

GD EXPRESS CARRIER BHD
(Company No. 630579-A)

TERMS OF REFERENCE FOR AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition of Audit and Risk Management Committee

The Audit and Risk Management Committee (“**Committee**”) shall be appointed by the Board of Directors (“**Board**”) from amongst the Directors. In this respect, the Board adopts the definition of “Independent Director” as defined under the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

1.1 Retirement and resignation

In the event of any vacancy in the Committee (including Chairman), resulting in the non-compliance of items 1.2 and 1.3, the Board shall, upon recommendation of the Combined Nomination and Remuneration Committee fill the vacancy within three (3) months of the event.

1.2 Chairman

The members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director and is not the Chairman of the Board. The Chairman of the Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

1.3 Membership

The Committee shall consist of not less than three (3) members which fulfills the following requirements:-

1. all members of the Committee must be non-executive directors;
2. a majority of the Committee must be independent directors;
3. all the Committee members must be financially literate, with at least one member of the Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, the member must have at least 3 years’ working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - Must have fulfilled such other requirements as prescribed or approved by Bursa Securities.
4. An Alternate Director must not be appointed as member of the Committee.

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5. All members of the Committee shall be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
6. For engagement of a former key audit partner as member, there is a cooling-off period of at least two years before being appointed as member of the Committee.

1.4 Terms of Membership

The term of office and performance of the members shall be subject to review by the Combined Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is authorised by the Board to investigate and report any specific matters of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board.

It shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- i. authorise to investigate any matter within its terms of reference. All employees shall be directed to cooperate as requested by members of the Committee;
- ii. have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- iii. obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- iv. be able to convene meetings with the external auditors, the persons carrying out the internal audit function or both, excluding the attendance of the executive Board members and management, whenever deemed necessary.
- v. be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

3. Meetings and Minutes

The Committee shall meet at least five (5) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.

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In the absence of the Chairman, the other Independent Director shall be the Chairman for that meeting.

In addition to the Committee members, the meetings will normally be attended by the representatives of the departments in the Company and of the external auditors as and when required. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed. At least twice a year, the Committee shall meet with the external auditors without the presence of any executive Board member and management.

The Committee may invite any person to be in attendance to assist it in its deliberations.

The quorum for a meeting shall be two (2) members of the Committee whom are both Independent Directors.

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

The Committee shall be reporting to the full Board from time to time its recommendation for consideration and implementation and the actual decision shall be the responsibility of the Board after considering the recommendation of the Committee. The Committee itself shall have no executive power with respect to those findings and recommendations.

The Company Secretary or his/her representative or other appropriate senior officer shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Company Secretary or his/her representative or other appropriate senior officer shall also be in attendance at each Committee meeting and be responsible for recording the proceedings of the Committee. Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board.

The internal auditors have the right to appear and be heard at any meeting of the Committee and are recommended to attend each Committee meeting.

Upon the request of any Committee member, the Company's Chief Executive, the internal auditors and/or external auditors, the Committee Chairman shall also convene a meeting of the Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.

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Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities' requirements, the Committee must promptly report such matter to Bursa Securities.

The Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

4. Duties and Responsibilities

The duties and responsibilities of the Committee should include the following:-

(A) External Audit

- i) To consider the nomination and appointment/re-appointment of the external auditor, the audit fee and any questions of resignation or dismissal, any letter of resignation from the external auditors and whether there is reason (supported by grounds) to believe that the external auditor are not suitable for re-appointment. In considering the appointment/re-appointment of the external auditor, to consider among others:-
 - a) the adequacy of the experience and resources of the accounting firm;
 - b) the persons assigned to the audit;
 - c) the accounting firm's audit engagements;
 - d) the size and complexity of the listed issuer's group being audited; and
 - e) the number and experience of supervisory and professional staff assigned to the particular audit;
- ii) To consider the performance of the external auditor and its independence as below:-
 - a) the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - b) the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; ~~and~~
 - c) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor;
 - d) the competence, audit quality and resource capacity of the external auditor in relation to the audit; and
 - e) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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- iii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, the audit plans and ensure proper coordination where more than one audit firm is involved;
- iv) To review with the external auditor, his observation and evaluation of the system of internal control;
- v) To review with the external auditor, his audit report;
- vi) To review the quarterly results and year-end financial statements of the Company, prior to the approval by the Board, focusing particularly on:-
 - a) any changes in or implementation of major accounting policies and practices;
 - b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
 - c) the going concern assumption; and
 - d) compliance with accounting standards and other legal requirements;
- vii) To discuss problems and reservations arising from the interim and final audits, and any matter the external and internal auditor may wish to discuss (in the absence of management where necessary);
- viii) To review the external auditor's management letter and management's response;
- ix) To discuss the contracts and nature for the provision of non-audit services which can be entered into by the Group with the external auditors or its affiliates and procedures that must be followed.

In the event that the non-audit fees paid to the Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to the Company's external auditors) the Company is required to state the details on the nature of non-audit services rendered in the Audit Committee Report.

(B) Internal Audit

- i) To approve any appointment or termination of senior staff members of the internal audit function;
- ii) To inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- iii) To review any appraisal or assessment on the performance of members of the internal audit functions;

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- iv) To review the structure, competency and resources of the internal audit function, and ensure that it is independent of the activities it audits and it has the necessary authority to carry out its work;
- v) To review the scope of internal audit programme, processes and reports of the internal audit programme, and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
- vi) To consider the major findings of internal investigations and management's response;
 - a) Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - b) Investigate or cause to be investigated any activity within its terms of reference;
 - c) To have explicit authority over the resources such as professional advice and full access to information to investigate certain matter;
 - d) To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Committee. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to the Committee that the internal controls are operating effectively. The head of internal audit (please confirm) will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

(C) Risk Management

- i) Set the guideline and influence the culture of risk management within the Group. This includes:
 - a) embedding risk management and control framework in all aspects of the Group's activities;
 - b) communicating the Group's approach to risk;
 - c) determining what types of risk are acceptable and which are not;
 - d) setting the standards and expectations of staff with respect to conduct and probity;
- ii) Determine the Board's acceptable risk appetite or level of exposure for the Group;
- iii) Approve major decisions affecting the Group's risk profile or exposure;
- iv) Establish and maintain an adequate monitoring and reporting mechanism;

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- v) Identify and assess risks and monitor the management of fundamental risks to reduce the likelihood of unwelcome surprises;
- vi) Satisfy itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively;
- vii) Review the risk management framework, processes, responsibilities and assess whether they provide reasonable assurance that risks are managed within tolerable ranges and approve changes or improvements to key elements of its processes and procedures;
- viii) Solicit formal feedback on the adequacy of risk management and internal control from the Internal Auditor, Chief Financial Officer and Group Chief Executive Officer;
- ix) To consider any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- x) To verify the allocation of in Share Issuance Scheme (“SIS”) compliance with the criteria as stipulated in the by-laws of SIS of the Company; and
- xi) To consider other topics as defined by the Board.

5. Annual General Meeting

The Chairman of the Committee or in his absence, another Committee member should attend the Annual General Meeting to answer any shareholder questions on the Committee’s activities.

6. Revision of the Terms of Reference

- Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
- Upon the Board’s approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

7. Written Terms of Reference

The Committee must have its written terms of reference which deal with its authority and duties, and such information must be made available on the Company’s website.