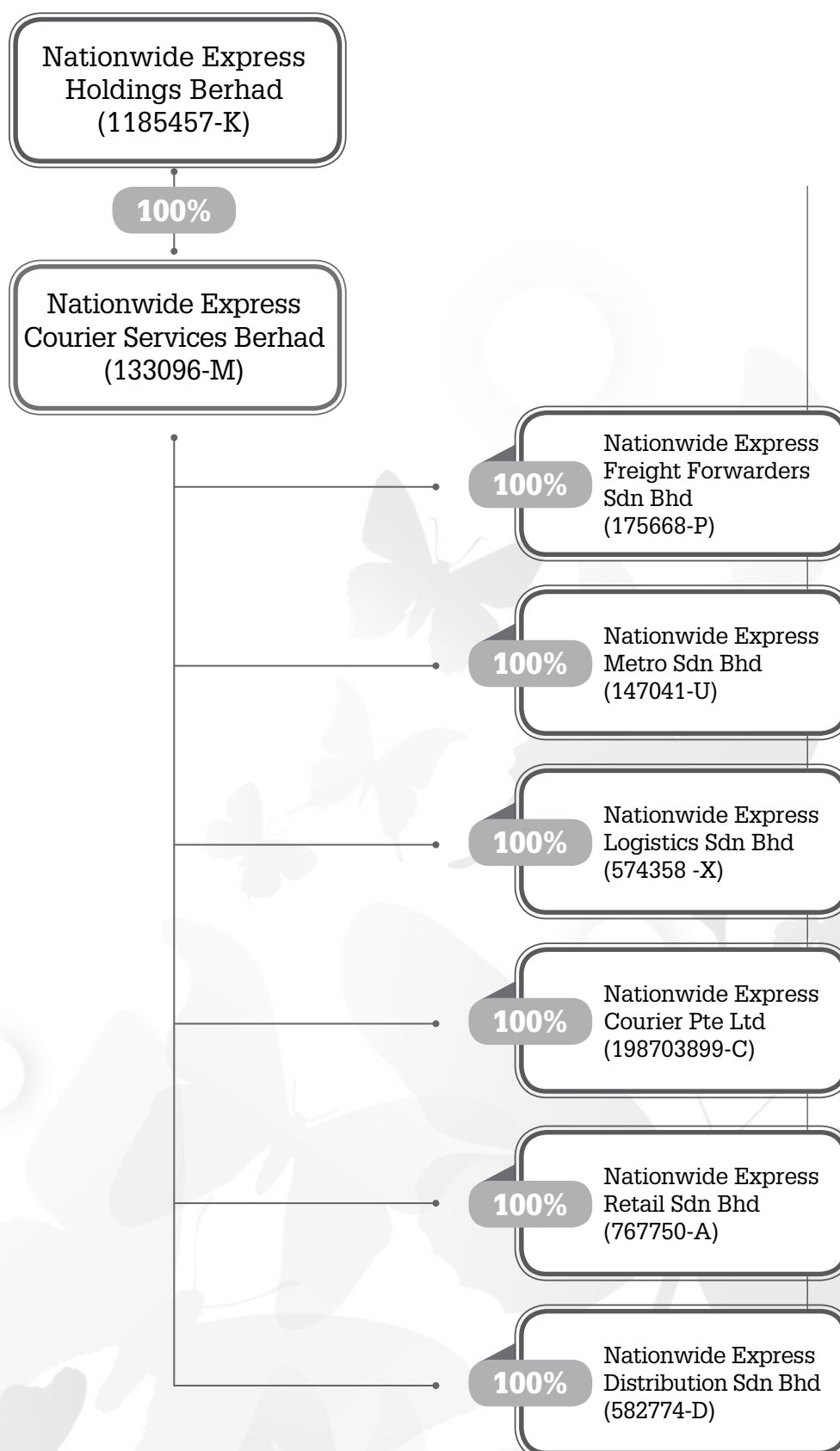
Messrs. Hanafiah Raslan & Mohamad
(AF:0002)
Chartered Accountants,
Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.
Tel No. : +603 7495 8723
Fax No. : +603 7495 7914 / 7994

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board,
Bursa Malaysia Securities Berhad



THE BRAND

Nationwide Express is a household name and a brand to be reckoned with! It is a brand that was introduced more than 32 years ago, and over the years had evolved into a brand name which is synonymous to courier and express delivery services in the Malaysian logistics scene.

Our brand image is communicated on the basis of our existing core values; namely Trustworthiness and Excellence Driven. Our objectives are simple yet compelling – to instil customers' loyalty and accentuate product superiority. In short, Nationwide Express is in a class above the rest!

We recognise that a strong brand is a valuable corporate asset, and we are aggressively formulating ongoing branding strategies to enhance the present image from a mere courier service to a total logistics service provider. In addition, various marketing and communication initiatives such as advertising, direct marketing, brand associations and public relations will further improve our market presence as well as awareness amongst all stakeholders. A strong brand like ours will not only reflect the services we offer, but portray what we stand for!

As a household name, we have been awarded numerous brand awards over the last few years. During the last financial year, we are proud to have made the following achievements:-

No.	Achievement	Category	Event	Organiser
1	Runner Up	Road Safety Excellence 2016 - Best Rider	#SampaiDenganSelamat Road Safety Championship & Carnival 2016 & e-Commerce Delivery Symposium & Awards 2017	Malaysian Communications & Multimedia Commission ("MCMC") and Association of Malaysian Express Carriers ("AMEC")
2	Top 5 Companies	Road Safety Excellence 2016	e-Commerce Delivery Symposium & Awards 2017	MCMC & AMEC
3	Champion	Operational Excellence - Best Delivery 2016	e-Commerce Delivery Symposium & Awards 2017	MCMC & AMEC
4	Top 5 Companies	Operational Excellence - Best Customer Service 2016	e-Commerce Delivery Symposium & Awards 2017	MCMC & AMEC

We shall continue to enhance Nationwide Express' brand market dominance, brand resilience, brand goodwill, customer loyalty and overall market acceptance. In raising our branding standard, we will strive to display our branding excellence especially in our business activities i.e. delivering our brand promises, enduring values and impeccable social and business standards. With this, we trust that Nationwide Express' excellent performance, achievement and conformity of products and services – assurance of quality, safety and reliability will be constantly recognised by all.

Nationwide Express' brand achievements are not only recognised as a mark of excellence achieved by us. It also provides Nationwide Express with a significant promotional asset which helps reassure consumers that they are making the right choice and encourages new consumers to join the brand franchise. The awards and recognitions bestowed on Nationwide Express strengthen our brand position, add prestige and set Nationwide Express apart from its competitors.

Nationwide Express provides "Beyond Logistics Solution". So, "Nationwide Express" your shipments anywhere and anytime!



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 1st Annual General Meeting of Nationwide Express Holdings Berhad will be held at Training Room, Nationwide Express Holdings Berhad, Lot 11A, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan on **30th day August 2017 at 03.00 p.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

No.	Agenda	Remarks
1.	To receive the Audited Financial Statements for the financial year ended 31st March 2017 and the Reports of the Directors and Auditors thereon.	Please refer to Note 1
2.	To approve the payment of Directors' fees for the ensuing financial year.	Ordinary Resolution 1
3.	To re-elect a Director, YBhg Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir , who retires in accordance with Article 75 of the Company's Articles of Association .	Ordinary Resolution 2
4.	To re-elect a Director, Puan Azizah binti Abdul Rahman , who retires in accordance with Article 75 of the Company's Articles of Association .	Ordinary Resolution 3
5.	To re-elect a Director, Cik Rozilawati binti Haji Basir , who retires in accordance with Article 75 of the Company's Articles of Association .	Ordinary Resolution 4
6.	To re-elect a Director, Encik Mukhnizam bin Mahmud , who retires in accordance with Article 75 of the Company's Articles of Association .	Ordinary Resolution 5
7.	To re-elect a Director, Mr. Yong Kok Liew , who retires in accordance with Article 75 of the Company's Articles of Association .	Ordinary Resolution 6
8.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7
9.	To transact any other ordinary business of which due notice shall have been given.	

BY ORDER OF THE BOARD

ROZILAWATI BINTI HAJI BASIR
Managing Director

Shah Alam, Selangor
8th August 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

1. Receiving of the Audited Financial Statements

Item 1 of the Agenda is intended for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders of the Audited Financial Statements. As such, this item is not put forward for voting.

2. Form of Proxy

- (i) A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of him/her. A proxy may but need not be a Member of the Company.
- (ii) Where a Member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
- (iii) A Member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, may appoint one (1) proxy in respect of each securities account.
- (iv) Where a Member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one (1) 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.
- (v) The instruments appointing a proxy in the case of individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.
- (vi) Only Members whose names appear in the Record of Depositors as at 23rd August 2017 will be entitled to attend, speak and vote at the meeting or appoint a proxy to attend, speak and vote instead of him/her.
- (vii) To be valid, the original instrument appointing a proxy must be deposited at tSymphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty eight (48) hours before the time appointed for holding the meeting and any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. NAME OF INDIVIDUALS STANDING FOR RE-ELECTION

The Directors who are standing for re-election are as follows:-

- **Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**, pursuant to Article 75 of the Company's Articles of Association;
- **Puan Azizah binti Abdul Rahman**, pursuant to Article 75 of the Company's Articles of Association; and
- **Cik Rozilawati binti Haji Basir**, pursuant to Article 75 of the Company's Articles of Association; and
- **Encik Mukhnizam bin Mahmud**, pursuant to Article 75 of the Company's Articles of Association.
- **Mr. Yong Kok Liew**, who retires in accordance with Article 75 of the Company's Articles of Association.

The profiles of the Directors standing for re-election are set out on page 32 to 34 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

A total of twelve (12) Board meetings were held in the financial year ended **31st March 2017**. The details of attendance of individual Directors at the Board Meetings held in the financial year ended **31st March 2017** are as follows:-

Directors	No. of Board Meetings Held	Attendance
* Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	12	5/5
Mr. Yong Kok Liew	12	12/12
Cik Rozilawati binti Haji Basir	12	12/12
**Encik Mukhnizam bin Mahmud	12	11/12
***Puan Azizah binti Abdul Rahman	12	5/5
****Dr. Roshayati binti Basir	12	-
*****Tan Sri Dato' Sulaiman bin Sujak	12	2/2
*****Dato' Adnan bin Shamsuddin	12	2/2

- * *Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir was appointed as Chairman and director of the Company effective 25th October 2016*
- ** *Encik Mukhnizam bin Mahmud was appointed as director of the Company effective 13th April 2016*
- *** *Puan Azizah binti Abdul Rahman was appointed as director of the Company effective 25th October 2016*
- **** *Dr. Roshayati binti Basir resigned as director of the Company effective 14th April 2016.*
- ***** *Tan Sri Dato' Sulaiman bin Sujak resigned as Chairman and director of the Company effective 31st May 2016.*
- ***** *Dato' Adnan bin Shamsuddin retired as director of the Company effective 30th August 2016.*

3. GENERAL MEETING HELD DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2017

Type : **30TH ANNUAL GENERAL MEETING**
 Date : 30th August 2016
 Time : 10.00 a.m.
 Venue : Training Room,
 Nationwide Express Courier Services Berhad,
 Lot 11A, Persiaran Selangor, Section 15,
 40200 Shah Alam, Selangor Darul Ehsan.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

4. DIRECTORS' SHAREHOLDINGS IN THE COMPANY & ITS SUBSIDIARIES

Directors	The Company		
	Direct	Indirect	The Subsidiaries
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	0	0	0
Mr. Yong Kok Liew	0	0	0
Cik Rozilawati binti Haji Basir	3,656,512	*65,898,512	0
Encik Mukhnizam bin Mahmud	2,600	0	0
Puan Azizah binti Abdul Rahman	0	0	0

* Deemed interested by virtue of her shareholdings in BHR Enterprise Sdn Bhd of more than 20% pursuant to Section 8 of the Companies Act, 2016.

* By virtue of her major indirect shareholdings in shares of the Company, she is also deemed interested in all shares of the Company's subsidiaries to the extent that the Company has an interest.

5. FAMILY RELATIONSHIPS WITH ANY DIRECTORS AND/OR MAJOR SHAREHOLDERS OF THE COMPANY

None of the Directors have family relationship with any Directors and/or major shareholders of the Company except for Rozilawati binti Haji Basir who has family relationships with BHR Enterprise Sdn Bhd, the major shareholder of the Company.

6. CONFLICT OF INTEREST

Save for that disclosed in the section on Related Party Transactions, none of the Directors have any conflict of interest with the Company and its subsidiaries.

7. LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST TEN (10) YEARS OTHER THAN TRAFFIC OFFENCES

None of the Directors have any conviction for offences within the past ten (10) years other than traffic offences.

8. OTHER INFORMATION

- **Status of Utilisation Of Proceeds Raised from Corporate Exercise**
No proceeds were raised by the Company from any corporate exercise during the financial year.
- **Share Buybacks**
During the financial year, the Company did not enter into any share buyback transactions.
- **Options, Warrants or Convertible Securities**
No options, warrants or convertible securities were exercised during the financial year.
- **American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programmes**
During the financial year, the Company did not sponsor any ADR or GDR programme.
- **Imposition of Sanctions and Penalties**
There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.
- **Non-Audit Fees**
There were no non-audit fees paid to the External Auditors during the financial year.
- **Profit Estimate, Forecast or Projection**
The Company did not release any profit estimate, forecast or projection for the financial year.
- **Profit Guarantee**
During the financial year, there were no profit guarantees given by the Company.
- **Material Contracts and Contracts relating to Loans**
There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries, which involve the Directors or major shareholders since the previous financial year ended 31st March 2017.

5 YEARS FINANCIAL REVIEW

FINANCIAL YEAR ENDED	31/03/13	31/03/14	31/03/15	31/03/16	31/03/17
TURNOVER (RM'000)	99,036	97,742	99,334	91,919	86,576
PROFIT/(LOSS) BEFORE TAXATION (RM'000)	(2,641)	(603)	945	(6,088)	(15,150)
TAXATION (RM'000)	(281)	(289)	(1,109)	(70)	(687)
PROFIT/(LOSS) AFTER TAXATION (RM'000)	(2,922)	(892)	(164)	(6,158)	(15,837)
SHAREHOLDERS' FUND (RM'000)	63,021	62,145	61,982	55,827	39,873
NET EARNINGS PER SHARE (SEN)	(4.90)	(1.50)	(0.30)	(10.2)	(13.2)

THE PRODUCTS & SOLUTIONS

Over the last 32 years, Nationwide Express has developed a range of dedicated products and solutions tailored to meet the demands of our discerning customers. Nationwide Express as a total logistics solutions provider, provides an array of products and solutions covering courier, freight forwarding, warehousing and so on.

A. Courier Products & Solutions

To instantly respond to our customers' urgent collections and delivery instructions, Nationwide Express adhere to rigorous express service standards of 24 hours deliveries within Peninsular Malaysia and 48 hours to East Malaysia. Courier products and solutions are categorised into 2 types, namely:-

1. Standard courier products and solutions
 - (a) Schedule Pick-up:
 - A pre-arranged shipments of daily express pick-up at pre-arranged address at scheduled time;
 - (b) Express Pick-up:
 - A shipment arrangement of non-schedule express pick-up by calling Nationwide Express' service hotline telephone numbers; and
 - (c) Express Lodge-in:
 - A self-drop-off of express shipment at any of our stations, drop-off centres and/or retail outlets.
2. Premium courier products and solutions
 - (a) NationCover:
 - An optional insurance protection programme for shipments against all risks during the course of carriage;
 - (b) Diplomat Service:
 - Usual task of day door-to-door rush delivery service within Malaysia;
 - (c) Late Pick-up:
 - An advanced arrangement, of late pick-ups, with a next-day delivery of shipment; and
 - (d) Early Delivery:
 - An advanced arrangement, of customer's most urgent shipments which can be delivered early in the morning.

B. Freight Forwarding Products & Solutions

We do not just deliver letters and small packages; we also offer the following freight forwarding products and solutions:

1. Freight Forwarding:
 - A movement of bulky shipments either console or chartered via land, sea and/or air;
2. Warehousing & Distribution (pick, pack & ship):
 - In addition to the traditional warehousing service of break bulking and repacking of consignments, we also offers direct delivery of goods from warehouse to customer and return collection of goods from customer to warehouse; and
3. Others:
 - A set of services which includes customs clearing services, co-loading, dangerous goods handling, customized logistics and excess baggage.

C. Customized Products & Solutions

Nationwide Express Metro focuses on the secure handling of sensitive materials and high value items. Customers can be rest assured knowing that all of their items entrusted to our dedicated are handled by a group of specially trained staff, and will be safely delivered to the final destination

1. High Value Items:
 - High value items are handled by dedicated team to ensure high value items are securely delivered utilizing special unit, separate sorting hub and special fleet of vehicles with guards, GPS and other security devices;
2. High Security Items:
 - Similar with the high value items, our team is dedicated to effectively handle sensitive material which demands high security; and
3. E-Commerce Fulfilment:
 - A service designed for online store front businesses. A logistics service from Nationwide Express that focuses solely on the e-commerce industry, which ensures that consignments purchased online are safely delivered to the buyer.
4. E-solutions:
 - E-shipping:
 - For the customer's convenience, we have introduced an e-solution known as Nationwide Express Internet Shipping (NEIS). This interactive solution is specially developed to enable the customers to prepare and manage shipments faster, smarter and more accurate. This e-shipping technology needs no special software or training.
 - The NEIS is an easy process that allows anyone with a PC and internet connection to fully utilize it. Customers can now print consignments on a regular sheet of paper or label printer by selecting from the online address book. By utilizing the NEIS, customers can avoid the hassle of searching for contact details, re-keying or writing on consignments, transcribing errors and manual usage management and tracking.
 - E-invoice:
 - Nationwide Express provide e-invoice for the Customers to view, save and print the invoices in PDF format; and
 - E-statement:
 - Customers are also given the option to view, save and print the statement of accounts.
5. Mailroom Management Services
 - Internal Mailroom:
 - A central point handling letters, documents and packages for business occupants within in a building;
 - External Mailroom:
 - Station in a premise handling outgoing letters, documents and packages for business occupants; and
 - Community Mailroom:
 - Benefit from in house logistics assistance on the spot and save costs. Equipped with a PC, our staff will increase your mailroom efficiency and promote the adoption of best practices.

6. Metrobox:

- A new product exclusively designed and recommended for high value shipments with enhanced security and protection features. It is the first product in the market that gives you peace of mind because of its durability, classified and convenient made from the high quality materials. It comes in four sizes; value, economy, super and maxi, ranging from 1 to 2 kg and equipped with special features:

- Tempered proof lid and edges;
- High quality material with security lock;
- Joints covered to prevent water ingress;
- Maximum inner protection;
- Anti-rust warranty; and
- Light weight equipment handles.

By using Metrobox, customers are worry free to send shipments which are of high-value, expensive, require top security protection, private and confidential (only your recipient is authorised to receive and open the box) and any unthinkable factors which customer might think impossible to send by courier delivery.

7. Pharmaceutical Dedicated Delivery – PDD

The growing demand in cold chain industry and in line with the government's "Good Distribution Practice" (GDP), Nationwide Express established the Pharmaceutical Dedicated Delivery (PDD) to better serve our customers.

Type of services provided:

- Room temperature delivery
- Temperature controlled delivery

Types of delivery:

1. Same day delivery
Special pick-up time arrangement for same day delivery.
2. Next day delivery
3. Special Ad-Hoc delivery
Hand carried by dedicated staff with definite time delivery
4. Chartered delivery

8. Establishment of 1 Call Centre Solution

To better serve our customers enquires and complaints, Nationwide Express Courier Services Berhad have implemented:-

- toll free telephone number NationCare 1-300-222-777;
- email nationcare@nationwide2u.com; and
- WhatApps at 011-12787757.

9. New look for our Economy Express (Econpack)

Plastic based material with bubble wrap inside for better storage and suitable to all sort of shipment. Available in two (2) sizes, 500gm and 1kg for destination within Peninsular Malaysia and Peninsular Malaysia to East Malaysia (vice versa).

APPROACH

Nationwide Express is committed towards Corporate Sustainability ("CS"), as part of our commitment to bring about positive change in the environment, community, workplace and marketplace whilst conducting our daily business. At Nationwide Express, we conduct our business, both in the way we carry out our operations and in the services we offer, in a manner that acknowledges, measures and takes responsibility for our direct and indirect impact on the Environment, the Workplace, the Community and the Marketplace.

We adopt CS by integrating open and transparent business practices into our business operations which are based on ethical values and respect for employees, communities and the environment. The way we do business is designed to deliver sustainable value to the society at large and to all stakeholders, including our shareholders.

Our CS program is based on the Bursa Malaysia's Powering Business Sustainability – A Guide For Directors and CS Framework set by Bursa Malaysia which acts as a guide for the public listed companies in implementing and reporting on CS. Nationwide Express inculcates the culture of CS by disclosing our CS activities as well as engages CS as part of the way we work and think.

Our CS program looks at four (4) main focal areas namely the Environment, the Workplace, the Community and the Marketplace. In instilling good CS practice, Nationwide Express remains focused on excellent economic performance, superior social practices and good environmental practices.

CS MISSION STATEMENT

The Company views CS as an integral part towards sustaining to be relevant and competitive in the industry. To create long term value for our stakeholders, we will build on our platform of supporting good corporate governance by embedding environmental and social considerations into our operations.

At Nationwide Express, we fully understand the ethical imperative to be good corporate citizens and are dedicated to managing our business activities in a manner that is professional and ethically correct. In line with our mission, 'Nationwide Express D.E.L.I.V.E.R.S.', we believe in delivering the best to all our stakeholders.

CS CHARTER

The CS Charter sets out Nationwide Express' commitments towards CS and provides our stakeholders with an outline of what CS means to the Company.

- **Marketplace**
We are committed in building a sustainable, innovative and competitive marketplace which is receptive to the needs of our stakeholders and takes into consideration the key social and environmental issues to aid in the formulation of best practices
- **Accountability & Transparency**
We are committed towards upholding the highest local and international standards of corporate governance and corporate ethics.
- **People**
We want to be recognized as a responsible employer, offering fair employment practices and remuneration, a safe working environment, provides training and support for skill enhancement, ensuring work-life balance. We aspire to be a company that respects all employees and promote human rights within our sphere of influence.
- **Environment**
We work to embed environment friendly management system in our operational process to reduce our environmental impact. We also recognise the importance of improving the environment in which we operate and we endeavour to influence and encourage our employees, vendors, customers and partners to address this need.
- **Community Investment**
We work to engage with and support the sustainable development of local communities.
- **Commitment to CS improvement**
We will continuously review and develop our CS practices and strategies.

CORPORATE SUSTAINABILITY STATEMENT

MAIN FOCAL AREAS

Environment

Although Nationwide Express' overall environmental impact is indirect, we still strive to manage our operations in a manner which reduces consumption of resources and waste. In FY 2016/2017, the Company continued with its paper usage reduction and recycling initiatives.

Vehicles are one of our main assets and we acknowledge that vehicles contribute to pollution which eventually contributes to the climate change and global warming. As such, we strive to ensure that we keep to our five (5) years vehicle replacement programme and ensuring that one our vehicles maintained accordingly. This will be an important element in the Company's support of climate change issues as we endeavour to reduce our own energy use and carbon dioxide output.

During the year the following activities were recorded:-

- We worked towards minimising our greenhouse gas emissions by implementing more energy-saving initiatives, such as continuing with our five (5) years vehicle replacement programme.
- We carried out more conservation efforts through initiatives such as recycling the paper usage, utilizing energy saving light bulbs, etc.

Workplace

We strive to maintain high standards of recruitment, development and retention of employees. We have several initiatives in the workplace aimed at being a sustainable employer of choice. A number of steps were taken during the year as follows:-

- We enhanced our corporate governance practices with the review of our whistleblower policy and procedure, fostering an environment where integrity and ethical behaviour are encouraged and maintained..
- We made improvements with regards to employee engagement. Our intranet is now a focal point for employees to access timely and comprehensive information and current developments in the Company. We also maintained other employee engagement activities amongst others various sports and recreational activities.
- We continued to focus on talent development by offering our employees many learning opportunities via our in-house as well as external training programmes.
- To inculcate the spirit of sportsmanship and kindred amongst the employees, sports activities were held throughout the year. The Company's bowling, football and futsal teams were established based from the tournaments held. These teams shall then represent the Company in any friendly match held with our customers, government agencies and/or by the industry.

Community

Community investment (CI) at Nationwide Express refers to how our invested or donated money, time, products, services, influence, management knowledge and other resources make a positive contribution to deserving local communities. Community investment at Nationwide Express will include cash and donations in-kind to organisations, corporate incentives for employee contribution and employee volunteer programs.

Nationwide Express views CI as a long-term effort to creating meaningful impact for the communities surrounding us. Our CI efforts aim to:-

- improve the quality of life through enhanced education for the young;
- provide opportunities for the underprivileged;
- encourage employee volunteerism; and
- generate sustainable acceptance and appreciation by communities.

Initiatives undertaken during the year under review included the following:-

- We empowered more youth in the community through our internship programmes. We participated in TalentCorp and MCMC's initiative of structured internship programme.





■ **Community (cont'd)**

- We strengthened our connection to the community with the help of employee volunteers especially for the National Cancer Society activities.
- Blood donation drive was held every six (6) months at Nationwide Express. The event was organized by Kelab Sukan dan Kebajikan Nationwide (KSKN) and the National Blood Bank at the Corporate Office of Nationwide Express. The event was an expression of Nationwide Express' effort in helping to ensure sufficient supply of safe and quality blood supply for the Malaysian medical purposes.
- As a responsible logistics provider, we worked with the government agencies, our customers, NGOs and the community to assist in transporting the flood relief to the affected areas.

■ **Marketplace**

Many important stakeholders are found in the Marketplace such as shareholders, suppliers, customers, Participating Organisations, Government Departments and Agencies, Regulators and Industry Associations.

Nationwide Express believes in interacting responsibly with these groups in various ways, such as supporting the market with good products and services, engaging in ethical procurement and organizing frequent dialogues. We consult industry players as part of our product development process, and in making business decisions on issues, which have an impact on them.

The following were the key Marketplace initiatives undertaken during the year:-

- We continued to invest in product and service development to enhance our services, efficiency and productivity.
- We further improved our risk management system, establishing crisis management processes.
- We were re-certified for ISO 9001:2008, providing assurance of our commitment to continuous improvement and customer satisfaction.
- We participated in the third #SampaiDenganSelamat 2016 Championship & Carnival organised by the Malaysian Communications & Multimedia Commission and the Association of Malaysian Express Carriers to inculcate safety driving amongst the employees of the courier industry.

■ **Material Contracts and Contracts relating to Loans**

There were no material contracts and contracts relating to loans entered into by the Company and its subsidiaries, which involve the Directors or major shareholders since the previous financial year ended 31st March 2017.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Nationwide Express Holdings Berhad ("the Board") is committed to ensure that the highest standards of Corporate Governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to safeguard the shareholders' investment and ultimately enhance shareholders' value.

In view of this, the Board has taken steps to ensure compliance with the Malaysian Code of Corporate Governance as follows:-

A. BOARD OF DIRECTORS

Composition of the Board

The Board currently consists of five (5) members, comprising four (4) Non-Executive Directors and one (1) Executive Director. Four (4) of the Non- Executive Directors are independent. The profile of each Director is set out in the Profile of Directors on pages 32 to 34 of the Annual Report.

The roles of the Chairman and the Managing Director are separate with clear distinction of responsibilities between them to provide effective leadership of the Board and the Group.

The Chairman, who is an Independent Non-Executive Director, is primarily responsible for ensuring that the Board meets regularly throughout the year and the meetings are conducted in an orderly manner. The Chairman also plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group and encourages healthy debate on issues arising at the Board meetings to ensure that decisions are arrived after taking into consideration the interests of shareholders, employees, customers and other stakeholders. The Chairman also bears the responsibility of ensuring the integrity and effectiveness of the Non-Executive Directors.

The Managing Director is responsible for the day-to-day management of the Group's businesses, which include implementing the policies and decisions of the Board, overseeing the operations to ensure organizational effectiveness, and managing the development and implementation of the Company's business and corporate strategies. The Managing Director reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at Board meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments.

The Board has a well-balanced number of Non-Executive Directors, with more than one-third Independent Non-Executive Directors. The Board has ensured the appointment of the Independent Directors who are not member of the management and the appointees are free of any relationship which could interfere with the exercise of independent opinion and the ability to act in the best interest of the Group. The Board is of the view that its four (4) Independent Non-Executive Directors who have extensive knowledge and experience are justifiable to represent the investment of the public and minority interests.

The Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. Together they play an important role in ensuring that the strategies proposed by the management are fully deliberated and examined, taking into account the long term interest of the shareholders, employees, customers and the many communities in which the Group conducts its business.

Board Responsibilities

The Board retains full and effective control of the Group. This includes responsibilities for determining the Company's overall strategic direction as well as development and control of the Group. Key issues such as approval of all corporate announcements including the announcement of the quarterly financial results prior to releasing them to Bursa Securities as well as material agreements, major capital expenditures, budgets and succession planning for the top management are reserved for the Board.

A. BOARD OF DIRECTORS (Cont'd)

Board Responsibilities (Cont'd)

The Board has delegated specific responsibilities to the respective Committees of the Board which operate within clearly defined terms of reference. The Board Committees consist of Audit Committee, Nomination Committee, Remuneration Committee and the Risk Management Committee. The Board Committees comprise members of the Board, and each Board Committee holds separate meetings throughout the financial year. Meetings of the Board Committees provide an avenue for members of the respective Committees to focus on specific issues to enable full and in-depth discussion of business operations of the Group. Reviews, recommendations, findings and decisions reached at these Board Committees Meetings are reported directly to the Board for its deliberations, approvals and/or endorsements. The members of the various Board Committees are set out on page 2 of this Annual Report.

Board Meetings & Supply of Information to the Board

Board meetings are scheduled in advance at the beginning of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules. The Board has at least four (4) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Informal meetings and consultations are frequently and freely held to share expertise and experience. A total of twelve (12) Board meetings were held during the financial year. Details of the Directors' meetings attendances are disclosed on page 7 of this Annual Report.

To assist the Board in retaining full and effective control of the Group through reviews in the Meetings, the Board deliberates on a formal agenda and schedule of matters arising for approval or notation. During the financial year ended 31st March 2017, the Board reviewed and approved, amongst other matters, the Group's Business Plans and Budget, as well as the financial results and performance of the Group's businesses. The Board also reviewed and approved the acquisition and disposal of assets or investment of the Company and its subsidiaries that are material to the Group.

The Board as a whole determines, whether as a full Board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense. Directors also have direct access to the advice and services of the Group's Company Secretary who is responsible for ensuring that Board procedures are followed.

Appointments and Re-election of the Board

The Board has implemented procedures for the nomination and election of Directors via the Nomination Committee. Comprising mainly Independent Non-Executive Directors, the Nomination Committee is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees. The Nomination Committee meets as and when required, and at least once every financial year. Newly appointed Directors are briefed by the Chairman, Company Secretary and members of the management on the nature of business and current issues within the Company and the Group. Newly appointed Directors are also given the opportunity to visit and familiarize themselves with the Company's operations to better understand the Company's business.

The Articles of Association of the Company provide that at the first annual general meeting (AGM) of the Company, all the Directors shall retire from office and at least one-third of the Board are subject to retirement by rotation at each subsequent AGM. The Directors to retire in each year are the Directors who have been longest in the office since their appointment and re-appointment. The Articles of Association of the Company also provide that all the Board members shall retire from office at least once in each three (3) years and shall be eligible for re-election.

Independence of Directors

Each of the four (4) Independent Non-Executive Directors has provided written declaration to the Nomination Committee and the Board confirming that they continue to fulfil the criteria of independence as set out in the Bursa Malaysia Main Market Listing Requirements.

A. BOARD OF DIRECTORS (Cont'd)

Independence of Directors (Cont'd)

The Board acknowledges the Code's recommendation that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Board does not consider that independence can be assessed with reference to a set period of time. Rather, regards must be given on their capacity to act in accordance with their fiduciary duties and where there exist any relationships or interest which could materially interfere with the exercise of their independent judgment.

Training & Development Programme

The Board acknowledges the importance of continuous education and training programmes to enable effective discharge of its responsibility.

All Directors have successfully attended and completed the Mandatory Accreditation Training Programme ("MAP") and fulfilled the Continuing Education Programme ("CEP") requirements as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). With the repeal of the Practice Note No. 15/2003 with effect from 1st January 2005, the directors of public listed company ("PLC") must evaluate and determine the training needs of its directors on a continuous basis. The subject matter of the training must be one that aids the PLC director to discharge his/her duties as a director. During the year, all the Directors have attended various trainings programmes and seminars organized by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Company, the details of which are set out below:-

Director	Name of courses/seminars/ workshops/conferences	Date held
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Corporate Governance Breakfast Series With Directors – "The Cybersecurity Threat And How Board Should Mitigate The Risks"	18 th November 2016
	Women's Institute Management Conference 2016 "On Integrity And Governance For Company Directors (Public & Private Sectors)	21 st – 22 nd November 2016
Mr. Yong Kok Liew	Management Discussion & Analysis Statement : What & How To Disclose	14 th March 2017
Rozilawati binti Haji Basir	Sustainability Awareness Briefing	13 th March 2017
Encik Mukhnizam bin Mahmud	Cybe Risk Awarenesss	7th June 2017
Puan Azizah binti Abdul Rahman	Having Strategic Conversation	24th February 2017
	Financial Implication Directors Education Program	7-9 March 2017

B. DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

The Board has set up a Remuneration Committee on 20th December 2000 and its responsibilities include reviewing all annual salaries, incentives and other employment conditions for the Board of Directors. Information prepared by independent consultants and appropriate survey data on the remuneration practice of comparable companies is taken into consideration. Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Committee members are as listed in the Corporate Information. The remuneration for the Non-Executive Directors is determined by the Board during which the interested Directors will abstain from deliberating. The Company pays its Directors annual fees, which are approved by the shareholders. In addition, members of the Board Committees are paid allowances for each meeting they attend. The Remuneration Committee reviews the performance of the Managing Director and also considers the Board's proposed bonus and increment for the year.

▪ **Directors' Remuneration (based on entitlement)**

	Group 2017 RM'000	Company 27.04.16 to 2016 31.03.2017 RM'000	
Executive director's remuneration:			
Salaries and other emoluments	539	449	-
Estimated money value of benefit-in-kind	11	8	-
	550	457	-
Non-executive director's remuneration:			
Fees	189	180	47
Other emoluments	45	28	-
	234	208	47
Analysis excluding benefits-in-kind:			
Total executive director's remuneration	539	449	-
Total non-executive directors' remuneration	234	208	47
Total directors' remuneration	773	657	47

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2017	2016
Executive Director		
RM500,001 - RM550,000	1	1
RM450,001 - RM500,000	-	-
Non-Executive Directors:		
RM0 - 50,000	4	4

C. SHAREHOLDERS

Investors and Shareholders relations

The Group recognizes the importance of timely and thorough dissemination of information to shareholders. In this regards, the Group strictly adheres to disclosure requirements of Bursa Malaysia. The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information. The Board also has nominated the Managing Director, Cik Rozilawati binti Haji Basir who is Non-Independent Executive Director to discuss any matters or issues with investors and shareholders.

Apart from the mandatory public announcements through Bursa Malaysia, the Group has also set up a website at www.nationwide2u.com to provide corporate, financial and non-financial information.

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least twenty one (21) days before the date of the meeting. Beside the usual agenda for the Annual General Meeting, the Board presents the progress and performance of the business as contained in the annual report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to provide responses to questions from the shareholders during these meetings. For re-election of Directors, the Board ensures that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected. Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

For financial reporting through quarterly reports to Bursa Malaysia and the annual report to shareholders, the Directors have a responsibility to present a fair statement of the Group's position and prospects. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 251 of the Companies Act, 2016 is set out on page 37 of this Annual Report.

Internal Controls and Internal Audit Function

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investment. Details of the Group's key elements of Internal Control and Internal Audit functions are set out in the Statement on Risk Management and Internal Control and Audit Committee Report on pages 22 to 28 and 38 to 40 of this Annual Report respectively.

Relationship with Auditors

The role of the Audit Committee in relation to the External Auditors i.e. Messrs. Hanafiah Raslan & Mohamad and Internal Auditors are disclosed in the Audit Committee Report as set out on pages 38 to 40. The Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Head of Internal Audit who reports functionally to the Audit Committee is present at all Audit Committee meetings. Two (2) meetings were held between the External Auditors and members of the Audit Committee, without the presence of the Management during the year. Going forward, the Audit Committee will hold at least two (2) meetings a year with the External Auditors, the Internal Auditors or both as promoted by the Amended Code on Corporate Governance and the amended Chapter 15 of the Bursa Malaysia's Listing Requirements.



D. ACCOUNTABILITY AND AUDIT (Cont'd)

Whistle-Blowing Policy

The Group is committed to the highest standard of integrity and accountability in the conduct of its businesses and operations. In striving to conduct its affairs in an ethical, responsible and transparent manner, the Group provides an avenue for all employees and stakeholders of the Group to disclose any improper conduct within the Group vide the implementation of the Group's whistle-blowing policy.

The whistle-blowing policy establishes the Group's position in encouraging employees and other stakeholders to raise genuine concerns about possible improprieties in matters relating to financial reporting, compliance and other malpractices or misconduct that may have occurred. The whistle-blowing channels are established to help employees or other stakeholders raise concerns to the Managing Director (wb_md@nationwide2u.com) or in the case where reporting to management is a concern to the nominated Independent Director (wb_director@nationwide2u.com), without fear of reprisals or retaliations.

The policy outlines when, how and to whom a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated by the Whistle Blowing Committee and a report and update is provided to the Board of Directors, through the Audit Committee.

Statement of Compliance with the Best Practices of the Code

The Group is committed to achieving high standards of Corporate Governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code.

Statement made in accordance with the resolution of the Board of Directors dated 31st July 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") sets out that the Board of Directors of the listed issuer is required to include in their annual report, a statement about the state of internal control of the listed issuer as a group.

Accordingly, the Board of Directors ("the Board") of Nationwide Express Holdings Berhad ("Nationwide Express") is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control : Guideline for Directors of Listed Issuers endorsed by Bursa Securities which outlines the nature and scope of risk management and internal control within Nationwide Express Group during the financial year under review.

RESPONSIBILITY & ACCOUNTABILITY

The Board

The Board of Directors ("the Board") recognises the importance of maintaining a sound system of internal control and risk management practices to safeguard the shareholders' investments and the Group's assets.

The Board is responsible in the establishment as well as overseeing the Group's risk management framework and internal control systems that are designed to manage the Group's risks appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminate totally the risks of failure, to achieve the Group's goals and objectives in generating potential returns to shareholders. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard the shareholders' investment and the Group's assets.

At the Board level, the Audit & Risk Management Committee ("AC") has the primary internal control and risk management oversight responsibilities. The main responsibility of the AC is two (2) pronged, namely:-

1. Internal Control Oversight

One of the main responsibility of the AC is to assist the Board in assessing the effectiveness of the Group's internal control systems and overseeing the financial reporting. The AC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through Group Internal Audit ("GIA") functions. The AC's Terms of Reference ("TOR") and main duties in assessing the adequacy and effectiveness of internal control systems implementation within the Group are detailed out on this Annual Report.

2. Risk Management Oversight

The other main responsibility of the AC is to assist the Board in ensuring a sound and robust Enterprise Risk Management framework and its implementation to enhance the Group's Corporate Governance practices with focus on risk issues. The AC's TOR and main duties in relation to risk management are detailed out on page 38 to 39 of this Annual Report.

Apart from AC, the Nomination and Remuneration Committee is also established with clearly defined duties and responsibilities to oversee various key business activities involved within the Group. The Board acknowledges to remain responsible for all the actions of the committee with regard to the execution of the delegated roles, including the outcome of the review and disclosure on key risks and internal control systems in this Group's Annual Report.

The Management

The Management is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required. The Management has assured the Board that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework and

internal control systems adopted by the Group. In respect of risk management, the Management has implemented the necessary processes to:-

- identify and analyse the risk appetite relevant to the business and determine the level of risk tolerance towards the achievement of the Group's objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risks or emerging risks, take appropriate actions and promptly bring these to the attention of the Board.

RISK MANAGEMENT

Enterprise Risk Management

The Board acknowledges that effective risk management is an essential and indispensable part of corporate management. The Group strives to embed within the organizational structure, defined roles and responsibilities for all aspects of risk management with the appropriate tools to support the identification, assessment, treatment and reporting of key risks.

The Group endeavours to develop, implement and maintain sound risk management practices and systems that are consistent with good corporate governance by applying these principles:-

- **Aligning risk appetite and strategy**
The Group's risk appetite is ascertained and taken into consideration when evaluating strategic alternatives and developing mechanisms to manage risks.
- **Enhancing risk response decisions**
Enterprise Risk Management ("ERM") provides the rigor to identify and select among alternatives risk responses –risk avoidance, reduction, sharing & acceptance.
- **Reducing operational surprises and losses**
Enhanced capability in risk identification, assessment, and mitigation thus reducing the occurrence of surprises and its related costs or losses.
- **Identifying and managing multiple and cross-enterprise risks**
The interrelated impacts of risks originated from different parts of company are assessed and managed in totality rather than in silos.
- **Seizing opportunities**
Opportunities are also identified through the identification of risk events.

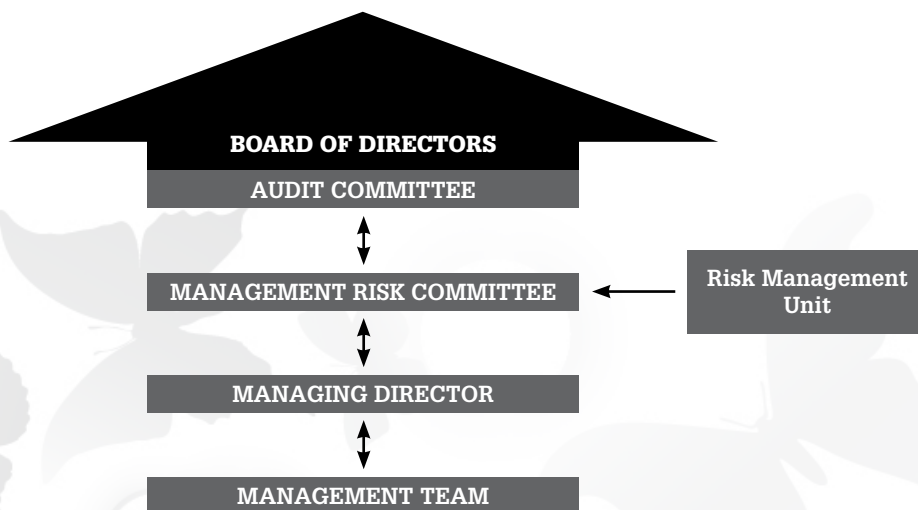
Enterprise Risk Management Framework

An enterprise-wide approach to risk management known as "Enterprise Risk Management (ERM) Framework" has been adopted within the Group to ensure an ongoing process of identifying, evaluating, monitoring and managing the significant risk exposures inherent in its business operation to give effect to this responsibility. The following initiatives were undertaken:

- (a) Streamlining risk management and business planning activities to ensure that controls and mitigation plans for risk management are built into business plans and budgets of the Group;
- (b) Carrying out the risk assessments through brain-storming sessions where existing risks are assessed, discussed, revisited and updated whilst new risks and action plans are identified and categorized. Risk owners were identified for the purpose of implementing action plans. Follow-up on the action plans was closely monitored;
- (c) Implementing a comprehensive and systematic risk assessment and reporting process by monitoring the risk profiles;
- (d) Prioritising risk treatment efforts by producing risk profiles that document all potential risks that could affect the business objectives;
- (e) Promoting risk management awareness in the business processes through workshops and reading materials; and
- (f) Fostering a culture of continuous improvement in risk management through audit and review processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has delegated its oversight functions to AC to assume the ultimate responsibilities for the supervision and monitoring principal risks. AC in overall, is responsible to assist the Board in ensuring the effective functioning of the ERM Framework within the Group and to provide direction and counsel to the risk management process as well as to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for the Board's approval. The Group Risk Management governance structure is as follows:-



Management

Management team comprises Head of Division/Department that are directly responsible for managing, mitigating and monitoring risks. Major day-to-day risk management and internal control issues shall be communicated to the Management Risk Committee (MRC) for evaluations and actions

Managing Director

Managing Director takes overall responsibility for management of risks in the Group

Management Risk Committee

MRC comprises Chief Officers and the other team members who should have in-depth knowledge of the operation and/or financial aspects of risk management and internal control issues duly reported by the Management. MRC also undertakes the first-tier review on the efficiency and effectiveness of the Group's risk management and internal control processes on a regular basis with issues that require the attention of the Board be communicated to the Audit and Risk Management Committee (AC) for further deliberations

Audit and Risk Management Committee

The AC is composed of Independent Directors of NEHB. It conducts second-tier risk management assessments, review internal control processes and evaluate the adequacy and integrity of the risk management, internal control and governance systems of the Group independently on a regular basis, and reports to the Board for further evaluations and actions

Board of Directors

The Board sets business objectives for the Group, establishes risk profiles, determines and adjust risk appetite and tolerance levels, ensures appropriate policies and procedures are in place to manage those significant risks within the Group, performs regular checks on the health of the Group's risk management, internal control and governance systems, and seeks continuous improvement to close gaps and/or mitigate deficiencies

Risk Management Unit

Risk Management Unit (RMU) is part of Quality & Risk Management Department who facilitates and coordinates the implementation of risk management and monitoring risks for the Group. RMU is functionally reporting to AC.

The Board reviews the Company's risk management and internal control based on the following:-

- (a) periodic internal audit and risk management reports;
- (b) continuous reviews in the Management Risk Committee involving the Managing Director and the Management team that are discussed and presented to the AC;
- (c) assurance was given to the Board by the Managing Director that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

In overall of the current practices and actions, the Board confirms that the Group Risk Management Framework and systems are sufficient and effective. The Board will continuously review the system for improvement and enhancement so as to ensure the risk management system implementation aligns with the Group business objectives.

INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for the Group's system of internal control, which includes financial, operational, compliance and risk management necessary for the Group to achieve its business objectives within an acceptable risk profile. The role of management is to implement the Board's policies on risk and control.

The Board takes all the necessary steps to maintain a sound internal control system, by periodically reviewing its adequacy and integrity. A sound internal control system, however, can only provide reasonable, but not absolute assurance against misstatements, loss, fraud or the breach of a set of regulations and is designed to mitigate rather than to eliminate the risk of failure to achieve business objectives.

The Board has established an ongoing process for identifying, evaluating and managing significant risk faced by the Group. The Board has also received assurance from the Managing Director on whether the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

While the Board maintains ultimate control over risk issues, it has delegated to the management the implementation of a system of risk management and internal control within an established framework. This framework encompasses the Company and its Group of subsidiaries.

1. Whistleblowing Policy

To reinforce the culture of good business ethics, the Group also has introduced a whistleblowing framework and policy to provide an avenue for stakeholders and employees to raise genuine concerns internally or report any suspected breach or wrongdoing which includes fraud, misappropriation of assets, breach of any law or regulation, including the Group's policies and procedures, to the Managing Director and/or the Independent Director without any fear or reprisals.

3.1 Procedures

Any concern should be raised to the immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Managing Director. Channel of reporting to the Managing Director is as follows:-

Managing Director
Via Email
wb_md@nationwide2u.com
Via Mail
Mark Strictly Confidential
Nationwide Express Holdings Berhad
Lot 11A, Persiaran Selangor, Section 15,
40200 Shah Alam,
Selangor Darul Ehsan.
Attention : Managing Director

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In the case where reporting to management is a concern, then the report should be made to nominated the Independent Director. Channel of reporting to the nominated Independent Director is as follows:-

Whistleblowing Director

Via Email

wb_director@nationwide2u.com

Via Mail

Mark Strictly Confidential

Nationwide Express Holdings Berhad

Lot 11A, Persiaran Selangor, Section 15,

40200 Shah Alam,

Selangor Darul Ehsan.

Attention : Whistleblowing Director

2. Key Elements of Internal Control

The key processes that the Board has established in reviewing the adequacy and integrity of the Group's internal control includes the following:-

(a) Organisational Structure

The Group has appropriate organisational structure, which enables adequate monitoring of activities and ensures effective flow of information across the Group. In addition, lines of responsibility and delegations of authority of the Board and Management are clearly defined and documented.

(b) Audit Committee

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of internal control procedures within the Group based on the findings and reports from internal auditors, external auditors and management risk committee, and report its conclusion to the Board.

Its terms of reference and the Audit Committee Report are disclosed in pages 38 to 40 of the Annual Report.

(c) Business Plan and Budget

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

A comprehensive budgeting process is established requiring all key operating companies and business units in the Group to prepare budgets annually, which are discussed and approved by the Board. A budgetary control mechanism is in place for the Management to track any significant variances and to provide corrective measurement accordingly.

In order to ensure coherence in goals and objectives throughout the Group, the overall Group's agreed Key Performance Indicators ("KPI") are translated into individual subsidiary companies' KPI and dissected down further into individuals KPI, which ties to rewards.

(d) Information and Communication

The various lines of business provide regular and comprehensive information to the Management for monitoring of the Group's performance against the strategic plans approved by the Board.

Policies and procedures are clearly documented and regularly updated to reflect the changing business environment and risk profile or to resolve operational deficiencies.

Performance monitoring including discussions of significant issues are conducted at least quarterly at Head of Department meetings, which are attended by all managers at Head Office. On a quarterly basis, the Group hold nationwide alignment meetings, which are attended by all managers including station managers, to resolve significant issues and to ensure coherence in goals and objectives.

(e) Competency

The Group has in place experienced and competent employees in areas of responsibility to support the effectiveness of the Group's system of internal control. The Group also provides relevant training to the employees to ensure continuous improvement of their competencies.

(f) Internal Audit

The main role of the internal audit is to review the effectiveness of the system of internal control and in discharging its responsibilities it exercises impartiality, proficiency and professionalism. The Internal Audit Department's risk-based approach is systematically organised to periodically monitor compliance with procedures and to assess the integrity of the financial information provided.

The audit team works in line with its Internal Audit Annual Work Plan, a program agreed annually with the Audit Committee. The audit team advises executives and operational management on areas requiring improvements and subsequently monitors the implementation of its recommendations.

(g) Tender Committee

The Tender Committee, which consists of three (3) members from the Senior Management, reviews all significant procurement exercises based on the established policies and procedures of the Company before review and approval by the Managing Director or the Board.

(h) Finance Committee

The Finance Committee consists of eight (8) members which comprises of the Managing Director, the Senior Management and the Heads of Subsidiaries, reviews the monthly financial numbers of the Company and its subsidiary companies to ensure the completeness and accuracy of the information provided. The Committee also ensures that all statutory submissions are submitted on a timely manner and that the Group complies at all times, with the relevant statutory regulations.

(i) Senior Management Committee

The Senior Management Committee, which comprises of the principal officers of the Company comprising of the Managing Director, the Chief Operating Officer and the Chief Strategic Officer and two (2) Senior Managers, meets at least once a month to review the Group's performance and to ensure that all functions within the organization are working towards the Group's goals and objectives. Certain major issues are decided at the Senior Management Committee. Any other matters which are beyond the authority of the Senior Management Committee will be escalated to the Board of Directors for decision through the Managing Director.

INTERNAL AUDIT FUNCTION

Internal Audit ("IA") is an in-house internal audit function that reports to BAC with the objective to provide an independent, objective assurance and consulting activities designed to add value and improve the Group's operation. IA helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

IA function is considered an integral part of the assurance framework. Its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the company. In its current structure, the IA is able to provide directors and senior management with pertinent information about weaknesses in the system of internal control allowing management to take prompt, remedial action.

The purpose, authority and responsibility of the Internal Audit Department ("IAD") as well as the nature of the assurance and consultancy activities provided by the function are articulated in the internal audit charter. The Audit Committee is of the opinion that the internal audit function is appropriate to its size and the nature and scope of its activities.

The IAD reports directly to the Audit Committee who reviews and approves the IAD's annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors. The Audit Committee also conducts periodic evaluations on the IA function to assess its performance.

During the financial year, the internal audit function provides continuous assessment on risks to ensure risks are adequately evaluated, managed, monitored and mitigated. IA further evaluates the effectiveness and efficiency of the governance, risk management framework and internal control systems and provides recommendations for improvement. The Management then follows through and reviews the status of actions taken on recommendations made by the internal and external auditors. Audit reviews are carried out through risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input from the Senior Management and the Board.

During the year, the IAD conducted internal audit activities in accordance with the risk-based audit plans that are consistent with the organisation's goals, complexity and risks of its activities. The IAD evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding the:-

- (a) Reliability and integrity of financial and operational information;
- (b) Effectiveness and efficiency of operation;
- (c) Safeguarding of asset; and
- (d) Compliance with relevant laws, regulations and contractual obligations.

Internal auditors reported internal control deficiencies to the appropriate level of management when identified. Significant matters were promptly reported directly to the Audit Committee and Senior Management being present.

At present, there are two (2) personnel in the IAD, comprising of one (1) Head and one (1) Audit Executive. The total cost incurred in managing the IAD for the financial year under review was about RM100,000.00 inclusive of manpower, travelling and accommodation and training expenses.

Further information on IA is provided on page 27 of this Annual Report.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Managing Director that the Group's risk management framework and internal control systems are operating adequately and effectively, in all material aspects, during the financial year under review. Taking into consideration the assurance from the Management and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 31 March 2017 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal controls of the Group.

Dear shareholders,

It has been a challenging year for Nationwide Express Holdings Berhad (“Nationwide Express” or “the Company”) and its group of companies (“the Group”) to remain resilient - financially and operationally in the financial year 2016/2017 (“FY 16/17”), with highly competitive operating environment. Nevertheless, we weathered the storm to move forward and set in place the necessary measures for the Group’s sustained growth.

INDUSTRY OUTLOOK

The nation’s postal and courier market has grown at an average of 10% year on year and is expected to grow faster than the national gross domestic product. This trend is in line with the goal set up for the postal and courier industry under the National e-Commerce Consultative Council (“NeCC”) and the National Logistics Task Force (“NLTF”), i.e. to strive for an integrated national supply chain to facilitate the country’s ability to compete.

The Malaysian postal and courier industry is estimated to worth RM3 billion per annum. On average, the industry handles 3 million pieces worth RM15 billion per day. The pick-up and delivery of the consignments were made by over 9,000 couriers to over 6.3 million addresses. As a labour intensive industry, 34,000 employees are employed throughout the nation at more than 1,000 outlets to service the 29 million population of Malaysia. In the year under review, we saw an increased in the numbers of licenced courier companies operating in Malaysia.

THE GROUP’S OVERVIEW

Financial Review

The financial year under review was very challenging for the Group amidst battling business costs in a highly competitive industry. The competitive operating environment is clearly reflected in the year’s results.

The Group revenue for the year ended 31st March 2017 stood at RM86.58 million as compared to RM91.92 million in the previous year, a reduction of RM5.34 million due to the the lower business volume of the courier segment during the year.

The Group’s loss net of tax for the year has increased to RM15.84 million compared to a loss net of tax of RM6.16 million in the previous year due to decrease in revenue.

The revenue in the courier segment decreased by RM1.31 million to RM86.28 million in the previous year. The decrease was mainly due to the decrease in volume recorded during the year. The courier segment recorded a loss net of tax of RM19.94 million as compared to the loss net of tax of RM3.10 million recorded in the previous year under review.

The revenue in the logistics and other segment decreased by RM4.27 million to RM3.14 million from RM7.41 million recorded in the previous year. The logistics and other segment recorded a profit net of tax of RM0.17 million as compared to the loss net of tax of RM1.96 million recorded in the previous year.

Battling a tough FY 16/17, the Group had to focus on prudent spending and on full cost optimisation across the entire value chain to overcome the odds to stay on track, whilst meeting the demands of our customers without compromising on the quality standard of our business processes. To obtain operational synergies, the Group pursued to streamline and integrate the operations of our Group of companies to garner positive growth of revenue.

Operational Review

To maintain the sustainability of the Company, various initiatives had been undertaken to improve the situation and turnaround the Company. The financial year under review was a year of reckoning and close monitoring, whilst continuing to do more housekeeping to stabilise the business.

The turnaround plan was based on 2 main thrusts, namely to improve service level and to control and mitigate the escalation of the fixed costs.

Improved Operational Efficiency

We pursue to streamline and integrate the operations of our Group of companies. We hope the good operational synergies will garner positive growth of revenue and accordingly strengthen our domestic market dominance.

The Group strived for improved efficiency across its operations by maximizing the use of its resources and deliver enhanced value to the customers and all its stakeholders. In improving the operational efficiency during the year under review, dedicated teams were established to cater to customer's needs and to improve our standards of deliveries. Manual processes were further reduced and process improvement initiatives were also undertaken.

Today, Nationwide Express is proud to have a network of 180 throughout Malaysia and we will keep on pursuing to increase the size of our network to realise our objective. New branches in strategic location were set up for better visibility and better connectivity.

Cost Control and mitigation

The Group continued to focus on prudent spending and on full cost optimisation across the entire value chain. Strict monitoring in administrative spending was also implemented. More rigid structure was put in place to monitor and control the fixed cost. Customers' price were monitored to ensure it is above the costs structure as well as meeting the RM5 minimum courier selling rates as imposed by our regulator.

On another note, the Group implemented staff multiskilling and diversified the job functions.

Enhance Customer Relationships

The Group aim to make sure every customer experience is not only satisfying but also consistent. As such, we realigned our organization and resources to concentrate on those things that matter most — how to improve the customer experience and be easier to do business with. In view thereof, during the year under review, the Group undertook to manage the customers' expectations by automating the reporting system. Consolidation of the customer service and customer care services under 1 toll free number services 1-300-222-777, popularly known amongst our customers as NationCare.

Employee Engagement

An organization's most valuable asset is its employee, its human capital. The knowledge, skills and expertise garnered by the employee within are the main factors that determine the success of each organization.

Since our human capital is our most important assets, human capital development remains one of our top priorities. Continuous initiatives and investment to train, retrain, retain and acquire new talents are essential to improve productivity and to ensure competitiveness to deal with the current challenges. Nationwide Express further identified various strategies for human capital development by focusing on the role of education, training, lifelong learning and capacity building.

Depending on human capital development as a key success factor to improve Nationwide Express' ability to increase its productivity in line with its corporate strategy and to better support the business, we identify that efficient and effective training is essential to meet the desired objective. Thus, specially tailored training courses and on the job training were developed for our employees to enable them to perform their duties and make meaningful contribution towards the success of the Company's goal.

Business Sustainability

The landscape for courier and logistics have once again changed, with the advent of e-commerce. Therefore, we have to equip ourselves to ensure we are a major player in this e-commerce environment and meet the new demands from the new generation of customers, which require much faster information and value for money in services.

Taking the above into consideration, during the year under review, we have invested in ERP system to equip ourselves to ensure stability and more importantly sustainability for the future. With the increase and higher demands coming from the e-commerce business, the ERP system would enable us to play an important role in connecting the merchants and the end consumers.

We believe in Nationwide Express, the growth and opportunity lies ahead of us, but we must be equip with the right tool and adapt with fast-paced ever changing environment.

MOVING FORWARD – PROSPECTS & CHALLENGES

Malaysia's economic growth is expected to moderate to between 4.0% and 4.5% in 2017 on the back of the anticipated slowdown in domestic demand due to the deceleration of private and public consumption as well as private investment. Notwithstanding this, inflation is expected to increase (2016: 2.5% - 3.5%; 2015: 2.1%).

Strategic initiatives have been put in place for the Group to promote revenue growth especially with the rapid and ongoing development of information technology which have created endless opportunities especially online economy as its feature. There is no doubt that e-commerce is one of the most important and most promising approaches that will provide an effective way for the Group to position itself to gain from the national e-commerce agenda under the National e-Commerce Strategic Roadmap ("NESR") as well as to transform the Group as the last mile delivery service provider with best in class capabilities.

The Group main focus is to enhance the profitability of the companies within the Group to sustain competitive returns to its shareholders. The Group will focus on providing efficient services within our various streams of business activities to ensure sustainable profits at the most effective level of cost of operation. One of our core focus moving forward will be on operational cost management and bottom line results. The Group is geared up to steer towards profitable growth by increasing our efficiency through people development and capacity building, overall operations improvement, innovative and quality services, prudent and diligent capital spending.

In line with Malaysia's Logistics and Trade Facilitation Masterplan (2015-2020) and taking advantage of Malaysia's strategic location to be ASEAN's logistics hub for multi-national companies and its ready infrastructure to facilitate both domestic and external trade, the Group will continue to focus our efforts on growing our integrated logistics business solutions and providing quality service to our customers to meet their business needs with reliability and efficiency. We will leverage on our integrated network to offer comprehensive innovative quality value-added solutions to enhance our customers experience and to secure long term relationship with our customers. We will work towards increasing our volume and securing new businesses, whilst preserving our margins through optimizing operational efficiencies and enforcing a strict cost control regime. We will also strive to strengthen the customers' confidence by meeting and exceeding their expectations with the anticipations of a long term business relationship. On top of this, to remain relevant in the highly competitive market, the Group will also continue to reinforce our corporate branding as the most preferred total logistics partner to drive business growth.

With these in mind and barring unforeseen circumstances beyond our control, we remain optimistic of the Group's overall financial performance for the FY 17/18.

PROFILE OF DIRECTORS

YBHG TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

Age: 64 | Gender: Female | Nationality: Malaysian

Designation: Non-Executive Chairman | Directorate: Independent Non-Executive Director

Date of Appointment: 14 December 2016

Membership of Board Committee: Non-Executive Chairman of Nomination & Remuneration Committee

Attendance at Board Meeting in FY 2016/2017: Attended all the 5 meetings since her appointment

Directorships of Public Listed Companies: KPJ Healthcare Berhad, Kulim (Malaysia) Berhad, CCM Duopharma Biotech Berhad, OSK Holdings Berhad

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company: Nil

Any conflict of interests that she has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries: Nil

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Master of Business Administration Henley Business School, University of Reading, United Kingdom
- Bachelor in Economics, University Malaya

Working Experience:

Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir ("Tan Sri Siti Sa'diah") commenced her career with Johor Corporation (JCorp) in 1974 and has been directly involved in JCorp's Healthcare Division since 1978. Tan Sri Siti Sa'diah was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) from 1989 until the listing of KPJ in November 1994.

Tan Sri Siti Sa'diah is currently an Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ), redesignated on 1 May 2015 from a Non-Independent Non-Executive Director of KPJ. Prior to that, Tan Sri Siti Sa'diah was the Managing Director of KPJ from 1 March 1993 until retirement on 31 December 2012 and as KPJ's Corporate Advisor from 1 January 2013 until 31 December 2014.

Tan Sri Siti Sa'diah is currently the Chairman and Pro-Chancellor of KPJ Healthcare University College (KPJUC) since 1 August 2011 to-date. Tan Sri Siti Sa'diah served on the Board of Damansara Reit Managers Sdn Bhd – The Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016.

Tan Sri Siti Sa'diah was a Board member of KFC (Holdings) Berhad and QSR Brands from 2010 until their privatisation in 2013.

Tan Sri Siti Sa'diah was an Independent Non-Executive Director of Bursa Malaysia Berhad from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010.

CIK ROZILAWATI BINTI HAJI BASIR

Age: 46 | Gender: Female | Nationality: Malaysian

Designation: Managing Director | Directorate: Non-Independent Non-Executive Director

Date of Appointment: 16 December 2016

Date of Last Re-Election: 11 September 2015 | Membership of Board Committee: Nil

Attendance at Board Meeting in FY 2016/2017: Attended all 12 out of 12 meetings

Directorships of Public Listed Companies: Kumpulan FIMA Berhad

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company:

She has family relationships with BHR Enterprise Sdn Bhd, the major shareholder of Nationwide Express Holdings Berhad. She has direct interest as well as an indirect interest in the Company via BHR Enterprise Sdn Bhd.

Any conflict of interests that she has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries:

- **Direct**
3,656,513 shares of the listed issuer held through nominee
- **Indirect**
65,899,358 shares of the listed issuer held indirectly (deemed interested by virtue of Cik Rozilawati Haji Basir shareholdings in BHR Enterprise Sdn Bhd of more than 20% pursuant to Section 8 of the Companies Act, 2016)

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Bachelor of Art (Hons) Degree Social Sciences majoring in Law, University of Hertfordshire, United Kingdom
- Masters in Business Administration in International Business, University of Bristol, United Kingdom

Working Experience

Cik Rozilawati binti Haji Basir was re-designated from Non Independent, Non-Executive Chairman to Managing Director (Non Independent, Executive Director) of Nationwide Express Courier Services Berhad with effect from 2nd April 2014. Prior to her re-designation, Cik Rozilawati was the appointed Non Independent, Non-Executive Chairman of the Board effective 1st April 2010, having joined Nationwide Express Courier Services Berhad as a Director on 1st September 2000 and Executive Director/Chief Executive Officer from 31st March 2003 till 31st March 2010. Cik Rozilawati has wide experience in the areas of corporate strategy, marketing, development of new businesses and entrepreneurship both locally and overseas. Cik Rozilawati is also a Non-Independent Non-Executive Director of Kumpulan FIMA Berhad and serves as Director of several private limited companies in Malaysia and Singapore. Cik Rozilawati is currently holding the post of President of the Association of Malaysian Express Carriers (AMEC) for the third term since 2015.

MR. YONG KOK LIEW

Age: 69 | **Gender:** Male | **Nationality:** Malaysian

Designation: Non-Executive Director | **Directorate:** Independent Non-Executive Director

Date of Appointment: 16 December 2016

Date of Last Re-Election: 30 August 2016

Membership of Board Committee: Non-Executive Chairman of the Audit & Risk Management Committee

Attendance at Board Meeting in FY 2016/2017: Attended all 12 out of 12 meetings

Directorships of Public Listed Companies: Nil

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company: Nil

Any conflict of interests that he has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries: Nil

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Master of Business Administration, Henley Business School, University of Reading, United Kingdom
- Bachelor in Economics, University Malaya

Working Experience:

Mr. Yong started his working career in 1969 with Messrs. KPMG Peat Marwick. Prior to his present engagement as adviser to Toyo Ink Group Berhad, he was the General Manager of Toyo Ink (M) Sdn Bhd (2001-2007), Senior General Manager, Operations at Kumpulan Fima Berhad (1985-1990), General Manager, Kotak Malaysia (KOM) Sdn Bhd (1981-2000), Group Financial Controller, Kumpulan Fima Berhad (1979-1980), Group Internal Auditor of Kumpulan Fima Berhad (1975-1979) and Financial Accountant, Cold Storage (M) Berhad (1974-1975).

PROFILE OF DIRECTORS

ENCIK MUKHNIZAM BIN MAHMUD

Age: 51 | Gender: Male | Nationality: Malaysian

Designation: Non-Executive Director | Directorate: Independent Non-Executive Director

Date of Appointment: 16 December 2016

Date of Last Re-Election: 30 August 2016

Membership of Board Committee:

- Member of the Audit & Risk Management Committee
- Member of the Nomination & Remuneration Committee

Attendance at Board Meeting in FY 2016/2017: Attended 11 out of 12 meetings

Directorships of Public Listed Companies: Nil

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company:

Nil

Any conflict of interests that he has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries:

Direct

- 2,600 shares of the listed issuer held through own name

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Bachelor in Business (Accounting), University of Edith Cowan, Western Australia
- Associate Member of Certified Practising Accountants (CPA) Australia since 1989

Working Experience:

He has more than 25 years of working experience in serving various companies, including Sime Darby Group, Kumpulan FIMA Berhad, Nationwide Express Courier Services Berhad and CH Offshore Limited. Currently, he is the Chief Financial Officer of Scomi Berhad, a public company listed on the Malaysia Stock Exchange.

PUAN AZIZAH BINTI ABDUL RAHMAN

Age: 61 | Gender: Female | Nationality: Malaysian

Designation: Non-Executive Director | Directorate: Independent Non-Executive Director

Date of Appointment: 16 December 2016

Date of Last Re-Election: N/A

Membership of Board Committee: Member of the Audit & Risk Management Committee

Attendance at Board Meeting in FY 2016/2017: Attended all the 5 meetings since her appointment

Directorships of Public Listed Companies: Nil

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company:

Nil

Any conflict of interests that she has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries: Nil

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Working Experience:

Puan Azizah binti Abdul Rahman ("Puan Azizah") began her career with Antara Steel Mills Sdn Bhd as the General Manager – Finance and Corporate Division. Puan Azizah was appointed as General Manager Finance and Chief Financial Officer from 2000 until 2005. Puan Azizah was appointed as Director of Integrated Poultry and Food Manufacturing from 2006 until 1 August 2012.

CIK ROZILAWATI BINTI HAJI BASIR

Age: 46 | Gender: Female | Nationality: Malaysian

Designation: Managing Director | Date of Appointment: 16 December 2016

Directorships of Public Listed Companies: Kumpulan FIMA Berhad

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company:

She has family relationships with BHR Enterprise Sdn Bhd, the major shareholder of Nationwide Express Holdings Berhad. She has direct interest as well as an indirect interest in the Company via BHR Enterprise Sdn Bhd.

Any conflict of interests that she has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries:

- Direct
3,656,513 shares of the listed issuer held through nominee
- Indirect
65,899,358 shares of the listed issuer held indirectly (deemed interested by virtue of Cik Rozilawati Haji Basir shareholdings in BHR Enterprise Sdn Bhd of more than 20% pursuant to Section 8 of the Companies Act, 2016)

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Bachelor of Art (Hons) Degree Social Sciences majoring in Law, University of Hertfordshire, United Kingdom
- Masters in Business Administration in International Business, University of Bristol, United Kingdom

Working Experience:

- 14 December 2016 - current
Managing Director - Nationwide Express Holdings Berhad, Shah Alam, Selangor Darul Ehsan
- 2 April 2014 – 13 December 2016
Managing Director - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan
- 1 April 2010 – 2 April 2014
Non Independent, Non-Executive Chairman - Shah Alam, Selangor Darul Ehsan
- 31 March 2003 - 31 March 2010
Executive Director/Chief Executive Officer - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan
- 1 September 2000 – 31 March 2003
Executive Director, Business Development - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan

Read more about this in Profile of Directors on page 32.

ENCIK INDRAA IZWAAN BIN MOHD. YUSOF

Age: 38 | Gender: Male | Nationality: Malaysian

Designation: Chief Operating Officer | Date of Appointment: 16 December 2016

Directorships of Public Listed Companies: Nil

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company:
Nil

Any conflict of interests that he has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries: Nil

Conviction of any offence within the past five (5) years other than traffic offences: Nil

PROFILE OF KEY SENIOR MANAGEMENT

Qualifications:

- Master in Business Administration (International Marketing), PHW Business School, Kalaidos University, Switzerland

Working Experience:

- 1 April 2015 to current
Chief Operating Officer - Nationwide Express Courier Services Berhad
- 1 January 2014 to 31 March 2015
Senior Manager, Operations - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan
- 4 April 2011 to 31 December 2013
Manager, Business Operations - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan
- 2008
Malaysian Institute of Management
- 2006
Standard Chartered Bank
- 2005
Bumiputera Commerce Bank Berhad

ENCIK IZMAN BIN ISMI

Age: 59 | Gender: Male | Nationality: Malaysian

Designation: Chief Strategic Officer | Date of Appointment: 16 December 2016

Directorships of Public Listed Companies: Nil

Family relationship with any Director and/or major shareholder, or conflict of interest in the Company: Nil

Any conflict of interests that he has with the listed issuer: Nil

Details of any interest in the securities of the listed issuer or its subsidiaries: 2 shares in Nationwide Express Holdings Berhad.

Conviction of any offence within the past five (5) years other than traffic offences: Nil

Qualifications:

- Bachelor of Business Administration, Hawaii Pacific College, United States of America
- Associate Degree Accounting, Kapiolani Community College, University of Hawaii, United States of America
- Diploma in Teaching, Maktab Perguruan Teknik, Cheras, Kuala Lumpur
- Certificate in Business Studies, Ungku Omar Polytechnic, Ipoh, Perak Darul Ridzuan

Working Experience:

- 2015 to present
Chief Strategic Officer - Nationwide Express Courier Services Berhad, Shah Alam, Selangor Darul Ehsan
- 2013 to 2015
Senior Manager, Support Group - Nationwide Express Courier Services Berhad & Nationwide Express Metro Sdn Bhd, Shah Alam, Selangor Darul Ehsan
- 2007 to 2013
Senior Manager - Nationwide Express Metro Sdn Bhd, Shah Alam, Selangor Darul Ehsan
- 2004 to 2007
Head, Nationwide Express Metro Sdn Bhd, Shah Alam, Selangor Darul Ehsan
- 1991 to 2004
Branch Manager - Nationwide Express Courier Services Berhad, Alor Setar, Kedah Darul Aman
- 1980 to 1982
Teacher - Sultanah Asma Secondary School, Alor Setar, Kedah Darul Aman

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act, 2016 ("the Act") requires the Directors to prepare financial statements for each financial year in accordance with the requirements of the Act, Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS") and the Main Market Listing Requirements of Bursa Securities and to present these before the Company at its Annual General Meeting. The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows then ended.

In preparing the financial statements, the Directors took into consideration the following:-

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

In preparing the financial statements for the year under review, the Directors have placed reliance on the system of internal control within the Group and the Company to form a basis of reasonable grounds that accounting systems and records maintained by the Group and the Company provide a true and fair view of the current state of affairs of the Group and the Company, a true and fair view of the financial year results and that it sufficiently explains the transactions and financial position of the Group and the Company.

The Directors are responsible for ensuring that the Group and the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

1. MEMBERS OF THE AUDIT COMMITTEE

Mr. Yong Kok Liew (Chairman)
Independent, Non-Executive Director

Encik Mukhnizam bin Mahmud (Member)
Independent, Non-Executive Director

Puan Azizah binti Abdul Rahman (Member)
Independent, Non-Executive Director

2. TERMS OF REFERENCE

2.1 Constitution

The Board constitutes and establishes an Audit Committee (AC) with the authority, responsibilities and specific duties as described below.

2.2 Composition

In line with the Malaysian Code of Corporate Governance, all three (3) members of the AC are Independent and Non-Executive Directors (NED).

All members of the AC have a working familiarity with basic finance and accounting practices, and the AC chairman is a member of the Malaysian Institute of Accountants and also an associate member of the Chartered Institute of Management Accountant, United Kingdom.

2.3 Responsibilities And Duties

The functions of an AC shall be to:-

- (a) Review the following and report the same to the Board of Directors:-
 - (i) Review with the external auditors:-
 - (1) the audit plan;
 - (2) the evaluation of the system of internal accounting control;
 - (3) the management letter and management's response;
 - (ii) Review the assistance given by the Company's officers to the auditors;
 - (iii) Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (iv) Review the scope and results of the internal audit programmes;
 - (v) Review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (1) changes in or implementation of major accounting policy changes;
 - (2) significant and unusual events; and
 - (3) compliance with accounting standards and other legal requirement;
 - (vi) Review any related party transaction and conflict of interest situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (vii) Review any letter of resignation from the external auditors; and
 - (viii) Review whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment.

2. TERMS OF REFERENCE (CONT'D)

2.3 Responsibilities And Duties (Cont'd)

The functions of an AC shall be to:-

- (b) Recommend the nomination of persons as external auditors.
- (c) Monitor the implementation of the Group's risk management policies, ensuring an appropriate enterprise-wide risk management system is in place with adequate and effective processes.
- (d) With the Board's approval, the Committee shall be authorized to delegate certain functions to sub-committees to support, and consistent with, the Committee's oversight responsibilities. These sub-committees shall act within agreed terms of reference and shall report all of their recommendations to the Committee for full deliberation and discussion. These sub-committees are not authorized to implement its recommendations on behalf of the Committee but shall make the relevant recommendations to the Committee for its consideration and implementation.

2.4 Meetings

The Committee met on five (5) occasions during the financial year. As promoted by the Code on Corporate Governance and Chapter 15 of the Bursa Malaysia's Listing Requirements, two (2) meetings were also held between the External Auditors and members of the Audit Committee in the absence of management during the year.

3. ATTENDANCE

Members of the Committee are to be present at all meetings. The quorum for the meeting shall be two (2). The Chairman may request that members of the management, the internal auditors and representatives of the external auditors to be present at meetings of the Committee.

Five (5) meetings were held during the financial year. The records of attendance are as follows:-

AUDIT COMMITTEE MEMBERS	NO.	25/05/16	21/07/16	30/08/16	17/11/16	16/02/17
Mr. Yong Kok Liew	5/5	Present	Present	Present	Present	Present
*Encik Mukhnizam bin Mahmud	5/5	Present	Present	Present	Present	Present
**Puan Azizah binti Abdul Rahman	2/2				Present	Present
***Dato' Adnan bin Shamsuddin	1/2	Absent	Present			

* Encik Mukhnizam bin Mahmud was appointed as Audit Committee of the Company effective 13th April 2016.

** Puan Azizah bin Abdul was appointed as Audit Committee of the Company effective 25th October 2016.

*** Dato' Adnan bin Shamsuddin retired as director of the Company effective 30th August 2016.

4. MINUTES

- The Company Secretary shall be the Secretary to the AC.
- Minutes of each meeting shall be prepared and sent to committee members and the Company Directors who are not members.

5. FINDINGS AND RECOMMENDATIONS

The AC shall report its findings and recommendations to the Board but the AC itself shall have no executive power with respect to those findings and recommendations.

6. ACTIVITIES

In line with the terms of reference of the Committee, the following main activities were carried out during the financial year in discharging its duties and responsibilities.

- (a) Reviewed the quarterly unaudited financial results and annual audited financial statements of the Company and Group before submission to the Board of Directors ("Board") for consideration and approval.
- (b) Reviewed the compliance of Main Market Listing Requirements of Bursa Securities, applicable Financial Reporting Standards and provisions of the Companies Act, 2016.
- (c) Reviewed the external auditors' scope of work and audit plan, prior to the commencement of audit work.
- (d) Reviewed the audit findings, audit report, management letters and responses with the external auditors.
- (e) Reviewed the internal audit plan and programme, considered the major findings of internal audit and actions taken by the management in response to the audit findings.
- (f) Reviewed related party transactions and conflict of interest situations that may arise in the Company.
- (g) Met with the external auditors without the presence of the management.

7. INTERNAL AUDIT ACTIVITIES REPORT

The Internal Audit Department (IAD) was established on 1st June 1999. At present, there are two (2) personnel in the Department, comprising of one (1) Head and one (1) Audit Executive. Its principle functions are to conduct review of operations and procedures, and subsequently highlight findings and suggest recommendations to the AC for further improvement.

During the financial year, IAD reviewed compliance to operational procedures, reviewed the internal control system and work processes at six (6) stations in the following areas:-

- (a) performance;
- (b) control environment;
- (c) risk assessment;
- (d) control activities;
- (e) information and communication; and
- (f) monitoring.

Key issues, including management's feedback and audit recommendations were highlighted to the AC. The external auditors have reviewed and endorsed the key issues and management's feedback.

Future Internal Audit Plans were reviewed and approved for execution by the AC to ensure best practices are followed by the Company. The external auditors have given their views on the nature, scope and approaches of future audits to the AC.

The quarterly and year-end financial statements were reviewed by the AC before submitting to the Board. Attention was given on the compliances to the Malaysian Accounting Standard Board (MASB), and other legal and regulatory requirements.