CONNECTING LIVES AND BUSINESSES FOR A BETTER TOMORROW

ANNUAL REPORT 2022

ABOUT THIS REPORT

Welcome to Pos Malaysia Berhad's Annual Report for the Financial Year 2022.

Further details on Pos Malaysia Berhad can be found at https://www.pos.com.my.

Connecting lives and businesses for a better tomorrow

The cover for our Annual Report 2022 reflects Pos Malaysia Berhad ("Pos Malaysia") steadfast commitment in delivering great services to connect lives and businesses for a better tomorrow for all Malaysians.

While Pos Malaysia has been part of the country's nation-building journey for over 200 years, the arrows symbolise our continuous drive to move the organisation forward, executing our strategies to transform our business to be future-ready.

We will continue to steward trust and progress by putting our customers and people first, and remain focused on delivering the smiles to the last mile to serve the needs of all Malaysians in an ever-changing business landscape.

Pos Malaysia Berhad ("Pos Malaysia" or "the Company") is pleased to present Pos Malaysia and its subsidiaries ("the Group") Annual Report as the primary source and complete illustration of information of the Group's financial and non-financial performance for Financial Year ended 31 December 2022 ("FY2022").

This report also describes the operating conditions that shaped our performance and impact on our moving-forward activities, including the outlook and plans across our business.

OUR REPORTING SUITE

Pos Malaysia's Annual Report has been produced with the primary objective of providing our stakeholders a comprehensive overview and a balanced assessment of our financial and non-financial performance. Reading the report, our stakeholders are informed of our strategy, businesses and performance, our approach to governance and risks as well as our business outlook. The report demonstrates our accountability and strengthens the trust of our stakeholders.

SCOPE AND BOUNDARIES

The report covers the primary activities of the Group. It presents information relevant for long-term investments as well as provide insights on how we create value through our business model. The Financial Year ended 31 December 2022 will be referred to as "FY2022" throughout this report.

MAJOR REGULATIONS COMPLIED

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

ASSURANCE STATEMENT

The credibility of this report is supported by strong governance practices. Assurance for this report is provided by our Board of Directors ("Board"), supported by external verification by KPMG PLT, our auditors for financial information and providers of limited assurance on selected non-financial information.

MATERIALITY AND MATERIAL MATTERS

We apply the principle of materiality in assessing which information is to be included in our Annual Report. For a balanced and coherent report, we focus particularly on issues, opportunities and challenges that materially impact Pos Malaysia and its ability to be a sustainable business that consistently delivers value to our key stakeholders.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances, which could change, hence necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

INSIDE THIS REPORT

OVERVIEW

01

WHO WE ARE

Pos Malaysia is the national postal and parcel service provider and sole licensee for universal services in the country. With a history of **over 200 years**, Pos Malaysia has diversified beyond the traditional provision of mail and parcel delivery to also offer retail, logistics, and aviation products and services. It has also pivoted from a mail company that also delivers parcels to a parcel delivery company that also delivers mail.

Pos Malaysia has the most extensive last-mile reach, delivering to more than **11 million** addresses across the nation. It also has a network of **more than 3,500** touchpoints and **350** self-serve terminals across the country, providing Malaysians with the most comprehensive retail network.

Pos Malaysia connects the nation with **over 200** postal operators globally and extends its capability to support Southeast Asia's rapidly expanding cross-border e-commerce businesses.

Pos Malaysia was listed on the Bursa Malaysia in September 2001 and has a market capitalisation of **RM0.47 billion** as of 31 December 2022.

RM0.47 Billion

MARKET CAPITALISATION
as of 31 December 2022

RM1.96 Billion

REVENUE
as of 31 December 2022

OUR HISTORY

1800s	1957	1992	2001	2007	2011	2016
Service Provider	**Government Agency**	**Corporatised**	**Public Listing Government Linked Company (GLC)**	**Restructured GLC**	**Privatised to Non-GLC**	**Ventured into Logistics & Aviation**
Basic postal services established in the Straits Settlements	Jabatan Perkhidmatan Pos Tanah Melayu	Rebranded as Pos Malaysia	Listed via Philleo Allied Berhad	Internally restructured and transferred listing status to Pos Malaysia Berhad	DRB-HICOM Berhad acquired Khazanah Nasional Berhad's 32% equity stake in Pos Malaysia Berhad	Acquired DRB-HICOM Berhad's 100% equity stake in KL Airport Service Group of Companies by issuance of 100% new shares. Raised DRB-HICOM Berhad's stake in Pos Malaysia Berhad to 53.5%

OUR PURPOSE STATEMENT

We are passionate about building trust to connect lives and businesses for a better tomorrow

OUR CUSTOMER PROMISE

We Deliver. We Connect. We Improve Lives.

OUR VALUES

Own It
We take ownership to achieve a great outcome.

Build Trust
We win mutual trust with fairness and integrity, always.

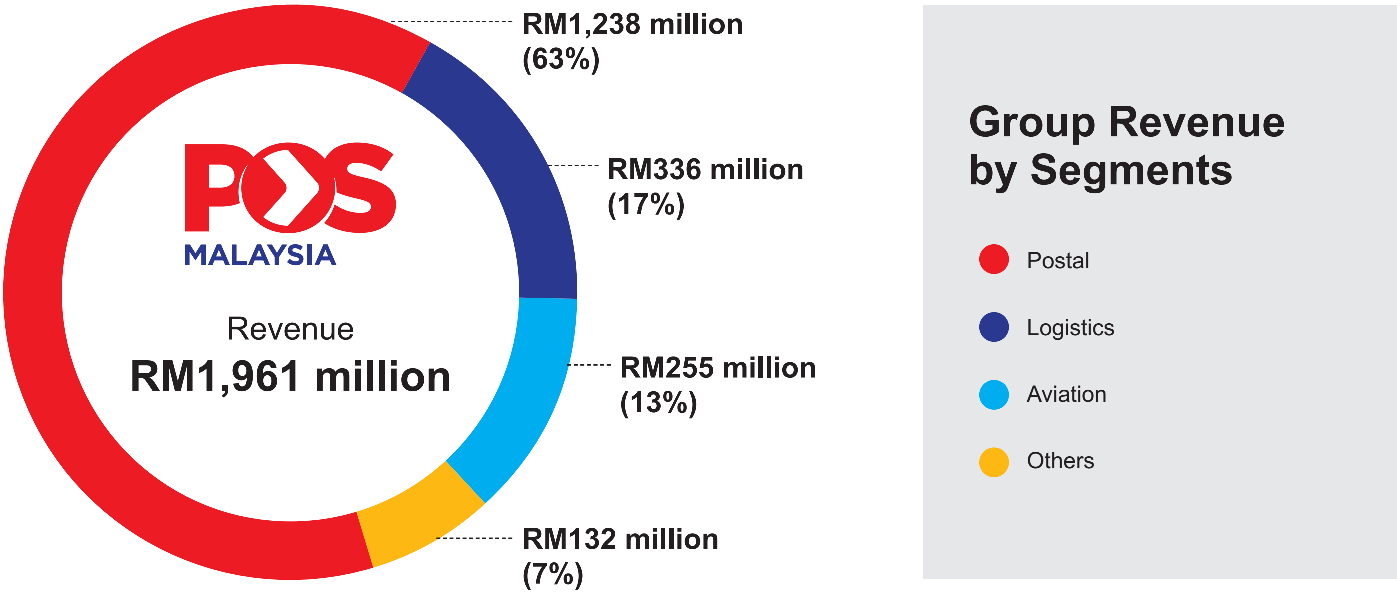
One Team
We work together with others to achieve great results.

Drive Innovation
We challenge the way we do things to create better solutions.

Move Fast
We learn, simplify, adapt, and act quickly.

Delight Customers
We make our customers happy.

OUR BUSINESSES



Postal

- Domestic mail and parcel delivery
- International mail and cross-border shipping
- Bill payment, financial services, postal services, and government services in post offices

Aviation

- Licensed independent ground handler that offers a comprehensive range of services for commercial passenger and cargo airlines

Logistics

- Multi-modal logistics service provider that offers total logistics and inventory solutions

Other Segments

- **Pos Ar-Rahnu** – One-stop gold centre and Islamic microfinancing
- **Pos Digicert** – Licensed digital certificate authority that offers creation of digital identities using digital certificates
- **Datapos** – Mailing solutions unit that offers a dynamic range of services including data processing, enveloping, bulk mail services, and delivery

OUR PRESENCE

PENINSULAR MALAYSIA

541 Post Offices

181 Pos Mini

37 Pos Laju Branches

30 Pos Laju Kiosks

16 Pos Laju Service Centres

93 EziBox

2 Integrated Parcel Centres

19 Ezi-Drive Thru

91 EziDrop

65 Pos Ar-Rahnu

94 Pos Automated Machines

6 Mail Processing Centres

SABAH AND SARAWAK

96 Post Offices

49 Pos Mini

4 Pos Laju Branches

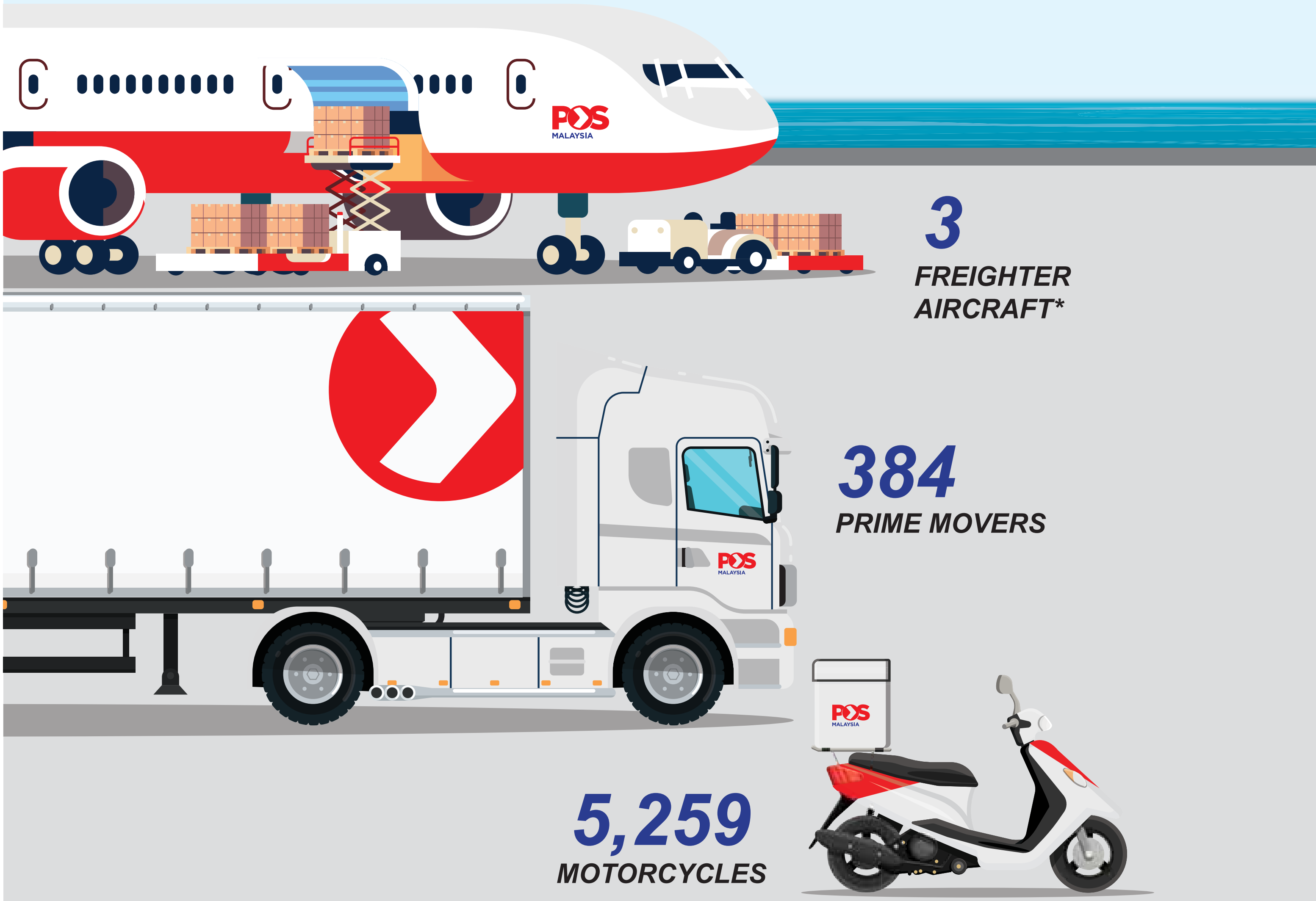
1 Pos Laju Kiosks

1 EziBox

9 Pos Ar-Rahnu

2 Mail Processing Centres

OUR LOGISTICS ASSETS



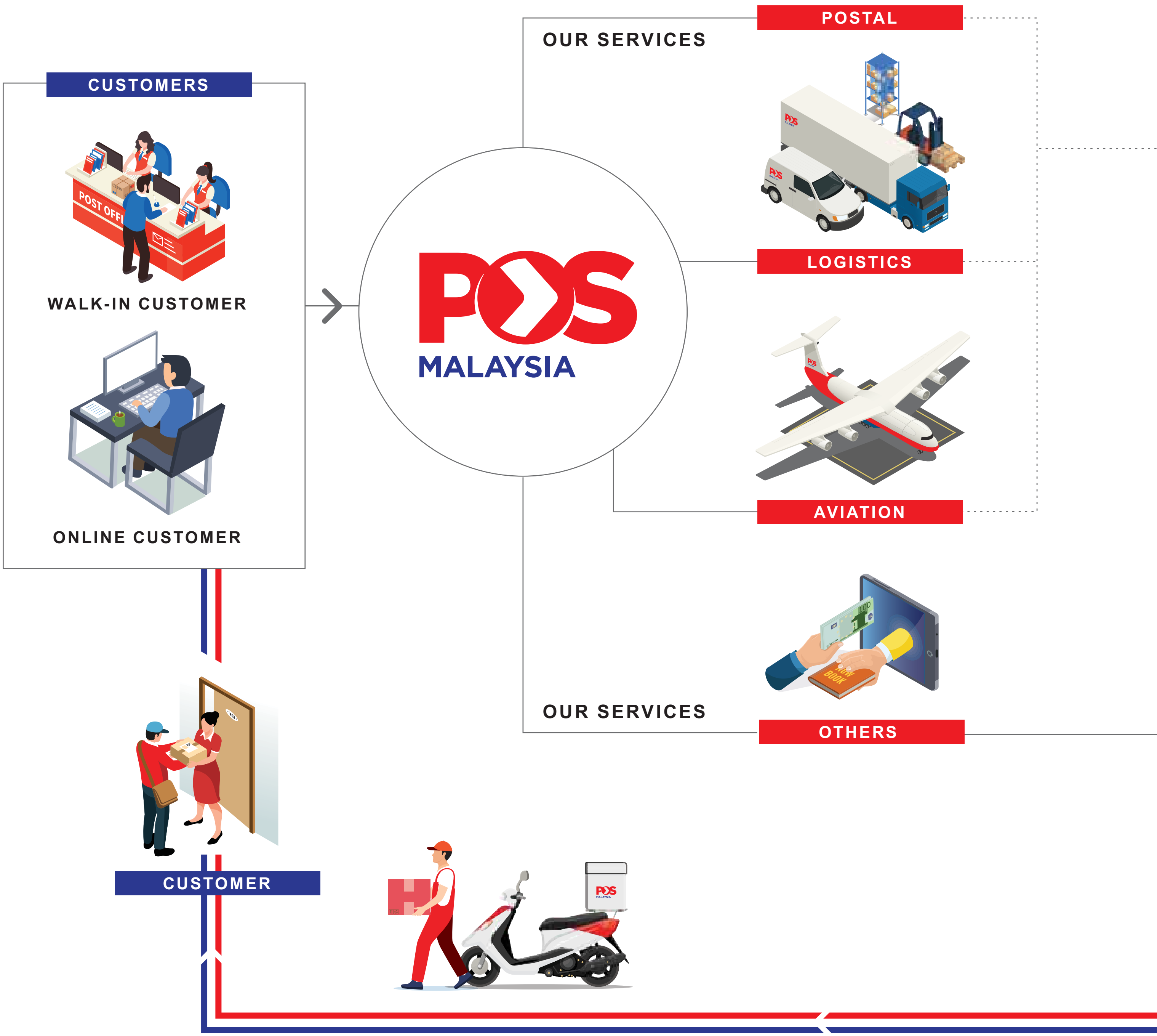
2
BULK CARRIER VESSELS

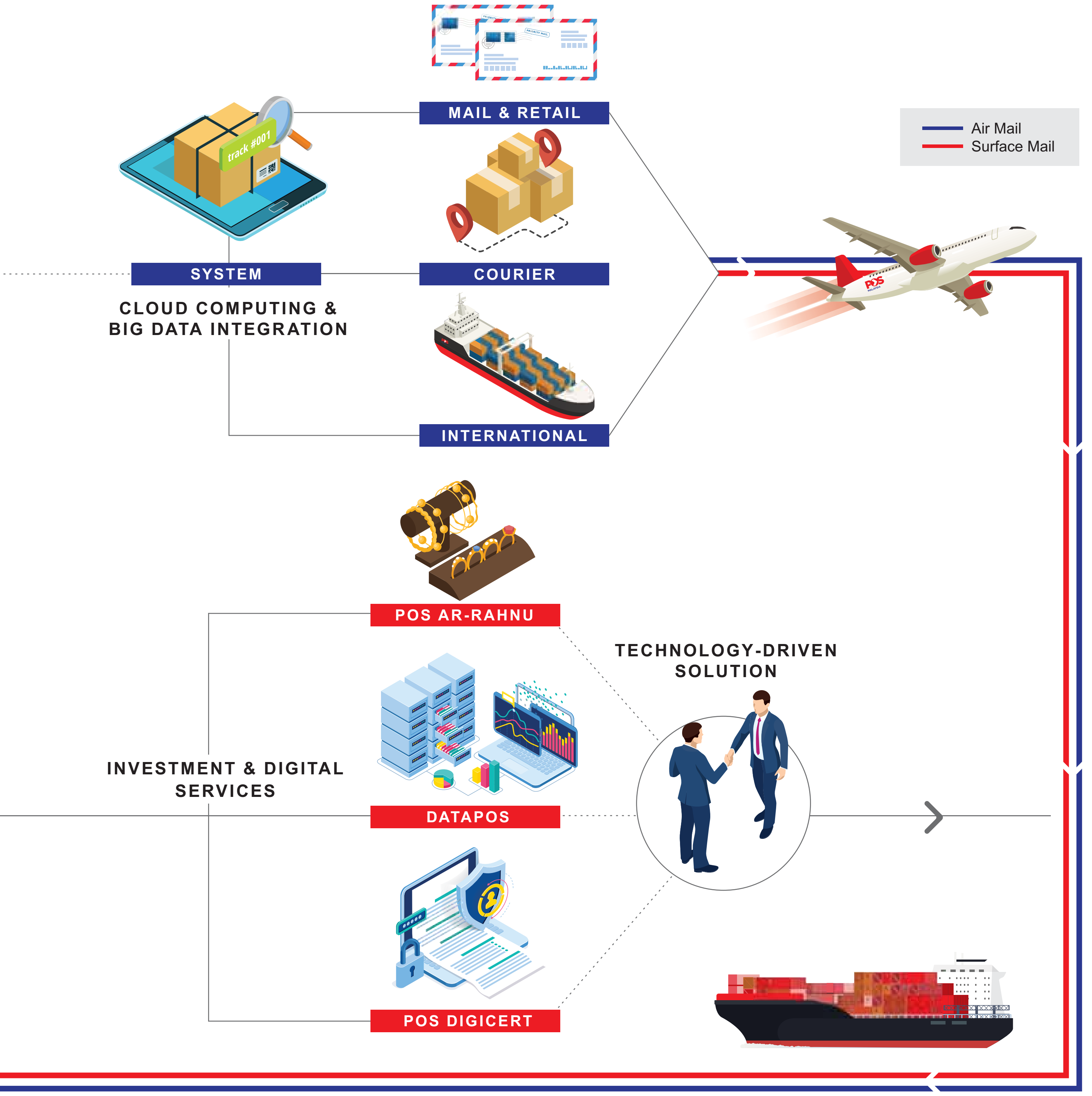
335
LORRIES

1,463
VANS

* leased via an associate of the Group

INTEGRATED PRODUCT VALUE CHAIN




MAIL & RETAIL
COURIER
INTERNATIONAL
SYSTEM
CLOUD COMPUTING &
BIG DATA INTEGRATION
track #001
Air Mail
Surface Mail
POS AR-RAHNU
DATAPOS
POS DIGICERT
INVESTMENT & DIGITAL
SERVICES
TECHNOLOGY-DRIVEN
SOLUTION

HOW WE ARE STRUCTURED

MALAYSIA

POSTAL GROUP

- 100% Datapos (M) Sdn Bhd
- 100% Pos Digicert Sdn Bhd
- 100% Effivation Sdn Bhd
- 100% Pos Ar-Rahnu Sdn Bhd
- 100% Poslaju (M) Sdn Bhd
- 100% Pos Malaysia & Services Holdings Berhad
- 100% PMB Properties Sdn Bhd
- 100% Pos Shop Sdn Bhd (formerly known as Pejabat Pos Sdn Bhd)
  - 100% Prestige Future Sdn Bhd
- 100% Posmen Sdn Bhd
  - 100% PSH Express Sdn Bhd
- 100% PSH Properties Sdn Bhd
  - 100% Real Riviera Sdn Bhd

ASSOCIATES

- 50% PosPay Exchange Sdn Bhd
- 42.5% CEN Sdn Bhd (In the process of winding up)
  - 100% CEN Worldwide Sdn Bhd (In the process of winding up)
- 40% Elpos Print Sdn Bhd (In the process of winding up)

AVIATION & LOGISTICS GROUP

- 100% Pos Aviation Sdn Bhd
  - 100% Pos Aviation Engineering Services Sdn Bhd
  - 100% Pos Logistics Berhad
    - 100% Aman Freight (Malaysia) Sdn Bhd
    - 100% Diperdana Kontena Sdn Bhd
    - 100% KP Asia Auto Logistics Sdn Bhd
    - 100% KP Distribution Services Sdn Bhd
    - 100% Malaysian Shipping Agencies Sdn Bhd
      - 100% Konsortium Logistik (Sabah) Sdn Bhd
      - 100% Konsortium Logistik (Sarawak) Sdn Bhd
    - 100% PNSL Berhad
      - 100% PNSL Risk Management Sdn Bhd
    - 100% Westport Distripark (M) Sdn Bhd
    - 100% Kaypi Southern Terminal Sdn Bhd
    - 49% K.P.B. Sadao I.C.D. Co., Ltd.

  ### ASSOCIATES

  - 49% World Cargo Airline Sdn Bhd
    - 100% Gading Sari Aviation Services Ltd.

2022 KEY HIGHLIGHTS

NON-FINANCIAL HIGHLIGHTS

>360 MILLION
MAIL DELIVERED

>41 MILLION
COURIER ITEMS

536
COMMUNITY POSTMEN

224
COMMUNITY POSTAL AGENTS

(INCLUDING PENINSULAR, SABAH, SARAWAK)

OPEN 7-DAY WEEK

123
POST OFFICES

POS AVIATION:

1,941,070
IN-FLIGHT CATERING MEALS SERVED

POS LOGISTICS:

88,367
TEU CONTAINER THROUGHPUT CARRIED BY POS LOGISTICS (TEU - TWENTY-FOOT EQUIVALENT UNIT)

FINANCIAL HIGHLIGHTS

REVENUE

RM1.96 BILLION

REVENUE BY EMPLOYEE

RM110,003

NET TANGIBLE ASSET PER SHARE

RM0.70

TOTAL SHAREHOLDERS EQUITY

RM646.26 MILLION

TOTAL ASSETS

RM2.38 BILLION

GEARING RATIO

1.27* TIMES

*(TOTAL BORROWINGS + TOTAL LEASE LIABILITIES)/TOTAL EQUITY)

REVENUE BY SEGMENT

RM1,238.21 MILLION
REVENUE **(POSTAL)**

RM335.57 MILLION
REVENUE **(LOGISTICS)**

RM254.94 MILLION
REVENUE **(AVIATION)**

RM132.08 MILLION
REVENUE **(OTHER SEGMENTS)**

AWARDS AND ACHIEVEMENTS

At Pos Malaysia, we are driven by our customer promise of “We deliver. We connect. We improve lives”. We believe in striving to be better in everything we do, as we consistently deliver quality service and delight our customers. The awards and recognitions we received demonstrate our commitment to delivering smiles to the last mile.

2022

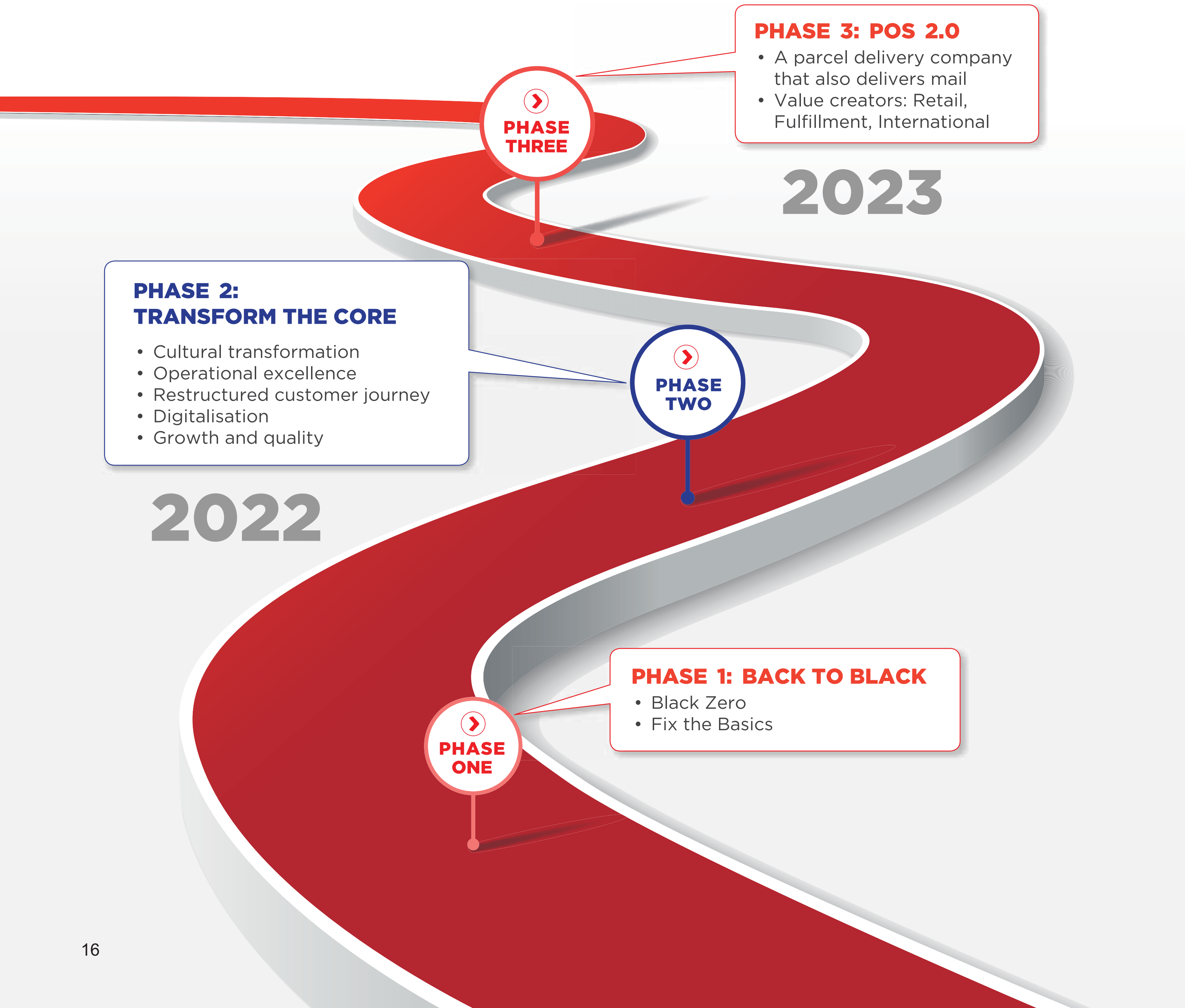
Frost & Sullivan Best Practices Awards - 2022 Malaysia
e-Commerce Company of the Year

2023

Graduates’ Choice Award -
2023 Most Preferred Graduate Employers to Work For
#1 Courier Service
#3 Warehousing

STRATEGY AND TRANSFORMATION

We remain focused on executing the Three-Phase Transformation Roadmap



WHAT WE ARE FOCUSING ON

What we are focusing on

- Delivering a profit with Courier and Retail
- Optimising for margin-led businesses
- Continuing to transform the core
- Gearing for a better future

Our Competitive Strengths

Pos Malaysia is the largest postal and courier operator in the country with unparalleled nationwide reach, sizeable logistics assets, and end-to-end logistics capability.

Our 17,825 employees serve Malaysians across the country and have forged strong partnerships and trust with local communities.

POS MALAYSIA

We continuously invest in digitalisation, enabling us to constantly improve the level of service we provide to our customers.

KEY MESSAGE

02

CHAIRMAN'S STATEMENT

Dear Shareholders,

Pos Malaysia is one of the oldest establishments in the country, and we have been playing a pivotal role in connecting people and communities within the nation, as well as with the rest of the world for over 200 years.

Throughout the decades, we have become a Malaysian icon that is woven into the social fabric of our land. We have proven to be a trusted institution, serving our customers at the most remote corners of our nation even in the face of disruption caused by the COVID-19 lockdowns. At the time of writing, I am glad that the world has returned to some semblance of normalcy, although, it will certainly take some time to fully reverse the impact of the pandemic.

Even so, the postal and courier industry has evolved extensively in recent years with the rise of e-commerce and advances in technologies. Consequently, we have undergone a rapid transformation from being mail-focused to a parcel-focused business placing priority on new technologies and driving innovation in order to offer wider choices, faster delivery and greater convenience.

DELIVERING SHAREHOLDER VALUE

As Malaysia's sole licensee for universal postal services, we have established a vast network of distribution touchpoints to enable us to deliver to more than 11 million addresses. As such, we leverage this unique selling point to provide sustainable long-term value and complementary services in the future.

2022 was characterised by a weakening macroeconomic environment, aggressive competition, evolving consumer behaviour and systemic change in the local industry landscape. However, the three-phase strategy approved by the Board, namely Back to Black, Transform the Core, and Pos 2.0, helped to mitigate some of the extraordinary challenges and put us on track as we continue to accelerate the pace of change at Pos Malaysia.

The sustainable growth of Pos Malaysia is crucial for us to continue to deliver value to our stakeholders. As such, I am pleased to share that we have made solid progress in 2022 and effectively executed our current transformation programme to strengthen our key priorities. The plan is bearing fruit and will underpin the turnaround of our financial performance. Evidence of progress can be seen whereby in 2022, we were able to halve net loss amid a challenging macroeconomic environment. Efforts to improve customer segmentation have also resulted in better yields and 2,251 new accounts from various corporate and SME customers were secured.

Our employees are our key priority and as such, we have successfully implemented a company-wide culture transformation foundation programme to align with our purpose, customer promise, and values. We have taken conscious measures to ensure that our people are highly motivated and engaged and feel safe to work in a conducive work environment that allows them to continuously be better and adapt to the ever-evolving landscape.

Our modernised infrastructure and adoption of state-of-the-art technology have improved efficiencies and delivery speed; all carried out with a sole focus on enhancing customer experience. Without compromising on the quality of services, we have streamlined processes and invested in technology to upgrade productivity while reducing operational costs.

We have also maximised our yields and efficiently utilised our assets even though our operations are characterised by high fixed costs; which, at times, makes it challenging to quickly adapt to changing volume trends.

Moving forward, we will continue to accelerate growth and deliver shareholder value by maintaining a focus on customer-centricity, delivering operational excellence and sustainable practices to drive our core businesses.

RETURN TO PROFITABILITY

Despite the loss recorded for the financial year 2022, I wish to highlight that Pos Malaysia returned to profitability in the second quarter of 2022 ("Q2 2022") after 15 consecutive quarters of losses. I would like to express my appreciation to Charles Brewer, our Group Chief Executive Officer, who came on board in August 2021, for this remarkable turnaround.

However, I understand that one sunny day does not make a summer. While Pos Malaysia has come a long way, we are also reminded that much needs to be done for a full financial performance turnaround. Despite the challenges, we remain cautiously optimistic that the Group will deliver improved results in 2023.

Meanwhile, we remained dedicated to the multi-pronged transformation plan of improving financial performance, transforming the core business and culture, optimising margin-led initiatives, maintaining strict cost control, and promoting sustainability guided by our roadmap.

INTEGRATING SUSTAINABILITY

Everything we do at Pos Malaysia serves one purpose: to be passionate about building trust to connect lives and businesses for a better tomorrow. This commitment guides our efforts and sense of responsibility, underscores our values, focuses our mission and creates long-term value. In fulfilling our purpose, we have integrated sustainability considerations to ensure every dimension of our business will positively impact the environment and communities that we serve in.

As part of our roadmap, we focus on building a sustainability framework based on sound Economic, Environmental, and Social ("EES") strategies and approaches in order to effect profound and lasting changes.

In giving our commitment to Sustainability, Pos Malaysia has aptly outlined a Sustainability Transformation plan. We are committed to a 30% reduction in Scope 1 and Scope 2 emissions by 2025, with aspirations to achieve net zero carbon by 2050.

We are confident that these ambitious goals will further push us towards achieving greater impact in our value chain decarbonisation efforts, and ultimately, contributing towards mitigating climate change.

A full discussion of our approach to sustainability can be found on pages 118 to 143 of this report.

FORTIFYING CORPORATE GOVERNANCE

As a public-listed company, Pos Malaysia upholds the highest standards of governance. We continue to strengthen our governance framework in line with regulatory requirements to ensure transparency, accountability, and ethical behaviour in all aspects of our operations. Gaps were identified and mitigation plans were put in place, specifically, the Anti-Bribery and Anti-Corruption Policy was formulated to augment the existing Whistleblowing Policy.

Meanwhile, we continue to review and enhance our existing code of ethics and integrity to establish a culture of zero tolerance for corruption.

ACKNOWLEDGEMENTS

I would like to acknowledge all stakeholders who have collectively shaped what Pos Malaysia is today.

First and foremost, and on behalf of the Board, a special thank you to Datuk Puteh Rukiah binti Abd Majid and Sharifah Sofia binti Syed Mokhtar Shah, both of whom have since left the Board. We are grateful for their invaluable guidance and contribution that have helped steer towards unlocking true value at Pos Malaysia.

I would also like to thank the Government, Ministry of Communications and Digital (formerly known as Ministry of Communications and Multimedia) and our regulator, the Malaysia Communications and Multimedia Commission ("MCMC"), for ensuring a healthy and thriving postal and courier ecosystem in Malaysia.

I would also record my appreciation to our shareholders, business partners, and customers for their unwavering support and immeasurable trust in riding with us through these turbulent times. Indeed, your confidence in our company has been a driving force for us to continually strive for excellence.

Last but not least, I would like to express my gratitude to the entire workforce at Pos Malaysia, the 17,825 Pos Wiras including the Management, for their passion and loyalty towards the organisation. It is heartening to see the ethos of service that makes everyone the beacon of trust at Pos Malaysia, be it rain or shine. Pos Malaysia Boleh!

Thank you.

Syed Faisal Albar
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

At Pos Malaysia, we understand the critical role we play in the lives of Malaysians, and we proudly serve all corners of the country – the urban centres, the rural towns and remote *kampongs*. We are the only delivery company with the reach, the network and the commitment to serve all Malaysians.

Change has always been a constant, and since joining Pos Malaysia as the Group Chief Executive Officer in August 2021, I have observed significant shifts, both in terms of the macroeconomic environment and with our customers. As such, we need to remain focused, agile, and adapt to the constantly changing environment and be adept at capitalising on opportunities for growth.

In 2021, we developed our turnaround and transformation plan, and we have made considerable progress in executing on both. While we focused on 'fixing the basics' in 2021, in 2022, we focused on 'transforming our core'.

For 2023, we will continue to build on this foundation through accelerated transformation, strengthening what we provide to our employees and customers, improving operational efficiencies, improving the service we provide, and positioning Pos Malaysia to capture opportunities in a technology-driven environment, both now and in the future.

OUR OPERATING ENVIRONMENT

Our business is cyclical and broadly follows economic trends, and 2022 can be characterised by extraordinary challenges. Economic uncertainty and higher inflation have reduced consumer spending, with COVID-19 behind us, consumers are returning to the high street and of course, the intensely competitive Malaysian environment continues and even accelerated.

Our business is outlined by a high proportion of fixed costs, which makes it challenging to adapt the capacity rapidly to the volume development, that said, we are continuing the work we have started in 2021, which includes adjustments to our capacity and network, and addressing the unprofitable parts of our Group.

PAVING THE WAY FOR FUTURE GROWTH

Despite the challenging business and economic environments, Pos Malaysia's three-phase transformation strategy remains on track. Our first phase, "Fixing the Basics", saw us significantly lowering our direct and indirect costs, enabling more resources to be allocated towards improving our service and our employees, as well customer journey.

In 2022 we focused on our transformation journey, namely transforming our culture, transforming the customer journey, and optimising our costs. In doing so, we laid the foundation for future growth.

At the heart of Pos Malaysia is our employees, our Pos Wiras! Our culture transformation programme underpins our organisational transformation, and I am proud to report that we have successfully completed the Wira Foundation programme, and that journey will continue into 2024 to inculcate a new way of operating and new behaviours as we live up to our purpose and six core values.

OUR PERFORMANCE

As a result of the incredible commitment from the Pos Malaysia team, and regardless of the challenging macroeconomic environment, we were able to further reduce our losses by 50%. For the financial year ended 31 December 2022, Pos Malaysia posted a net loss of RM167.7 million compared with a net loss of RM335.7 million in FY2021. The Company was able to deliver this improved result despite our revenue declining by 10.6% to RM1.96 billion in FY2022 from RM2.19 billion in FY2021.

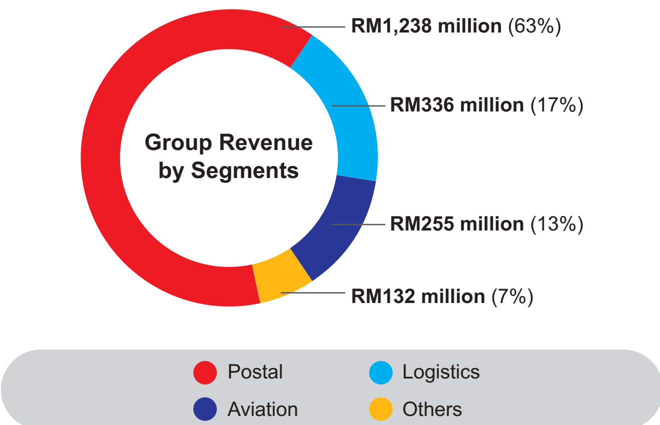
Our **Postal** segment remained the top contributor to the Group revenue at 63%, followed by Logistics at 17%, Aviation at 13%, and Others at 7%.

Our core business, the Postal segment, saw a decline in revenue of 19% to RM1.2 billion, primarily driven by a reduction in parcel volumes.

The **Logistics** segment's revenue declined 3% to RM335.6 million, as the marine businesses were adversely impacted by the Indonesian government's coal ban.

As borders reopened for both commercial and cargo flights, the **Aviation** segment's revenue grew 18% to RM254.9 million, subsequently turning around the previous year's loss.

In our **Others** segment, Ar-Rahnu, Datapos, and Digicert businesses largely contributed to the growth of 7% in revenue to RM132.1 million.



OUTLOOK

The ongoing challenges require continued structural changes. We will continue to focus on our transformation, adjusting the business model and capacity, and tackling our unprofitable segments. Our operations are characterised by high fixed costs, which makes it challenging to quickly adapt capacity to changing volume trends.

We will remain dedicated to the multi-pronged transformation plan of 1) improving financial performance, 2) transforming the core business and culture, 3) optimising for margin-led initiatives, 4) maintaining strict cost control, and 5) promoting sustainability guided by our environmental, social, and governance ("ESG") roadmap. Despite the challenges, we remain cautiously optimistic that the Group will deliver improved results in 2023.

INVESTING IN THE CLIMATE TRANSITION

We are passionate about building trust to connect lives and businesses for a better tomorrow. Given our reach and footprint, it is natural for us to take the lead in the climate transition programme in the logistics sector.

We have set ourselves an ambitious goal of delivering net-zero by 2050 and our strategy is based on six pillars: Delivery Methods, Fleet Optimisation, Green Buildings, Waste Management, Eco-Consumerism, and Digital Learning. Pos Malaysia aims at managing sustainability and reducing the collective carbon footprint of the logistics industry.

ACKNOWLEDGEMENTS

On behalf of the management team, I wish to express my sincere gratitude to our Chairman, Dato' Sri Syed Faisal Albar, and the rest of the Board for their vision, their trust, and their confidence.

To our shareholders and customers, your unwavering confidence in us is deeply appreciated. I wish to thank the government, particularly our regulator, for their cooperation and collaboration with us.

Lastly, I would like to extend my heartfelt appreciation to all the Pos Malaysia Wiras for their dedication, hard work, and commitment to serving our customers. Your contributions do not go unnoticed and I am incredibly grateful for everything that you do.

Thank you.

Charles Brewer
Group Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

03

OPERATING ENVIRONMENT

Pos Malaysia's ability to keep creating value for our stakeholders is dependent on our ability to negotiate the fast-evolving operating environment. The external operating context has a direct impact on our profitability, the risks that we face, and our strategic decision-making.

Throughout FY2022, we unveiled a series of initiatives to transform the Group and grow as one integrated business while operating in an extremely challenging environment. The recovering world economy thrust challenges of high interest rates and growing inflation as businesses struggled to recommence operations. The courier segment faced heightened challenges from increased insourcing by e-commerce, large number of players in an unregulated market space, and a shift in demand to brick-and-mortar purchases.

Operating Environment Post COVID-19

The pandemic accelerated digitalisation and changed the business operating landscape. The rolling out of COVID-19 vaccines raised confidence in physical movement, encouraging retail activities. Realising the potential of the retail segment as the economy opened up, we enhanced our retail services to tap into the new parameters of this growth segment.

Impact: As a result of the COVID-19 pandemic, even after the countries reopened, a complex interplay of macroeconomic factors created a challenging operating environment for businesses. When central banks in most countries adopted a similar hawkish stance as the US Federal Reserve, interest rates began to rise to curb inflationary pressures. However, the year 2023 is predicted to herald a potential recession in many economies, with a lesser impact on Malaysia and the region owing to the scale of ASEAN and the reopening of China.

How We Responded: We employed strategies around our second pillar "Delivering a Great Service and Delighting Our Customers" to expand our network through the retail initiative. We opened 120 new Pos Mini outlets and onboarded 3 partners. We also deployed 2,497 card terminals, leading to 432,000 card transactions. Through a focus on our third pillar "Delivering a Profitable Network," we achieved cost savings of RM26 million and a rise in revenue from our retail operations by 7%, while the average revenue per transaction ("ARPT") rose 2.5% to RM3.31. Footfall at our retail outlets registered 2.5 million per month. On the sales front, productivity of our Sales Wiras rose 140%, and 2,251 new customers were won for the year from the corporate, financial services, retail, and SME industry, contributing RM27.9 million additional revenue.

Outlook: Our Core Transformation programme, part of our three-phase transformation plan initiative, will build Pos 2.0 – an organisation that is bigger, better, and poised to be a market leader. Our transformation in the new economy will focus on four key areas: Expanding our cultural and leadership transformation programme; rolling out high margin-led initiatives in the areas of retail, fulfillment and international businesses; implementing Environmental, Social, and Governance ("ESG") initiatives; and optimising cost to unlock potential value from our subsidiaries. Opportunities are present in emerging tech-inspired areas that can be leveraged to push past the disruption in the mail industry to recreate Pos Malaysia.

Competitive Courier Industry

The market outlook for the courier segment remains challenging, driven by high number of market players, insourcing by e-commerce platform, and the shift in consumer buying patterns to physical stores. In order to remain competitive in the industry, Pos Malaysia is positioning itself to leverage on its extensive network presence in prime locations, existing resources, and vast experience to seek out new value creators.

Impact: The biggest change in the past 12 months is the acceleration of insourcing by e-commerce platforms, leading to approximately 50% of the market unavailable to any delivery company. Pos Malaysia will remain focused on growing our market share in the courier segment, however, we will capitalise on our strength to broaden our revenue stream through high-margin B2B, B2C, and D2C customers.

How We Responded: We have improved competitiveness across our parcel delivery services, focusing on first raising our services to above 90%, then ensuring our service levels remain consistent. Pos Malaysia's strategy of targeting high-margin customers and prioritising business segments with higher yields has resulted in a 17% growth in the B2B segment. The Company has successfully added new customers from various industries, such as financial services, retail, and government-linked companies. Our B2B contribution to volume has grown from 14% last year to 43% in 2022, while our B2C segment contributes 42% (FY2021: 75%).

Outlook: Pos Malaysia’s over 200 year track record and brand loyalty, coupled with our extensive network of touchpoints give us an edge to attract new customers and validate our position as the market leader for next-day delivery. Vast untapped potential lies in the lucrative B2B market, which brings better yields than the B2C segment. Pos Malaysia is poised to leverage its strengths to expand on this segment.

Leveraging the Digital Economy

Digitalisation of the economy has been accelerated by the onset of the COVID-19 pandemic, leading to automation, mechanisation, and digitalisation of business operations across the board. Pos Malaysia has responded to these changes by working on digitalising the customer journey. Efforts to digitalise our operations and services have led to cost efficiency and better customer service.

Impact: The most significant impact of digitalisation on our operations has been the lower mail volumes received and the rise of parcel volumes. There is also the expectation to provide alternative sources of payment for walk-in customers. Pos Malaysia also needs to digitalise its operations in the mid and last-mile deliveries by employing mobile apps and other digital tools.

How We Responded: To counter the lower mail volumes due to the rise of digitalisation, we sought one-off mail delivery projects, secured contracts for government mailing, and obtained other large-scale mailing. We invested in digital technology to remain competitive by modernising our IT systems, and revamping our operations and customer-facing apps. We also introduced *Aisha chatbot* which offers cross-channel support, allowing customers to reach customer service, track parcels, and pay customs from our website, mobile apps, WhatsApp, and Facebook Messenger. We also enhanced our website to be more interactive and user-friendly, and implemented the Estimated Time of Arrival (ETA), an industry-first concept in Malaysia providing the estimated parcel delivery time within a range of 3 hours. Other measures included the enhancement of SendParcel Pro, a platform for contract customers that accelerates their orders/shipments processing, and cash on delivery ("COD") + Cashless Payments to provide additional payment options to our customers at our post offices.

Outlook: The shift by consumers and businesses towards digitalisation creates opportunities amid the disruption in the industry. Pos Malaysia can work to capitalise upon our broad network and presence, coupled with an unwavering focus on digital technology to strengthen and diversify operations.

Developing People

To progress and grow, Pos Malaysia must be equipped with the right people for the right roles through talent development programmes and succession planning. Employee engagement is also crucial for two-way communication and increased job satisfaction. The pandemic has also exposed the potential for flexible work arrangements, which potentially raises satisfaction, happiness and productivity.

Impact: As a service-oriented organisation, our people are our greatest asset, as reflected by our focus on our pillar of creating “Highly Motivated, Engaged, Safe Employees”. We embarked on a right-sizing exercise and a culture transformation programme to enhance the efficiency of our workforce, which led to improved performance, increased productivity, and better organisational outcomes.

How We Responded: We designed the Wira foundation programme to establish the DNA for Pos Malaysia. This programme has been successfully rolled out to approximately 15,500 employees, with further culture transformation programmes planned for the following year. The transformation programme resulted in 86% employee engagement, while employee retention was 97%. The right-sizing exercise brought the number of in-house agents to 72 from 200 BPO agents previously, while productivity levels were measured at 85%. Additionally, we hired high-potential employees for key positions from the right industry and conducted salary review to ensure employees were rightfully compensated. Other initiatives included flexible work arrangements, online KPI system to ensure that our employees are aware of their performance and are able to track their progress, and HRIS system for all online application (leave, etc) and online claim system. To engage our employees, we established a number of communication channels that promote effective two-way communication, which included townhall sessions and video updates.

Outlook: Attracting and retaining the right people will remain a constant challenge as the type of skills needed by Pos Malaysia will continue to evolve as we seek to stay ahead of the rapid changes that are reshaping our business landscape. We will maintain our focus on recruiting people with the right skills and experience, and on constantly investing in our people to equip them with the skills that our evolving business needs.

Environmental, Social, Governance Stewardship

The issues of environmental stewardship and carbon emissions continue to take priority for businesses as regulators, customers, investors, and shareholders raise growing concerns about the threat from climate change. Compliance with ESG matters has profound implications in positioning an organisation as a steward championing environmental issues and climate change, as well as societal issues such as promoting a safe and positive work environment for employees.

Impact: The industry's push for faster delivery comes on the back of higher environmental costs, placing Pos Malaysia in the position to strike the right balance. Seeking greener alternatives for lower emissions becomes a priority as we navigate a complex operating environment with rising costs and the need to preserve reputational integrity.

How We Responded: To strengthen our commitment towards sustainability and ensure all initiatives are aligned with our purpose, values, and strategic pillars, Pos Malaysia is steadfast in adhering to the policies and procedures presented in its Sustainability Commitment and Environmental Management Policy drawn up in 2022. The policy also highlighted several areas of focus to reduce the environmental impacts from the Group's business activities, such as zero single-use plastics; responsible consumption of materials and resources; paper, water, and waste management; recycling initiatives; rooftop solar project; and sustainable event management. Other measures included review of employees' salaries and introduction of flexible work arrangements.

We also realise the need for combined efforts and collaboration of all stakeholders. Therefore, we have taken strides to partner with suitable organisations, such as United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB"), United Nations Global Compact ("UNGC") and the International Post Corporation ("IPC") SMMS Programme.

Outlook: Pos Malaysia will continue its efforts to comply with current environmental and sustainability standards by aggressively implementing strategies to reduce our environmental footprint and further enhance sustainability disclosure. Moving forward, there are opportunities for electric vehicles ("EV") usage and intensifying renewable energy initiatives.

5-YEAR GROUP FINANCIAL SUMMARY

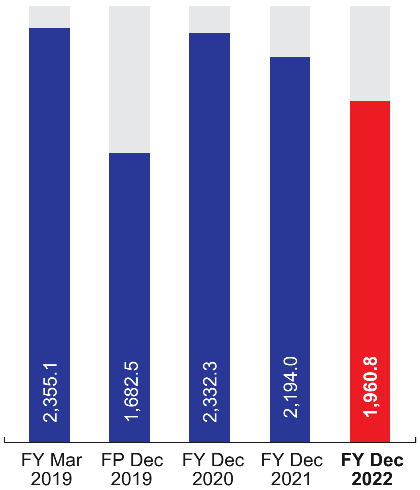
	FY Mar 2019	FP Dec 2019	FY Dec 2020	FY Dec 2021	FY Dec 2022
Loss Before Tax (RM' million)	(158.4)	(241.9)	(303.5)	(331.4)	(169.8)
Loss Before Tax Margin (%)	(6.7)	(14.4)	(13.0)	(15.1)	(8.7)
EBITDA Margin (%)	1.5	(1.0)	(0.1)	(2.3)	3.4
Return on Assets (%)	(5.1)	(6.4)	(9.7)	(12.5)	(7.1)
Return on Equity (%)	(9.7)	(14.8)	(26.9)	(41.4)	(25.9)
Balance Sheet					
Total Assets (RM' million)	3,281.9	3,345.2	3,169.5	2,688.8	2,375.5
Total Equity (RM' million)	1,715.4	1,451.9	1,143.4	811.6	646.3
Current Ratio (Times)	1.1	1.0	0.9	0.9	0.8
Staff Information					
No. of staff (No.)	23,353	22,851	21,626	19,071	17,825
Revenue per employee (RM'000)	100.8	73.6	107.8	115.0	110.0

FY = Financial Year
FP = Financial Period (9 months)

5-YEAR GROUP FINANCIAL HIGHLIGHTS

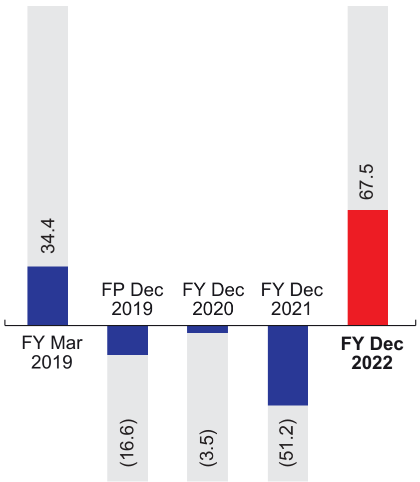
REVENUE
(RM' million)

1,960.8



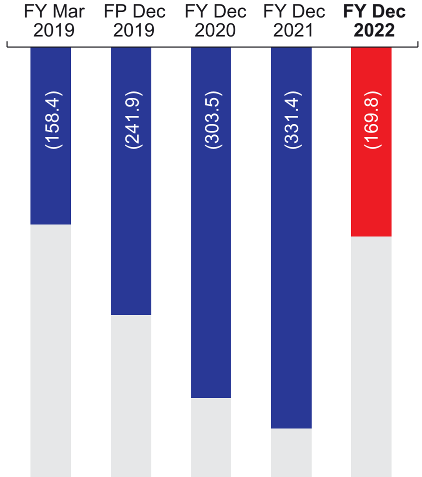
EBITDA
(RM' million)

67.5



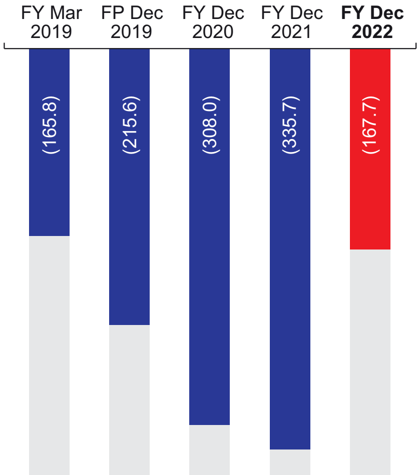
LOSS BEFORE TAX
(RM' million)

(169.8)



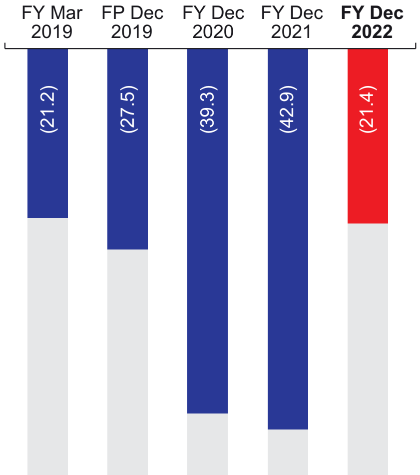
LOSS AFTER TAX
(RM' million)

(167.7)



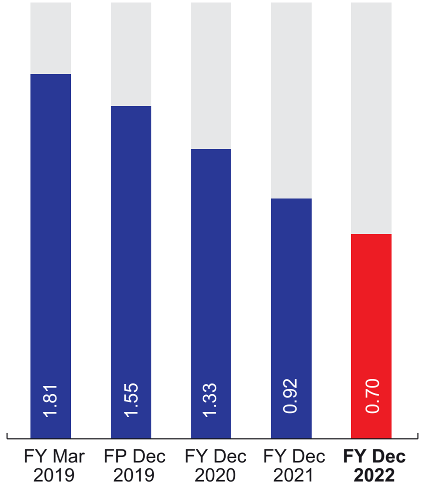
LOSS PER SHARE
(cent)

(21.4)



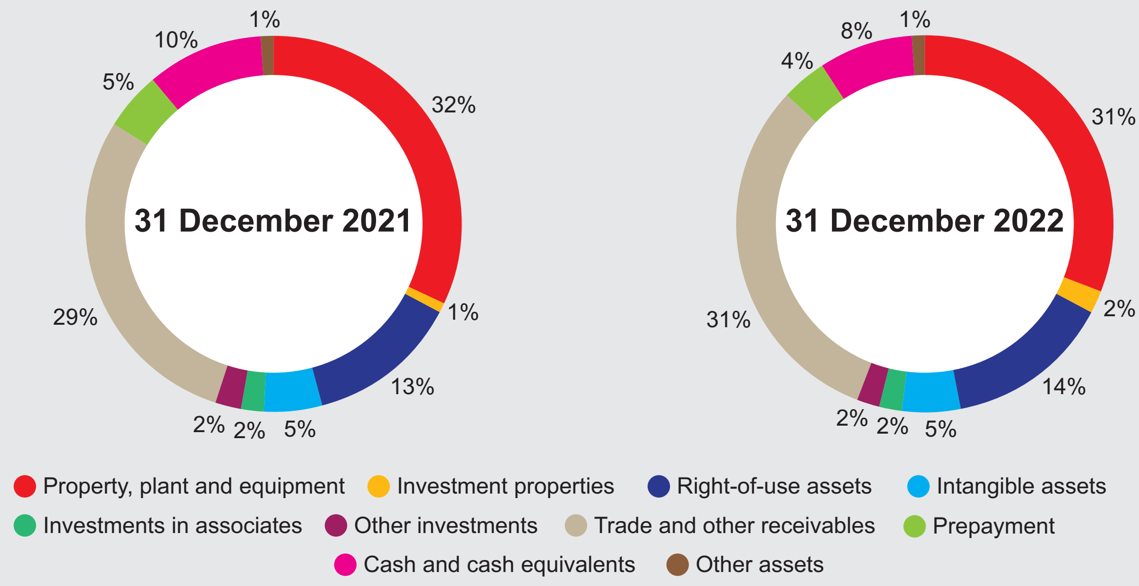
NET TANGIBLE ASSET PER SHARE (RM)

0.70

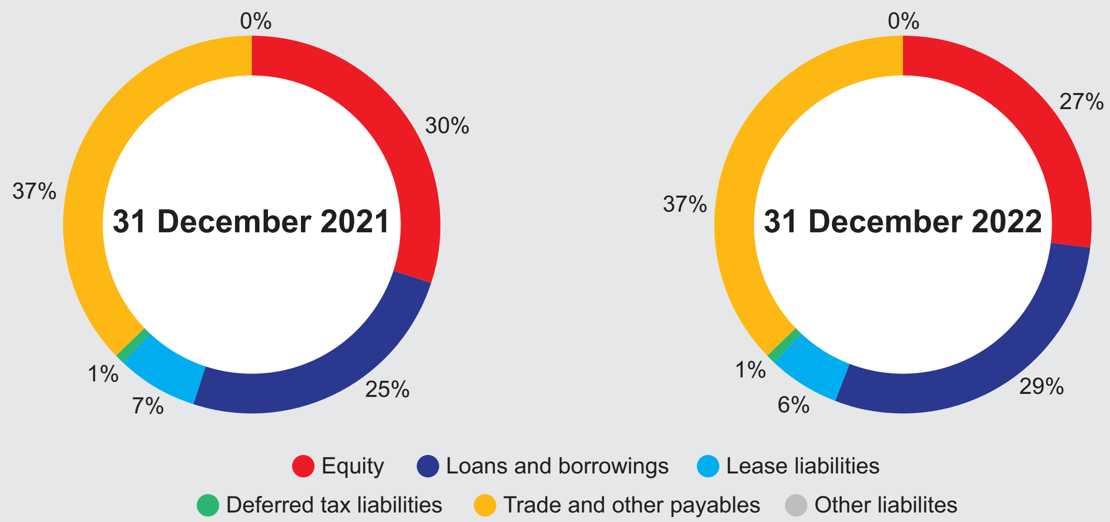


SIMPLIFIED STATEMENT OF FINANCIAL POSITION

ASSETS

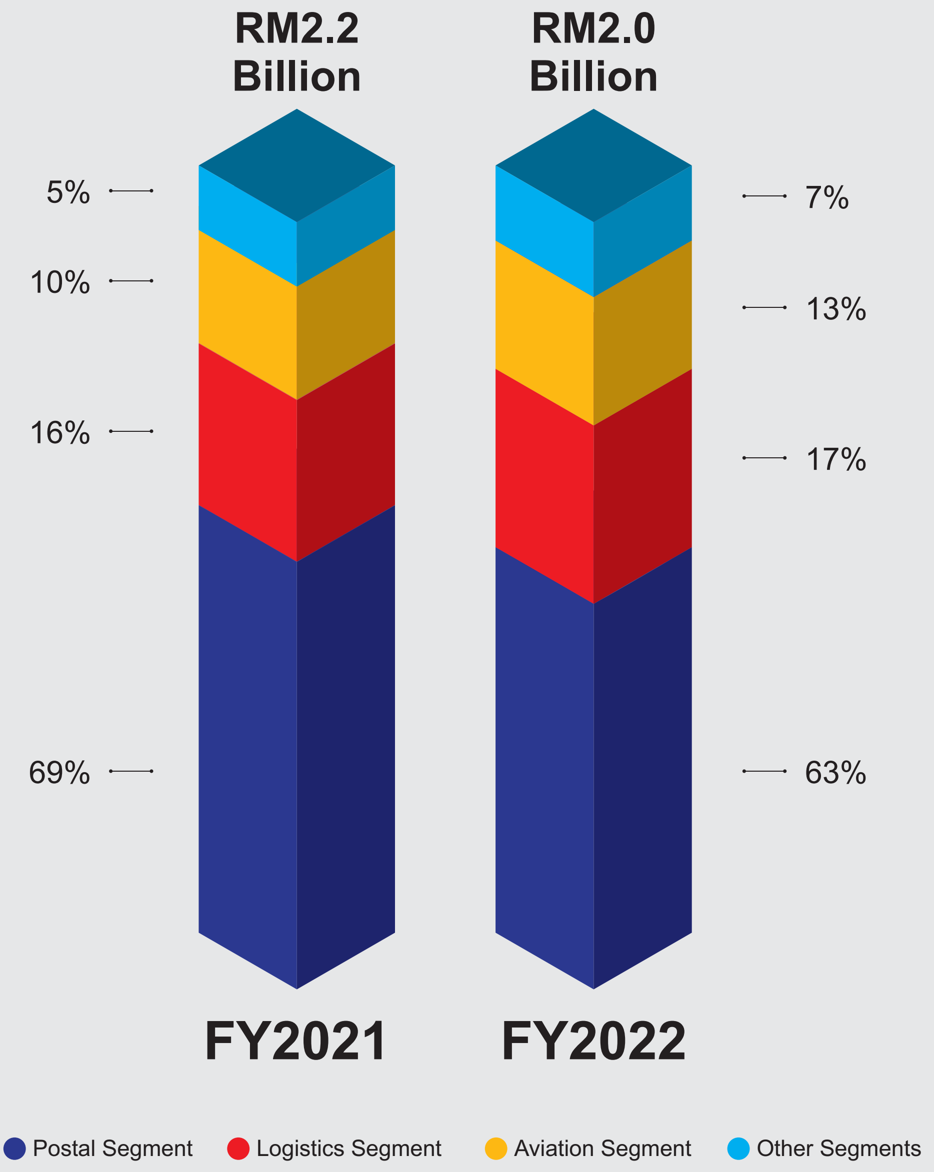


LIABILITIES AND SHAREHOLDERS' EQUITY



SEGMENTAL ANALYSIS

TOTAL REVENUE



STATEMENT OF VALUE ADDED AND VALUE DISTRIBUTED

	FY Dec 2021	FY Dec 2022
VALUE ADDED		
Revenue	2,194.0	**1,960.8**
Purchase of goods and services	(1,062.2)	**(1,209.2)**
Value added by the Group	1,131.8	**751.6**
Other operating income/expense (net)	(73.7)	**(28.5)**
Finance income	2.1	**1.7**
Finance cost	(45.0)	**(37.2)**
Foreign exchange loss	(6.4)	**(7.2)**
Share of results of associate	3.3	**(0.6)**
Value added available for distribution	1,012.1	**679.8**
DISTRIBUTION		
To Employees		
Employment cost	963.0	**869.5**
To Government/Approved Agencies		
Tax and zakat	5.2	**(1.1)**
To Shareholders		
Dividends	-	**-**
Retained for reinvestment and future growth		
Depreciation, impairment and amortisation	305.8	**240.9**
Net reduction in retained profits	(261.9)	**(429.5)**
Total distributed	1,012.1	**679.8**

FINANCIAL CALENDAR

FY2022

25
MAY 2022

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2022.

22
AUGUST 2022

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2022.

21
NOVEMBER 2022

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2022.

20
FEBRUARY 2023

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2022.

24
MAY 2023

31st AGM of the Company.

INVESTOR RELATIONS REPORT

Pos Malaysia recognises the importance of maintaining a strong, trust-based relationship with our shareholders and the broader investment community. Maintaining a credible communication channel with the investment community is integral to our commitment towards corporate governance. Towards this end, we have an experienced Investor Relations ("IR") team who manages a structured IR programme through which we engage with analysts, investors, and shareholders.

A key function of the IR team is to ensure timely and transparent disclosure of relevant and material information on the Company's developments to our investors to keep them updated of our strategies and performance, thus enhancing their understanding of the Company for more informed investment decisions. While enabling us to disseminate important updates, these sessions also allow us to gather valuable feedback from the investment community.

In addition to key events such as quarterly results announcements and our annual general meetings, the IR team, with or without key members of Management, also conducts one-on-one meetings and dialogue sessions with local institutions, investors, and analysts. As far as possible, the team will accommodate requests by analysts, the media, or potential investors for information or a sharing session.

Further ensuring dissemination of relevant information on Pos Malaysia businesses and activities, we release media statements on corporate developments and achievements.

Annual Report and CG Report were issued on 29 April 2022. At the Annual General Meeting on 16 June 2022, our Directors, Group CEO, Group CFO, and other members of the Management Team presented the Company's performance for the financial year 2021 and answered questions posed by shareholders. This AGM was held virtually due to the pandemic.

Quarterly results announcements made on 25 May 2022, 22 August 2022, 21 November 2022 and 20 February 2023:
- Announcements to Bursa Malaysia
- Media release on Financial Results

GCEO VIRTUAL ENGAGEMENT SESSION WITH ANALYSTS, 2 SEPTEMBER 2022

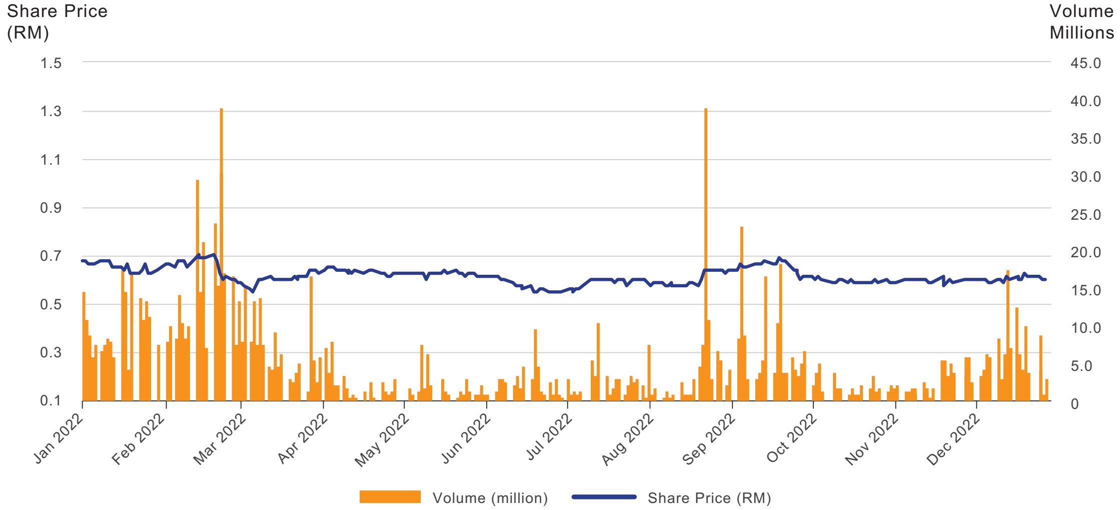
- Annual engagement session with analysts to share current performance, future plans, strategies, and prospects of the Company
- Attended by 30 analysts

All corporate communication, including our quarterly and annual results, as well as announcements to Bursa Malaysia are updated on our corporate website at www.pos.com.my.

Moving into the new financial year, Pos Malaysia will continue to enhance our IR efforts and strive to communicate material information accurately, consistently, and on a timely basis, in line with IR best practices and Bursa Malaysia's Listing Requirements.

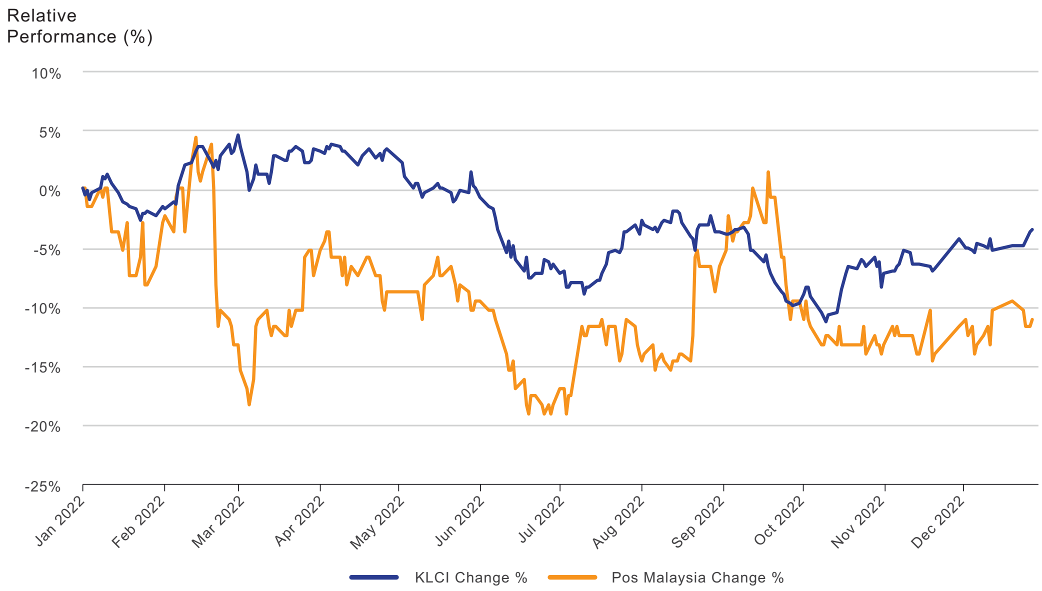
SHARE PRICE MOVEMENT

Share Price Performance Jan – Dec 2022



	2022											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Monthly Volume	20166200	30544000	16280000	4819500	3457900	5149700	5261400	9912400	15096800	3788800	5105200	12380300
Monthly End Closing Price	0.635	0.605	0.645	0.62	0.61	0.55	0.605	0.635	0.615	0.595	0.595	0.605

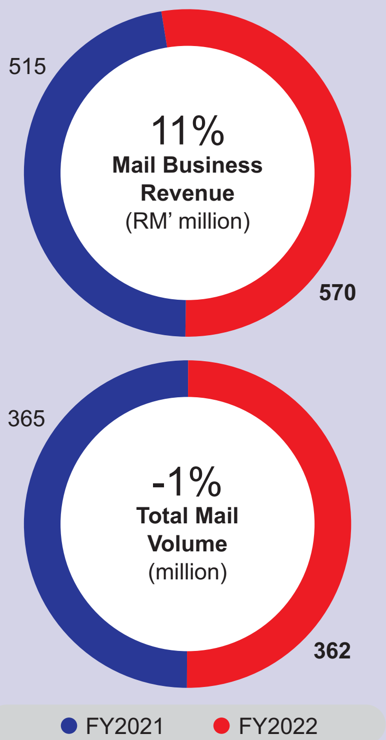
Share Price vs KLCI



POSTAL SEGMENT – MAIL

Our Mail business provides nationwide domestic mail delivery services. As the exclusive licensee for universal postal services in the country, we deliver standard mail, registered mail, advertising mail ("AdMail"), and other types of mail to over 11 million addresses throughout Malaysia.

PERFORMANCE IN FY2022



KEY INITIATIVES AND OUTCOMES

Boosting volume for Bulk Mail

Impact: While business letters account for the largest share of mail items, Pos Malaysia is ideally positioned to take on special projects due to our expansive network.

Key initiative: Delivery of *Bantuan Keluarga Malaysia* ("BKM") notices to B40 individuals and families.

Outcome: Pos Malaysia registered volume of 8.71 million for Bulk Mail in supporting BKM project.

Optimising Flexiprepaid

Impact: Flexiprepaid is an economical service that delivers lightweight items across Malaysia. The pandemic led to an increase in demand for COVID-19 test kits, which required an efficient delivery system. To encourage widespread self-testing, the government initiated a programme to deliver test kits to B40 families. Offering Flexiprepaid for this purpose enabled us to fully utilise the service until the extended date of 31 December 2022.

Key initiative: Kementerian Kesihatan Malaysia ("KKM") project – delivery of COVID-19 test kits.

Outcome: Pos Malaysia registered an incremental volume of 2.84 million for Flexiprepaid mail.

Business Environment

As business sectors reopened in 2022, the Mail business saw a partial bounce-back in demand, especially in the Bulk Mail segment, which showed a slowing average decline rate of 3% in 2022 compared with 20% in the previous year. The partial recovery in Bulk Mail was primarily driven by a surge in statements sent by financial institutions, advising their customers of the series of interest rate changes.

Business letters accounted for 75% of the mail items delivered. Special projects, such as the distribution of COVID-19 test kits and targeted government assistance, contributed an additional 3% to the Mail volume. As a result, despite the continued impact of digitalisation and e-substitution, the overall mail volume registered a net decline of only 1%. Rate adjustments for Bulk Mail in early 2022, as well as high-yielding special projects, resulted in an increase of 11% in mail revenue.

Key Focus Area

Leveraging on our capacity and network for high-yield special projects and government-related mail to boost volume.

Optimising revenue from Registered Mail

Impact: Our Registered Mail service allows customers to keep track of their items online with a unique code to ensure safe delivery. The general election period required secure delivery of documents for postal voting.

Key initiative: Postal Vote – General Election (“GE”) 15 Malaysia.

Outcome: Pos Malaysia boosted our Registered Mail volume by 1 million during the election period.

KEY RISK & MITIGATION

Risk	Mitigation
Maintaining nationwide coverage of mail delivery and postal touch-points to fulfill Universal Service Obligation ("USO") despite declining in mail volume.	• Initiated mail infrastructure rationalisation plan. • Increased efficiencies of mail delivery. • Continuous engagement with the regulators to review and update our requirements under USO.

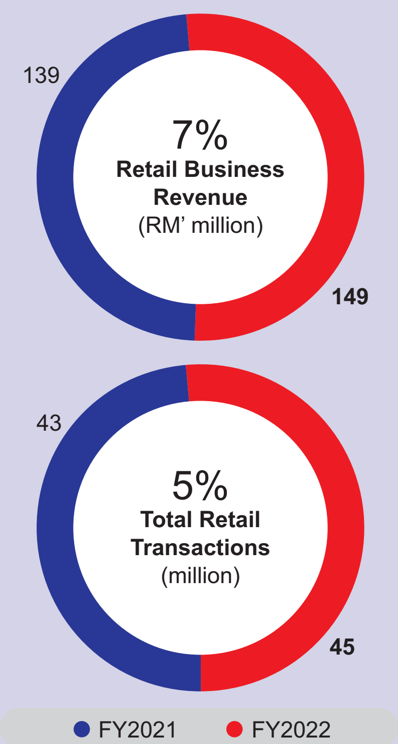
OUTLOOK

Moving forward, our main priority will be to enhance our returns from deregulated products and expand our understanding of our extensive product line to better meet the diverse needs of a large customer base, including Prepaid Economy, Direct Mail, and Advertising Mail. Additionally, we will continue to innovate and launch new products that cater to the evolving needs of our customers, ensuring that we remain competitive in the industry.

POSTAL SEGMENT – RETAIL

Our Retail business offers a wide range of financial services, such as shared banking, Amanah Saham Nasional Berhad ("ASNB") unit trust investments and money transfers, as well as non-postal services, such as bill payments, motor vehicle and life insurance, driving license, and road tax renewals, will writing and Islamic products which includes zakat and wakaf. The Retail business manages Pos Malaysia's customer touchpoints, including our post offices, Pos Mini outlets, Pos agents, and self-serve machines, such as parcel lockers and Pos Automated Machines. Our mail and courier businesses also leverage on these touchpoints as a point of sale and distribution.

PERFORMANCE IN FY2022



KEY INITIATIVES AND OUTCOMES

Post pandemic business recovery

Impact: There is a gap in public awareness of the myriad capabilities and services offered by Pos Malaysia and the accessibility of these services. The most efficient way to target a mass audience is by conducting engaging public campaigns to attract and retain new customers.

Key initiative: Increasing customer awareness and conducting engagement activities.

Outcome: We successfully rolled out several customer campaigns throughout the year, such as *Lindung Dan Menang, Semua Pun Boleh,* and *Jom Cuti*, effectively increasing awareness of our services among the public.

Regaining motor insurance market share

Impact: Motor insurance requires annual renewal, and the delivery of documents is done by mail. Capturing a larger share of this segment will ensure a sustained revenue stream for Pos Malaysia.

Key initiative: Enhancing engagement with insurers, restarting roadshows at branches, and driving cross/upselling at counters.

Outcome: Our motor insurance revenue exceeded our target by 5%.

Reviewing Post Office footprint and monetisation

Impact: Post Office ("PO") and Pusat Pos Laju ("PPL") must be strategically located to capture a wider market and improve convenience for customers.

Key initiative: Increasing productivity of PO and PPL outlets.

Outcome: We rationalised our network of PO and PPL outlets, which included relocation, and initiated a PO monetisation programme, namely Customer Engagement Programme.

Business Environment

Retail business experienced a recovery in 2022 following the lifting of nationwide movement restrictions and the resumption of normal business hours at branches. The first quarter of the year saw an increase in JPJ related services due to the reinstatement of road traffic rules and the requirement to update driving licenses and road tax. There was also a positive impact on over-the-counter ASNB transactions in the first half of 2022 due to the multiple conditional withdrawals that were allowed by EPF.

However, despite this recovery, the business still fell short of pre-pandemic levels due to increased competition from e-commerce offering similar services, such as bill payments and insurance renewals.

Key Focus Area

Pos Malaysia is focused on post-pandemic business recovery, regaining motor insurance market share, reviewing post office footprint and monetisation, enhancing convenience to customers, and exploring new business opportunities.

Enhancing convenience for customers

Impact: We realise that many customers are unable to visit their nearest PO during their working hours. By extending our business hours at PO and PPL outlets, we will be able to meet their needs while increasing revenue.

Key initiative: Extending our business hours from 8:00 am to 8:00 pm., 7 days a week at 123 PO and PPL outlets. For outlets in shopping malls, the extended hours are from 10:00 am to 8:00 pm.

Outcome: Successful rollout of extended hours creating a sustainable revenue stream moving forward.

KEY RISK & MITIGATION

Risk	Mitigation
Loss-making retail business due to high costs associated with maintaining nationwide post offices.	• Optimise retail space via retail initiatives. • Expand agent-run touchpoints (Pos Mini) to reduce fixed cost.

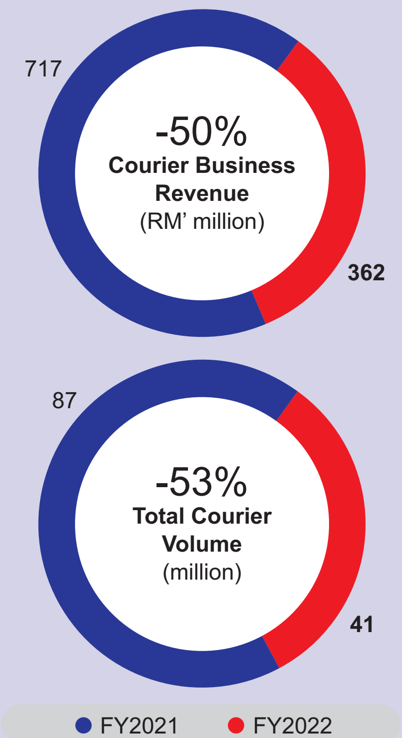
OUTLOOK

Retail is constantly striving to increase efficiency and customer satisfaction. Efforts will be made to streamline, improve, and rebrand our physical locations, especially in areas with high demand for our services. As part of our plan for growth and social responsibility, we aim to extend retail services to underprivileged Malaysians who lack access to financial services and healthcare.

POSTAL SEGMENT – COURIER

Our Pos Laju courier business provides nationwide express parcel delivery services to a diverse customer base, which includes individuals, small and medium-sized enterprises ("SMEs"), and large businesses. Pos Laju is available in all post offices, Pusat Pos Laju, through our SendParcel online shipping portal, and is supported by dedicated account managers. Our extensive courier network, featuring two Integrated Parcel Centres ("IPCs"), enables us to meet customers' expectations for on-time delivery.

PERFORMANCE IN FY2022



KEY INITIATIVES AND OUTCOMES

Commercial

Improving yield

Impact: For the courier segment, pricing of products and services directly impacts yield. Pricing must be reflective of current market rates while covering operating costs.

Key initiative: To improve yield, we carried out price benchmarking and revisions, ensuring our continued competitiveness.

Outcome: A revision in our pricing led to an increase of 7% in average revenue per item ("ARPI").

Improving our product offerings

Impact: Consumer demands are ever evolving and the way they shop is determined by convenience. Our product offerings must be attractive and meet the needs of today's customers. While online payment remains as the method of choice for most, COD adds to convenience, particularly for those who prefer paying by cash or do not have access to online banking.

Key initiative: We implemented COD as a value-added service for customers.

Outcome: By implementing COD, we were able to tap into a wider market. Targeted customers signed up for this service.

Establishing a sales channel structure and customer support group

Impact: In addition to strong product offerings, having both a streamlined sales structure and strong after-sales support ensure customer satisfaction and are key differentiators in attracting new customers and retaining existing ones.

Business Environment

The boom in e-commerce in recent years, spurred by the pandemic, has attracted more players into the market. As of December 2022, there are more than 109 licensed courier operators in Malaysia.

Despite having collectively benefitted from the e-commerce boom, many courier companies now face pressure from increasing competition, slowing demand for online shopping, and eroding margins brought on by pricing wars.

In 2022, shoppers continued to return to physical shopping in malls and retail outlets as movement restrictions were lifted and businesses reopened their brick-and-mortar presences. While this resulted in growth of 18.3% in retail sales in Q1 (compared with -9.9% in Q1 FY2021), e-commerce growth was adversely impacted by the change in shopping habits.

Consequently, courier volume for Pos Laju decreased by 53%. Price competition and increased insourcing by various platforms through captive logistics also contributed to the decline in volume. Growth was further suppressed by global economic uncertainties and the macroeconomic pressures of inflation, rising interest rates, and the threat of recession.

Key Focus Area

Pos Laju is focused on improving the commercial, operational, and technical and digital aspects of the courier segment to better support our customers from end to end, providing an unrivalled experience.

Through competitive pricing, improved product offerings, leveraging on technology to improve user experience, and streamlining our sales channels, we will be able to capture new market segments and retain existing ones.

Previously, our volume was largely dependent on e-commerce. Therefore, our exclusivity and share of the volume were not assured.

Key initiatives: We established a dedicated sales channel structure by proactively filling all key sales roles, while widening our opportunities by exploring new tenders/initiatives. Sales performance was monitored through a performance scorecard and KPI dashboards. We decreased our reliance on e-commerce for volume by directly focusing on the individual B2B, B2C, and D2C segments. To cover after-sales customer care, we established a customer support group. These initiatives ensured that our customers' end-to-end needs were prioritised, while allowing us more control over our volume.

Outcome: Our B2B segment saw a growth of 8% volume, compared with the previous financial year.

Operational

Improving delivery service levels

Impact: Time is a crucial factor in determining the level of customer satisfaction. Customers want to be assured that their items are delivered safely on time.

Key initiatives: We carried out continuous reviews of our land and air transportation network to increase operational efficiency, using big data for capacity planning. Our outsourcing model was also continuously reviewed to match received volume, immediately addressing any gaps.

Outcome: Our delivery service levels consistently performed above standards for FY2022.

Technical and Digital

Establishing alternative payment channels

Impact: Technological advancements and the rapid adoption rate of new payment methods among Malaysians have resulted in the rise in demand for alternative payment channels.

Key initiative: Pos Laju introduced COD and cashless payment options as additional payment methods.

Outcome: We completed the full implementation of COD and cashless payment options.

Increasing convenience and improving user experience

Impact: Today's customers demand faster delivery and greater convenience that match the fast pace of their own businesses.

Key initiative: SendParcel Pro is our brand-new platform for contract customers, which lets them get their orders/shipments processed even faster, backed by a great user experience. The dashboard is equipped with COD capabilities and can handle deliveries to multiple addresses, while enabling customers to access real-time tracking and reporting.

Outcome: Improved convenience for existing customers and creating a key differentiator for attracting new customers.

KEY RISK & MITIGATION

Risk	Mitigation
Disruptive competition in courier business and overcrowded market with many start-ups dumping prices to gain market share.	• Enhance quality of service and customer experience via digitalisation. • Seek policy reforms and support in the courier market via engagement with regulator and relevant authorities.

OUTLOOK

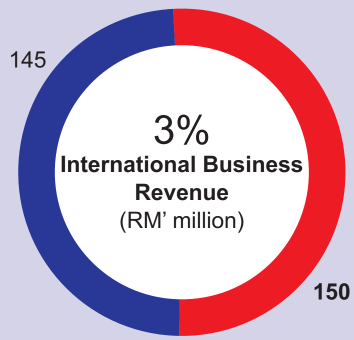
Stiff pricing competition, the reopening of physical outlets, and softening consumer online spending are likely to continue affecting volume loading for courier businesses.

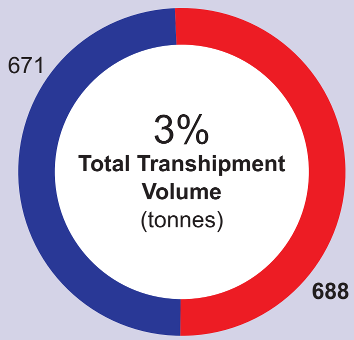
To overcome these challenges, Pos Malaysia is focused on growing our market share and establishing our position within the B2B, B2C, and D2C e-commerce segments. Attracting and retaining customers is a crucial part of growing our business, and we plan to achieve this by delivering consistent service levels, upgrading our digital platform to be more robust and agile, ensuring fair pricing, and enhancing delivery speed and efficiency.

POSTAL SEGMENT – INTERNATIONAL BUSINESS

Pos Malaysia offers international mail and parcel delivery, as well as cross-border e-commerce delivery solutions. We provide these services through our international gateway located in KLIA and through our global postal network. Our client base includes regional e-commerce players that deliver to Malaysia and to destinations worldwide. In addition, Pos Malaysia is an active member of the Asian Pacific Postal Union, the Asia Pacific Post Cooperative, and ASEAN Post.

PERFORMANCE IN FY2022





FY2021 FY2022

KEY INITIATIVES AND OUTCOMES

Capitalising on untapped segments

Impact: Umrah pilgrims require a convenient and efficient method of transporting their luggage and packages, from Saudi Arabia back home. A significant number of Malaysians perform Umrah every year, and this is a previously untapped market for inbound parcels. Over the past 25 years, the number of pilgrims have increased 900%. In 2019, there were 290,000 Malaysian Umrah pilgrims, and 2.6 million Hajj pilgrims worldwide. These figures are set to grow as consumers become more affluent, travel restrictions are removed and more airlines offering cheaper flights.

Key initiative: *Perkhidmatan Premium Bagasi Umrah* provides door-to-door luggage and package delivery services from Makkah and Medinah to Malaysia.

Business Environment

The gradual lifting of international restrictions and the reopening of cross-border travel have had a positive impact on the international business. However, the market trend of items being delivered directly from the origin country to the destination country continues to pose a challenge, particularly for high-yield countries such as the USA and Europe. The increasing cost of air travel, given the dependency of international business on the commercial aviation industry, is another significant challenge.

Despite these challenges, the expansion into new regions and our intensified marketing efforts have resulted in increased transhipment volume and revenue in 2022. The international business sector saw a year-on-year increase in revenue of 3%, driven by growth in both the international outbound and inbound segments.

Key Focus Area

Pos Malaysia focused on expanding our reach and venturing into new regions. Concurrently, we invested in increasing our marketing efforts for the transhipment business.

Increasing our reach

Impact: The Middle East and China are among Malaysia's largest trading partners. China has been Malaysia's top trading partner for the past 13 years, with bilateral trade expected to surpass US$190 billion in 2022. As a subset of this, the nation is also the source for most e-commerce items shipped into Malaysia.

In the Middle East, the UAE is Malaysia's largest trading partner with bilateral trade reaching US$5.4 billion in 2021, an increase from US$4.93 billion in 2020.

Key initiative: We increased our sales efforts for our transhipment business, venturing into the Middle East and China.

Outcome: Our revenue increased, along with a growth in transhipment volume of 3%.

KEY RISK & MITIGATION

Risk	Mitigation
Decline in commercial airlines result in lack of space and inconsistent service levels/transport time for our Express Mail Service and international shipments.	• Redirect customer shipments via our AsiaXpress service, which utilises our partners' global courier network.

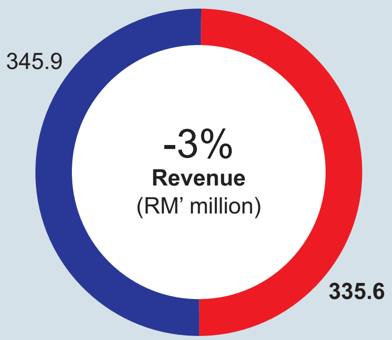
OUTLOOK

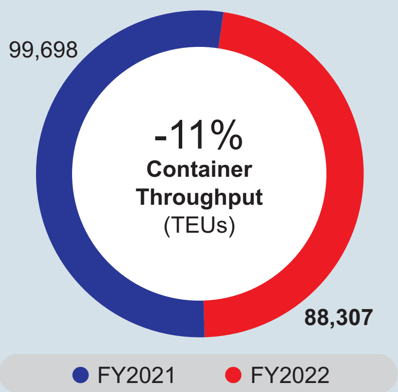
China, being the main country of origin for e-commerce items, has eased its cross-border restrictions, resulting in higher demand for international deliveries in 2023. More commercial airline flights are also available, and we expect that improvement in our service levels will benefit the international business.

LOGISTICS SEGMENT – POS LOGISTICS

Pos Logistics Berhad ("Pos Logistics") is an integral part of Pos Malaysia's logistics supply chain, providing end-to-end supply chain logistics services. While Pos Malaysia handles last-mile deliveries in postal and courier products, Pos Logistics covers the complete supply chain logistics process. With presence in the central, northern, and southern regions of Peninsular Malaysia, Pos Logistics offers services such as freighting, forwarding, haulage, warehousing, transportation and depot management.

PERFORMANCE IN FY2022





** TEU – Twenty-Foot Equivalent Units*

Key Focus Area

Pos Logistics is focused on three key areas: Re-model the business, Re-shape the future, and Re-build the talent. Pos Logistics will re-model the business as a one-stop centre through effective market penetration to reinforce its market share in existing and new areas. The turnaround of loss making business units will be the main priorities in ensuring the success of the one-stop centre business model. Leveraging strong product and market development, Pos Logistics is focused on re-shaping the future through new business innovations and collaborations, while delivering top-notch service and raising asset availability and productivity. Efforts will also be taken to increase visibility throughout the value chain and capitalise digitalisation and AI technology. Pos Logistics are also re-shaping the future by increasing branding efforts to raise awareness of its service offerings. Focusing on its people, Pos Logistics will work to embed a high performance culture through a series of training programmes and workshops.

Business Environment

Pos Logistics specialises in three main sectors – Automotive Logistics, Supply Chain Solutions and Marine Logistics. The automotive segment benefitted from the strong industry rebound post-pandemic, which is reflected by the impressive 29% increase in the business volume as compared to the previous year. The high demand for both the automotive manufacturing and vehicle transportation service was driven by the soaring local passenger car market in 2022.

The Supply Chain segment remained vibrant despite a slight drop of about 7% in the total volume. This segment is primarily driven by the transportation of essential goods such as sugar and rice which saw continuous demand, as well as specialised haulage for industrial gaseous products. Marine logistics, which is a very niche segment, provides coal logistics for TNB Fuel Sdn Bhd. This segment remained strong, fuelled by continuous energy demand. Marine logistics carried a lower load than the previous year due to the Indonesian government's embargo on coal exports. However, revision in the freighting rate in 2022 had worked favourable for the marine segment's revenue numbers.

During the year, Pos Logistics emerged as the logistics operator with the highest contribution insurance premium among the industry's commercial participants for Etiqa General Takaful Berhad, earning an award as The Largest Prime Mover Cover FY2021/22 during a ceremony at Pos Assurance and Strategy Partnership Conference FY2021/22.

KEY INITIATIVES AND OUTCOMES

Re-model the business

Impact: Pos Logistics saw the need to broaden its customer base in order to achieve better market share and deliver a profitable business.

Key Initiatives: Pos Logistics implemented measures to broaden its customer base and increase market visibility by positioning itself as a one-stop centre.

Outcome: Pos Logistics successfully re-secured a previously lost contract while securing new ones.

Re-shape the future

Impact: To strengthen its product and market development, Pos Logistics embarked on new business innovation and collaborations.

Key Initiatives: Implemented digitalisation initiatives encompassing mobile apps, re-enhanced GPS, and intends to acquire AI technology and raise visibility throughout the value chain.

Outcome: Pos Logistics saw an improvement in its service delivery and increased efficiency. These technological advancements can be used to increase its market visibility through opportunities to provide value-added offerings.

Re-build the talent

Impact: Pos Logistics emphasises the need to establish trust to enhance the role of its people.

Key Initiatives: Pos Logistics implemented key account managers and sales training to embed a high performance culture in areas of commercial, operations, and technology training framework and workshops.

Outcome: Pos Logistics achieved a pool of skilled workers with targeted skills and achievements capable of propelling the organisation.

KEY RISK & MITIGATION

Risk	Mitigation
Market & Business Risk • Failure to secure new business opportunities due to stiff competition from other service providers.	• Develop a new business model that offers: • The right products and services based on the needs and wants of customers. • Adding value to the supply chain process for improvement and cost saving.
• Customer retention risk due to competitors or service providers potentially approaching existing customers directly with better service offerings.	• Engage with potential customers, management, and procurement for new business opportunities. • Delight and retain customers via excellent service-level agreement ("SLA") performance through Visibility & Traceability information platform. • Review and develop pricing as well business model that is attractive to the customers.
Operational Risk • Risk of service quality arising from downtime charges, damages, incidents, or customer complaints.	• Monitor and maintain high standards of service through visibility, traceability, improvement, and control. • Ensure effective standard operating procedure (“SOP”) and sufficient training for new process and new technology deployment. • Enforce strict adherence to agreed SLA and punitive action to be taken for any non-compliance. • Enforce explicit limit of liability to be agreed by the customer. • Ensure proper insurance coverage to mitigate any risks of unwanted events.

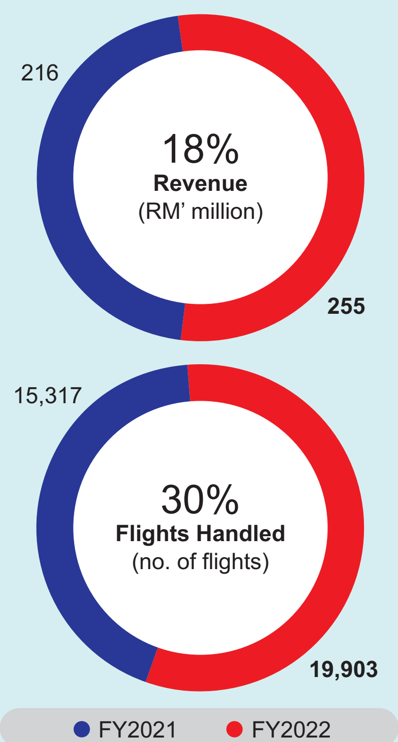
OUTLOOK

By implementing technologies such as Visibility & Traceability, Info Digitalisation Dashboard, and other automations, Pos Logistics has narrowed the gap with its competitors and is now on par with industry standards. Pos Logistics is steadfast in its pursuit to raise revenue and profit before tax in the coming years.

AVIATION SEGMENT – POS AVIATION

Pos Aviation Sdn Bhd ("Pos Aviation") is the sole independent licensed provider of ground handling services for commercial and ad-hoc airlines in Malaysia. It provides tailored ground handling services to meet the specific needs of its customers. These services are carried out by customer-centric teams operating across nine airports in the nation. In addition to ground handling, Pos Aviation also provides air cargo handling, in-flight catering, e-commerce warehousing, and aircraft maintenance and engineering services.

PERFORMANCE IN FY2022



Key Focus Area

Pos Aviation has developed a Five-Year Plan to improve efficiency and drive growth through a continuous innovation process and technological advancements. It will focus on raising e-commerce awareness, managing competency gaps in the organisation, and cultivating the best ideas of its talents. To achieve these objectives, Pos Aviation will prioritise on nurturing the right culture and teamwork throughout the organisation, establishing the next Blue Ocean through group synergies, creating consistency in its service quality, and striving to enhance people management. Efforts to step up marketing and promotions, as well as to establish branding and Quanxi Approach, will be another area of focus. At the same time, it will also embrace digital transformation, powering it into the Fourth Industrial Revolution ("IR 4.0"). To propel the business and expand on opportunities, including a more global presence, it will look into strategic alliances or joint ventures.

Business Environment

Following the lifting of movement restrictions in most countries globally, Malaysia's air traffic passenger numbers increased to 52.7 million in 2022, with domestic passenger movements recovering to 69.6% of 2019 levels, and international passenger movements recording 16.5 million passengers. The highest traffic were to destinations in Thailand, Indonesia, Philippines, South Korea, Vietnam, and India. The reinstatement of Malaysia's United States Federal Aviation Administration ("USFAA") Category 1 rating is expected to enable the expansion of codeshare agreements and services to the US market. While the air cargo market has been a bright spot, the reopening of passenger business is expected to impact the amount of cargo that can be uplifted for flights, while freights flights may reduce over time with the restoration of scheduled services. Meanhwile, staffing shortage prevails in the industry locally and regionally as the industry's volatility experienced during the pandemic has reduced its attractiveness.

KEY INITIATIVES AND OUTCOMES

Maximise service package via strategic partnership with key players

Key Initiative: Signed the Share Purchase Agreement ("SPA") and Shareholders' Agreement ("SHA") with Pos Aviation Engineering.

Impact: The initiative will expand the scope of services offered to customers to include Out-of-Phase Checks capability for aircraft engineering, access to the latest technology available in the market, and expand its business to other regions leveraging on the regional contracts possessed by SIA Engineering Company Ltd.

Key Initiative: Signed Memorandum of Understanding ("MoU") with Sabah Air for Redevelopment of Terminal 2 Kota Kinabalu Airport ("BKI") as a new cargo terminal.

Impact: The proposed Cargo Terminal will be a technologically advanced logistics hub with capabilities to manage general cargo, perishable cargo, halal cargo, e-commerce, and is expected to be fully operational by Q4 2022.

Key Initiative: Signed MoU with Kulim Aeropolis Sdn Bhd.

Impact: Pos Aviation signed an MoU with KXP AirportCity Holdings to operate in Kedah Aeropolis as one of the cargo and ground operators, as well as aircraft maintenance for line maintenance.

Outcome:

i. This joint venture will strategically position Pos Aviation Engineering as a one-stop centre for aircraft maintenance in Malaysia offering seamless aircraft services combined with services offered by Pos Aviation.

ii. The MoU will enable both companies to conduct in-depth studies, analyses, and derive various key parameters to ensure the project is commercially viable and relevant in the long-term market space both globally and within the region.

Improve efficiency via automation & digital transformation

Customer Relationship Management

Key Initiative: To consolidate Customer Relation Management ("CRM") report in one source centre, to verify the efficiency of customer relations between staff and customers in each division, and to reconstruct business flow for customer complaint management.

Impact: Customer complaints will be acknowledged in a timely manner while compiling and storage of data will be accelerated. Further, the shared access to the report will increase user accessibility and provide better control and efficiency in handling customer complaints. With complete trails for each complaint, unsolved cases can be identified, and customers' satisfaction and process transparency will increase.

Outcome: To handle the daily complaints received from airlines, the CRM will facilitate quick turnaround of case verification, investigation, and feedback within the time frame agreed in the SLA, and notify the cases to Commercial. This will also address the lack of transparency in customer complaint management.

KEY RISK & MITIGATION

Risk	Mitigation
Service quality, cost, and delivery risk	• Continuous hiring of staff and revising performance-based allowances. • Revising the Operational Equipment Requirement to suit current volume. • Continuous improvement in equipment maintenance. • On-the-job training for feedback, as well as improved monitoring and training of its staff.
Business sustainability - In-flight Catering Department ("IFC")	• Securing new customers with the opening of borders since April 2022.
Sustainability and competition risk	• Securing new customers with the opening of borders since April 2022. • Exploring potential joint ventures with strategic partners to expand its footprint and revenue stream.
Risk of long overdue receivables and cashflow	• Continue to initiate legal proceedings against identified bad debtors.
Risk of Safety, Health & Environment (“SHE”) incidences at workplace	• Continue enforcing the Ground Handling Operation Safety Team ("GHOST") initiatives and also training via simulator.
System and data security risks	• Continuous cybersecurity awareness.

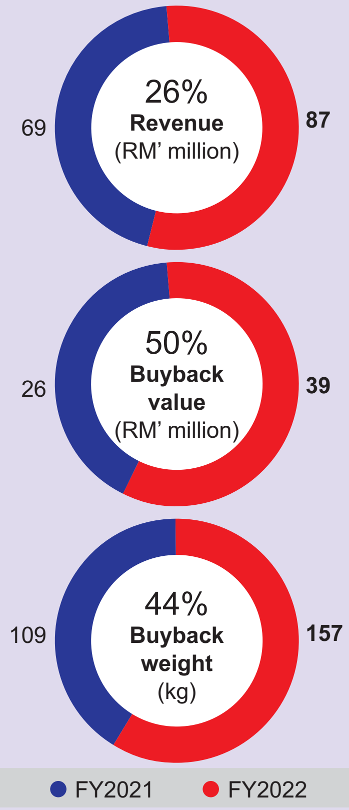
OUTLOOK

Pos Aviation expects a full business recovery by end of 2023 to early 2024, and anticipates an increase in the number of flights in 2023 with the gradual lifting of air travel restrictions. It is poised to tap into the boost in e-commerce volumes, which increased steadily during the pandemic. However, cargo volume is expected to be lower in 2023 due to higher passenger loads and the reduction of freighter flights with the restoration of scheduled services. To capitalise on post-pandemic opportunities, Pos Aviation is upskilling its people, new digital and technology systems. Domestic travel is expected to remain strong, while the recovery in international travel will depend on global vaccination programmes and government policies. The overall passenger load demand is expected to reach 61% of pre-crisis levels by 2023, and the recovery will be driven by domestic travel. Pos Aviation is optimistic about the outlook for its business against the backdrop of a growing recovery.

OTHER SEGMENT – AR-RAHNU

Pos Ar-Rahnu operates as a one-stop gold centre for Islamic micro-financing services, buying and selling gold, and safekeeping of gold. It operates through 74 outlets within selected post offices nationwide.

PERFORMANCE IN FY2022



KEY INITIATIVES AND OUTCOMES

Ensuring business continuity of in-person services

Impact: Trading physical gold requires in-person interaction at a secure location. In-person interactions also provide the added benefit of being able to cross-sell its services and improve awareness, according to the customer's needs.

Key initiative: Maintaining business continuity and in-person transactions at its outlets.

Outcome: It achieved a 50% increase in gold trade by value and a 44% increase in trade volume.

Optimising costs

Impact: Addressing inefficiencies in its operations will effectively improve customer satisfaction while reducing costs. Automation and digitalisation are implemented where required to improve convenience.

Key initiative: Continuing focus on cost reduction across operations, including travel and communications costs.

Outcome: Overall costs declined substantially through reduction of operational costs. Maintenance cost was reduced by closing non-profitable outlets. Pos Ar-Rahnu upgraded its IT infrastructure as well, reducing its utilities cost.

Business Environment

The business environment in 2022 remained challenging; however, Pos Ar-Rahnu achieved an increase in actual revenue exceeding the Annual Management Plan ("AMP") and prior year respectively, as a result of increased number of pawning and buyback in Q4 2022. The increase in revenue is due to Pos Ar-Rahnu's competitive advantage of being able to provide loans, paired with its newly-launched Customer Loyalty Programme ("CLP").

Key Focus Area

Pos Ar-Rahnu is focused on strengthening its core business of buying and selling used gold by increasing its reach and improving customer experience through increased digitalisation, including developing online payment services, and through increasing operational efficiencies. It also aims to grow its market share by raising awareness of its products and services.

Improving customer loyalty and satisfaction

Impact: Customers require value-added propositions beyond basic services and products to ensure retention and promotion via word-of-mouth. An attractive CLP will help gain traction and provide a competitive advantage.

Key initiative: Launching and actively promoting its CLP.

Outcome: Pos Ar-Rahnu increased its customer base by 71% compared with 2021.

KEY RISK & MITIGATION

Risk	Mitigation
Fluctuation of gold price, ranging from 5% to 6% per annum.	• Ensure gold hedging is not less than 25% with maximum loan offered to the customers not more than 75% of gold value.

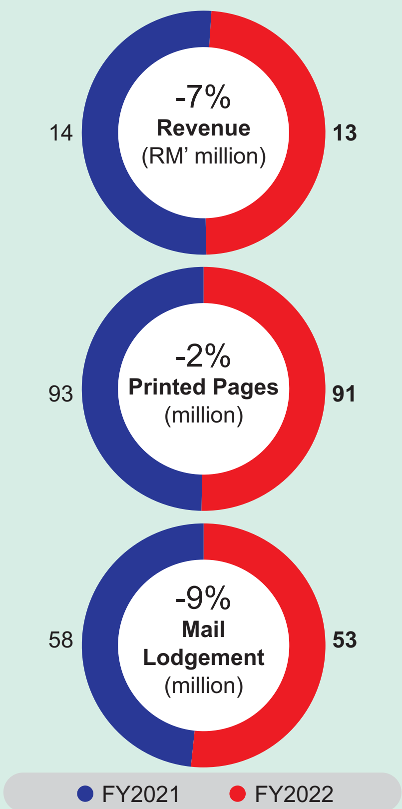
OUTLOOK

Pos Ar-Rahnu will continue to benefit from gold's status as a safe haven investment amid the continued economic uncertainty and inflationary environment. To further leverage on this, it aims to expand its digital offerings to include innovative digital gold and pledge offerings which are to be launched in January 2023. These offerings will provide customers with an easy way to gain exposure to the gold market without the inconvenience of storing physical bars.

OTHER SEGMENT - DATAPOS

Datapos is Pos Malaysia's dynamic mailing solutions unit, which provides a range of services including data processing, bulk printing, envelope inserting, ePresentment, record repository, and mailing, as well as a hybrid mail service.

PERFORMANCE IN FY2022



KEY INITIATIVES AND OUTCOMES

Capitalising on digitalisation needs

Impact: Datapos' customers are aware of the need to digitalise their operations but are wary of the cost and time involved. By offering a ready-made solution, customers will be able to immediately adopt digital solutions and seamlessly transition.

Key initiative: Growing its ePresentment services to capitalise on digitalisation adopted by customers. It formed strategic alliances with key industry players to provide the best offering in the market.

Outcome: Datapos increased its share of wallet.

Business Environment

At the beginning of the year, business growth sentiments were relatively optimistic as Malaysia transitioned to the endemic phase and economic activities continued to normalise.

In financial year ended 31 December 2022, Datapos recorded a loss before tax of RM0.4 million. The loss is attributed to the continued decline in revenue from its core segment, coupled with compensation cost amounting to RM3.1 million.

However, it managed to partially offset further losses through RM3.4 million in write-backs of doubtful debts provision, which Datapos had diligently pursued. A major event in 2022 that positively contributed to Datapos' revenue was Bank Negara Malaysia's implementation of four 25 basis point hikes in the overnight policy rate ("OPR"). This led to financial institutions putting in additional orders for ad-hoc printing and mailing jobs, boosting volume.

A key risk is the low margin from its core business and high fixed operating costs. It has addressed these risks by outsourcing low-volume jobs to partners and employing casual workers during peak periods to align human resource expenses with Datapos' needs.

Key Focus Area

Digital transformation has had a tepid impact on Datapos' business. It will focus on the ePresentment suite as an alternative solution for customers of physical services (printing and mailing).

KEY RISK & MITIGATION

Risk	Mitigation
Low margin from core business	• Outsource low-volume jobs to business partners to maintain cost certainty.
High fixed operating costs	• Operate with a number of casual employees during peak period to align between human resource expenses and Datapos' needs.

OUTLOOK

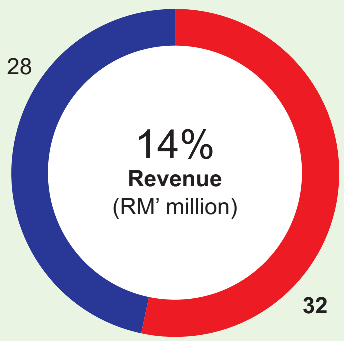
Moving forward, Datapos is cautiously optimistic about its prospects as it continues to focus on promoting lucrative services such as ePresentment more aggressively and discontinuing record repository business, which has been operating at cost.

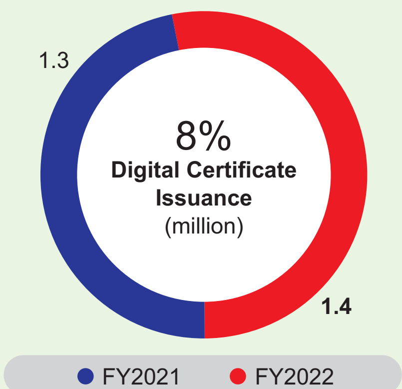
Alongside pursuing growth and operational efficiencies, it will continue to defend its core existing businesses of data processing, transactional printing, packaging, and mailing.

OTHER SEGMENT – DIGICERT

As the pioneer of Certification Authority ("CA") in Malaysia, Pos Digicert is actively involved in defining industry standards and best practices by offering unique products and solutions, including digital identity, digital signing, and PKI-as-a-Service ("PKIaaS"). Certified by WebTrust for Certification Authorities, ISO 9001:2015 Quality Management Systems ("QMS"), ISO 27001:2013 Information Security Management Systems ("ISMS"), and Adobe Approved Trust List ("AATL") standards, Pos Digicert is also the first provider of a recognised Date Time Stamping service.

PERFORMANCE IN FY2022





KEY INITIATIVES AND OUTCOMES

Retaining key customers

Impact: Pos Digicert key customers account for a large percentage of our regular income stream. By offering an incentive to stay with Pos Digicert, such as value-added services and better user experience, it can safeguard its share market.

Key initiative: Offering strategic account management and improving user experience by offering multiple channels for support, improving waiting and response time, and implementing its Voice of Customer ("VoC") programme.

Outcome: Widespread adoption of its products and solutions from government agencies, as well corporate and private sectors.

Business Environment

Although all movement restrictions have been lifted, consumers still carry out their transactions online. Since the endemic phase started in Malaysia in 2022, online transactions are still in demand and this has accelerated the prominence of digital identity, forcing both public and private entities to embrace new practices for work or business, especially with remote work and prevalent e-commerce.

Pos Digicert streamlined the digital certificate purchase service by introducing the enhanced MyCRS portal, which allows online purchase and renewal.

It recorded a higher revenue by 14% in 2022 compared with 2021, attributed to the increase in project deliverables from key clients, which led to higher profitability by 1%.

Pos Digicert broke an industry benchmark as the first Malaysian Certification Authority to hold a digital certificate market share of 96%, with an accumulated volume generated of around 17.1 million units as of 2022.

The Malaysian Government targets to expand the Digital Economy's economic contribution to more than 23% of GDP and create more jobs by 2025, with efforts to boost digital transformation. This initiative will enhance the nation's competitiveness, empowering all industries in Malaysia to participate in complex value-added activities.

Key Focus Area

Pos Digicert focused on sustaining revenue growth by leveraging on the sales potential of its existing customers and capturing new customers with off-the-shelf and tailor-made digital solutions. It aims to drive digital adoption, both locally and abroad, via its digital services portfolios that align with the National Digital Economy. Pos Digicert is expanding its offerings with third party partnerships, offering greater flexibility and global accessibility. Throughout this, operational excellence and providing a great customer experience remain its priorities.

Global expansion

Impact: The advantage of digital solutions is its adaptability and ability to be used anywhere in the world. Pos Digicert positioned to capitalise on the global market.

Key initiative: Adoption of global technology frameworks such as AATL, eIDAS, and others. In addition, it leveraged collaboration with strategic partners to boost generation in the Public Key Infrastructure ("PKI") industry.

Outcome: This enabled cost and time savings and improved user experience. In addition, these frameworks are more efficient at eliminating identity fraud risk. It also sees growing adoption of eKYC and digital solutions in government agencies, corporate sector, and the public.

Strengthening its brand

Impact: Although it is an established entity, creating a stronger market presence by offering value-added services will set Pos Digicert apart from its competitors.

Key initiative: Offering enhanced, value-added products and solutions, leveraging on cloud service solutions for its infrastructure, and leveraging internal subject matter experts to optimise learning and development in the PKI industry.

Outcome: Developing strategies to offer PKIaaS and consultancy services in Malaysia and global expansion.

KEY RISK & MITIGATION

Risk	Mitigation
Incompliance with Digital Signing Act 1997 and Digital Signature Regulation 1998	• Develop a list of all regulatory requirements and industry standards that Pos Digicert and relevant parties must meet. • Comply with WebTrust principles and criteria for CA audit.
Business interruption risk	• Make sure the Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") account for required technologies and stipulate an alternative solution if one of those technologies fails. • Conduct regular data back-up either on-site or off-site to ensure that the most critical data can be accessed in the face of disruption.
Cybersecurity and social engineering risk	• Ensure all cybersecurity protocols are up to date and adhere to data privacy regulations. • Implement continuous monitoring to make sure that all relevant bases are covered, such as anti-virus software solution and firewall are the latest version. • Ensure staff attend relevant cybersecurity training and awareness regularly. • Run random phishing simulations. • Use reliable email and spam filters, require multi-factor authentication, and use email encryption and email signing certificates.

OUTLOOK

As a market leader of the CA in Malaysia, this year, Pos Digicert aims to further entrench its capabilities in providing excellent products and solutions that meet clients' specific use cases. Pos Digicert exploring new industries and sectors specifically in healthcare and education, and expect to acquire 20% revenue growth. It believes that access to its solutions and services will help the business transformation and extend its reach to a new business stream in tandem with Group-wide objectives.

OUR LEADERSHIP

04

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Syed Faisal Albar bin Syed A.R Albar
Chairman/Non-Independent Non-Executive Director

Datuk Idris bin Abdullah @ Das Murthy
Independent Non-Executive Director

Dato' Ahmad Suhaimi bin Endut
Non-Independent Non-Executive Director

Ahmed Fairuz bin Abdul Aziz
Independent Non-Executive Director

Dato' Dr. Mohd Ali bin Mohamad Nor
Independent Non-Executive Director

Dato' Jezilee bin Mohamad Ramli
Non-Independent Non-Executive Director

Dato' Mohamed Sharil bin Mohamed Tarmizi
Independent Non-Executive Director

Sabarina Laila binti Mohd Hashim
Non-Independent Non-Executive Director

BOARD COMMITTEES

BOARD AUDIT COMMITTEE

Ahmed Fairuz bin Abdul Aziz
Chairman/Independent Non-Executive Director

Dato' Jezilee bin Mohamad Ramli
Non-Independent Non-Executive Director

Dato' Dr. Mohd Ali bin Mohamad Nor
Independent Non-Executive Director

BOARD NOMINATION AND REMUNERATION COMMITTEE

Dato' Jezilee bin Mohamad Ramli
Chairman/Non-Independent Non-Executive Director

Datuk Idris bin Abdullah @ Das Murthy
Independent Non-Executive Director

Dato' Mohamed Sharil bin Mohamed Tarmizi
Independent Non-Executive Director

BOARD RISK, SUSTAINABILITY AND COMPLIANCE COMMITTEE

Dato' Mohamed Sharil bin Mohamed Tarmizi
Chairman/Independent Non-Executive Director

Datuk Idris bin Abdullah @ Das Murthy
Independent Non-Executive Director

Dato' Dr. Mohd Ali bin Mohamad Nor
Independent Non-Executive Director

BOARD DIGITAL-FIRST COMMITTEE

Dato' Mohamed Sharil bin Mohamed Tarmizi
Chairman/Independent Non-Executive Director

Dato' Dr. Mohd Ali bin Mohamad Nor
Independent Non-Executive Director

BOARD TENDER COMMITTEE

Dato' Dr. Mohd Ali bin Mohamad Nor
Chairman/Independent Non-Executive Director

Dato' Ahmad Suhaimi bin Endut
Non-Independent Non-Executive Director

Ahmed Fairuz bin Abdul Aziz
Independent Non-Executive Director

COMPANY SECRETARIES

Sabarina Laila binti Mohd Hashim
(LS 0004324)
(SSM PC No. 201908001661)

Ngian Yoke Fung
(MAICSA 7049093)
(SSM PC No. 201908002393)

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Contact person :
Sharul Nizam bin Mohd Enggsa @ Hashim
Tel : +603 2267 2267
Email : investor.relations@pos.com.my

CORPORATE WEBSITE

www.pos.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : POS
Stock Code : 4634

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
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Selangor Darul Ehsan
Tel : +603-7890 4700
Fax : +603-7890 4670
Email: bsr.helpdesk@boardroomlimited.com

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Chartered Accountants
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Selangor Darul Ehsan
Tel : +603-7721 3388
Fax : +603-7721 3399

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad
AmBank Islamic Berhad
Bank Muamalat Malaysia Berhad
Bank Pertanian Malaysia Berhad
Bank Simpanan Nasional
CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
Maybank Islamic Berhad
OCBC Bank (Malaysia) Berhad
RHB Islamic Bank Berhad

PROFILE OF BOARD OF DIRECTORS

Dato' Sri Syed Faisal Albar bin Syed A.R Albar

Chairman/Non-Independent Non-Executive Director

Age	**Gender**	**Nationality**	**Board Meetings Attended**
57	Male	Malaysian	7/7 (100%)

Date of re-designation as Chairman/Non-Independent Non-Executive Director
2 April 2021

Date of appointment as Non-Independent Non-Executive Director
14 January 2016

Committee

- Nil

Academic/Professional Qualification

- Member of Malaysian Institute of Accountants ("MIA")
- Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
- American Institute of Certified Public Accountants ("AICPA") Professional Certification from University of Illinois, Urbana Champaign, United States of America ("USA")
- Bachelor of Arts (Accountancy), Barat College of DePaul University, Lake Forest, USA

Present Appointment

- Group Managing Director, DRB-HICOM Berhad

Past Experience

- Chief Executive Officer ("CEO"), Malakoff Corporation Berhad
- CEO, Gas Malaysia Berhad
- Executive Director, Pos Logistics Berhad
- Director, Malaysia Airports Holdings Berhad
- Director, Hong Leong Bank Berhad
- Director, Kwasa Land Sdn Bhd
- Director, Yayasan Kelana Ehsan

Past Experience (cont'd)

- Group Managing Director, Pos Malaysia Berhad
- Chairman, ASEAN Postal Business Union
- CEO, The New Straits Times Press (Malaysia) Berhad ("NSTP")
- Chief Financial Officer, NSTP
- Various positions in PricewaterhouseCoopers (formerly known as Price Waterhouse), Kuala Lumpur and San Francisco, California, USA

Other Directorship(s)

Listed Company:
- Group Managing Director, DRB-HICOM

Public Companies:
- Chairman, PROTON Holdings Berhad
- Edaran Otomobil Nasional Berhad
- HICOM Holdings Berhad
- HICOM Berhad

Datuk Idris bin Abdullah @ Das Murthy

Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
66	Male	Malaysian	7/7 (100%)

Date of appointment as Independent Non-Executive Director
1 November 2017

Committee

- Member of Board Nomination and Remuneration Committee
- Member of Board Risk, Sustainability and Compliance Committee

Academic/Professional Qualification

- LLB (Honours), University of Malaya

Present Appointment

- Partner legal firm, Kuching, Sarawak
- Member, Investment Panel, Pertubuhan Keselamatan Sosial Malaysia ("PERKESO")
- Director, Seax Malaysia Sdn Bhd (formerly known as Daulat Networks Sdn Bhd)
- Director, Alam Flora Sdn Bhd
- Director, Honda Malaysia Sdn Bhd

Past Experience

- Director, Bank Pembangunan Malaysia Berhad (formerly known as Malaysia Development Bank)
- Commission Member, Malaysian Communications and Multimedia Commission
- Commission Member, Companies Commission of Malaysia
- Director, NCB Holdings Berhad
- Director, Malaysian Bioeconomy Development Corporation Sdn Bhd

Other Directorship(s)

Listed Companies:
- DRB-HICOM Berhad
- Malakoff Corporation Berhad

Dato' Ahmad Suhaimi bin Endut

Non-Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
55	Male	Malaysian	6/7 (86%)

Date of appointment as Non-Independent Non-Executive Director
27 September 2018

Committee

- Member of Board Tender Committee

Academic/Professional Qualification

- Bachelor of Science in Business Administration, University of Missouri, St Louis, United States of America
- Master of Business Administration, University of Sheffield, United Kingdom

Present Appointment

- Undersecretary of the Public Asset Management Division, Ministry of Finance
- Director, Malaysia Rail Link Sdn Bhd
- Director, Perbadanan Kemajuan Negeri Pahang
- Director, Amanah Raya Investment Management Sdn Bhd

Past Experience

- Director, Aset Tanah Nasional Berhad
- Alternate Director to the Non-Independent Non-Executive Director of Pos Malaysia Berhad
- Various positions in the Ministry of Finance
- Assistant Director, Industries Division, Ministry of International Trade and Industry

Other Directorship(s)

Public Companies:
- Amanah Raya Berhad
- AmanahRaya Trustees Berhad

Ahmed Fairuz bin Abdul Aziz

Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
44	Male	Malaysian	7/7 (100%)

Date of appointment as Independent Non-Executive Director
19 September 2019

Committee

- Chairman of Board Audit Committee
- Member of Board Tender Committee

Academic/Professional Qualification

- Bachelor of Science in Accounting and Finance, London School of Economics and Political Science, United Kingdom
- Fellow Member, Institute of Chartered Accountants, England and Wales ("ICAEW")
- Member of Malaysian Institute of Accountants ("MIA")

Present Appointment

- Group Managing Director, KUB Malaysia Berhad

Past Experience

- Group Chief Executive Officer, KUB Malaysia Berhad
- Group Chief Financial Officer ("GCFO"), KUB Malaysia Berhad
- GCFO, Naza Corporation Group of Companies
- Head, Group Corporate Finance, Naza Corporation Group of Companies
- Manager, Group Corporate Finance, CIMB Investment Bank Berhad
- Executive, Investment Banking Division, CIMB Investment Bank Berhad
- Senior Associate, Ernst & Young
- Associate, Arthur Anderson & Co.

Other Directorship(s)

Listed Company:
- KUB Malaysia Berhad

Public Company:
- KUB Development Berhad

Dato' Dr. Mohd Ali bin Mohamad Nor

Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
63	Male	Malaysian	7/7 (100%)

Date of appointment as Independent Non-Executive Director
1 January 2021

Committee

- Chairman of Board Tender Committee
- Member of Board Risk, Sustainability and Compliance Committee
- Member of Board Digital-First Committee
- Member of Board Audit Committee

Academic/Professional Qualification

- Doctorate of Technology, Newcastle University, United Kingdom
- Master of Information of Technology, Universiti Kebangsaan Malaysia ("UKM"), Malaysia
- Bachelor of Geology, UKM, Malaysia

Past Experience

- Secretary-General, Ministry of Communications and Multimedia
- Various positions in key Government Ministries

Other Directorship(s)

Nil

Dato' Jezilee bin Mohamad Ramli

Non-Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
59	Male	Malaysian	7/7 (100%)

Date of appointment as Non-Independent Non-Executive Director
2 April 2021

Committee

- Chairman of Board Nomination and Remuneration Committee
- Member of Board Audit Committee

Academic/Professional Qualification

- Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
- Member of the American Institute of Certified Public Accountants ("AICPA")
- Member of the Malaysian Institute of Accountants ("MIA")
- Uniform AICPA Professional Examination, University of Missouri, Kansas City, United States of America ("USA")
- Bachelor of Science in Business (Major in Accounting), Emporia State University, Kansas, USA

Present Appointment

- Chief Operating Officer, Corporate Services, DRB-HICOM Berhad

Past Experience

- Chief Financial Officer, UEM Edgenta Berhad
- Director of Operations, Khazanah Nasional Berhad
- Group Chief, Corporate Services, Pos Malaysia Berhad
- Chief Financial Officer, The New Straits Times Press (Malaysia) Berhad ("NSTP")

Past Experience (cont'd)

- General Manager Finance, AMI Insurans Berhad (now known as Sun Life Malaysia Assurance)
- Senior Manager, NSTP
- Assistant Manager, Arab Malaysian Merchant Bank Berhad
- Audit Senior, PricewaterhouseCoopers (formerly known as Price Waterhouse)
- Accountant, Bank Bumiputra, New York, United States of America

Other Directorship(s)

Public Company:
- Edaran Otomobil Nasional Berhad

Dato' Mohamed Sharil bin Mohamed Tarmizi

Independent Non-Executive Director

Age	Gender	Nationality	Board Meetings Attended
53	Male	Malaysian	7/7 (100%)

Date of appointment as Independent Non-Executive Director
13 April 2021

Committee

- Chairman of Board Digital-First Committee
- Chairman of Board Risk, Sustainability and Compliance Committee
- Member of Board Nomination and Remuneration Committee

Academic/Professional Qualification

- LLB (Hons), University College of Wales, Aberystwyth
- Barrister-at-Law, Gray's Inn, London, United Kingdom

Present Appointment

- Senior Advisor, Quantephi Sdn Bhd
- Senior Advisor, Asean Advisory Pte Ltd, Singapore
- Director, Lotus Group International Ltd, United Kingdom
- Member, Civil Aviation Authority of Malaysia ("CAAM")
- Chairman, Finanshere Sdn Bhd
- Member of Advisory Board, United Nations University Institute, Macau

Past Experience

- Independent Non-Executive Chairman, Opcom Holdings Berhad
- Independent Non-Executive Chairman, Bina Darulaman Berhad
- Independent Non-Executive Chairman, Privasia Technology Berhad

Past Experience (cont'd)

- Director, Digital Nasional Berhad
- Chairman and Chief Executive, Malaysian Communications and Multimedia Commission ("MCMC")
- Chief Operating Officer, MCMC
- Worked closely with international organisations such as the Internet Society ("ISOC"), International Telecommunications Union ("ITU"), the World Bank, the World Trade Organisation ("WTO"), Asia Pacific Telecommunity ("APT"), Pacific Islands Telecoms Association ("PITA"), Commonwealth Telecoms Organisation ("CTO"), International Institute of Communications ("IIC"), Universal Postal Union ("UPU") and the United Nations International Children's Emergency Fund ("UNICEF"), particularly in the area of training and capacity building
- Chairman of the Internet Corporation for Assigned Names and Numbers ("ICANN")'s Government Advisory Committee ("GAC")
- Board Member, ICANN
- Partner, BinaFikir Sdn Bhd
- Advocate & Solicitor, Zaid Ibrahim & Co
- Advocate & Solicitor, Azman Davidson & Co

Other Directorship(s)

Listed Company:
- Lagenda Properties Berhad

Public Company:
- Amanat Lebuhraya Rakyat Berhad

Additional Information
- None of the Directors has family relationship with any Director/Major Shareholder of Pos Malaysia
- None of the Directors has conflict of interest with Pos Malaysia
- None of the Directors has conviction for any offence within the past five years
- None of the Directors has public sanction or penalty imposed by any relevant regulatory bodies during FY2022

PROFILE OF SENIOR MANAGEMENT

Charles Robertson Brewer
Group Chief Executive Officer

Nationality	Age	Gender
British	58	Male

Date of Appointment
1 August 2021

Qualification(s)
- Advanced Senior Executive Management Programme, Henley Business School, United Kingdom
- Advanced Logistics Diploma, Cranfield University School of Management, United Kingdom
- Diploma in Management, The University of Reading, United Kingdom

Experience(s)
- Chief Operating Officer, Canada Post
- Chief Executive Officer ("CEO") & Founder, Click & Connect, Singapore
- CEO, DHL eCommerce covering Americas, Asia Pacific, Middle East & Africa
- CEO, Mara Group, United Arab Emirates
- CEO, Sub-Saharan Africa, DHL Express, South Africa
- Senior Vice President & CEO, North East, DHL Express, USA
- Executive Vice President, Commercial, DHL Express, USA
- Executive Vice President, Air Products & Services, DHL Express, USA
- CEO, DHL Express, Malaysia
- CEO, DHL Express, Philippines
- Managing Director, Global Customer Solutions, DHL Express, Malaysia

Directorship(s) in Public Companies
- Pos Logistics Berhad
- PNSL Berhad
- Pos Malaysia & Services Holdings Berhad

Peermohamed bin Ibramsha
Group Chief Financial Officer

Nationality	Age	Gender
Malaysian	58	Male

Date of Appointment
1 September 2021

Qualification(s)
- Fellow Member of the Chartered Institute of Islamic Finance Professionals
- Global Alliance for Banking on Values ("GABV"), Leadership Academy
- Fellow of Certified Practicing Accountant ("CPA"), CPA Australia
- Member of Malaysian Institute of Accountant ("MIA")
- Bachelor of Accountancy (Hons), Universiti Utara Malaysia

Experience(s)
- Head of Finance, HICOM Holdings Berhad
- Chief Operating Officer, Corporate Services, Bank Muamalat Malaysia Berhad
- General Manager, Finance & Corporate, Alam Flora Sdn Bhd
- Senior Manager, Finance & Corporate, HICOM Properties Sdn Bhd
- Senior Manager, Finance & Administration, Pelabuhan Tanjung Pelepas Sdn Bhd

Directorship(s) in Public Companies
- Pos Logistics Berhad
- PNSL Berhad
- Pos Malaysia & Services Holdings Berhad
- Pos Malaysia Holdings Berhad

Sumesh Rahavendra

Group Chief Transformation & Digital Officer

Nationality	Age	Gender
Indian	39	Male

Date of Appointment

1 October 2021

Qualification(s)

- Master of Business Administration (Marketing/Marketing Management), IE Business School, Madrid, Spain
- Bachelor of Economics, University of Madras, India

Experience(s)

- Chief Executive Officer, Scootsy (a Swiggy company), India
- Vice President, Customer Experience, Swiggy, India
- General Manager, Amazon, Luxembourg
- Chief Operating Officer, Mara Group, United Arab Emirates
- Vice President of Sales, DHL Express, Africa
- Chief Marketing Officer (Africa), DHL Express
- Head of Global Sales Programs (Singapore), DHL Express

Directorship(s) in Public Companies

Nil

Katherine Mah Yee Chen

Group Chief Customer Officer

Nationality	Age	Gender
Malaysian	46	Female

Date of Appointment

7 February 2022

Qualification(s)

- Bachelor of Commerce (Economics & Marketing), Curtin University of Technology, Perth, Western Australia

Experience(s)

- Founder/Chief Empowerment Officer, Kornerstone Training Pvt Ltd, Nepal
- Vice President, Commercial International Sales, Singapore Post Group, Quantium Solutions (Asia Pacific)
- Business Development Director (Medical Consulting & Information Services), International SOS Regional South & Southeast Asia Office
- Global MNC Manager, DHL Express, Singapore
- Industry Manager, Multi-National Customers, DHL Express, Malaysia
- Global Account Manager, Global Customer Logistics, DHL Express (Malaysia)

Directorship(s) in Public Companies

Nil

Raja Ahmad Hidzir bin Raja Muhamad
Group Chief People Officer

Nationality	Age	Gender
Malaysian	52	Male

Date of Appointment
15 December 2022

Qualification(s)
- Bachelor of Management with Honors (Major in Finance and Accounting/Minor in Economics), Universiti Sains Malaysia

Experience(s)
- Head, Human Resource, Pengurusan Air Selangor Sdn Bhd
- Group General Manager, Human Resources, Kumpulan Perangsang Selangor Berhad
- Vice President/Head of Talent Management, Corporate Human Resources, Malayan Banking Berhad ("Maybank")
- Head of Country Human Resources, Adidas (Malaysia) Sdn Bhd

Directorship(s) in Public Companies
Nil

Saravanan Ramasamy
Group Chief Commercial Officer

Nationality	Age	Gender
Malaysian	48	Male

Date of Appointment
1 September 2021

Qualification(s)
- Master in Social Science (Economics), National University of Singapore (“NUS”), Singapore
- Certified Practicing Accountant (“CPA”), CPA Australia
- Bachelor of Business (Accounting), University of Technology, Sydney, Australia

Experience(s)
- Chief Executive Officer, Myanmar Airways International (“MAI”) and Air KBZ
- Chief Commercial Officer, Lion Air Group (Malindo Airways and Thai Lion Air)
- Group Head of Ancillary and Distribution, Air Asia Group
- Chief Information Officer, Think BIG Digital, AirAsia BIG
- Head, Commercial Operations, AirAsia Indonesia and AirAsia X
- Head, e-Business, Malaysian Airlines System Berhad ("MASB")
- Head, Global Sales, MASB

Directorship(s) in Public Companies
Nil

Fiona Liao Yin Peng

Group Chief Marketing, Communications & Sustainability Officer

Nationality	Age	Gender
Malaysian	48	Female

Date of Appointment
7 February 2022

Qualification(s)
- Master in Business Administration (Marketing), Hawaii Pacific University, Honolulu, United States of America ("USA")
- Bachelor of Science in Business Administration (Travel Industry Management), Hawaii Pacific University, Honolulu, USA

Experience(s)
- Chief Officer, Head of Brand, Prudential Assurance Malaysia Berhad ("PAMB")
- Chief Marketing Officer, PAMB
- Director, Brand & Communications, PAMB
- Group Product Manager, DHL Express, Malaysia
- Marketing Manager, CfBT Malaysia
- Conference Development Manager, The Asia Business Forum

Directorship(s) in Public Companies
Nil

Zaini bin Yahman

Director of Operations

Nationality	Age	Gender
Malaysian	51	Male

Date of Appointment
1 November 2020

Qualification(s)
- Bachelor of Business Administration, Open University Malaysia, Selangor, Malaysia
- Diploma in Marketing, Politeknik Kota Bharu, Kelantan, Malaysia
- Certificate in Training Practice, Chartered Institute of Personnel Development, United Kingdom

Experience(s)
- Senior Vice President, State Operations, Pos Malaysia
- Vice President II, Commercial, Pos Malaysia
- Vice President II, Operation Management, Pos Malaysia
- General Manager, Koperasi Pos Nasional Berhad ("KOPONAS")

Directorship(s) in Public Companies
Nil

ORGANISATION STRUCTURE

Group Chief Executive Officer
Charles Brewer

Head of Internal Audit (Interim)
Rizal Ahmad

Head of Corporate Secretarial
Ngian Yoke Fung

Group Chief Commercial Officer
Saravanan Ramasamy

- Product & Pricing
- Retail
- Customer Service
- International

Group Chief Marketing, Communications & Sustainability Officer
Fiona Liao

- Marketing & Branding
- Digital Marketing
- Creative
- Corporate Communications
- Philately
- Sustainability

Director of Operations
Zaini Yahman

- Transport Management
- Hub Operations
- State Operations
- Resource & Compliance Management
- Operations Improvement & Excellence
- State General Management

General Counsel & Corporate Affairs
Roslina Ismail

- Legal
- Risk Management
- Regulatory Compliance
- Regulatory Affairs

Head of Culture Transformation
Rai Yatim

- Culture Content Design & Development
- Culture Programme Management
- Culture Facilitator Development

Head of Pos Ar-Rahnu
Khairul Annuar Zainal

Chief Executive Officer Datapos
Mohd Yusri Dolah

Chief Operating Officer Pos Digicert
Amir Suhaimi Hassan

Chief Executive Officer (Acting) Pos Aviation
Mohamad Asif Abd Talib

Chief Executive Officer (Covering) Pos Logistics
Shahrulnizam Ahmad

Executive Secretary
Rofiza Mohd Akhir

Group Chief Customer Officer
Katherine Mah

- Field Sales
- Strategic Accounts
- International Business
- Direct Sales
- Sales Performance & Planning
- Business Support

Group Chief Transformation & Digital Officer
Sumesh Rahavendra

- Corporate Planning
- Planning & Financial Control
- Customer & Delivery Experience
- Analytics & Business Insights
- Technology & Solution Delivery
- Customer Experience Products
- IT Infrastructure Services
- IT Security
- New Initiatives
- Fulfillment
- Programme Management & IT Operations

Group Chief Financial Officer
Peermohamed Ibramsha

- Financial Control
- Cost Control
- Credit Control
- Treasury
- Taxation
- Procurement
- Property & Maintenance
- System & Methods

Group Chief People Officer
Raja Ahmad Hidzir

- Talent Attraction, Acquisition & Workforce Management
- Employee Engagement
- People Development & Talent Management
- Performance & Rewards
- State People Support
- Corporate Integrity
- Security
- Occupational Safety & Health
- Industrial Relations

GOVERNANCE FRAMEWORK

05

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pos Malaysia Berhad ("Pos Malaysia" or "the Company") is resolute in its commitment to embrace, uphold and promote good corporate governance practices in the conduct of its business and all aspects of its operations. The Board of Directors ("Board") believes that strong corporate practices are fundamental to the smooth, effective and transparent operations of the Company, protect the rights of stakeholders and enhance shareholder value. Corporate governance principles that uphold transparency and responsible business conduct are imperative components of sustainable performance, creation of economic value and growth for the Pos Malaysia Group ("Group") as well as maximising returns for stakeholders.

In ensuring that the Company's systems, procedures and practices reflect a high standard of corporate governance, the Board has a robust, well-defined and well-structured institutional governance and risk framework in place. The framework supports the Board's aim of achieving sustainable value, as well as fostering a culture that values ethical behaviour, integrity and respect.

The financial year 2022 ("FY2022") continued to be another challenging and disruptive year for Pos Malaysia as the world continued to grapple with the COVID-19 pandemic crisis. It brought to the fore, the importance of Board leadership and good governance in an increasingly challenging global business environment where the focus is on business resilience, the ability to manage the crisis, rebound and leverage on the opportunities.

The year ahead will likely be dynamic and equally challenging with the world in the midst of an asymmetrical recovery and returning to normalcy. The Board's role will continue to focus on building resilience while strengthening and growing the business. As the Company settles into the new normal, the Board will need to engage proactively and systematically with diverse stakeholders, both internally and externally. As a stakeholder with an intrinsic interest in and shared responsibility for the resilience and vitality of the economic, social and environmental systems in which it operates, the Group will undoubtedly play its role. This is essential for ensuring the Company's longer-term competitiveness and resilience as well as addressing some of the systemic challenges of the pandemic. With the Board's support, the Management will navigate through the new challenges from the changing economic, political and social environment.

In this regard, Pos Malaysia will continue to evaluate its governance practices in response to evolving best practices and the changing needs of the Group and the operating environment.

The Board is pleased to present the Corporate Governance Overview Statement ("CG Overview Statement") to provide shareholders and investors with an overview of the corporate governance practices of the Company during FY2022. This CG Overview Statement reports on the manner the Group has adopted and applied the statutory requirements, principles and best practices as set out in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Companies Act 2016 ("CA 2016"), Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and Corporate Governance Guide issued by Bursa Malaysia.

Overall, in FY2022, Pos Malaysia has complied with 39 Practices out of the 43 recommended Practices and adopted 2 Step-Up Practices out of the 5 Step-Up Practices, as recommended by the MCCG 2021.

This CG Overview Statement takes into consideration the recommended practices of the MCCG 2021 and the adoption of the best practices by Pos Malaysia.

This CG Overview Statement is augmented by a Corporate Governance Report ("CG Report") that sets out a detailed articulation on the application of the Company's corporate governance practices in relation to the MCCG 2021. In the CG Report, the Company has also provided timelines for any departure from the Practices and explanations for the departures. The CG Report is accessible to the public at www.pos.com.my.

This CG Overview Statement is to be read together with the CG Report.

Our Corporate Governance Framework

Amid an increasingly challenging operating environment, the Board strives to strengthen the Group's corporate practices and processes. The Board views corporate governance as a fundamental process contributing towards maximising shareholder value taking into account the interests of all other stakeholders. The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Company.

The good governance practices are integrated across the Group. The Corporate Governance Framework ("CG Framework") of Pos Malaysia provides a comprehensive framework and value for all its stakeholders by:

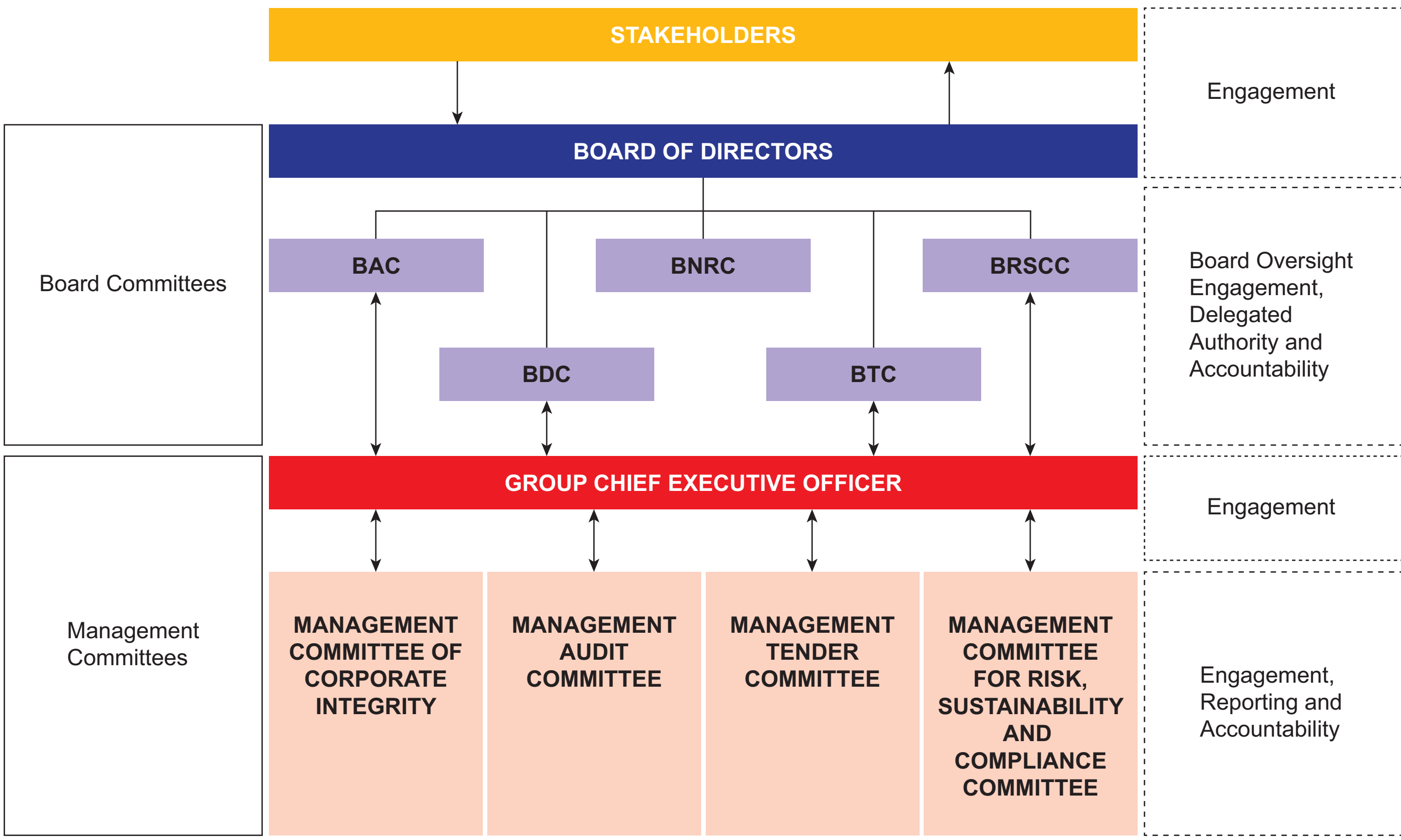
1. Accentuating greater transparency, accountability and responsibility to shareholders and other stakeholders;
2. Ensuring timely and accurate disclosures of all material matters;
3. Dealing fairly with shareholders and other stakeholder interests;
4. Inculcating and maintaining high standards of business ethics, conduct and integrity;
5. Promoting the Company through sound sustainable practices; and
6. Building cogency through principled leadership.

At Pos Malaysia, the Board works to ensure that the Company's CG Framework continues to remain appropriate and is reviewed as and when necessary to reflect the market and the communities within which the Company operates.

Effective operation of the Board relies on clarity of the various roles and responsibilities. Therefore, there is an explicit division of responsibilities between the leadership of the Board and the executive leadership of the Company's business in line with the principles of the MCCG 2021.

Through a clearly defined CG Framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key committees of the Board namely, Board Audit Committee ("BAC"), Board Nomination and Remuneration Committee ("BNRC"), Board Risk, Sustainability and Compliance Committee ("BRSCC"), Board Digital-First Committee ("BDC") and Board Tender Committee ("BTC"), and other Management Committees as depicted below:

Corporate Governance Framework



The Group's CG Framework is a reflection of the way strategic and operational activities are managed, which is a clear indication that although the roles may be distinctly different, they are complementary in attaining the Group's core objectives.

This framework is supported by, among others, the Company's Limits of Authority ("LOA") and Management Delegated Authority ("MDA"), which set out the respective authority limits including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, Group Chief Executive Officer ("GCEO"), Management Committees and Management.

The Company also formulates strategies to optimise the Group's performance, both locally and regionally, at the consolidated level, while the core businesses retain the necessary autonomy to conduct their own operations, thus enabling the Board to take a broader perspective on issues affecting the Group, such as overall strategy, risk management and governance level.

In view of the diversity of the Group's businesses, the Boards at subsidiary level provide the appropriate level of dedicated oversight and focus on the core businesses of the respective divisions. Each Subsidiary's Board has representatives from the Management, to ensure clear, unambiguous oversight and to exercise a reasonable degree of supervision and control within the Group.

Aside from setting out the CG Framework, authority and Terms of Reference ("TOR"), of the Board, its Committees and the Management, as well as identifying their respective roles and responsibilities and what is expected of them in terms of commitment, the Board Charter sets out the issues and decisions reserved for the Board. The Board Charter and TOR are reviewed and updated when necessary to reflect the relevant changes to the policies, procedures and processes as well as amendments to rules and regulations to ensure that it remains relevant and consistent with the applicable rules and regulations and recommended best practices.

The Board Charter and the respective Board Committees' TOR are available on the Company's corporate website at www.pos.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD LEADERSHIP

The Board's primary role is to determine the Company's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection and enhancement of shareholder value, the Board takes into consideration the interests of stakeholders including employees, customers, suppliers, regulators, local communities, non-governmental agencies and the general public. The Board is ultimately accountable to shareholders for the performance of Pos Malaysia and is responsible for its overall governance.

The Board is responsible for the overall leadership of the Group and for promoting its sustainability and success by providing effective leadership within a framework of prudent and effective controls. The Board continually strives to improve its effectiveness by providing direction to the Management, demonstrating ethical leadership and creating a performance culture that drives value creation, among others.

The Board ensures that the strategic and transformation plan of the Company supports value creation and includes strategies on economic, environmental, social and governance considerations, thereby strengthening the integration of sustainability in the Company's operations. Through sustainable practices, the Company becomes more resilient, creates durable and sustainable value and simultaneously maintains the confidence of its stakeholders.

The Group's strategy plan and priorities, as well as the Environmental, Social and Governance ("ESG") initiatives were discussed and showcased at the Board Retreat held in October 2022.

All Board members exercise their powers for a proper purpose and in good faith in the best interest of the Company. In directing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience. Together with the Management, the Board promotes good corporate governance culture within the Company ensuring ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

Prudent and effective controls make it possible for the Board to continuously assess and manage emerging risks and opportunities to ensure sustainable development and growth.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in a meeting.

The presence of Non-Executive Directors ("NEDs") brings balance to the Board, ensuring that no individual or small group of Directors is able to dominate the decision-making process and that the interests of shareholders are protected. The Board considers each NED to be independent in terms of character and judgement.

The Board is satisfied that each Director has devoted sufficient time to discharge his responsibilities effectively. The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge and to examine, review and decide on the Management's proposals and empower the GCEO to implement the strategies approved by the Board.

In delegating its authority to Board Committees, the Board ensures that its delegation does not hinder or reduce its ability to discharge its functions. In this regard, the Board sets out the division of responsibilities in the respective TOR of the Board Committees.

Roles and Responsibilities of the Board

The general powers of the Board are conferred in the Company's Constitution, while the roles and responsibilities of the Board are clearly set out in the Board Charter and the LOA of the Company. The Board provides the Company stewardship and counsel, champions good governance and high ethical standards as well as practices with its diverse range of expertise.

The Board is ultimately accountable for the performance of the Group, governs its affairs on behalf of shareholders and retains full and effective control over it. To this end, the Board sets goals, policies and targets within a framework of prudent and effective controls, which enables risk to be assessed and managed. In addition, the Board ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

In ensuring the success of the Company and the Group and the delivery of sustainable value to stakeholders, the Board provides effective leadership, promotes and protects the interests of shareholders, exercises reasonable and proper care of the Group's resources as well as safeguards its assets.

The Board's roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objectives of the Group, among others, are as follows:

1. Ensures that the Group's goals are clearly established and that strategic plan is in place.
2. Oversees the conduct of the Group's business.
3. Reviews the adequacy and integrity of information and internal control systems and identifying principal risks and identifying the implementation of appropriate internal controls and mitigation of measures.
4. Reviews and approves a strategic plan which supports long-term value creation and business sustainability.
5. Ensures that an appropriate succession planning mechanism is in place.
6. Ensures that appropriate public relations and communications programmes, and investor relations programmes are in place.

The Directors are aware of their collective and individual responsibilities to all shareholders on how the affairs of the Company are being managed and operated. The Board is satisfied that it has fulfilled these duties and obligations during FY2022.

During FY2022, the Board has approved, among others, the business strategy including Annual Management Plan which was prepared against the backdrop of an unprecedented challenging times, interim and annual financial statements, re-organisation of funding arrangements, appointment of Chief Level Officers, adoption of Directors' Fit and Proper policy, manpower rationalisation exercise, revision on Policies, TOR and Board Charter, key performance indicators ("KPI") for Corporate and Chief Level Officers and other relevant matters affecting the Group's operations and businesses.

Individual Roles of the Board Members

As a whole, the Board bears a legal responsibility to govern an organisation. Fulfilling that responsibility encompasses many individual roles and responsibilities. Each Board member brings different strengths, talents and abilities to the Board. When Board members merge their skills towards the mission and vision of an organisation, it creates a synergy that makes the whole Board greater than the sum of each individual's contribution.

Effective working of the Board is imperative to the sustainable, continuing prospects and execution of strategic aims of the Company and the Group. The Board achieves this through strong, transparent and open working relationships between and among the Board members.

Demarcation of Responsibilities between the Non-Executive Chairman, Group Chief Executive Officer and Non-Executive Directors

The roles of the Non-Executive Chairman and the GCEO are held by different individuals to ensure optimal balance. Given their distinct expectations and the primary audience they each serve, the roles and responsibilities of the Non-Executive Chairman and the GCEO are separated by a clear division of responsibilities. The division of duties and responsibilities ensures an appropriate balance of roles, responsibilities and accountability. Each plays a singular role but complements each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control. This clear hierarchical structure with a focused approach facilitates efficient, effective, expeditious and informed decision-making.

Role of the Non-Executive Chairman

The Chairman's overarching role is to provide appropriate leadership to the Board and ensure the integrity and effective governance process of the Board. He ensures the Board upholds and promotes the highest standards of corporate governance, setting the Board's agenda and encouraging open, constructive debate of all agenda items for effective and informed decision-making. The Chairman also ensures that shareholders' and relevant stakeholders' views are communicated to the Board. The Chairman maintains regular dialogues with the GCEO over all operational matters and properly consults him with regard to any matter that gives the Chairman any cause for concern pertaining to the Group. The Chairman acts as a facilitator at meetings of the Board to ensure that no Director dominates discussions at Board meetings. The Chairman ensures that appropriate discussions take place and relevant opinions among Directors result in logical and reasonable outcomes.

The Chairman provides governance on matters requiring corporate justice and integrity, manages effectiveness of the Board and oversight of the Management and in this regard, creates conditions for sound decision-making of the Board and shareholders' meetings.

The Chairman ensures that the relevant regulations and legislation are complied with, the interests of the various stakeholders are protected and where permissible, provides them with information that they may require. The Chairman ensures that the quality information is delivered to the Board by Management in a timely manner to facilitate decision-making. In addition, the Chairman maintains good contact and effective working relationship with external parties, the investing public, regulatory agencies and trade associations.

Group Chief Executive Officer

While the Chairman provides leadership to the Board, the responsibility for the overall business and day-to-day operations of the Company is delegated to the GCEO. The GCEO is accountable to the Board for the operational management of the Group's business as well as the development and execution of its strategy. He is also the conduit between the Board and the Management in ensuring the success of governance and management functions.

The GCEO has been delegated certain powers to execute transactions that are guided by rules and procedures and in accordance with defined and formalised authority limits. In discharging his responsibility as the GCEO, he is assisted by the Management team in the management of the Group's business. In this regard, the GCEO ensures that the Group has an effective Management team with active plans to achieve the corporate KPI for 2022 apart from development and succession below the level of the GCEO.

The Board links the Company's governance and management functions through the Chairman and the GCEO. All Board authority conferred on the Management is delegated through the GCEO. The GCEO's authority is explicitly provided in the LOA and the MDA. The Directors provide their support to the GCEO in undertaking this responsibility. The GCEO is responsible for developing and recommending to the Board, a strategy and vision for the Group that leads to the creation of shareholder value, the Group annual business plans and budget which support the Group's strategy and ensures that the objectives and goals set out in the strategic plan are achieved.

The GCEO fosters a corporate culture that promotes ethical practices, encourages individual integrity and fulfils the Group's social responsibilities. As GCEO, he leads the Company in maintaining a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees at all levels.

The GCEO is responsible for ensuring that there is continuous improvement in the quality and value of the products and services provided by the Group and that the Group achieves and maintains a satisfactory competitive position within the industry.

Non-Executive Directors

Essentially, the Non-Executive Director's ("NED") role is to make a creative contribution to the Board by providing independent oversight and constructive challenge to the Management. They bring independent judgement to bear on issues of strategy, performance and resources including standards of conduct.

The NEDs possess the necessary expertise and experience to ensure that the strategies proposed by the Management are fully deliberated and examined.

They add value by providing a broad perspective of the Company's issues and protecting the interest of the shareholders and committing a substantial amount of time overseeing the Company. Although they provide effective oversight over the Management, all NEDs are independent of the Management and do not participate in the day-to-day management of the Group.

NEDs do not engage in business dealings or other relationships with the Group (other than in situations permitted by applicable regulations) that could be reasonably perceived to materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

All Directors must exercise their judgement independently at all times, irrespective of their status on the Board.

Independent NEDs ("INED") play a significant role in providing unbiased and independent views, advice and judgement, thereby bringing objectivity and scrutiny to the Board's deliberations and decision-making as well as ensuring there are continued checks and balances in the functioning of the Board. Their role is particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

Board Committees

To ensure the effective discharge of its duties, the Board has delegated certain functions to Committees with their own respective TORs.

The Chairman of each Board Committee reports to the Board on deliberations, discussions and outcomes of the Committee meetings. This permits the Board to raise comments and views, if any, on key areas of concern. The TOR of the Board Committees are available on the Company's website at www.pos.com.my.

The Management is given certain powers to execute transactions under the LOA and the MDA adopted by the Group. The Directors are fully aware that such delegation does not absolve them from their responsibilities as they remain responsible for the Management's exercise of powers as if such powers have been exercised by the Directors themselves.

Company Secretaries

All Directors have unrestricted access to the advice and services of the Company Secretaries on matters relating to the Group and necessary compliance by the Group.

The Company Secretaries advise the Board, particularly with regard to the Constitution, Board's policies and procedures as well as its compliance with regulatory requirements and legislation.

The Company Secretaries are responsible for facilitating effective information flows within the Board and Board Committees and between the Senior Management and NEDs.

The Company Secretaries ensure that discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner and subsequently communicated to the Management for appropriate actions.

The Company Secretaries keep themselves updated on the evolving regulatory changes and developments in corporate governance through continuous training.

The roles and responsibilities of the Company Secretaries are set out in the Board Charter. Based on the Board evaluation conducted on Corporate Secretarial department, the Board was satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions during FY2022.

Board Meetings and Access to Information

Pursuant to the Company's Constitution, the Board is required to regulate meetings as it thinks fit. The Board meets at least four (4) times a year to approve the quarterly financial statements prior to its announcement to Bursa Malaysia. The dates of these scheduled meetings are determined well in advance to enable the Directors to plan ahead and incorporate the meetings into their respective schedules. Meetings may also be called at shorter notice when critical or urgent decisions are required to be made or when expeditious review or consideration is necessary. Directors are expected to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings.

A formal agenda together with the board papers and relevant information are distributed to all Directors at least five (5) working days before each Board meeting to allow sufficient time for the Board members to review and evaluate the matters to be deliberated at the meetings.

Board members are able to access board papers through a collaborative software which allows the Directors to securely access, read and review board papers electronically at any time or location. This software provides effective distribution of board papers, minimises leakage of sensitive and confidential information. Presentations to the Board are prepared in a manner that ensures a clear and adequate understanding of the subject matter.

Key decisions are always made at Board meetings while urgent matters may also be decided via written resolutions. Directors' Written Resolutions passed by the Board are tabled at the next Board meeting for notation. The Board also ensures that decisions are made known and properly minuted. The minutes of the Board meetings accurately reflect the deliberations and decisions of the Board including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter.

The robust and active deliberations at Board meetings provide opportunities to all Directors to participate and contribute to a sound decision-making process as well as to ensure that constructive and healthy dialogues are satisfactorily achieved.

Relevant members of the Senior Management and external advisers may be invited to attend Board meetings to report to and advise the Board when matters under their purview are being considered or as otherwise requested by the Board, to enable informed decision-making.

Directors must immediately declare if they have any interest in transactions that are to be entered directly or indirectly with the Company or Group. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the potential conflict of interest. A Director must also abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at Board meetings held during FY2022. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities.

In compliance with Paragraph 15.06(1) of the MMLR of Bursa Malaysia, each member of the Board holds not more than five (5) directorships in public listed companies. During FY2022, the Directors notified the Company Secretaries as and when they were appointed as Directors of other companies.

The Board and Board Committee meetings were held either physically or in a hybrid manner through video conferencing during FY2022.

The Board is updated on announcements made by the Company to Bursa Malaysia on significant transactions.

Directors' Attendance for the Financial Year 2022

During FY2022, the Board met seven (7) times and all Directors complied with the minimum requirements on the attendance of at least 50% at Board meetings pursuant to Paragraph 15.05(3)(c) of the MMLR of Bursa Malaysia.

Details of attendance of each Director at Board meetings held during FY2022 are set out below:

Director	No. of Meetings Attended
Dato' Sri Syed Faisal Albar bin Syed A.R Albar	7/7
Datuk Idris bin Abdullah @ Das Murthy	7/7
Dato' Ahmad Suhaimi bin Endut	6/7
Ahmed Fairuz bin Abdul Aziz	7/7
Dato' Dr. Mohd Ali bin Mohamad Nor	7/7
Dato' Jezilee bin Mohamad Ramli	7/7
Dato' Mohamed Sharil bin Mohamed Tarmizi	7/7
Sharifah Sofia binti Syed Mokhtar Shah*	6/7
Datuk Puteh Rukiah binti Abd Majid**	5/5

* Sharifah Sofia binti Syed Mokhtar Shah resigned effective 20 December 2022.

** Datuk Puteh Rukiah binti Abd Majid resigned effective 1 October 2022.

BOARD EFFECTIVENESS

Board Balance and Composition

The Board's size ensures that the purpose, involvement and participation of the Directors are not jeopardised and that it achieves the correct balance to realise the Group's strategic objectives. It also ensures diversity and inclusiveness in views as well as facilitating effective decision-making and constructive deliberation during its meetings.

The Board saw several changes in its composition in the fourth quarter of FY2022 with the resignation of two (2) female Directors, namely Datuk Puteh Rukiah binti Abd Majid, the INED on 1 October 2022, and Sharifah Sofia binti Syed Mokhtar Shah, the Non-Independent Non-Executive Director ("NINED"), on 20 December 2022.

As of the date of this report, the Board comprised a majority of INEDs, which allows more effective collective oversight of the Management. The composition of the Board, therefore, exceeds the minimum one-third requirement of Independent Directors as stipulated in the MMLR of Bursa Malaysia.

The Board composition is a testament to the view that a board's make-up should support objective and independent deliberation, review and decision-making to allow for more effective oversight of the Management.

The Directors are persons of integrity and calibre who have sound knowledge and understanding of the Company's business and provide a diversity of breadth in experience, skills, knowledge, insights, perspectives and independent judgement.

The Board acknowledges that NEDs may hold other directorships and other business interests, which varied exposure will benefit the Company significantly. The Board reviews annually the declarations made by Directors on the number and nature of their external directorships that they hold as well as their assurances on time commitments in carrying out their duties and responsibilities to the Company.

Details of the Directors' other directorships are set out in their respective profiles on pages 63 to 69 of this Annual Report.

The Board Charter specifies that the tenure of an INED as recommended by the MCCG 2021 shall not exceed a cumulative term of nine (9) years. If the Board intends to retain an INED beyond nine (9) years, it shall provide justification and seek shareholders' approval.

During FY2022, the BNRC reviewed the composition of the Board taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required of an individual Director to effectively fulfil the role of a Director on the Board. Diversity in terms of age, gender and ethnicity were also being considered.

Board Conduct

The Board commits itself and its Directors to ethical business and lawful conduct including proper use of authority and appropriate decorum when acting as Board members.

All Board members discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They act with integrity, lead by example, keep abreast of their responsibilities as Directors and of the conduct, business and development of the Company.

In managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board discharges some of its responsibilities directly and delegates certain responsibilities to its Committees to assist in carrying out its function of ensuring independent oversight and stewardship. The Board also delegates authority for the operational management of the Company's business to the GCEO.

Board Diversity

Diversity and inclusivity are important to ensure the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment. In this regard, the BNRC is empowered to review and evaluate the composition and performance of the Board annually as well as to assess qualified candidates to occupy Board positions.

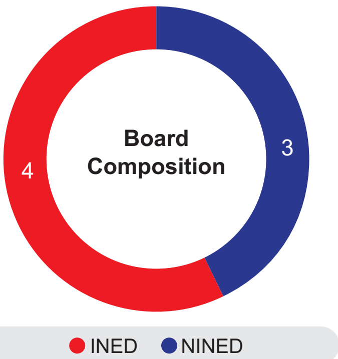
The Board manages its diversity by ensuring that the mix and profiles of its members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of the Company.

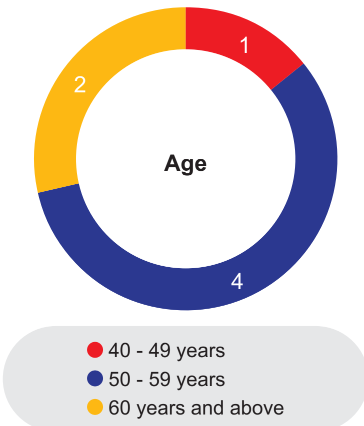
While it is important to promote diversity, Directors are selected based on various factors i.e. an effective blend of skills, competencies, experience and knowledge of the industry or other identified areas to carry out effective Board functions and duties.

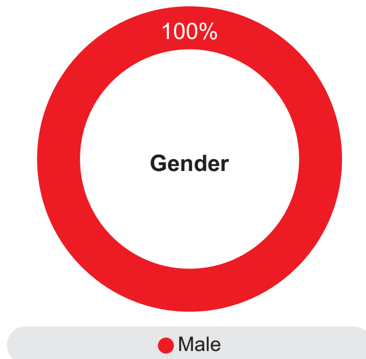
Collectively, the Directors bring with them years of experience in managing sustainable business growth and represent a formidable leadership that supports effective decision-making. The Board believes that a truly diverse and inclusive Board that leverages on differences of its members will ensure effective stewardship and in turn, retains its competitive advantage.

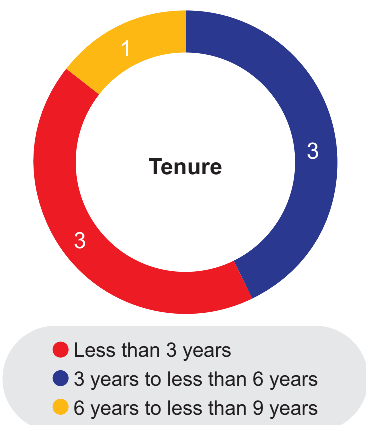
To ensure that there is a healthy talent pipeline, the Board supports gender diversity and participation of women in decision-making and Senior Management positions. Following the resignation of two (2) female Directors, the Board will appoint at least one (1) female director on the Board by 1 June 2023 to comply with the requirement under Paragraph 15.02 of the MMLR of Bursa Malaysia.

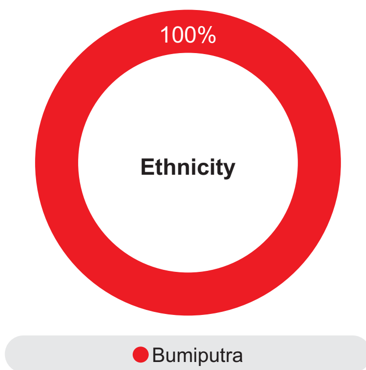
The Board's diversity as at 31 December 2022 is depicted in the following matrix:











Independence of the Board

Decision-making on key issues is deliberated by the Directors taking into account the views of the INEDs which carry substantial weight. They fulfil their roles in ensuring that strategies proposed by the Management are discussed and examined as well as ensuring that the interest of shareholders and stakeholders of the Company are safeguarded.

The Board assesses the independence of the INEDs annually which is undertaken with reference to the key criteria developed by the BNRC and the MMLR of Bursa Malaysia.

For FY2022, all four (4) INEDs satisfied the following criteria:

1. Independent from the Management and free from any other relationship which could interfere with their independent judgement or the ability to act in the best interest of the Company.
2. Not involved in the day-to-day operations of the Company.
3. Declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

For FY2022, the Board was satisfied that each INED has remained independent in character and judgement and agreed that their continuous contributions are beneficial to the Board and the Company as a whole.

Board Nomination and Remuneration Committee

The BNRC assists the Board on appointments and assessment of the Directors and GCEO. It also reviews and assists the Board in establishing the appropriate size and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board to ensure the sustainability of the Group.

The BNRC evaluates the composition of the Board annually. In this respect, the tenure of each individual Director is reviewed and the annual re-election of a Director is contingent on a satisfactory evaluation of the Director's performance and contribution to the Board during the financial year.

The BNRC also screens, evaluates and recommends to the Board suitable candidates for appointment as Directors.

The BNRC ensures that there are sufficient succession planning and human capital development focus in the Group and recommends to the Board the remuneration framework for the NEDs and key critical positions of the Group.

The BNRC currently comprises three (3) NEDs, two (2) of whom are INEDs. They are:

1. Dato' Jezilee bin Mohamad Ramli (NINED) - Chairman
2. Datuk Idris bin Abdullah @ Das Murthy (INED)
3. Dato' Mohamed Sharil bin Mohamed Tarmizi (INED)

Dato' Mohamed Sharil bin Mohamed Tarmizi was appointed as a Member of the BNRC on 1 October 2022 in place of Datuk Puteh Rukiah binti Abd Majid.

During FY2022, the BNRC met four (4) times to discharge its duties and functions as a Committee of the Board. The BNRC undertook various key activities during FY2022, among others, include the following:

1. Reviewed the changes to the composition of the Board of Directors and Board Committees following the resignation of Directors.
2. Reviewed and recommended the appointment of Directors of the subsidiary companies and Chief Level Officer, for the Board's approval.
3. Reviewed and recommended the re-election and retention of Directors at the last Annual General Meeting ("AGM") of the Company.
4. Reviewed the Board's composition, evaluation of the effectiveness of the Board and conducted an annual assessment of the Independence of NEDs.
5. Reviewed and recommended to the Board on the adoption of the Fit and Proper Policy.
6. Reviewed the trainings/conferences attended by the Board in the financial year 2021 and approved the Proposed Trainings for the Directors for FY2022.
7. Reviewed and recommended to the Board on the KPI for Corporate and Chief Level Officers.
8. Reviewed and recommended to the Board on the amendments to the TOR of BNRC.
9. Reviewed and recommended to the Board on the change on the current compensation formula for Mutual Separation Scheme and Voluntary Separation Scheme.
10. Reviewed and recommended to the Board on the Succession Planning for the GCEO and Chief Level Officers.
11. Reviewed the need to appoint an Independent Consultant for the Board Effectiveness Assessment ("BEA") for FY2022.

Appointment of New Directors

The Board believes orderly succession will be achieved through careful planning. In its selection of Board candidates, the BNRC takes into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively discharge his/her role as Director.

The responsibility of achieving Board balance through diversity and inclusivity has been delegated to the BNRC.

In its selection of suitable candidates, the BNRC identifies the gaps in the Board composition before sourcing, screening, conducting the initial selection of potential candidates and assessing the ability to perform effectively of those who have been identified.

Board Evaluation and Effectiveness Assessment

The Board conducts an annual BEA through the BNRC, with the objective of assessing the performance of the Board as a whole, that of the Board Committees and individual Directors. The Board and Board Committees are evaluated based on the expectation that they perform their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with duties and obligations imposed upon them under the laws issued by the regulatory authorities. The evaluation also identifies any gaps or areas for improvement where required.

The assessment of individual Directors takes into consideration their contribution to the Board and their experience, competencies, integrity as well as the commitment in meeting the requirements of the Group. For FY2022, the results of the Board, Board Committees' evaluation and assessment of the individual Directors form the basis for evaluation by the BNRC in deciding whether a Director who is subject to re-election can be recommended to be re-elected at the next AGM.

For FY2022, the BEA was conducted internally and comprised a Board Evaluation, a Committee Evaluation and a Directors' Self Assessment, designed to improve the Board's effectiveness as well as to bring to the Board's attention, key areas that needed to be addressed to maintain Board cohesion.

The results of the BEA for FY2022 were reviewed by the BNRC and its recommendations were presented to the Board on 20 February 2023. The Board noted the findings and areas that necessitated further improvements and was satisfied with the BEA results. The results enabled the Board to put in place actions to address areas for improvement. The evaluation confirmed the strength of the Board and the high performing boardroom culture. Priority areas and key findings have since been incorporated into the action plans that would further improve the Board's performance in the new financial year.

Re-Election and Re-Appointment of Directors

Pursuant to Article 116 of the Company's Constitution, one-third (1/3) of the Directors, or if their number is not a multiple of three (3), the number nearest to 1/3, shall retire from office and may offer themselves for re-election at the next AGM. Datuk Idris bin Abdullah @ Das Murthy and Dato' Ahmad Suhaimi bin Endut are due to retire at the 31st AGM scheduled to be held on 24 May 2023 pursuant to Article 116 of the Company's Constitution and both of them have expressed their intention to seek re-election at the 31st AGM.

For the purpose of determining the eligibility of Directors standing for re-election at the 31st AGM, the Board through its BNRC, had assessed the retiring Directors' performance, contribution and independence via the annual BEA, taking into consideration among others, the Directors' level of contribution to the Board's deliberations through their skills, experience and strength in qualities; demonstrated objectivity in the Board's decision-making process, gave valuable feedback through sharing of knowledge and experience and acted in the best interests of the Company as well as the Directors' fitness and propriety as per the Fit and Proper Policy.

The Board agreed with the BNRC's assessment that the retiring Directors' performance and contribution in the discharge of their duties during the assessment period had been satisfactory and met the Fit and Proper Policy of the Company, among others, probity, personal and financial integrity, competence and time management.

Based on the above, the Board approved the BNRC's recommendation that the Directors who retire in accordance with Article 116 of the Company's Constitution, namely Datuk Idris bin Abdullah @ Das Murthy and Dato' Ahmad Suhaimi bin Endut, are eligible to stand for re-election. The retiring Directors had abstained from deliberation and decision on their respective eligibility to stand for re-election at the relevant Board/BNRC meeting.

Continuing Development Programme for Directors

All the Directors have attended the Mandatory Accreditation Programme as required under the MMLR of Bursa Malaysia.

In line with Paragraph 15.08 of the MMLR of Bursa Malaysia, the Directors attended conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge.

During FY2022, the Directors attended the following in house or external training programmes or workshops or seminars, held physically or virtually:

Director	Training Programme
1. Dato' Sri Syed Faisal Albar bin Syed A.R Albar	• Pos Malaysia Sustainability Initiative - Briefing & Engagement Session • Pos Wira Foundation Programme • Economic Outlook and Lookout • Dialling up the ESG Agenda – Doing more by Leading • Board alignment workshop on Culture • Key insights: Global & Malaysia Industry Outlook
2. Datuk Idris bin Abdullah @ Das Murthy	• Pos Malaysia Sustainability Initiative: Briefing & Engagement Session • Corruption Offence of Commercial Organisations Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009 • Task Force on Climate-Related Financial Disclosure 101 and 102 Climate Disclosure Training Programme • Cyber Security Awareness Training • ESG and Sustainability Training Programme • Pos Wira Foundation Programme • Key insights: Global & Malaysia Industry Outlook • Becoming a Future-Focused Risk Management Committee • The Sustainable Development Goals - A global, transdisciplinary vision for the future
3. Dato' Ahmad Suhaimi bin Endut	• Money Services Business - Directors' Education Programme (MSB-DEP) • Pos Wira Foundation Programme
4. Ahmed Fairuz bin Abdul Aziz	• Corruption Offence of Commercial Organisations Section 17A of MACC Act 2009 • Corporate Governance: Managing Culture to Prevent Misconduct • Pos Wira Foundation Programme • ESG – Terminology, Principles and Structure • The Audit Committee: Unpacking The Roles of The Committee & Honing Its Effectiveness in Discharging Its Responsibilities Holistically • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Session 1) • Key insights: Global & Malaysia Industry Outlook
5. Dato' Dr. Mohd Ali bin Mohamad Nor	• Pos Wira Foundation Programme
6. Dato' Jezilee bin Mohamad Ramli	• 1/2022 CEO Dialogue • Pos Wira Foundation Programme • Key insights: Global & Malaysia Industry Outlook • F.I.T To Lead Module 1
7. Dato' Mohamed Sharil bin Mohamed Tarmizi	• Corruption Offence of Commercial Organisations Section 17A of MACC Act 2009 • Pos Wira Foundation Programme • Key insights: Global & Malaysia Industry Outlook • F.I.T To Lead Module 1

Governing Sustainability

The Board together with the Management is responsible for the governance of sustainability in the Group including setting the Group's sustainability strategies, profiles and targets.

The performance evaluation of the Board and Senior Management for FY2022 included evaluations to address the Group's material sustainability risks and opportunities.

The Board acknowledges that the Group's long-term success and continued relevance are dependent on the prosperity and trust of the communities the Group serves and the environment the Group operates in. Our financial outcomes are explicably linked to the Group's ability to manage ESG risks and opportunities as much as the Group recognises that an inclusive society built on human dignity and the responsible use of human capital is essential for all of the Group to thrive.

These sustainability considerations are factored in by the Board who ensures that the Group's strategies, priorities and targets are communicated to internal and external stakeholders. In this regard, a Head of Sustainability was tasked to provide a dedicated focus on sustainability initiatives within the Group.

The Board has established BRSCC which is tasked with assisting the Board in its oversight responsibilities to manage key risks and sustainability strategically within the Group. The Board, through the BRSCC, provides governance and oversight for the Group sustainability-related matters and assurance to the Board, reviews and ensures sustainability efforts are aligned to the Group's long-term business and sustainability strategy.

Details of the Group's FY2022 sustainability initiatives and structure under the BRSCC can be referred to on pages 124 of this Annual Report.

Remuneration Policy

The Board has established a formal and transparent process for approving the remuneration of NEDs that aligns remuneration with a strategy to drive the long-term success of the Company together with a fair remuneration package to continue to attract, retain and motivate Directors.

The BNRC is responsible for formulating and reviewing the remuneration framework for the Board and Board Committees to ensure the same remain competitive and in alignment with the prevalent market practices as well as commensurate with their experience, skills and level of responsibilities.

The Directors' Remuneration Framework:

<table>
<tr><th rowspan="2">Board/Board Committees</th><th colspan="2">Fee (per annum)</th><th rowspan="2">Meeting Allowance per meeting (for Chairman and Members)</th></tr>
<tr><th>Chairman</th><th>Member</th></tr>
<tr><td>Board</td><td>RM120,000</td><td>RM80,000</td><td>RM1,000</td></tr>
<tr><td>BAC</td><td>RM15,000</td><td>RM10,000</td><td>RM2,500</td></tr>
<tr><td>BNRC
BRSCC
BTC
BDC</td><td>RM8,000</td><td>RM6,000</td><td rowspan="2">RM1,000</td></tr>
<tr><td>General Meeting</td><td>-</td><td>-</td></tr>
</table>

The remuneration of the NEDs consists of fixed Directors' fees and meeting allowance. In compliance with Section 230(1) of the CA 2016, the resolution on the payment of Directors' fees is subject to shareholders' approval at the AGM. The Constitution of the Company also allows the Company to reimburse reasonable expenses to the Directors in the course of their duties.

Directors' Remuneration

The details of the remuneration of the individual Directors for FY2022 are set out below:

No.	Name	Directors' Fees (RM)			Meeting Allowance (RM)	Total (RM)
		Board	Committees	Total		
1.	Dato' Sri Syed Faisal Albar bin Syed A.R Albar	120,000.00	-	120,000.00	8,000.00	128,000.00
2.	Datuk Puteh Rukiah binti Abd Majid *(Resigned on 1/10/2022)*	60,000.00	22,500.00	82,500.00	30,500.00	113,000.00
3.	Datuk Idris bin Abdullah @ Das Murthy	80,000.00	13,785.72	93,785.72	18,500.00	112,285.72
4.	Sharifah Sofia binti Syed Mokhtar Shah *(Resigned on 20/12/2022)*	57,419.36	4,306.45	61,725.81	10,000.00	71,725.81
5.	Dato' Ahmad Suhaimi bin Endut	80,000.00	6,000.00	86,000.00	7,000.00	93,000.00
6.	Ahmed Fairuz bin Abdul Aziz	80,000.00	21,000.00	101,000.00	30,500.00	131,500.00
7.	Dato' Dr. Mohd Ali bin Mohamad Nor	80,000.00	16,500.00	96,500.00	22,000.00	118,500.00
8.	Dato' Jezilee bin Mohamad Ramli	80,000.00	17,023.81	97,023.81	33,500.00	130,523.81
9.	Dato' Sharil bin Mohamed Tarmizi	80,000.00	16,523.81	96,523.81	18,000.00	114,523.81
	TOTAL	**717,419.36**	**117,639.79**	**835,059.15**	**178,000.00**	**1,013,059.15**

Remuneration Disclosure for Top Five (5) Key Senior Management

The aggregate remuneration of the top five (5) Senior Management of Pos Malaysia, including salary, allowances, benefits-in-kind and other emoluments received from the Company for FY2022, in bands of RM50,000.00 is as follows:

Range of Remuneration (RM)	Number of Senior Management	Remark (Employment Period)
1. 200,001 to 250,000	1	January 2022 – 14 March 2022
2. 850,001 to 900,000	2	January 2022 – December 2022
3. 1,100,001 to 1,150,000	2	January 2022 – December 2022

The performance of the Senior Management is evaluated on an annual basis and measured against the KPI of Corporate and Chief Level Officers set for the financial year. The Board will ensure that the remuneration for the Senior Management is commensurate with their performance in order to attract, retain and motivate talent in the Group.

Directors' Indemnity

Pos Malaysia continues to provide and maintain indemnification for the Directors throughout the financial year as allowed under the CA 2016 to the extent it is insurable under the Directors' and Officers' Liability Insurance procured by the Company. Directors and Officers are indemnified against any liability incurred by them in discharging their duties while holding office as Directors and Officers of the Company.

Integrity and Ethics

The Board is committed to its role in establishing a healthy corporate culture that embeds uncompromising ethical conduct within the Group. The adoption of policies that promote integrity, transparency and fairness ensures that the Board, Management, employees and other stakeholders are well guided on acceptable behaviour and practices in the Group.

a) Code of Conduct and Business Ethics

The Code of Conduct and Business Ethics ("CCBE") of the Group encompasses policy statements on standard behaviour and ethical conduct that are required to be in practices among the employees/ principal/ vendors/ contractors/ suppliers/ consultants/ distributors/ agents of the Group. The CCBE not only promotes legal and procedural compliance but also provides a moral compass to ensure that the individual's behaviour is in line with the Group's core values and business objectives. It is anticipated that all related parties of the abovementioned to comply with the principles and standards stipulated in the CCBE.

Further details on the CCBE are available on the Group's corporate website at www.pos.com.my.

b) Whistleblowing Policy

The Group's Whistleblowing ("WB") Policy provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns about any misconduct without fear of retaliation and intimidation. Confidentiality and anonymity are assured to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure procedures, accordingly. The WB Policy sets a clear procedural guide for stakeholders to follow in raising their concerns and outlines the reporting channel for the investigation function to ensure that issues are addressed and definitive action can be taken.

The WB Policy is published on the Company's corporate website at www.pos.com.my.

c) Anti-Bribery and Corruption Policy

The Group is committed to upholding the highest standards of ethical conduct, integrity and accountability in all its business activities and operations. The Group has a zero-tolerance policy towards any form of bribery and corruption by its employees or any persons or companies acting for or on behalf of the Company. The Policy reflects the Company's commitment to fight any corrupt and unethical practices while conducting business in the jurisdiction where the Company is operating.

The Board and the Management are committed to implementing and reinforcing effective and robust policies and procedures to prevent and eliminate bribery and corrupt practices. Synonymous with the objective to combat bribery and corruption, various engagement activities and initiatives continue to be conducted to ensure awareness on Zero-Tolerance Policy towards bribery and corruption.

d) Corporate Liability

Taking cognisance of Section 17A of the MACC Act 2009, which came into effect on 1 June 2020, the Group has taken proactive actions and measures to put in place adequate procedures based on the T.R.U.S.T principles of the Guideline on Adequate Procedures. Since the burden of proof of Section 17A of the MACC Act 2009 offence lies on the Company, the Group has set up a Management Committee of Corporate Integrity which authorised and responsible on Anti-Bribery and Anti-Corruption compliance function and related activities or initiatives that covers the following pillars:

1. Complaint Management
2. Detection and Verification
3. Training & Awareness
4. Governance

The above pillars are as per guided by the MACC from the Guidelines on Management of Integrity and Governance Unit objectively to curb bribery and corruption for the Group. Improvement on adequate procedures is constantly performed through various activities and initiatives under the abovementioned pillars to ensure the Group has a good set of defence tools against corporate liability and to strengthen the Group's responsibility for it. Meanwhile, the corporate statement on anti-bribery and anti-corruption has been made available in Pos Malaysia's official website at https://www.pos.com.my/media/pdf/corporate_governance/Policy/Policyantibribery.pdf to express a firm standing on zero-tolerance policy towards any form of bribery and corruption in the business conduct.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee

The BAC oversees the Group's financial reporting process and practices, reviews the Group's business process and system of internal controls across the Group to assess the suitability, objectivity and independence of both the external auditors and internal audit function.

The BAC comprises three (3) members, two (2) of whom including the Chairman, Ahmed Fairuz bin Abdul Aziz, are INEDs while the remaining member is a NINED.

The details of the BAC Composition are set out in the BAC Report on Page 95 of this Annual Report.

Ahmed Fairuz bin Abdul Aziz is a Fellow Member of the Institute of Chartered Accountants of England and Wales and a Member of the Malaysian Institute of Accountants ("MIA") while Dato' Jezilee bin Mohamad Ramli is a member of the MIA, Malaysian Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

The Chairman of the BAC is appointed by the Board and is not the Chairman of the Board. The members of the BAC have a wide range of relevant skills, knowledge and industry experience. They are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Group's risk and internal control environment. None of the BAC members were former audit partners who are required to observe a cooling-off period of three (3) years before being appointed on the Board, as set out in the TOR of the BAC. In the annual assessment of the suitability, objectivity and independence of the external auditors, the BAC is guided by the factors prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia.

The composition of the BAC is reviewed by the BNRC annually and appropriate recommendations are made to the Board.

The BAC reviewed the BAC Report for FY2022 to ensure that the Report was prepared in compliance with the relevant regulatory requirements and guidelines.

The BAC is also tasked with reviewing the appropriateness of the accounting policies applied by the Group and the changes in these policies. The Statement on Directors' Responsibility in respect of the preparation of the audited financial statements of the Company is set out on page 115 of this Annual Report and the Company's financial statements are included on pages 146 to 249 of this Annual Report.

The performance of the BAC for FY2022 was evaluated as part of the BEA. The results of the BEA showed that the contributions of the members of the BAC to the functioning of the BAC was satisfactory. To maintain an independent and effective BAC, INEDs who are financially literate, possess the appropriate level of expertise and have a strong understanding of the Company's business are considered for membership of the BAC.

The overall duties and responsibilities of the BAC are set out in the Audit Committee Report on pages 95 to 98 of this Annual Report.

Relationship with External Auditors

The Company maintains a professional and transparent relationship with its external auditors, KPMG PLT.

The BAC has in place policies and procedures to review and assess the appointment or re-appointment of the external auditors in respect of their suitability, objectivity and independence.

The BAC assesses and reviews annually among others, the adequacy of their experience and resources, their audit engagements and the experience of the engagement partners and staff in accordance with the requirements of the Group. The BAC met with the external auditors without the presence of the Management to review the scope and adequacy of the Group's audit process, the annual financial statements and their audit findings, including matters of concern, if any, with regard to the conduct of the Management, when required. At the meetings, the external auditors highlighted to the BAC matters that warranted its attention.

The external auditors also provide non-audit services to the Company. In its review, the BAC ensures that the independence and objectivity of the external auditors are not compromised.

The BAC was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group by the external auditors during FY2022. The BAC was also satisfied that the provision of the non-audit services by the external auditors to the Company did not impair their objectivity and independence as external auditors of Pos Malaysia.

Having considered the outcome of the annual assessment of the external auditors, the Board approved the recommendation for the shareholders' approval to be sought at the forthcoming AGM on their re-appointment as external auditors of the Company.

Internal Audit Function

The Group has an in-house internal audit function which is carried out by the Internal Audit Department ("IAD"). The Head of IAD reports directly to the BAC and administratively to the GCEO.

The BAC oversees the IAD function which operates under a charter mandated by the BAC, giving it unrestricted access to review all activities across the Group. The internal audit function is conducted on a Group-wide basis to ensure consistency in the control environment and the application of policies and procedures.

The IAD is primarily responsible to provide an independent and objective assessment of the adequacy and effectiveness of the Group's risk management, internal control and governance processes. The IAD carries out its internal audit function independent of the activities of other operating units within the Group and the Management.

The BAC oversees the performance and effectiveness of the internal audit function and assesses the competency and experience of the IAD staff as well as the adequacy of the resources.

A summary of the activities of the IAD during FY2022 is set out in the Audit Committee Report on page 98 of this Annual Report.

Risk Management and Internal Control Framework

The Board is responsible for establishing and maintaining a sound risk management framework and system of internal control to provide reasonable assurance of the effectiveness of the Group's business operations and risk management, to safeguard shareholders' investments and the Group's assets to ensure sustainability of the Group. In the discharge of its responsibility to effectively manage risks across the Group, determine its risk appetite and ensure the implementation of adequate and appropriate controls, the Board reviews its risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and the assets of the Company. The Board fulfils its responsibilities in risk governance and oversight functions through the BRSCC. The BRSCC ensures that risk management compliance and sustainability efforts are aligned with the Group's long-term business and sustainability strategy.

The BAC is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. The Board is of the view that the system of internal control and risk management in place during FY2022, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders.

The Board confirms that it has monitored the Group's risk management and internal control system and that there is a process in place to identify, evaluate and manage significant risks faced by the Group. The Group's system of internal control is primarily aimed at safeguarding the Group's assets, identifying and managing business risks and maintaining compliance with appropriate legislation and regulations.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 99 to 104 of this Annual Report.

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

Effective Communication with Stakeholders

Regular and consistent communication between stakeholders and the Company is critical for the sustainable growth of the Group's business as this gives stakeholders a much better insight of the Company and facilitates mutual understanding of each other's expectations. As such, the Company has always maintained an open dialogue with relevant stakeholder groups such as Ministries, regulatory agencies, employees, shareholders, investors, consumers, the general public and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in the decision-making process.

The protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. This has been the governing principle behind the Board's response to the COVID-19 pandemic. Its impact on all key stakeholders was always considered in the Management's decisions. The effective engagement has been crucial in understanding the views of the stakeholders to make informed choices.

Pos Malaysia engages with its key institutional stakeholders and analysts and conducts briefings to further explain the Group's quarterly financial results. These engagement programmes promote a better understanding of the Group's financial performance and operations and keep them apprised on its business development.

Information on the Group's business activities and financial performance is also disseminated through various platforms such as announcements to Bursa Malaysia on its financial results and disclosures on the Company's corporate website. This helps to promote the accessibility of information to Pos Malaysia's shareholders and other stakeholders.

Additionally, Pos Malaysia embraces social media as an important communication channel with stakeholders as it allows immediate access to information and provides a platform for feedback from stakeholders. Press releases are issued to the media on a regular basis to inform the general public and investing community on the latest developments of the organisation.

The Company's Annual Report is the primary channel of communication with the Group's stakeholders. The contents of the Annual Report are extensive and meet the disclosure requirements of the MMLR of Bursa Malaysia, the CA 2016 and the Malaysian Financial Reporting Standards.

Conduct of General Meetings

The AGM serves as the principal platform for open dialogue and direct two-way interaction between the widest range of shareholders, the Board and the Management.

The Company held its 30th AGM in 2022, virtually through live streaming and online voting using Remote Participation and Electronic Voting facilities ("RPEV") on 16 June 2022. The Company had leveraged technology to facilitate greater shareholder participation and enhance the proceedings of the AGM in accordance with Section 327(1) and (2) of the CA 2016, the SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers. The Chairman, the Board, Company Secretaries, the key Management Team and external auditors attended the 30th AGM virtually.

In line with best corporate governance practices, the notice of the 30th AGM was issued to the shareholders on 29 April 2022 which is more than twenty-eight (28) clear days before the AGM. The notice of the 30th AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly. Additionally, to encourage engagement between Directors and shareholders, shareholders were also invited to submit their questions to the Company prior to the AGM in relation to the agenda items for the 30th AGM.

At the 30th AGM, active participation by the shareholders and investors at the AGM was encouraged. The Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. He encouraged the shareholders to seek and clarify any issues they might have and to have a better understanding of the Group's businesses.

The proceedings of the 30th AGM included the GCEO's presentation of the Company's operating and financial performance for FY2022, the presentation of the external auditors' unqualified report to the shareholders and a Question & Answers session. Questions raised by Minority Shareholders Watch Group and the Company's responses were presented during the AGM for the benefit of the shareholders. The questions and responses were also uploaded onto the Company's corporate website.

All resolutions tabled at the 30th AGM were carried out by way of poll through electronic voting. The independent Scrutineer, Sky Corporate Services Sdn Bhd, verified and announced the poll results for each resolution, upon which the Chairman of the AGM declared that all resolutions were carried. The poll results were announced to Bursa Malaysia on the same day for the benefit of all shareholders.

The minutes of the AGM are accessible to the public on the Company's corporate website at www.pos.com.my.

Investor Relations

Investor Relations is an integral part of the Group's corporate governance initiatives that supports the GCEO and the Group Chief Financial Officer in their investor engagement efforts which focus on achieving effective two-way communication and fostering meaningful relationships with the investment community while keeping them abreast with the Group's latest news and developments.

Investor Relations has an extensive programme that involves the holding of regular meetings, conference calls and responding to daily queries from investors, stakeholders and analysts.

Any enquiries on investor-related matters may be directed to Pos Malaysia's corporate website at www.pos.com.my or to:

Investor Relations
Contact Person: Sharul Nizam bin Mohd Enggsa @ Hashim
Contact number: +603 22672267
Email: investor.relations@pos.com.my

STATEMENT BY THE BOARD ON COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that Pos Malaysia has fulfilled its obligations under the relevant paragraphs of the MMLR of Bursa Malaysia, the CA 2016, the MCCG 2021 and the Corporate Governance Guide issued by Bursa Malaysia and other applicable laws and regulations throughout FY2022.

This CG Overview Statement was approved by the Board of Pos Malaysia on 5 April 2023.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Pos Malaysia is pleased to present the Board Audit Committee ("BAC") Report for the financial year ended 31 December 2022.

1.0 COMPOSITION AND ATTENDANCE AT MEETINGS

1.1 COMPOSITION

During the financial year ended 31 December 2022, nine BAC meetings were held. The composition of the BAC members as well as their attendance at the meetings is set out below:

Director	Status of Directorship	Attendance at Meetings
Ahmed Fairuz bin Abdul Aziz	**Chairman of the BAC** Independent Non-Executive Director	9/9
Datuk Puteh Rukiah binti Abd. Majid (Resigned w.e.f. 1 October 2022)	**Member of the BAC** Independent Non-Executive Director	7/7
Datuk Idris bin Abdullah @ Das Murthy (Resigned w.e.f. 15 February 2022)	**Member of the BAC** Independent Non-Executive Director	1/1
Dato’ Jezilee bin Mohamad Ramli	**Member of the BAC** Non-Independent Non-Executive Director	9/9
Dato' Dr. Mohd Ali Mohamad Nor (Appointed w.e.f. 1 October 2022)	**Member of the BAC** Independent Non-Executive Director	2/2

Ahmed Fairuz bin Abdul Aziz is a member of the Malaysian Institution of Accountants. In this respect, the BAC is in compliance with Paragraph 15.09(1)(c), of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

1.2 ATTENDANCE

Attendance at all the meetings met the requisite quorum whereby the majority of members present were Independent Directors as stipulated in the BAC’s Terms of Reference. The Management of the Company was invited to brief the BAC on the Group’s financial performance and relevant corporate matters and to address any queries raised by the BAC.

The Head of Internal Audit Department (“IAD”) attended all the BAC meetings and presented the results of internal audits to the BAC. Other than the results of internal audits, IAD also presented the progress of audit activities, status of audit issues and action plans, internal audit plan as well as audit staff strength. The external auditor was also invited to attend the BAC meetings to present their audit scope and plan, and the auditor’s report on the audited annual financial statements. Private session between the BAC and the external auditor without the presence of the Management is held at least once every year.

All issues discussed and deliberated during the BAC meetings were minuted by the Company Secretary who is also the secretary to the BAC. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the BAC to the Board.

2.0 TERMS OF REFERENCE OF BAC

The Terms of Reference of the BAC are aligned with the Listing Requirements of Bursa Securities, recommendations of the Malaysian Code on Corporate Governance ("MCCG") and relevant best practices.

The Terms of Reference establishes the authority, duties and responsibilities of the BAC and is accessible on the Company's official website at **www.pos.com.my/corporate-governance/terms-of-reference**.

3.0 SUMMARY OF WORK

The BAC's work during the financial year ended 31 December 2022 comprised the following:

3.1 FINANCIAL REPORTING

In overseeing the Group's financial reporting, the BAC had reviewed the unaudited quarterly and audited annual financial results. The details of the reviews conducted are as follows:

a. The unaudited quarterly financial results for the periods ended 31 March 2022, 30 June 2022 and 30 September 2022 were reviewed at the BAC meetings held on 19 May 2022, 18 August 2022 and 9 November 2022 respectively; and
b. The annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2022 together with the Statement of Directors' Responsibility were reviewed by BAC, including taking note of the report from the external auditors, Messrs. KPMG PLT at its meeting held on 22 March 2023.

The reviews were carried out to ensure that the financial reporting and disclosures are in compliance with:

a. Provisions of the Companies Act, 2016;
b. Listing Requirements of Bursa Securities;
c. Applicable approved accounting standards in Malaysia; and
d. Other legal and regulatory requirements.

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

3.2 RISKS AND CONTROLS

The BAC evaluated the overall adequacy and effectiveness of the system of internal controls through a review of results of work performed by internal and external auditors and discussions with the Management. The BAC also reviewed the Statement on Risk Management and Internal Control prior to inclusion in the Company's Annual Report.

3.3 INTERNAL AUDIT

a. Reviewed the 2023 Risk-Based Annual Audit Plan to ensure adequacy of the scope and coverage of major risk areas of the Group;
b. Reviewed the Key Performance Indicators of the IAD and appraised the department's performance and competency level;
c. Reviewed the effectiveness of the audit process and resource requirements for the year;
d. Reviewed the internal audit reports presented by IAD which were tabled during the year, the audit recommendations made and Management's responses to the recommendations. Where appropriate, the BAC has directed the Management to rectify and improve internal controls and Standard Operating Procedures based on the internal auditor's recommendations for improvement;
e. Monitored the corrective actions on the outstanding audit issues to ensure that all key risks and control lapses had been addressed; and
f. Monitored internal audit activities, the staffing requirements, skills and the core competency of the internal auditors, and ensuring IAD has the necessary authority to carry out its work.

3.4 EXTERNAL AUDIT

a. Reviewed the annual financial statements of Pos Malaysia for financial year ended 31 December 2022 on 22 March 2023.
b. Reviewed:
   i. External auditor's audit plan, audit strategy and scope of work for the year; and
   ii. The results of the annual audit, external auditor's audit reports and management letter together with Management's responses to the findings of the external auditor.
c. Briefed by the external auditor on Key Audit Matters, which provides a level platform for Management, BAC and external auditor to focus on.
d. Reviewed and recommended for the Board's approval, the quarterly reviews on 19 May 2022, 18 August 2022 and 9 November 2022.
e. Reviewed the overall performance through online evaluation questionnaires and upon satisfactory assessment of the effectiveness of the external auditor, recommended their re-appointment and fees payable in respect of the scope of work performed for the Board's approval. Messrs. KPMG PLT, which has been Pos Malaysia's external auditor since 2004, was recommended to be appointed for the ensuing year. The financial year ended 31 December 2022 marked its 19 years of engagement.
f. Reviewed the independent status of the external auditor and recommended that they be re-appointed for the ensuing year. The Company conforms to the requirements of the Malaysian Institute of Accountants in ensuring that the Lead Engagement Partner and Engagement Quality Control Reviewer of the external auditor are subjected to a period of seven cumulative years acting in the role of Engagement Partner, Engagement Quality Control Reviewer or any other Key Audit Partner.
g. Every year, the BAC has obtained written assurance from the external auditor confirming their independence throughout their term of engagement for the financial year.

3.5 RELATED PARTY TRANSACTIONS

The BAC reviewed the recurrent related party transactions and related party transactions of the Group to ensure compliance with Listing Requirements of Bursa Securities and that they were undertaken on an arm's length basis, fair, reasonable and on normal commercial terms, not more favourable to the related party than those generally available to the public, not detrimental to the minority shareholders, and carried out in the best interest of the Group.

4.0 STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 ROLES AND RESPONSIBILITIES

The IAD is a fundamental part of the assurance structure of the Group. Its main responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process.

The Head of IAD reports directly to the BAC on a functional basis and to the Group Chief Executive Officer administratively. The Head of IAD periodically reports on the activities performed as well as key control issues noted by the internal auditor to the BAC. The purpose, authority and responsibility of IAD are reflected in the Internal Audit Charter, which was endorsed by the BAC and approved by the Board.

Annually, the IAD prepares a Risk-Based Audit Plan and presents this to the BAC for approval. The Audit Plan gives priority and focuses on the Company's top risks identified by the internal auditor and the Management.

The audit scope includes performing audit reviews at the business, enabler and support divisions as well as subsidiaries. The audit covers the reviews on:

a. The adequacy of internal controls;
b. The effectiveness and efficiency of operations;
c. The accuracy of financial and operational information;
d. The compliance with internal policies, procedures, regulatory and statutory requirements;
e. The adequacy and effectiveness of IT systems in supporting operations;
f. The effectiveness of risk management processes and the implementation of controls by Management to mitigate company's major risks;
g. The effectiveness of ongoing key project implementation and deliverables; and
h. The levels of compliance with the MCCG 2021 and the Listing Requirements of Bursa Securities.

In order to maintain its independence and objectivity, IAD has no operational responsibility and authority over the activities it audits. In determining the adequacy of audit scope and coverage, IAD applies a comprehensive audit planning of the Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

4.2 AUDIT RESOURCES

As at 31 December 2022, IAD had a total of 20 internal auditors, comprising staff from various educational and professional backgrounds. IAD invested in various training programmes to enhance the knowledge and competency level of the staff. The training programmes, comprising in-house and externally sourced training, focus on functional and developmental needs of the internal auditors. The total amount spent for the internal audit function at Pos Malaysia in respect of financial year ended 31 December 2022 was RM2.37 million (a decrease of 11% from previous year's amount of RM2.67 million) covering mainly salaries and incidental costs such as travelling and training. The BAC approves the IAD's annual audit plan, financial budget and manpower requirements to ensure the function is adequately resourced with competent and proficient internal auditors.

4.3 AUDIT WORK

IAD adopts a risk and strategy-based approach as part of its audit planning and execution focusing on significant identified risks and effectiveness of the controls to mitigate the risks. Activities of the IAD include review of the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulations, reliability and integrity of information and adequacy of safeguarding of assets.

During financial year ended 31 December 2022, IAD executed a total of 91 audits which comprised scheduled audits, follow-up audits and ad-hoc engagements. All findings from the internal audit reviews were reported to the BAC, Senior Management and the relevant Management of the operating units. None of the components of the internal audit function were outsourced to external service providers.

The IAD continues to assist the Management in supporting the Whistleblowing Policy and the Integrity Pact established in 2008 to ensure transparency and integrity throughout the tender process. Whistleblowing programme was administered by the IAD whereby concerns received were directed to the Special Audit Unit for necessary actions.

In ensuring effective communication of audit issues to all operational areas and prompt closing of audit issues, meetings were held with the Management on a regular basis. Management is responsible for ensuring that corrective actions on reported weaknesses and suggested improvements as recommended are taken within the required time frame.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Securities Listing Requirements, this Statement on Risk Management and Internal Control of the Board outlines the nature and state of risk management and internal control of Pos Malaysia Group for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report. The Malaysian Code on Corporate Governance 2021 (MCCG 2021) under Principle B: Effective Audit and Risk Management also states that the Board should establish an effective risk management and internal control system to ensure that the system of internal control manages risks and that such system forms part of the Group's corporate culture.

RESPONSIBILITY

The Board is responsible for ensuring that a sound system of risk management and internal control to safeguard shareholder's interest and the Group's assets are maintained. The Board affirms its overall responsibility for the Group's system of risk management and internal control, which includes the establishment of an appropriate control environment and framework and will also be responsible for reviewing its adequacy and integrity. As there are limitations that are inherent in any system of risk management and internal control, this system is designed to manage the risk rather than eliminating such risks that may hinder the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control includes strategic, financial, operational, compliance controls and risk management procedures.

The Board receives and reviews reports on the system of internal control in the Group on a quarterly basis and is of the view that the system of internal control that has been instituted throughout the Group is adequate to safeguard the shareholders' investment and the Group's assets.

The oversight role on the risk management and internal controls will be carried out on behalf of the Board by the BRSCC and BAC. The BRSCC will identify and deliberate on key risks and mitigation plans to ensure risks are properly managed and mitigated before subsequently communicating these to the Board. The BRSCC is supported by the Risk Management Department ("RMD") and Compliance Department, while the BAC is supported by an IAD that reports directly to the BAC.

RISK MANAGEMENT FRAMEWORK

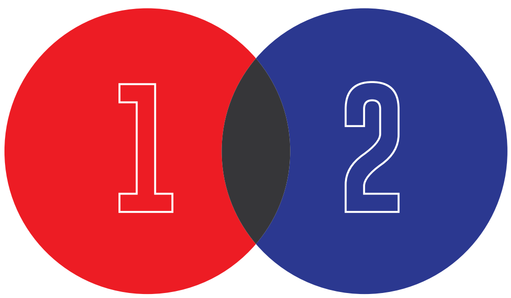
Policy

The Board recognises the fact that an effective risk management practice is a critical component of a sound system of risk management and internal control. In view of this, there is a systematic process to identify, evaluate and manage significant risks faced by the Group that may impede the achievement of the Group's objectives for the financial year under review and up to the date of approval of this statement.

The Board has a stewardship responsibility to understand these risks, communicate the requirements of this policy and to guide the Group in dealing with these risks.

The policies of the Board are:

To manage risks proactively and in an integrated and transparent way in accordance with good governance practices; and



To ensure that an effective and formalised Enterprise Risk Management (ERM) Policy/Framework are established and maintained by the Group.

The Group adopts ISO 31000 Risk Management Standards as a primary foundation and reference to establish the ERM framework. The Group has implemented and consistently applies the ERM framework to identify, evaluate and manage risks across the Group. At the same time, the ERM framework facilitates the Management in making sound business decisions with the aspiration to lead the Group towards a more proactive and inclusive risk management approach to mitigate threats and to capitalise on opportunities.

The key features of the ERM framework are depicted in the diagram below, with details of each activity described below:

i. Scope, Context & Criteria:

a. **Scope** – to define the level of risk management activities such as strategic, operational and project.
b. **Context** – to understand the internal and external environment in which the Group's objectives are being pursued.
c. **Criteria** – to specify the amount and type of risk that it may or may not take, relative to the significance of the objectives after considering the Group's capability and obligations.

ii. Risk Identification:

To identify and define the specific risks and sources of risks that will impact the Group's business performance including the realisation of opportunities. Risks that have been identified will be categorised into one of the following categories:

a. **Strategic Risk** – exposure to risk arising from long-term or short-term policy decisions based on current strategy of the Group.
b. **Market and Business Risk** – exposure to risk due to competition and/or fiscal policy changes which are external to the Group and beyond its control.
c. **Operational Risk** – exposure to risk arising from daily tactical business activities related to business operations, processes and technology.
d. **Reputational Risk** – exposure to risk arising from brand or image of the Group.
e. **Information/System Risk** – exposure to risk arising from cyber threats, loss or inaccuracy of data, non-functioning or incorrectly functioning IT systems or reported information.
f. **Financial Risk** – exposure to risk related to loss of revenue resources or the incurring of unacceptable liabilities.
g. **Organisational Risk** – exposure to risk associated with the Group's structure, management and employees (skills, competencies, etc.).
h. **Compliance Risk** – exposure to risk arising from inadequacy in compliance with required mandatory or established regulations and policies.
i. **Sustainability Risk** – exposure to risk related to environmental, economic and social impact to the Group's operations.
j. **Fraud Risk** – exposure to risk arising from dishonest acts/dealings with intent to cheat whereby certain parties may unlawfully benefit from the act/deal.
k. **Corruption Risk** – exposure to risk related to corruption including giving/offering, receiving/soliciting bribes, abuse of power/position and intention to deceive (false claim).

iii. Risk Analysis:

To understand the nature, root causes and consequences of the risk. This involves due consideration of the causes of risk, their positive and negative impact on the objectives.

iv. Risk Evaluation:

To evaluate risk from two perspectives (likelihood and impact) and understand to what extent the risk will impact on achievement of objectives. Risks are evaluated in both inherent and residual states. Risk evaluation involves making decisions on appropriate actions to be taken by the Group after the risk analysis has been conducted, including deciding on whether a risk needs to be managed or mitigated and the priority to be given based on the risk rating after considering the current state of internal controls and cost-benefit analysis.

v. Risk Treatment:

Process of initiating responsive or pre-emptive actions for managing risks and restricting those to acceptable levels i.e. within the Group's risk appetite. There are four risk treatment options as follows:

Terminate (Avoid)	Treat (Mitigate)	Transfer (Spread)	Take (Accept)
Deciding not to pursue with the activities that will likely generate the risks.	Introducing controls or action plans to manage the risks.	Transferring or sharing the risk with third parties e.g. insurance, hedging, joint ventures, outsourcing and smart partnerships.	Using the Group's strength and capabilities to accept the risks to build a competitive edge.

vi. Risk Communication and Consultation/Escalation Process:

This takes place in each step of the risk management process to ensure that views of stakeholders/Management/Board are considered. The communication flows vertically (both top-down and bottom-up approaches) and horizontally (across departments). Key risks are being communicated formally via periodic risk reporting to Risk, Sustainability and Compliance Committee (RSCC) as well as BRSCC. Any constraints/limitations in managing risks will be highlighted in such report for decision or approval.

vii. Risk Monitoring and Reviewing:

This involves reviewing the risk events, the action plans, and the outcomes of such events and studying the lessons learned. Furthermore, due to the dynamic nature of risks, monitoring is required to ensure that new measures are introduced to manage these risks.

BRSCC

The Board has established the BRSCC comprising entirely of Independent Non-Executive Directors and this reflects the Group's heightened emphasis on risk management, compliance and sustainability matters to protect the shareholders' interest.

The BRSCC's composition and their terms of reference are as follows:

Chairman:
- Dato' Mohamed Sharil bin Mohamed Tarmizi

Members:
- Datuk Idris Bin Abdullah @ Das Murthy
- Datuk Puteh Rukiah Binti Abd. Majid (resigned as a member w.e.f. 1 October 2022)
- Dato' Dr. Mohd Ali Bin Mohamad Nor

Terms of reference:

- Provide oversight, guidance and direction to the Group's risk management functions processes but not limited to the ERM (including Business Continuity and Crisis Management), Cybersecurity, Privacy, Ethics & Integrity Compliance, and Regulatory Compliance, Anti-Bribery and Anti-Corruption;
- Formulate the risk appetite at the Group level and establish strategic content in ensuring risk management strategies are complete and sustainability efforts are aligned with long-term business strategies taking into account the environment in which the Group operates and the requirement of all stakeholders and the Board;
- Ensure that Management integrates the necessary risk management processes into all business processes of the Group;
- Evaluate the effectiveness of ERM framework, management processes and support systems to identify, assess, monitor and manage the Group's key risks;

- Review the risk identification and process developed by the Management to confirm that it is consistent with the Group's strategy and business plan;
- Review Management's assessment of risk on a quarterly basis and provide quarterly updates to the Board;
- Enquire Management and the independent auditor about the exposure to such risks in relation to significant business, political, financial and control risks;
- Assess the steps/actions that Management has implemented or wish to implement to manage and mitigate identifiable risks, including the use of hedging and insurance;
- Deliberate on compliance-related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations;
- Review findings, material issues or non-compliances highlighted by regulatory authorities in relation to the regulated businesses of the Group;
- Deliberate, review and evaluate the existing compliance framework and recommend measures for improvement by adopting the best practices;
- Review and ensure that the sustainability efforts are aligned to the Group's long-term business and strategy;
- Ensure effective management of significant and material sustainability matters (i.e. economic, environmental, social impact) impacting the principal businesses of the Group;
- Ensure that sustainability is integrated within key business strategies towards the collective achievement of sustainability goals across the Group;
- Ensure that the statement(s) on the Risk Management and Sustainability of the Group for every financial year is disclosed in the Company's Annual Report. Alternatively, for sustainability statement, the BRSCC is to provide a consolidated sustainability reporting and assurance to the Board to support the relevant statement(s) for disclosure in the Company's Annual Report; and
- Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the Committee subject to the Limits of Authority of the Company.

The BRSCC had its quarterly meetings to deliberate on key risks and mitigation plans to ensure risks are properly managed and mitigated as well as to safeguard the shareholders' interest.

RSCC

The composition of RSCC and its principal roles and responsibilities are as follows:

Chairman:

- Group Chief Executive Officer

Members:

- Group Chief Transformation & Digital Officer
- Group Chief Commercial Officer
- Group Chief Financial Officer
- Group Chief People Officer
- Group Sustainability Officer (w.e.f. 5 May 2022)
- General Counsel & Corporate Affairs
- Head Compliance
- Head Risk Management

Roles and responsibilities of RSCC:

- Formulate the ERM, sustainability and compliance framework which include policies, processes, structures and programmes; and monitor its implementation;
- Formulate risk appetite and the required action plans to mitigate identified risks;
- Review and deliberate existing key risks and potential emerging risks that may derail the achievement of business objectives and goals;
- Evaluate the adequacy of existing controls and required action plans to enhance these existing controls to manage and/or eliminate any risk exposure;
- Recommend direction that aligns the sustainability targets with the overall goals of the Group including prioritising key sustainability matters;
- Deliberate findings, material issues or instances of non-compliances highlighted by Compliance Department to Senior Management;
- Deliberate the risk associated with the compliance matters, the root cause of incidents and subsequently formulate the appropriate controls to be put in place; and
- Ensure risk reports, sustainability and compliance reports are submitted in a timely manner to the BRSCC and Board of Directors.

The RSCC is supported by the RMD and Compliance Department respectively. RMD's roles are to monitor, analyse and report the risks that have been identified enterprise-wide as well as facilitate in the risk assessment process. RMD also evaluates the risk policies and procedures, and initiates improvements from trends and developments in risk management that can significantly improve risk management for the Group. Risk owners will ensure that the risk registers and risk profiles are updated on a quarterly basis, and the consolidated reports are tabled to the RSCC, BRSCC and the Board.

SYSTEM OF INTERNAL CONTROL

The key elements of the Group's internal control systems are described below:

- The Board Committees, namely the BAC, BRSCC, Board Nomination and Remuneration Committee, Board Tender Committee as well as Board Digital-First Committee ("BDC") were established by the Board to assist the Board in the execution of its responsibilities to provide oversight on the effectiveness of the Group's operations;
- The BAC, comprising two Independent Non-Executive Directors and one Non-Independent Non-Executive Director, provides oversight of the internal and external audit processes. The BAC together with the IAD provide assessments based on the approved audit plan on the adequacy, efficiency and effectiveness of the Group's internal control system. The IAD adopts a risk and strategy-based approach in formulating the annual audit plan and aligns its activities to the key risks identified across the Group. The IAD recommends improvements where necessary;
- The BAC reviews the recurrent related party transactions and related party transactions of the Group to ensure compliance with Listing Requirements of Bursa Securities and that they are on an arm's length basis and not detrimental to minority shareholders;
- The BAC reviews the engagement of the external auditors, their scope, approach in the conduct of the audit examination and reports on the financial statement of the Group. The BAC meets with the external auditors at least once a year without the presence of the Management. Please refer to the details of works in the Audit Committee Report;
- The roles and responsibilities of the Board, BRSCC, RSCC, Business, Operations and support functions in respect of Risk Management are defined in the Risk Management Policy;
- The Group also has in place a Whistleblowing Policy (WB Policy) to provide an avenue for employees or members of the public to report any breach or suspected breach of any laws or regulations, including business ethics and the Group's policies, procedures and guidelines, in a safe and confidential manner. WB Policy and its disclosure procedures are accessible to the public from the Company's website;
- The Company had established the Corporate Integrity and Governance Unit ("CIGU") to be in line with the requirement under Section 17A of Malaysian Anti-Corruption Commission Act, 2009 (Amendment 2018) to safeguard the Group against bribery and corruption risks, and impart good governance within the Group;
- The Management Committee for Corporate Integrity was established to provide strategic direction for Pos Malaysia's CIGU, ensure all Corporate Integrity and Governance policies, procedures, processes are in place, operationalised and effective, and provide periodical updates and reporting to the Management and the Board.
- The Anti-Bribery and Anti-Corruption policy was endorsed by the Board to serve as the main policy document to establish, implement, maintain, review and improve the Group's anti-bribery and anti-corruption system and processes. The policy is also part of the measures undertaken by the Management and the Board in mitigating and preventing corrupt practices within the Group;
- Defined operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the Standard Operating Policy and Procedures ("SOPP"). The documents are updated as and when necessary to meet the continually changing operational needs. The updated SOPPs are available on Pos Malaysia Berhad's intranet for easy access by employees;
- Defined level of authorities and lines of responsibilities from business units and departments up to the Board level are formalised to ensure accountability for risk management and control activities;
- Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives;
- In line with the digital transformation efforts, BDC was established to review, deliberate and thereafter either approve, or recommend to the Board for approval, proposals made by the Management on the Group's flagship Digital-First related projects in line with the Group's Limits of Authority; and
- The Board meets at least quarterly to review the Group's operational and financial performance against approved budgets, approves the quarterly report to Bursa Securities and deliberates on issues that require the Board's approval. In addition, the Board is also updated on the changes in the business environment that may adversely affect the business performance, the action plans to improve business efficiency and strategic initiatives for business development and growth.

The monitoring, review and reporting arrangements in place give reasonable assurance that the structure of controls and its operations are in line with the Group's operations and that risks are at an acceptable level throughout the Group. However, the arrangements do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees.

The Board believes that the development of the system of internal control is an ongoing process and has taken steps throughout the year to improve its internal control system and will continue to do so.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include the following:

- The financial statements and the Group's performance are reviewed quarterly by the BAC, who subsequently recommends them to the Board for their consideration and approval;
- Examination of business processes and the state of internal control is conducted by the IAD. The IAD adopts a risk and strategy-based approach in formulating the annual audit plan. The IAD aligns its activities to the key risks identified across the Group. This plan is reviewed and approved by the BAC;
- The reports on the reviews are submitted and presented to the BAC on a quarterly basis. Effective monitoring and tracking of audit issues are in place through deliberations in the BAC meetings to ensure the issues are resolved in a timely manner and recommendations are implemented effectively;
- Management action plans for the audit issues raised are tracked by IAD on a weekly basis. The status of the management action plans is discussed in the Senior Management Team meetings and presented in the BAC meetings quarterly. Follow-up reviews on the audit issues are also conducted by the IAD to ensure effectiveness of the implemented action plans; and
- Investigations are carried out by the Special Audit Unit, an independent unit under IAD as requested by the Management and the Board. Reports in relation to special review of fraud and major control breakdown are reported to BAC on a quarterly basis.

The monitoring, reviews and reporting arrangements are in place to provide reasonable assurance that the structure of controls and its operations are in line with the Group's operations and those risks are at an acceptable level throughout the Group's business.

ASSURANCE TO THE BOARD

The Statement on Risk Management and Internal Control has been prepared in compliance with the Listing Requirements, MCCG 2021, and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers 2012.

The Board has received an assurance from the Group Chief Executive Officer, Group Chief Financial Officer and General Counsel & Corporate Affairs that the risk management and internal control systems are operating adequately and effectively in all material aspects based on the risk management and internal control systems of the Group.

For the financial year under review and up to the date of approval of this statement, the Board is of the opinion that the system of risk management and internal control processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' interest, the Group's assets and other stakeholders' interests as well as to address key risks impacting the business operations of the Group.

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022, and reported to the Board that nothing has come to their attention that cause them to believe that this statement intended to be included in the Annual Report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

(This Statement on Risk Management and Internal Control has been approved by the Board of Directors on 5 April 2023)

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

During the financial year 2022, there were no proceeds raised by the Company from any corporate proposal.

Material Contracts

There were no material contracts entered into by Pos Malaysia or its subsidiaries involving the interest of Directors, Chief Executive who is not a Director or Major Shareholders, either still subsisting as at 31 December 2022 or entered into since the end of the previous financial year.

Audit and Non-Audit Fees

The particulars in relation to the audit and non-audit services rendered by the Company's Auditors to the Company or its subsidiaries for the financial year 2022 are as follows:

	Company (RM)	Group (RM)
Audit Fees	410,000	1,179,000
Other Audit Fees	550,000	550,000
Non-Audit Fees	39,000	239,400
Total	**999,000**	**1,968,400**

The services rendered for the other audit fees incurred are review of Directors' Statement on Risk Management and Internal Control, review of Quarterly Status Updates and Agreed Upon Procedures for Money Order/Postal Order and the non-audit fees are for the services rendered for Compliance Tax Fees and Agreed Upon Procedures for verification of information for submission to the regulators.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia, the details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year 2022 pursuant to the shareholders' mandate obtained at the Company's 30th AGM are as follows:

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
1.	Pos Malaysia Group	Automotive Corporation (Malaysia) Sdn Bhd ("Automotive Corporation")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* - Automotive Corporation is a 100%-owned subsidiary of Automotive Corporation Holdings Sdn Bhd, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	75
2.	Pos Malaysia Group	DRB-HICOM Commercial Vehicles Sdn Bhd ("DHCV")	Purchase of vehicles and payment for maintenance of vehicles by Pos Malaysia Group	1) DRB-HICOM* - DHCV is a 100%-owned subsidiary of USF-HICOM Holdings Sdn Bhd ("USF-HICOM"), effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	18

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
3.	Pos Malaysia Group	Bank Muamalat Malaysia Berhad ("BMMB")	Provision of payment gateway by BMMB for Pos Online	1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM* 2) TSSM#	2
			Renting of retail/ advertisement space at Pos Malaysia's post offices/outlets, land, vehicles, equipment, merchandise, delivery workforce, website and portals		13
4.	Pos Malaysia Group	Alam Flora Environmental Services Sdn Bhd ("AFES")	Provision of integrated facilities management and maintenance services by AFES	1) TSSM# - AFES is a 100%-owned subsidiary of Alam Flora Sdn Bhd ("Alam Flora"), effectively is a 97.37% owned subsidiary of Malakoff Corporation Berhad ("Malakoff")	2,969
5.	Pos Malaysia Group	MPH Bookstores Sdn Bhd ("MPH Bookstores")	Provision of courier services by Pos Malaysia Group	1) TSSM# - MPH Bookstores is a 100%-owned subsidiary of MPH Group (M) Sdn Bhd, a company in which TSSM is an indirect Major Shareholder	275
6.	Pos Malaysia Group	Gas Malaysia Berhad ("GMB")	Commission from bills payment collected at Pos Malaysia outlets/ channels	1) TSSM# - GMB is 30.9%-owned associate company of MMC Corporation Berhad ("MMC"). MMC is a 100%-owned subsidiary of Seaport Terminal (Johore) Sdn Bhd ("Seaport Terminal"), the wholly-owned subsidiary of Indra Cita Sdn Bhd ("Indra Cita"), a company in which TSSM is an indirect Major Shareholder	1

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
7.	Pos Malaysia Group	DRB-HICOM Group of Companies	(i) Purchase/leasing of motor vehicles (ii) Supply of related spare part (iii) Provision of maintenance and other services related to the motor vehicles	1) DRB-HICOM* 2) TSSM#	29,809
8.	Pos Malaysia Group	DRB-HICOM subsidiary companies	Provision of MyDistribution Services by Pos Malaysia Group	1) DRB-HICOM* 2) TSSM#	202
		Percetakan Nasional Malaysia Berhad ("Percetakan Nasional")		1) TSSM# - Percetakan Nasional is a 100%-owned subsidiary of Sutera Bakti Sdn Bhd ("Sutera Bakti"), a company in which TSSM is an indirect Major Shareholder	235
		Padiberas Nasional Berhad ("BERNAS")		1) TSSM# - BERNAS is a 100%-owned subsidiary of Tradewinds Group (M) Sdn Bhd (Formerly known as Perspective Lane (M) Sdn Bhd)("TGM"), a company in which TSSM is an indirect Major Shareholder	56
9.	Pos Malaysia Group	HICOM Holdings Berhad ("HICOM Holdings")	Provision of Corporate Postal Services by Pos Malaysia Group^	1) DRB-HICOM* - HICOM Holdings is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	37
		PUSPAKOM Sdn Bhd ("PUSPAKOM")		1) DRB-HICOM* - PUSPAKOM is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	92
		Glenmarie Properties Sdn Bhd ("Glenmarie Properties")		1) DRB-HICOM* - Glenmarie Properties is a 100%-owned subsidiary of HICOM Berhad, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	73

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
		Alam Flora		1) TSSM# - Alam Flora is a 97.37%-owned subsidiary of Tunas Pancar Sdn Bhd ("Tunas Pancar"), effectively a wholly-owned subsidiary of Malakoff	73
		DRB-HICOM Auto Solutions Sdn Bhd ("DHAS")		1) DRB-HICOM* - DHAS is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	9
		HICOM HBPO Sdn Bhd ("HICOM-HBPO")		1) DRB-HICOM* - HICOM HBPO is a 49%-owned associate company of DRB-HICOM 2) TSSM#	11
		BMMB		1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM 2) TSSM#	153
10.	Pos Malaysia Group	HICOM University College Sdn Bhd ("HUC")	Provision of training and development services by HUC	1) DRB-HICOM* - HUC is a 100%-owned subsidiary company of DRB-HICOM 2) TSSM#	15
11.	Pos Malaysia Group	TSSM Group of Companies	Provision of courier services by Pos Malaysia Group	1) TSSM#	132
		DRB-HICOM Group of Companies		1) DRB-HICOM* 2) TSSM#	1,894
		DRB-HICOM associate companies		1) DRB-HICOM* 2) TSSM#	1,923
		Alam Flora		1) TSSM# - Alam Flora is a 97.37%-owned subsidiary of Tunas Pancar, effectively is a wholly-owned subsidiary of Malakoff	27

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
		Motosikal dan Enjin Nasional Sdn Bhd ("MODENAS")		1) DRB-HICOM* - MODENAS is a 70% jointly controlled entity of DRB-HICOM	10
		Percetakan Nasional		1) TSSM# - Percetakan Nasional is a 100%-owned subsidiary of Sutera Bakti, a company in which TSSM is an indirect Major Shareholder	796
		BERNAS		1) TSSM# - BERNAS is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	27
12.	Pos Malaysia Group	HICOM Holdings	Provision of management services	1) DRB-HICOM* - HICOM Holdings is a 100%-owned subsidiary of DRB-HICOM 2) TSSM#	840
13.	Pos Malaysia Group	Malakoff Group of Companies	Provision of energy-saving services at selected premises by Malakoff Group	1) TSSM# - Malakoff is a 38.45%-owned associate company of MMC	462
14.	Pos Malaysia Group	Altel Communications Sdn Bhd ("Altel")	Purchase of telecommunication data line and handphone for operational requirements by Pos Malaysia Group	1) TSSM# - Altel is 100%-owned subsidiary of Altel Holdings Sdn Bhd, which in turn is a 100%-owned subsidiary of Altel Group Sdn Bhd ("AGSB"). AGSB is a 100%- owned subsidiary of Sutera Bakti, a company in which TSSM is an indirect Major Shareholder	3,631
15.	Pos Malaysia Group	Media Prima Berhad ("Media Prima")	Provision of Media Buy for marketing and promotion	1) TSSM# - Media Prima is a company in which TSSM is an indirect Major Shareholder	246
16.	Pos Ar-Rahnu Sdn Bhd	BMMB	Appointment of Security Agent for Proposed Reporting of Compliance Certificate	1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM 2) TSSM#	21

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
17.	Pos Digicert Sdn Bhd ("Pos Digicert")	Big Dataworks Sdn Bhd ("Big Dataworks")	Provision and implementation of managed Public Key Infrastructure services by Pos Digicert	1) TSSM# - Big Dataworks is a 100%-owned subsidiary of Puncak Semangat Sdn Bhd ("Puncak Semangat"), a company in which is 70% indirectly owned by a Person connected to TSSM	610
18.	Pos Digicert	Commerce Dot Com Sdn Bhd ("Commerce Dot Com")	Provision and implementation of managed Public Key Infrastructure Services and Log Radar for NextGen E-Perolehan application	1) TSSM# - Commerce Dot Com is a company which is 70% indirectly owned by a Person connected to TSSM	732
19.	Pos Digicert	HUC	Provision and implementation of "eScroll" Solution, a digital scroll embedded with Public Key Infrastructure technology to prevent and defect forgery	1) DRB-HICOM* - HUC is a 100%-owned subsidiary company of DRB-HICOM 2) TSSM#	31
20.	Pos Digicert	BMMB	Provision and implementation of Managed Electronic Know Your Customer (eKYC) services by Pos Digicert	1) DRB-HICOM* - BMMB is a 70%-owned subsidiary of DRB-HICOM 2) TSSM#	409
21.	Datapos (M) Sdn Bhd" ("Datapos")	DRB-HICOM Group of Companies	Provision of printing, poly wrapping, enveloping, inserting of pamphlets, annual reports and bank statements, supply of paper and plastic, return mail management services, other incidental services and provision of bulk mail services by Datapos	1) DRB-HICOM* 2) TSSM#	3,150

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
22.	Datapos	DRB-HICOM Group of Companies	Provision of Pos Solutions Services by Datapos and electronic document management services by Datapos	1) DRB-HICOM* 2) TSSM#	7
		BERNAS		1) TSSM# - BERNAS is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	46
		MMC		1) TSSM# - MMC is a 100%-owned subsidiary of Seaport Terminal, effectively wholly-owned by Indra Cita, a company in which TSSM is an indirect Major Shareholder	9
		AMTEK Holding Berhad ("AMTEK")		1) TSSM# - AMTEK is a company owned by a Person connected to TSSM	10
		Puncak Semangat		1) TSSM# - Puncak Semangat is a company which is 70% indirectly owned by a Person connected to TSSM	39
		Altel Group Sdn Bhd ("Altel Group")		1) TSSM# - Altel Group is a 100%-owned subsidiary of Sutera Bakti, a company in which TSSM is an indirect Major Shareholder	4
23.	Datapos	Puncak Hartanah Intelek Sdn Bhd ("Puncak Hartanah Intelek")	Provision of Digital Solutions and other related services including ePresentment, digital library solutions subscription, configuring and commissioning of hardware and software, data warehousing and digital asset repository to Datapos	1) TSSM# - Puncak Hartanah Intelek is a 100%-owned subsidiary of Commerce Dot Com, a company in which is 70% indirectly owned by a Person connected to TSSM	522

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
24.	Pos Aviation Group	Jasmine Food Corporation Sdn Bhd ("Jasmine Food")	Supply of foodstuff for inflight catering to Pos Aviation Group	1) TSSM# - Jasmine Food is a 100%-owned subsidiary of BERNAS, effectively is a 100% subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	121
		Gardenia Bakeries (KL) Sdn Bhd ("Gardenia Bakeries")		1) TSSM# - Gardenia Bakeries is a company 50%-owned associate of BERNAS, effectively is a 50%-owned company of TGM, a company in which TSSM is an indirect Major Shareholder	2
25.	Pos Aviation Group	GMB	Supply of gas for inflight catering to Pos Aviation Group	1) TSSM# - GMB is a 30.9%-owned associate company of MMC, which in turn is an associate of Seaport Terminal, effectively wholly-owned by Indra Cita, a company in which TSSM is an indirect Major Shareholder	37
26.	Pos Aviation Group	AFES	Provision of garbage collection services	1) TSSM# - AFES is a 100%-owned subsidiary of Alam Flora, effectively a 97.37%-owned subsidiary of Malakoff	103
27.	Pos Aviation Group	HUC	Provision of staff training services by HUC	1) DRB-HICOM* - HUC is a 100%-owned subsidiary company of DRB-HICOM 2) TSSM#	89
28.	Pos Aviation Group	DHZD	Renting of vehicles to Pos Aviation Group	1) DRB-HICOM* - DHZD is a 100%-owned subsidiary of Edaran Otomobil Nasional Berhad, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM#	690

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
29.	Pos Logistics Group	DRB-HICOM Group of Companies	Provision of logistics services by Pos Logistics Group	1) DRB-HICOM* 2) TSSM#	154,365
		MMC Group of Companies		1) TSSM# - MMC is a 100%-owned subsidiary of Seaport Terminal, effectively wholly-owned by Indra Cita, a company in which TSSM is an indirect Major Shareholder	869
		BERNAS Group of Companies		1) TSSM# - BERNAS is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	36,901
		MYTV		1) TSSM# - MYTV is a 100%-owned subsidiary of Sutera Bakti, effectively a 100%-owned subsidiary of TGM, a company in which TSSM is a direct Major Shareholder	35
		Honda Malaysia Sdn Bhd ("Honda Malaysia")		1) DRB-HICOM* - Honda Malaysia is a 34%-owned associate company of DRB-HICOM 2) TSSM#	480
30.	Pos Logistics Group	MMC Group of Companies	Payment of port charges	1) TSSM# - MMC is a 100%-owned subsidiary of Seaport Terminal, effectively wholly-owned by Indra Cita, a company in which TSSM is an indirect Major Shareholder	7,472
			Rental charges for Vehicle Transit Centre		690

No.	Pos Malaysia and/or its subsidiaries	Transacting related party	Nature of transaction	Related parties and their relationship with Pos Malaysia Group	Actual value transacted from 1 January 2022 to 31 December 2022 (RM'000)
31.	Pos Logistics Group	Tradewinds Corporation Berhad ("TCB") Group of Companies	Purchase of marine insurance and other services	1) TSSM[#] - TCB is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	815
32.	Pos Logistics Group	ISUZU Service Centre Sdn Bhd ("ISUZU Service Centre")	Purchase of vehicles, services, repair and maintenance	1) DRB-HICOM* - ISUZU Service Centre is a jointly controlled entity of DRB-HICOM 2) TSSM[#]	213
		DHCV		1) DRB-HICOM* - DHCV is a 100%-owned subsidiary of USF-HICOM, effectively a wholly-owned subsidiary of DRB-HICOM 2) TSSM[#]	425
					253,003

Notes:

* DRB-HICOM Berhad ("DRB-HICOM") is the holding company of Pos Malaysia.
[#] Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor ("TSSM") is an indirect Major Shareholder of Pos Malaysia and DRB-HICOM

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 ("CA 2016") to ensure that the financial statements prepared for each financial year give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the year then ended. As required by the CA 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the CA 2016 in Malaysia.

In preparing the financial statements of the Group and the Company for the financial year ended 31 December 2022, the Directors are satisfied that the Group and the Company have:

- adopted appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors have ensured that the accounting records kept by the Group and the Company have been properly kept in accordance with the provisions of the CA 2016, which disclose with reasonable accuracy the financial position of the Group and the Company. In addition, the Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to detect and prevent fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 5 April 2023.

SUSTAINABILITY FOR A BETTER TOMORROW

06

SUSTAINABILITY STATEMENT

As the national postal service provider, Pos Malaysia has been delivering vital services to Malaysians for over 200 years, acting as an essential force in community development for Malaysia's population of over 32 million.

Our Commitment to Sustainability

The Company recognises its responsibility towards society and is committed to managing its growth sustainably. As part of this commitment, Pos Malaysia aims to address important societal issues such as promoting a safe and positive working environment for its employees, minimising its environmental impacts and contributing to climate change mitigation efforts.

This statement covers our sustainability-related practices and performance for FY2022 and focuses on the topics that have been prioritised by our businesses, as well as those identified by our key stakeholders as material to our businesses.

Frameworks and Benchmarks

This Statement is aligned with locally and globally recognised disclosure frameworks and benchmarks, such as Global Reporting Initiative ("GRI") Standards, Bursa Malaysia's Sustainability Reporting Guide 3rd Edition, FTSE4Good Bursa Malaysia Index, and United Nations Sustainable Development Goals ("UNSDGs"). This Statement should be read in conjunction with the rest of the Annual Report and other sustainability-related disclosures on the Company's website.

Reporting Period and Scope

Our Sustainability Statement includes various strategies, management approaches, policies, and initiatives that help us create a positive impact in the workplace, marketplace, community, and environment. This report covers the sustainability initiatives and outcomes of Pos Malaysia, Pos Logistics and Pos Aviation, Pos Digicert, Datapos, and Pos Ar-Rahnu, which are collectively known as the Group. Information disclosed covers the 12-month period from 1 January 2022 to 31 December 2022. In the 2021 Annual Report, it covered the 15-month period from 1 January 2021 to 31 March 2022.

There has been a change in the reporting period for realignment of the Company's financial reporting year.

Performance Data

Where possible, we have included data from the two previous financial years for comparison purposes, providing stakeholders with a clearer picture of our sustainability progress. We have also discussed our top challenges and stakeholders' concerns where applicable to achieve some degree of balance in reporting both our achievements and areas of improvement.

Disclaimer for Forward-looking Statements

Any forward-looking statements such as targets, future plans, operations, and forecast figures are based on reasonable current assumptions. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond the Group's control. Actual results may differ.

Feedback

We continuously seek to enhance our sustainability programmes as well as the scope and depth of our reporting. We, therefore, welcome comments and constructive feedback from our stakeholders on specific sections of this report that can be strengthened. Please direct your feedback to our Sustainability Department, email: sustainability@pos.com.my

Stakeholder Engagement

People are at the heart of everything we do. We conducted external and internal due diligence to cover multiple functions of businesses and their leaders, who are critical in shaping and implementing our Economic, Environmental, and Social ("EES") adoption and integration efforts. Building on our stakeholders' expectations and trust is essential for our future. Therefore, the Company can build a positive reputation and secure its future success by meeting their expectations and demonstrating a commitment to sustainability.

We achieve this by engaging with:

Stakeholder groups	Method of engagement	Reason/Key concerns
Customers	Net Promoter Surveys, dedicated account managers, sales executives to manage contract customers. General customer service platforms e.g. phone calls, email, social media. Customer events, seminars, and webinars.	Focus on our customers' needs and identify opportunities to improve our products and services.
Employees	Townhall, Pos Wira Programme, employee opinion surveys, and social dialogues.	Provide professional development and career progression opportunities; and to create a conducive and engaging workplace that values the contributions of employees.
Unions	Regular engagement on any new initiatives to ensure buy-in from the Union Leadership Teams.	Ensure that the Group's employees are treated fairly and equally.
Regulators and Government Authorities, Academia	Meetings, briefings, and sharing sessions.	Engage with government agencies and participate in any research conducted regarding road safety.

Unions Membership

Pos Malaysia is committed to creating an ethical workplace, maintaining good industrial relations engaging in communications and dialogues, as well as ensuring that all colleagues are treated fairly and equally, in principle and practice. In doing so, the Company ensures compliance with laws that ensure freedom of association and the right to engage in collective bargaining. There are altogether 7 unions covering Pos Malaysia employees:

Union	No. of members
Union of Postal Clerical Workers (UPCW)	3,251
Union of Pos Malaysia Uniform Staff (UPUS)	5,180
Pos Malaysia Junior Executive Union (PMJEU)	332
Kesatuan Kakitangan Perkeranian Pos Sabah (KKPPS)	183
Kesatuan Pekerja Pakaian Seragam Sabah (KEPPSES)	288
Postal Clerical Staff Union Sarawak (POCSUS)	277
Union of Pos Malaysia Uniform Staff Sarawak (UPUS SARAWAK)	436
	9,947

Joint Agreement Signing Ceremony with the Unions

Materiality Assessment

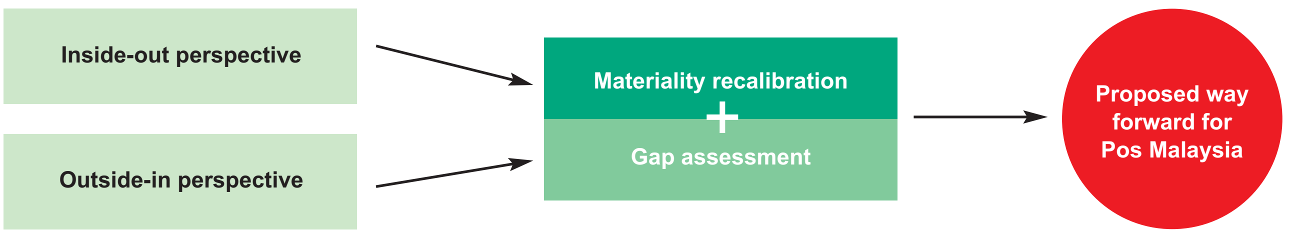
The materiality assessment that was concluded in 2021 provided an important guide or blueprint for Pos Malaysia's Environmental, Social, and Governance ("ESG") strategy. We engaged a consultant in this year's materiality assessment. It helped prioritise topics to focus on by creating an inherent business case for any possible endeavours.

By benchmarking, it can provide a holistic and objective view of how Pos Malaysia is performing in sustainability areas relative to the industry. The approach was guided by outside-in data-driven insights, coupled with an inside-out materiality assessment which takes into consideration Pos Malaysia's context.

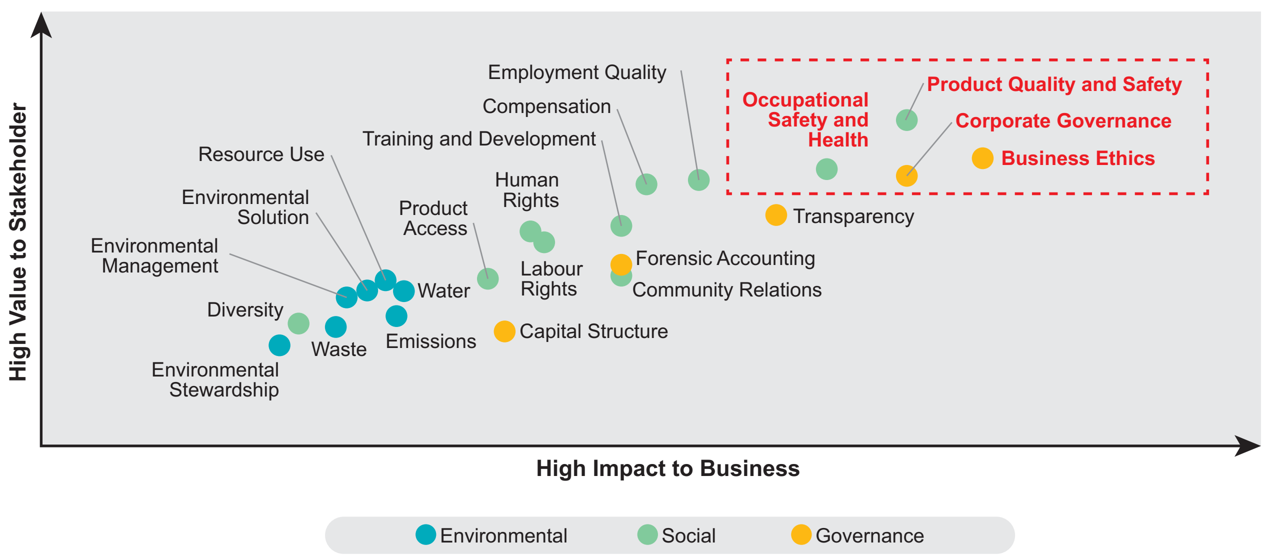
Stakeholders engaged in the identification of sustainability matters include internal representatives of 10 departments, Senior Management, Board members, while the external perspective was based on the industry benchmarking from Arabesque S-Ray.

Using both the ESG and Global Compact performance benchmarking scores provided a comprehensive view of reputational risk and what is financially material for the Group. This is to ensure that our material matters continue to be relevant, as well as reflecting and incorporating the current local and global sustainability trends, views from subject matter experts, and perspectives from our internal and external stakeholders into our strategies. The materiality assessment undertaken was also subsequently approved by the Board and the Senior Management team in the BRSCC meeting 1/2022 held on 21 February 2022.

MATERIALITY ASSESSMENT PROCESS



POS MALAYSIA MATERIALITY MATRIX



List of Material Topics

	Topics & Source	Why is it important to Pos Malaysia
Topic 1	**Emissions**	• Critical to the **value proposition of Pos Malaysia** — aligned with **national climate commitments** and **global community needs**. • Tangible reduction in fuel/energy usage, minimise future **carbon price risks**. • Enabling and **fostering innovation** in potential new growth areas. e.g. **EV-related services**.
Topic 2	**Waste**	• **Potential cost impact** driven by efficient resource utilisation and reduction in waste. • **Shared value opportunities** enabled by circular economy — e.g. recycling partnership to build relationship at community level. • Positioning of Pos Malaysia as a **responsible business leader**.
Topic 3	**Training & Development**	• **Empower** employees, **improve engagement** and **productivity**. • **Shared value opportunities** enabled by training and development — e.g. training partnership to build relationship at community level. • Positioning of Pos Malaysia as a **responsible business leader**.
Topic 4	**Product Quality & Safety**	• Critical to the **brand image** which leads customer trust and loyalty. • Potential **revenue growth** driven by new and existing customers. • Fostering **CX innovation** in potential new growth areas (e.g. Fintech, Healthcare, and Digital ID).
Topic 5	**Occupational Safety & Health**	• Fundamental **assurance** to employee — eliminate avoidable safety incidents. • Important **employee value proposition**. • Minimise **business disruptions** caused by safety incidents. • Reduce **cost related to repair**, **insurance**, and **litigation**.
Topic 6	**Business Ethics**	• Foundation of **trust** for **employees** and **customers**. • **Common values** to **empower employees at all levels** to do the right thing. • Potential **cost and risk mitigation** due to negative publicity.
Topic 7	**Corporate Governance**	• Provide clear **ownership** and **transparency**. • Ensure **long-term value agenda** while balancing **near-term financial gain**.

Based on further recalibration, we have identified focus areas based on the gaps and improvement opportunities:

ENVIRONMENTAL

Emissions

Please refer to "Carbon Management", page 128

Waste

Please refer to "Waste Management", page 133

SOCIAL

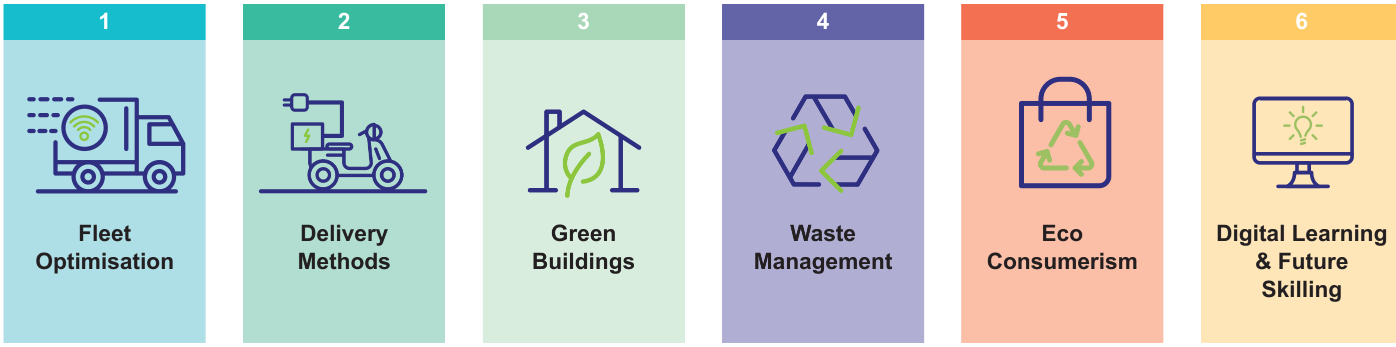
Training & Development

Please refer to "People and Employee Journey", page 135

Occupational Safety and Health

Please refer to "Safety and Health", page 140

The outcome of our materiality assessment has allowed us to formulate our strategic sustainability initiatives to:



Sustainability Risk Management

As part of the Group's Enterprise Risk Management ("ERM") Framework, any exposure to risks associated with environmental, economic, and social impact to the Group's business and operations is integrated into the multi-disciplinary company-wide risk management, with oversight from the Sustainability Division and consultation from the Risk Management Department. One of Malaysia's most common environmental risks related to climate change or natural disasters is flooding, which occurs nearly every year, especially during the monsoon season. The frequency of floods is expected to increase due to the potential effects of climate change, which may lead to identification of new flood-prone areas.

To manage flood incidents, Operations Flood Business Continuity Plan ("BCP") was developed as a guide for the operation teams to facilitate the continuation of essential operations at the branches during a flood. This process outlines the response and recovery plans to ensure minimal disruptions to operations caused by flood. With flooding incidents on the rise in Malaysia in recent years, the plan seeks to mitigate the risks involved before, during, and after flooding in the short term, ensuring the safety of our employees, continuity of operations, and minimising damage to the Company's properties.

Sustainable Development Goals

The UN Sustainable Development Goals ("SDGs") serve as a framework for businesses to make meaningful improvements that have a lasting impact. It is essential to embrace innovation and collaboration to achieve these goals. At Pos Malaysia, we are committed to enhancing the quality of life for all our stakeholders, including customers, employees, and communities.

To achieve this, we recognise that it is important to go beyond our day-to-day business activities and work towards delivering positive change in the communities in which we operate.

By aligning our sustainability efforts with the SDGs, we are taking a holistic and comprehensive approach to addressing social, environmental, and economic challenges. Through this approach, we aim to not only create value for our stakeholders but also contribute to the achievement of the SDGs.

We understand that sustainability is an ongoing journey that requires a structured and systematic approach, guided by the principles of the SDGs. Therefore, we have made it a priority to integrate these principles into our operations, strategy, and decision-making processes.

The alignment of the Group's initiatives to the SDGs are detailed below:

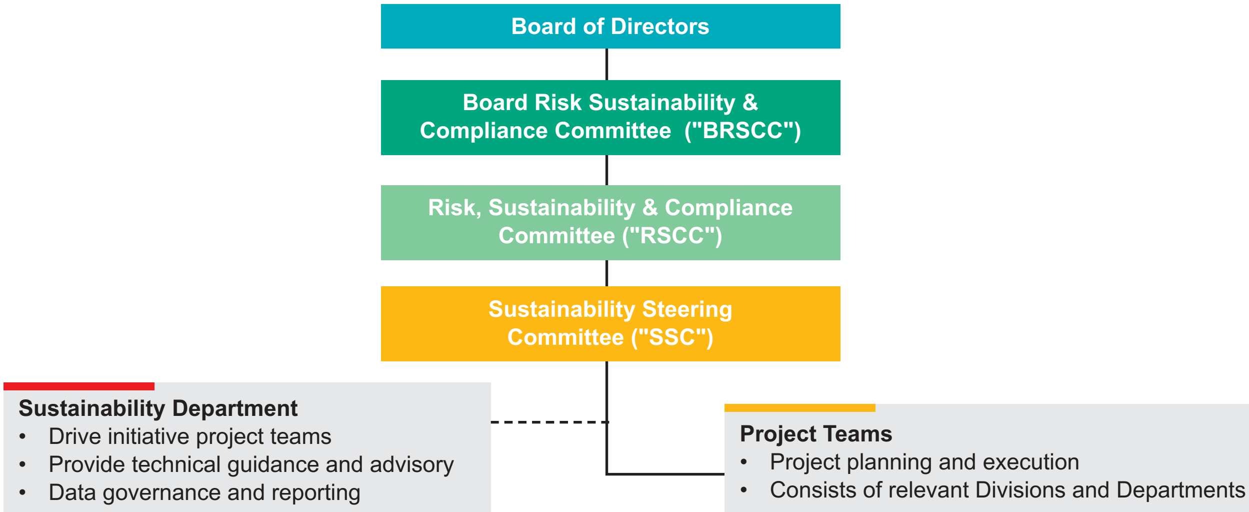
Pos Group's position	Pos Group's initiatives	SDGs
Pos Malaysia recognises the importance of people and has prioritised efforts to ensure a safe work environment, as well as continuous skilling and upskilling of employees with renewed focus areas in digital competency, commercial mindset, and driver safety. We uphold fair employment practices, both for our people and across our offices nationwide.	To cater to the rapid change, Pos Malaysia will continue to scale upskilling and invest in digital learning infrastructure, which can enable Pos Malaysia to respond to changing demands with agility. With proper skilling, it will also lead to improved safety levels for the workforce.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
Pos Malaysia recognises the impacts of climate change and reports Scope 1 and 2 emissions to provide transparency into the impacts of fleet and building operations.	To further systematically address the issues, Pos Malaysia has used a data-driven approach to determine emissions baseline and key reduction levers. Internal stakeholders (e.g. procurement, transport, facilities) and external stakeholders (e.g. suppliers) are required to work together in charting the roadmap. Pos Malaysia also plans to establish visibility into Scope 3 emissions by the next financial year.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Pos Malaysia recognises the major waste to be packaging materials (e.g. plastic, paper, cardboard) and other operational waste like used motor oil.	To address the impact, internal stakeholders (e.g. procurement, facility, transport) have started to measure and monitor the direct waste (e.g. paper, electricity, water consumption) from premises. Collaboration is also required from external stakeholders (e.g. consumers, waste management operators) to provide visibility into the indirect waste (post-consumer waste).	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability Governance

Sustainability is one of the key issues prioritised by Pos Malaysia as part of its overall business transformation strategy. We remain committed to ensuring that our sustainability initiatives are fortified by a solid governance and reporting structure, enabling us to manage and measure the impact of our sustainability efforts effectively.

We are committed to ensuring that sustainability remains a core part of our business transformation strategy. By integrating sustainable practices into our operations and corporate governance, we believe it is possible to create long-term value for our stakeholders, while also contributing to the achievement of the UN SDGs.

Following the review of our Sustainability Governance Structure in 2021/2022, we have proceeded to implement the structure within the Group to ensure that the accountability, roles, and responsibilities of all parties regarding sustainability initiatives, issues, and commitments are clearly outlined and implemented.



The overall strategic direction for the Group's sustainability agenda is led by the Board, while responsibilities and oversight functions for sustainability related matters are fulfilled through the BRSCC, composed of Independent Non-executive Directors. The composition of the BRSCC can be found in the Corporate Governance section of this Annual Report.

Both the RSCC and SSC are chaired by the Group CEO and consist of members from the Group's Senior Management Team. The responsibilities of each committee are summarised below:

Board of Directors

- Oversee group-wide integration of sustainability within key business strategies and provide strategic direction on the Group's sustainability agenda.

Board Risk, Sustainability, and Compliance Committee ("BRSCC")

- Oversee Group's risk and sustainability-related matters, and provide assurance to the Board.
- Review and ensure sustainability initiatives are aligned with the Group's long-term business and sustainability strategy.
- Ensure effective management of significant and material sustainability matters such as climate change, safety and health, human rights, labour standards, and pollution impacting the Group.

Sustainability Steering Committee ("SSC")

- Monitor implementation of sustainability related policies and initiatives within the Group.
- Point of escalation for sustainabiliy issues to other relevant committees and/or the Board Review; and endorse initiatives, including milestones, budget, and timelines.

Risk, Sustainability and Compliance Committee ("RSCC")

- Formulate the ERM, sustainability and compliance framework, and monitor its implementation.
- Recommend direction that aligns the sustainability targets with overall goals of the Group, as well as prioritise key sustainability matters.

Project Teams

- Implement the sustainability initiatives on a day-to-day basis.
- Consist of technical experts from relevant divisions and departments.
- Lead and manage the project delivery within the project timeline and budget.

Sustainability and Environmental Policies

In pursuit of strengthening our sustainability commitments and ensuring that all initiatives are aligned with our purpose, values, and strategic pillars, Pos Malaysia developed its first Sustainability Commitment and Environmental Management Policy in 2022.

Our Sustainability Commitment highlights our focus areas covering environmental, social, and sustainability governance; and further outlines specific objectives and targets we aim to achieve through our sustainability initiatives.

ENVIRONMENT

TARGET

- 30% reduction of Scope 1 & 2 emissions by 2025 and net zero by 2050.
- All packaging products consisting of at least 80% renewable/recycled inputs by 2025.

Minimising environmental impacts and contribution to climate change

- Reduce emissions and pollution by transitioning to cleaner technologies for our fleet and facilities.
- Adopt responsible consumption of valuable resources and materials, and ethical sourcing for our procurement.
- Minimise waste generation by adopting the 7R concept.
- Ensure the continuity of our business by embedding climate adaption strategies and circular economy principles in our services and products.

SOCIAL

TARGET

- Reduce Loss Time Injury Frequency Rate (LTIFR) to below 2.86 by 2025.
- Increase number of women in leadership positions to 50% by 2025.

Contributing to the betterment of our employees and communities

- Ensure a safe working environment by adopting best practices and by providing adequate training and protective equipment.
- Provide a diverse, equitable, inclusive, and positive working environment free of discrimination, harassment, and bullying.
- Align our practices with internationally recognised principles on Human Rights (e.g. UDHR), subject to prevailing regulations where we operate.
- Support continuous learning and upskilling opportunities for our employees.
- Support social enterprises and communities by leveraging our distribution and logistics network.

GOVERNANCE

TARGET

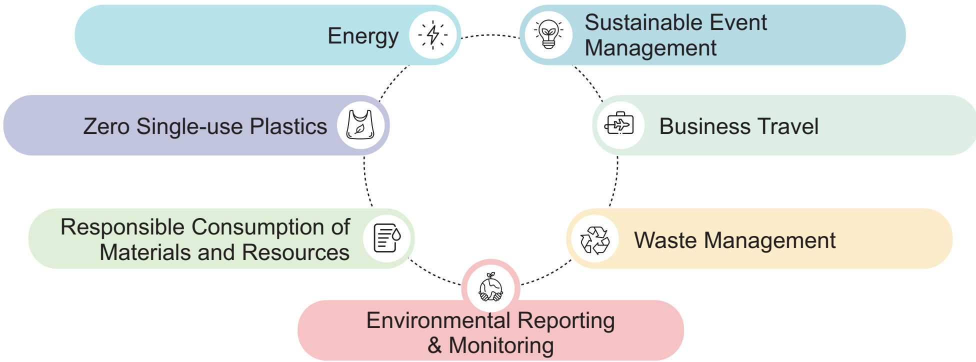
- Continuously strengthen compliance management and ESG governance.

Instilling good structure and governance

- Uphold the highest standards of ethical conduct, integrity, and accountability following our Anti-Bribery & Anti-Corruption Policy.
- Ensure compliance with prevailing legal requirements where we operate.
- Ensure compliance with legal requirements related to labour standards and minimum wage, and no employment of child labour within our operations, and that of our suppliers.
- Embed sustainability considerations and risks within our corporate strategy, decision-making process, and selection of the partners and suppliers we work with.
- Continuously review and improve our sustainability performance and provide transparent reporting.

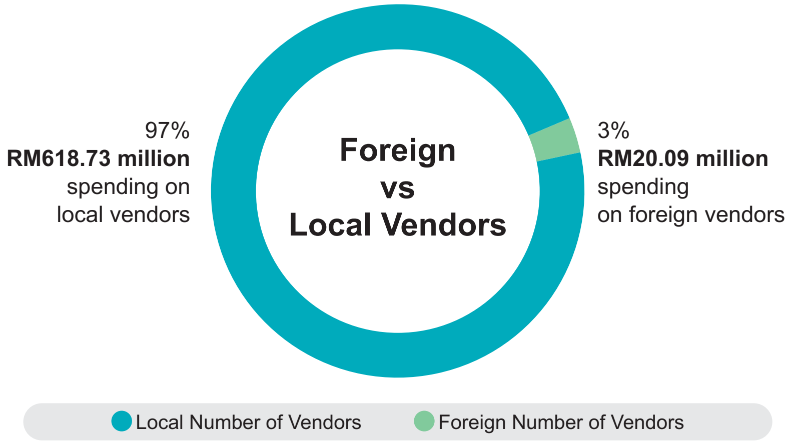
Reducing Our Environmental Footprint

We developed our environmental management policy in 2022 to highlight several areas that we focus on to reduce the environmental impacts from the Group's business activities and to govern our actions moving forward. The policy covers the following areas:



Supply Chain Management

We acknowledge the significance and benefits of local sourcing and procurement. We believe that by sourcing locally, it can support local businesses which further contributes to the economic growth and well-being of the country. 97% of our vendors comprise local vendors that constitute the same composition in terms of the total spending of the Group in 2022.



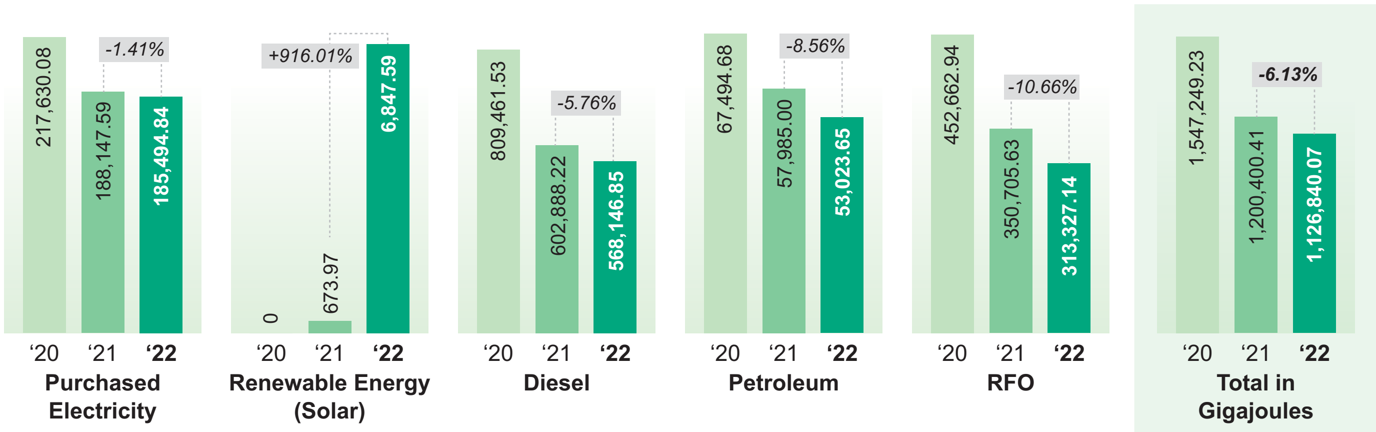
Data Privacy and Security

We recognise that protecting individual's rights to control their personal information and protecting confidentiality, integrity, and availability of digital data is crucial in this day and age. Recognising the vulnerabilities and threats that could potentially disrupt business continuity, we have implemented security policies, procedures, and controls to protect our infrastructure and assets from any types of cyber threats.

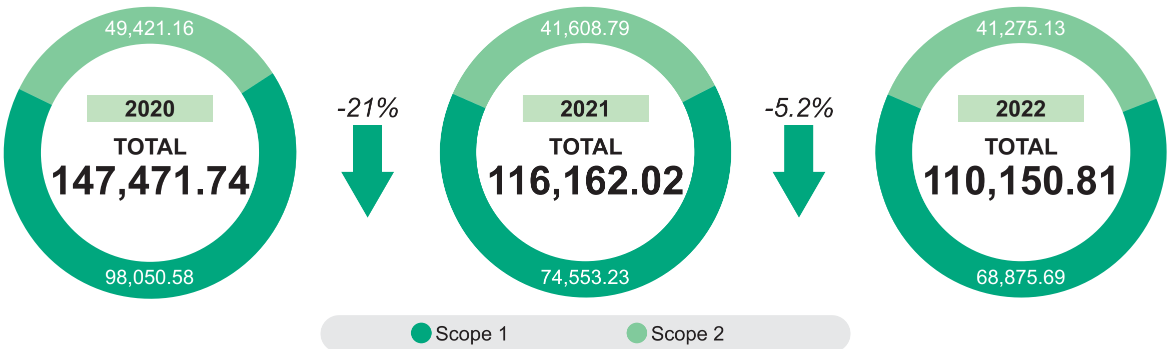
As of 2022, we confirm that we did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

ENVIRONMENTAL DISCLOSURE

Energy Consumption (GJ)



Carbon Emissions (tCO2e)



Carbon Avoidance

1,902,107

kWh

of clean energy, equivalent to **1,486** tonnes of carbon avoidance generated using solar PV system in 2022 (EPA).

Water Consumption

751,562.50

m^3

(2021: 609,577.67m3) **23.3%** increase

Carbon Management

Our Approach

Our aim is to reduce the carbon footprint of our operations throughout the Group by using alternative fuel vehicles and renewable energy solutions, while also increasing efficiencies through optimisation initiatives.

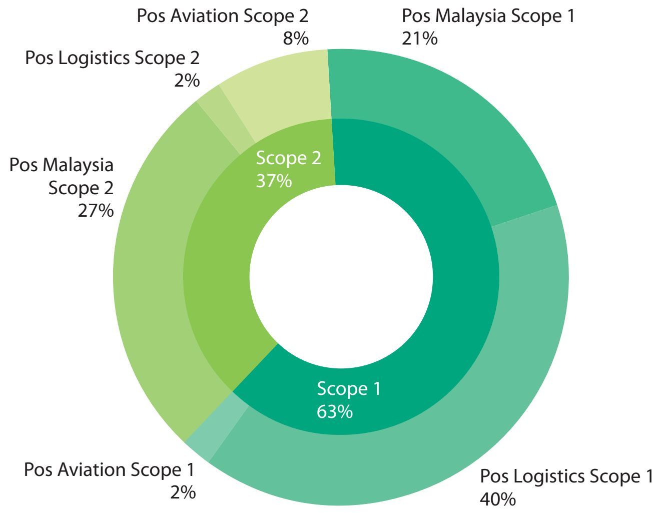
Pos Malaysia's emissions are mainly from our fleet, buildings, and aviation logistics operations. As of 31 December 2022, our fleet consists of almost 8,000 vehicles, which include 5,259 motorcycles, 1,463 vans, and 335 lorries. Our critical postal delivery infrastructure consists of about 990 buildings. On the aviation side, we outsource our freight operations to World Cargo Aviation Sdn Bhd to deliver postal items to Sabah, Sarawak, and international locations, utilising three aircraft.

Based on Scope 1 and 2 emissions data from 2020 – 2022*, these operations generate more than 100,000 tonnes of emission annually. Therefore, we have prioritised reducing our emissions while raising environmental awareness among our employees and other stakeholders.

* *The update to emission factors of electricity has been applied across the study period following the release of the Malaysia Biennial Update Report ("BUR") on 31 December 2022.*

Our Performance

FY2022 Emission Breakdown (by Scope & Company)



While our emissions have shown a decrease of 5.2% year-on-year, this was mainly attributed to the decrease in parcel volume.

The table below illustrates the emission intensities (g CO2e/unit) for each subsidiary:

Company	2020	2021	2022
Pos Malaysia (Includes Digicert, Ar-Rahnu)			
Emission intensity per mail	51.41	52.83	48.57
Emission intensity per parcel	284.38	309.06	313.87
Pos Aviation			
Emission intensity per ringgit revenue generated	204.71	135.5	135.01
Pos Logistics			
Emission intensity per ringgit revenue generated	73.05	49.00	44.60

The lower post-pandemic parcel and mail volumes have led to a decrease in our energy consumption throughout the three-year period, with a 6.13% reduction against 2021 figures.

Fleet Upgrade

Transport is an essential feature of infrastructure for development, but it is also the highest contributor of emissions, contributing nearly a quarter of all global energy-related greenhouse gas ("GHG") emissions according to the Intergovernmental Panel on Climate Change (IPCC). Today's transport sector is still predominantly based on the combustion of fossil fuels which causes air pollution, contributing to global warming and climate change.

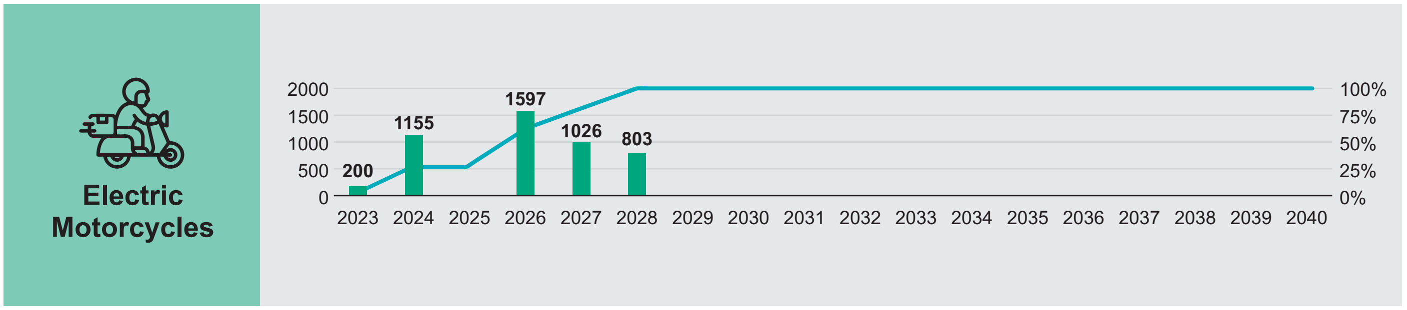
eBikes displayed at our Board Retreat in October 2022

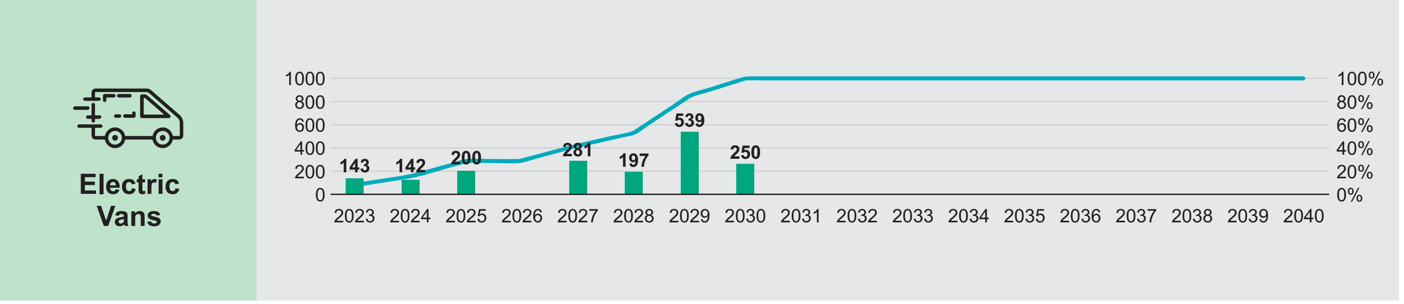
In 2022, we carried out a feasibility study as a follow-up to our 2021 analysis of our fleet and suitable replacement paths to achieve our decarbonisation goals. The findings showed that, as of the time of the study, hybrid vans were unavailable and there was insufficient supply of electric motorcycles to meet our fleet requirements. Therefore, we have revised our projections for fleet replacement based on the management's direction and targets outlined in our sustainability roadmap.

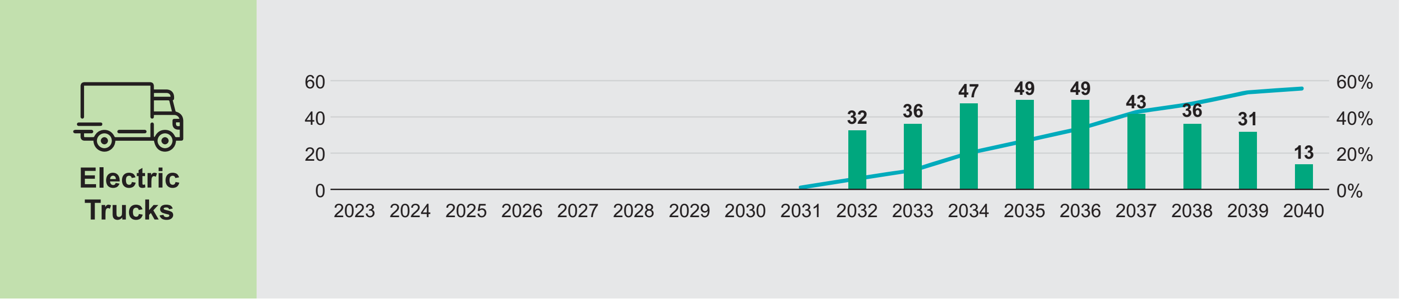
Our updated projections are:

- 100% conversion of motorcycles to EVs by 2030, with a pilot conversion of 4% by 2023.
- 100% conversion of vans to EVs by 2030, with a pilot conversion of 8% by 2023.
- Conversion of trucks to EVs will begin in 2030, with a pilot conversion of 5% by 2032.

Concurrently, the Fleet Upgrade initiative has been updated in 2022 to include changes in our current delivery method to increase efficiency, maximise cost savings, and reduce carbon output.







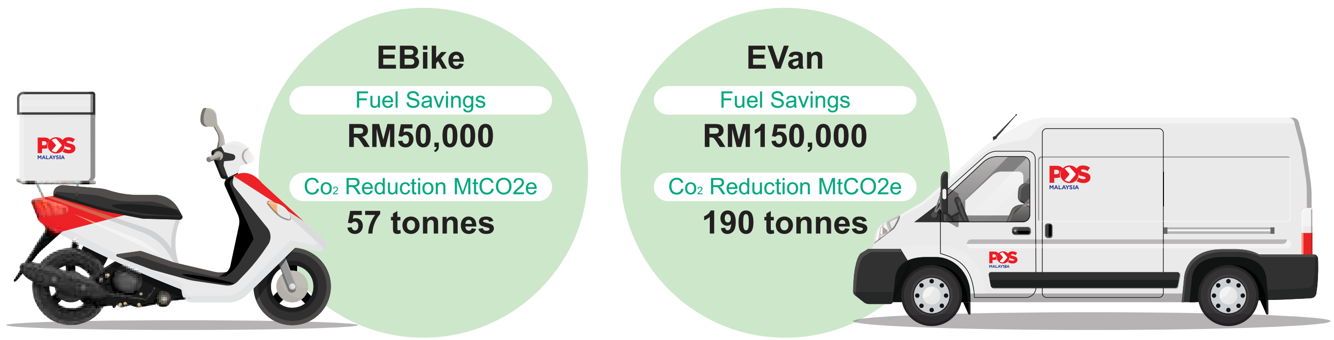
Initial Deployment of EVs

We expect the procurement approval for the initial deployment of 200 eBikes in the first half of 2023. The initial deployment will allow more intensive Proof of Concepts ("POC") to be carried out, testing both operational capability and fiscal impact, with a view of increasing confidence levels on EV usage before embarking on a large-scale rollout as per projections. The eBikes will be deployed at branches in Wilayah Persekutuan, Selangor, Penang, and Kedah throughout 2023 to ensure sufficient data collection on vehicle and operational performance.

The first eVan is expected by Q3 2023, upon completion of the tender exercise and appointment of supplier in Q2 2023.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
EBike	10 Units	30 Units	30 Units	30 Units	100 Units	- First batch delivery of 10 units by end Jan 2023 - Total delivery of 70 units in Q1 2023 - Total delivery of 130 units in Q2 2023						
EVan				- Open tender in Q1 2023 - Supplier appointment in Q2 2023 - First batch delivery in Q3 2023			←		143 Units		→	

Estimated fuel savings and CO2 reduction for 2023



Fleet Optimisation

Revised Fleet Management and Telematics Plan

Fleet optimisation is critical to reducing emissions. As outcomes depend on demand, fuel savings are achieved by optimising routes and utilising fuel efficiently. To this end, technology can be applied with considerable impact. The internet-of-things ("IoT") and telematics will improve performance in terms of visibility and asset security. Predictive fleet maintenance can contribute towards significant cost savings and overall performance.

Based on our analysis in 2021, we projected that 100% of vehicles within our control (10,193 motorcycles, vans, and trucks) to be equipped with IoT/telematics by 2031. The rollout for trucks and vans would be related to capabilities/modules which have a direct impact on fuel consumption.

To meet our emissions reduction target, the Fleet Optimisation exercise requires an investment in telematics hardware, fleet management, and route optimisation software, customised for our fleet.

We carried out a tender exercise, but due to the high cost involved in customisation, decided not to proceed. Instead, we have decided on subscribing to an off-the-shelf telematics module paired with our existing fleet management system, while putting the route optimisation module on hold. Data synchronisation between the two systems will be managed and compiled manually by our Fleet Operation Control Centre.

Roadmap for Telematics Rollout

Trucks

Target:
100% equipped with the new telematics system by end of 2023.

Process:
Rollout of telematics to existing trucks and upgrading existing telematics in trucks.

Vans

Target:
100% equipped with the new telematics system by 2030.

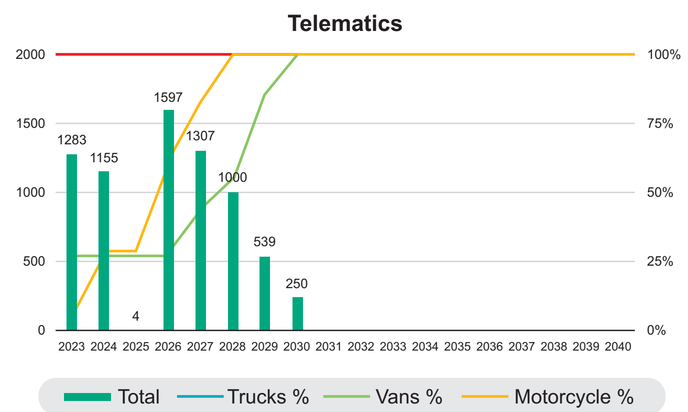
Process:
The upgrade to the new telematics system will be concurrent with the shift to eVans.

481 (27%) equipped with the current telematics system will be upgraded to the new one, then 485 (28%) by 2025.

Motorcycles

Target:
100% equipped with the new telematics system by 2030.

Process:
The upgrade to the new telematics system will be concurrent with the shift to eBikes, i.e. 1,355 (28%) by 2025, then 100% by 2030.



Solar Trail Mat

Our Transport Management team is exploring the use of solar technology to improve fuel efficiency and reduce vehicle maintenance costs. A solar mat fitted to the vehicle rooftop has the capability of generating enough power to charge a 12V battery, which can power any on-board electrical equipment. This reduces the engine load to drive the alternator, reducing fuel consumption and prolonging the life of the vehicle's battery.

During the year, we carried out a POC on a 3-tonne truck. While initial data findings were unfavourable due to adverse weather conditions, we have extended the POC to ensure sufficient data and achievement of actual fuel efficiency before further deployment.

Ship Optimisation for Pos Logistics

In October 2022, Pos Logistics conducted an optimisation trial on one of its ships, which involved adjusting the vessel speed in transit, as well as during loading and discharging operations.

These adjustments have resulted in the reduction of six sailing days over a three-month period, delivering an estimated carbon avoidance of 516 tCO2e, translating into savings of RM540,000 over a 12-month period.

In addition to the carbon avoidance initiative, we have also installed a water purifier on one of the ships to ensure any water discharged is free from microbes and will not contaminate the sea.

Green Buildings

In addition to minimising the impact of Pos Malaysia's vehicles on the environment, we must ensure our facilities are run sustainably. Our facilities account for 63% of our emissions.

To reduce the carbon footprint of our buildings, we established the Green Building Initiative, implemented via two projects:

- Installation of solar panels
- Energy saving and efficiency

These projects are expected to reduce our electricity consumption between 5-15% by 2025.

Solar Project Roadmap

Pos Malaysia began our solar project in 2021 at Pusat Mel Nasional ("PMN"), completing the first phase in December that year with 2,208 kWp generated. In November 2022, we completed phase 2 of our solar project, adding another 2 locations installed with solar panels with a total system capacity of 294 kWp. It is estimated that 1,721 metric tonnes of CO_2 emissions will be avoided per year, with an estimated annual cost reduction of RM288,000 upon full operation of phase 2.

COMPLETED

Phase 1 - 2021

- Completed in Dec 2021
- Total Capacity:
  2,208 kWp
- Location:
  1. Pusat Mel Nasional

COMPLETED

Phase 2 - 2022

- Completed in Nov 2022
- Total Capacity:
  294 kWp
- Location
  1. MDC, Bandar Baru Bangi, Seri Kembangan
  2. PPL Kapar

IN PROGRESS

Phase 3 - 2022/2023

- Total Capacity:
  1,457 kWp
- 13 Locations

TENDERING PROCESS

Phase 4 - 2024 onwards

- Estimated Installation Capacity:
  13 MWp
- 410 Locations covering all states in Malaysia

Energy Saving and Efficiency Project

We will start implementing our energy-saving and energy-efficiency project in 2023 by conducting audits on high-consumption buildings. The audit involves a study, inspection, survey, and analysis of energy flows to identify opportunities to reduce energy consumption, such as the installation of smart lighting, building automation and control systems, energy management programmes, and equipment upgrades. These will be followed up with energy saving measures. The outcome will be verified by measuring savings in kWh and CO_2 emissions.

Overall, the implementation of these projects will improve building and facility operations, and reduce energy and life cycle costs in the long run.

Energy-Efficiency Initiative Roadmap

Green Building Initiatives	2023	2024	2025	2026 – Onward
Energy-Saving and Energy-Efficiency Project	5 premises	10 premises	30 premises	150 premises

Phase **1**
Conduct Energy Audit
Prioritise buildings with higher energy consumption.

Phase **2**
Analyse the Data
Study, inspection, survey, and analysis of energy flows in a building and identify opportunities to reduce energy consumption.

Phase **3**
Identify Energy-Saving Measures @ Energy-Saving Projects to be Implemented
1. Low-Cost
2. Medium-Cost
3. High-Cost

Phase **4**
Implement Energy-Saving Measures @ Energy-Saving Projects such as Smart Lighting Installation, Building Automation, and Control System, etc.

Phase **5**
Measure and Verify Energy-Saving Achievement

Phase **6**
Apply for Energy Management & Efficiency Certification

2023 (Phases 1–3) | **2023 Onwards** (Phases 4–6)

Waste Management

We identified a gap in our waste disposal process, where there is a lack of infrastructure and awareness to allow for proper segregation of waste. We see the opportunity to participate in a growing circular economy by recycling and repurposing much of our waste instead of disposing of it in a landfill. This initiative can also generate additional revenue.

We completed the first phase of our waste management programme across 57 operational sites in 2022. Phase 2 will begin in Q3 2023. Our waste management initiatives also include conducting awareness programmes for employees to instil better waste management habits and practices.

18,545kg
of waste diverted from disposal to the formal waste sector

Our Waste Management Concept:
Rethink, Refuse, Reduce, Repurpose, Reuse, Recycle & Rot

Our Action Plans:
- Introducing recycling bins at offices
- Awareness campaigns
- Eliminating single-use plastics
- Instilling eco-consumerism practices

Our Mid-to-Long Term Targets:
- 80% renewable/recycled inputs for packaging products
- 50% recycling rate of operational waste

Trash-to-Cash Campaign

In October 2022, Pos Malaysia conducted our inaugural nationwide Trash-to-Cash campaign to encourage our employees to recycle and in general, be more aware of their consumption habits to reduce waste.

We collected paper, e-waste, plastic, metal, glass, and other materials, working with local recyclers to convert over 8,300kg of recyclables to cash. This result is equivalent to diverting the same amount of waste from landfills.

MAEKO Food Composter

During the year, we installed a MAEKO food composting machine at Pos Centre of Development. We have composted 100kg of food waste from our canteens into bio-organic fertiliser.

Responsible Consumption of Materials & Resources

Eco Consumerism

As part of our six Sustainability Strategic Initiatives, we have committed to participate in the nation's circular economy by empowering our customers to make eco-conscious choices through incentives and raising awareness of the environmental impact of their activities. Our short-term goal includes sourcing 80% recycled content for all our tangible products by 2025. We have begun our tender process for recycled flyers for some of our stock keeping units, and we will scale up this process for our remaining products.

Less Paper Project

We initiated the Less Paper Project in 2022 to reduce paper usage and increase awareness of the environmental impact of paper waste. We began by installing a Printing Management System in all our offices to keep track of each employee's printing activities. The implementation phase involves installation and trial of the system. By the end of this phase, we expect to reduce the number of printers by 87, covering three Pos Malaysia premises.

Water Consumption

We have committed to reducing our water usage throughout our operations. During the year, the Group used 751,563 m3 of water, a 23% increase from the previous year. This was due to the resumption of business activities and loosening of the Covid restrictions, which saw employees return to the workplace. As we mainly use water for our washroom facilities and for vehicle and equipment cleaning, we have identified measures to reduce water usage for these purposes.

Air Pollution

As an organisation operating primarily in the delivery sector which is a major contributor to air pollution, we realise the importance of monitoring the extent of our impact in terms of air pollutants in our emissions.

The three-year exhaust emission levels of air pollutants (NOx, CO, PM10) are illustrated below.

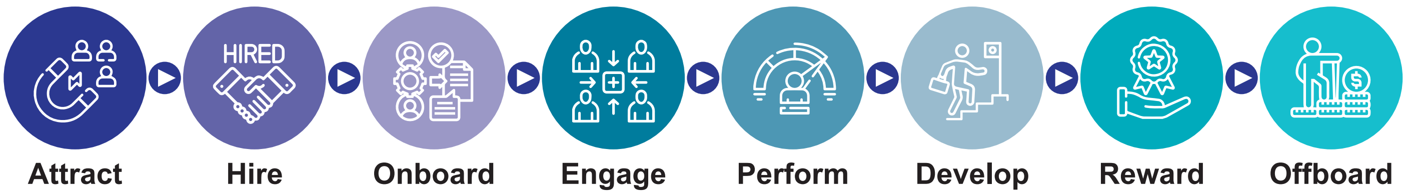
Exhaust Pollutant Emission (CO, NOx, PM10)

We have reduced overall emissions by more than 20% since 2020, with a reduction of 8% from 2021 to 2022. This is mainly attributed to the lower volumes throughout the three-year period. We expect to reduce our emissions even further through our Fleet Upgrade and Optimisation initiatives (see pages 128-131).

SOCIAL DISCLOSURE

People and Employee Journey

At Pos Malaysia, we strive to deliver on our Strategic Pillar #1 of Highly Motivated, Engaged, and Safe Employees by focusing on employee experiences over processes. This involves creating experiences that are necessary for our employees and aligned with our long-term business goals. Employee experience is a journey and we continue to strengthen our employee experience at every touchpoint, as shown in the diagram below, from attracting the best/right talent to developing them for career growth opportunities and rewarding them for performance.



Talent Attraction

Employee experience starts even before the employee is working for the organisation. Talent attraction refers to how prospective employees interact and/or become aware of Pos Malaysia. Our brand awareness initiatives took off in April 2022 with the signing of the Pos Malaysia-Saito College memorandum of understanding, close collaboration with top learning institutions across Malaysia and industrial visits on end-to-end logistics and supply chain processes, where students engage with us via internships in pursuance of securing employment for professional journeys. We hosted approximately 226 students from universities and schools as part of our Industrial Visits in 2022.

Industrial visit by Madurai University

Hosting students from Saito University College

Graduates' Choice of Employer

Pos Malaysia was awarded the "2023 Most Preferred Graduate Employers to Work For" in the "Courier Services" category. The voting process which ended on 30 June 2022, garnered more than 200,000 accumulative votes from university students across Malaysia. The Graduates' Choice Award is Asia Pacific's Most Authoritative Graduate Employer Branding Award which is 100% voted by university students. The Graduates' Choice Award is a testament to Pos Malaysia's continuous effort in engaging with the future workforce of Malaysia and to be a career destination for our local graduates.

Hiring

This is the second stage of the employee experience and looks at things like the candidate's experience in the recruitment process, overall workforce management, all interactions through the hiring process, and open communication that fosters a sense of trust. In 2022, we reduced our time to hire from 65 days to 10 days.

We believe in the value every employee brings to the organisation, irrespective of position, age, gender, educational background, work experience, or ethnicity. As a result, we endeavour to provide a fair and inclusive work environment, offering equal opportunities for all employees to succeed in their careers.

CONDUCIVE WORKING CONDITIONS

Comply with all legal requirements related to labour standards, including minimum wage, working hours, and benefits.

Provide a positive working environment free of discrimination, harassment, and bullying.

Ensure a safe working environment by complying with all statutory regulations related to Occupational Safety and Health, providing necessary tools, training, procedures, and preventive measures to avoid the accidental loss of life or bodily injury of our employees and surrounding public.

DIVERSITY AND INCLUSION

We promote an equitable and inclusive work environment which values and provides equal opportunities to support an unbiased workplace culture.

FORCED LABOUR

We do not tolerate any form of forced or compulsory labour, such as bonded, indentured or military labour, and any forms of slavery or human trafficking.

CHILD LABOUR

We reject all forms of child labour and ensure no employment of children below the legal minimum age of employment.

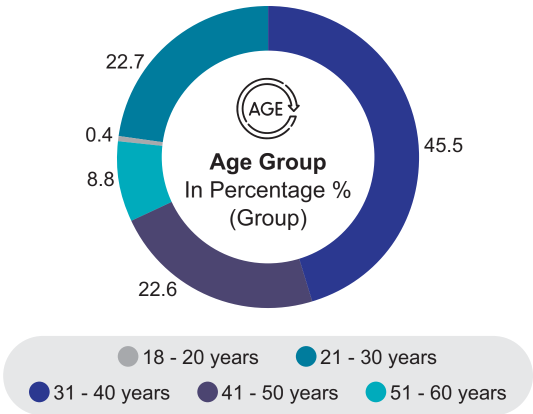
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

We uphold our employees' rights to join trade unions or employee representation of their choice.

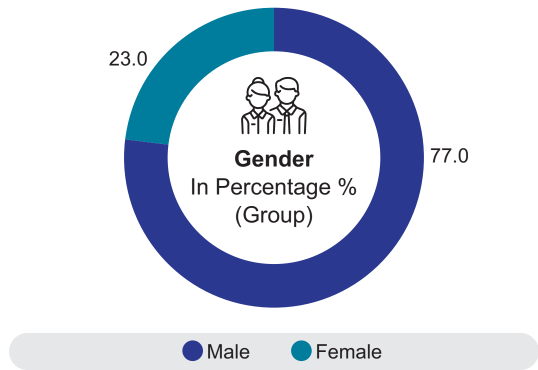
We respect the right to collective bargaining in line with applicable laws and regulations.

People Demographics

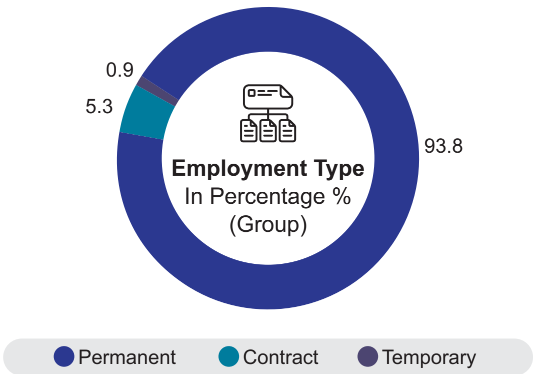
COMPOSITION BY AGE GROUP



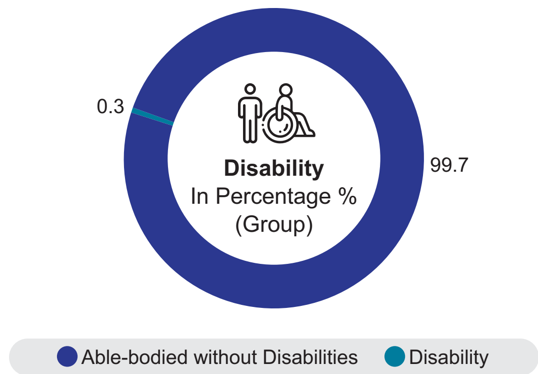
COMPOSITION BY GENDER



COMPOSITION BY EMPLOYMENT TYPE

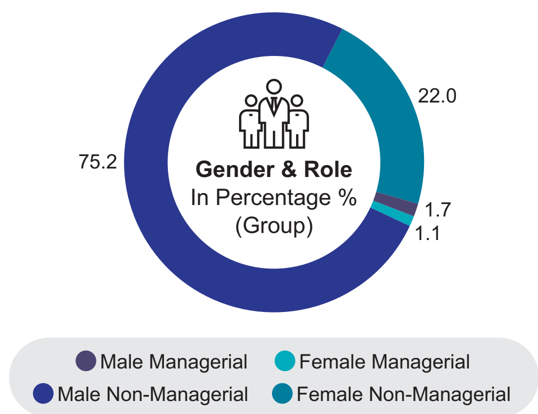


COMPOSITION BY ABILITY



NEW HIRES AND LEAVERS

COMPOSITION BY MALE & FEMALE AND MANAGERIAL & NON-MANAGERIAL



* Information is based on a Group headcount of 17,825 as at 31 December 2022

Onboarding

An exclusive employee onboarding experience was curated for new hires across every level since March 2023. It includes a Happiness Package of corporate goodies delivered to new hires ahead of starting Day 1, an online/in-person New Employee Orientation programme, and a Pos Employee Delivery programme which culminates with a Culture Transformation programme. The employee onboarding programme is designed to provide new employees with a detailed understanding of Pos Malaysia, an opportunity to enjoy first-hand experience of a day in the life of a courier and sorting operations, as well as to engage with leadership team on the purpose of our culture transformation objectives. In 2022, 97% of new hires completed their onboarding activities.

Group Chief Customer Officer ready for delivery

Group presentation activities

Employee Engagement

Employee engagement is the involvement and enthusiasm of employees in both their work and workplace. Highly motivated, engaged, and safe employees will perform better and stay longer with their organisation because they are more productive and committed. Pos Malaysia is a progressive employer, and focusing on our engagement drivers will not only help strengthen employee experience but also propel us on the journey to become the Employer of Choice.

Employee Well-being

A variety of events were introduced in 2022, including health talks, webinars, health screening to improve health awareness; festive celebrations to strengthen camaraderie, diversity, and inclusion among Malaysians and non-Malaysians; sporting events to promote a healthy lifestyle; and many others to commemorate key events and collaboration across the organisation.

Competitive Innovation Events

Pos Malaysia participated in the DRB-HICOM Innovation Challenge 2022 and submitted a total of 44 entries in our efforts to #Drive Innovation; two submissions made it to the Top 10. The idea of transforming manual and lengthy address data collection into real-time digitalised method to obtain new development address information won the second prize of RM3,000.

Long Service Recognition

For the first time in the history of Pos Malaysia, we initiated the recognition of long-serving employees. Nationwide celebrations were held for 22 employees who served the organisation dutifully for 35 to 41 years.

People Development

Creating a Learning Organisation

As a socially responsible employer, Pos Malaysia's approach to workforce capability development and responsible skilling advocates SDG 4, to "*Ensure quality education and promote lifelong learning opportunities for all*" and SDG 8, to "*Promote sustainable economic growth, full and productive employment, and decent work for all*". Our people development vision is to foster a learning culture and enable employees to take ownership of self-development with the latest learning tools and experiences. We are committed to continuous skilling and upskilling of our workforce to ensure that our employees are competent in their core and emerging skills to deliver on our strategic pillars.

+57
INTERNAL CUSTOMER SATISFACTION (tNPS)
FOR LEARNING & DEVELOPMENT

857
PROGRAMMES
FOR EMPLOYEE SKILLS DEVELOPMENT AND CULTURE CHANGE

100%
EMPLOYEES TRAINED
WITH A MINIMUM OF 1 DEVELOPMENT OPPORTUNITY

RM7.15
MILLION
TOTAL INVESTMENT FOR LEARNING AND DEVELOPMENT

RM500
AVERAGE INVESTMENT
MADE ON LEARNING AND DEVELOPMENT PER YEAR PER EMPLOYEE*

204,071
TOTAL HOURS
OF LEARNING & DEVELOPMENT*

Management:
3,279 hrs (2%)

Executives:
19,408 hrs (10%)

Non executives:
181,384 hrs (88%)

TRAINING HOURS BY EMPLOYEE CATEGORY

13.9
AVERAGE HOURS
OF LEARNING & DEVELOPMENT PER YEAR PER EMPLOYEE*

* Based on employee headcount of 14,690 as of 31 December 2022
* Excludes subsidiaries

Certified Wira Foundation

The Certified Wira Programme, a culture transformation foundation programme, was initiated for all employees in April 2022 and concluded in November 2022, resulting in 100% Certified Pos Wiras. The programme was designed to inspire our people to live our values and bring to life our purpose in building trust to connect lives and businesses for a better tomorrow. Numerous Train-the-Facilitator sessions resulted in over 150 Certified Wira Facilitators who engaged with employees nationwide to #BeBetter. In December 2022, Wira Foundation programme became a mandatory component of the new employee onboarding programme and is scheduled for delivery as needed.

The journey to #BeBetter continues in 2023, with a focus on leadership development via the Certified Wira F.I.T. to Lead programme.

Board members and the senior management team attending the Wira Foundation

Towards Digital Learning

A key ingredient to delivering on sustainable business transformation plans is the future skilling of the workforce. A Future Skills programme drawn up in 2021 under the sustainability framework, and scheduled to be delivered via digital learning, saw Pos Malaysia procuring a digital learning platform and customised modules on compliance knowledge, business excellence, functional competencies, and strategic awareness. These modules are scheduled for rollout to targeted employees over the next three years.

Digital Learning

2023	2024	2025
Launch digital learning platform with customised digital learning contents	35% of employees trained digitally	50% of employees trained digitally

Code of Conduct and Business Ethics

Pos Malaysia's Code of Conduct and Business Ethics sets out standards and values that guide employees to achieve and retain a high standard of business ethics and to display professional conduct while performing duties at the workplace.

Our commitments are solidified within the Group's policies, our Sustainability Commitment Policy Statement, and our Safety, Health, and Environment Policy. We also provide a platform for our employees and the public to report any misconduct safely and confidentially through our whistleblower procedure as governed by our Whistleblower Policy.

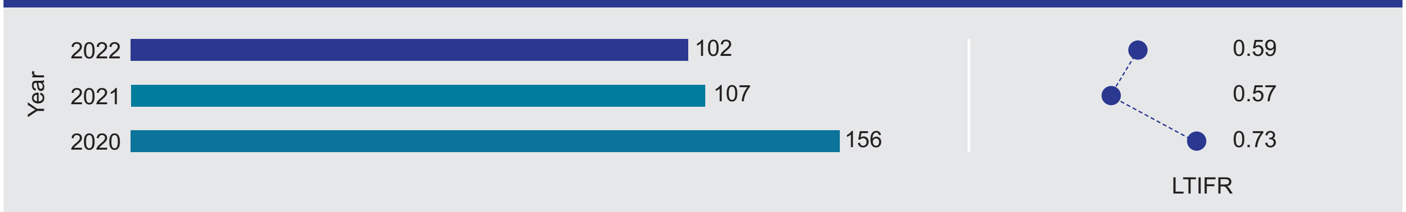
Safety and Health

Our Approach

Safety is one of the main strategic pillars of the Company, i.e. "Highly Motivated, Engaged, and Safe Employees", emphasising our commitment to ensuring that all employees are healthy and safe. The Company strives to ensure the safety of our employees, customers, and the community. We prioritise the safety philosophy in our daily operations through strict work policies, ongoing training and commitment, and investment in accident prevention technologies. We have also strengthened training and retraining courses to instil in employees at all levels a culture that places a high priority on safety and health. In addition, we must comply with all relevant safety and health legislation, such as the Occupational Safety & Health Act 1994 ("OSHA 1994"), the Factories and Machinery Act 1967 ("FMA 1967"), and other applicable laws. For continuous monitoring, quarterly accident reports prepared by the Occupational, Safety, and Health Department are tabled in the quarterly RSCC meeting to allow deliberation of any risks relating to safety and health issues.

Our Performance

No. of Accidents with LTI and LTIFR



5% (YoY)
NO. OF ACCIDENTS

4% (YoY)
LOSS TIME INJURY FREQUENCY RATE

10,664
WORKERS UNDERWENT SAFETY AND HEALTH TRAINING IN 2022

Despite our efforts to ensure the safety of our employees at the workplace, there was one employee fatality recorded by the Group during the year. Investigation report has shown that the causes of the incident were speeding, GPS malfunction, unsuitable arrangement of goods and vehicle escort method. Following the incident, the Group has implemented corrective and preventive actions, such as conducting training on defensive driving for all drivers, establishing GPS monitoring system procedure (telematics), conducting inspection on GPS records for all prime movers, and adding high-profile project standard operating procedure.

Regardless, the Group continues to strive to maintain a zero-fatality target by consistently expanding efforts to evaluate our operating processes and strengthen our Occupational Safety and Health policies and procedures. To ensure that the vehicles are always in a safe condition, routine inspection using our in-house application system has been implemented during the year, requiring employees to have access to vehicle health prior to performing their duties. This has led to improved tracking for any mechanical issues.

The Occupational Safety and Health division carries out regular risk assessments relating to the labour issues, as well as for any potential new operations such as the electrification of our fleet. Due diligence is also carried out to ensure any risks relating to existing operations are mitigated. The Company also works with PUSPAKOM for the inspection of vehicles older than 5 years. This inspection is compulsory for all states and all vehicles older than 5 years. The Company always conducts a pre-audit to ensure that the vehicles are in good working condition, and that the employees assigned to the vehicles are fit and healthy. The OSH team also engages with various government-linked agencies, such as PUSPAKOM, MYROS, and JPJ, to carry out road safety training for our postmen nationwide.

Defensive Driving Training

In Pos Malaysia, fleet operators spend most of their working time driving. As part of the OSH team's continuous effort to reduce work-related injuries and fatalities in the Company, the team has rolled out Phase 1 of the “Defensive Driving Training”, a comprehensive training programme for motorcycle, van, and truck drivers of the Company, in 2022. The training includes the skills and behaviour required while handling the vehicles in various situations, i.e. improvised SOPs when faced with heavy traffic and tough weather conditions. This training module has been approved by JPJ and the Company to ensure that all employees can enhance or relearn their driving knowledge. The Company is committed to making this course a success by ensuring that competent instructors are available in each state. As such, Phase 2 of this training course will then be held in various states nationwide for the postmen.

Disaster Network Support Programme

As part of the Company's Business Continuity Plan, a Disaster Network Support Programme has been established, whereby each state has its own Flood Committee and a designated operational room that monitors any possible flooding area. The Committees are responsible for ensuring employees who may be affected by the flood are contactable. In 2022, six states' (Kedah, Kelantan, Terengganu, Johor, Perak & Pahang) Flood Committees assisted 130 of our employees by providing them with the necessities and physical support in terms of cleaning houses. The Company also owns 6 dedicated boats that can be deployed during the flood season.

Safety DOJO

Launched in 2021, the team came together to create the “Safety Dojo”, an experiential warehouse training area for new employees and re-inducting employees to be reminded of the key aspects of their daily routine. The area consists of 7 main points, acting as a daily reminder on aspects like staff's attire and road safety, which includes the “Amanat 10” briefing. The briefing is only 10-minutes long and done by the branch managers daily to all postmen and riders, briefing them about any ongoing road construction. The session will also entail prayers and mentally prepare them for their day. As of the end of 2022, we have set up a total of 40 branches with the Safety Dojo area.

Collaborations

Collaboration is one of the keys to generating significant, meaningful, and lasting sustainability impacts. Solving global environmental and social challenges requires the combined efforts and collaboration of all stakeholders. With that realisation, the Company is striving to identify and engage with suitable organisations and partners that can further strengthen Pos Malaysia's commitment to achieving its sustainability goals.

A Participant Member of the United Nations Global Compact ("UNGC")

In September 2022, Pos Malaysia became a member of the United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB"), part of the world's largest corporate sustainability initiative, to align its business operations and strategies with the UNGC's Ten Principles covering human rights, labour, environment, and anti-corruption. With the support of the UNGCMYB, the Company will further strengthen its commitment and actions to upholding human rights and labour standards, protecting the environment, eradicating all forms of corruption including extortion and bribery, and further advancing the UN Sustainable Development Goals ("SDG").

Following Pos Malaysia becoming a participant member of UNGC, the Group collaborated with UNGCMYB to issue Malaysia's first SDG special stamp collection underlining the crucial role that recycling plays in achieving a circular economy.

Themed "*Kitar Semula – Ekonomi Kitaran*", the special stamp is endorsed by the Economic Planning Unit of the Prime Minister's Department, Malaysia's government agency that is championing the UNSDGs and taking the stewardship role in transitioning Malaysia towards a low-carbon future.

Joining the International Post Corporation ("IPC") Sustainability Measurement and Management System ("SMMS") Programme

Inter-sectoral collaborations and benchmarking are also crucial to ensure Pos Malaysia's sustainability efforts are relevant to the impacts from the postal sector. In July 2022, the Company initiated engagements with the IPC to be a part of its SMMS programme in 2023. Launched in 2008 to drive the continuous progress of posts to meet their sustainability goals and provide a common measurement and reporting system, this programme provides Pos Malaysia with a platform to benchmark, learn, and further collaborate with its global peers on sustainability initiatives.

Corporate Social Responsibility

Our Approach

As a socially responsible employer with strong legacy in CSR, we are committed to advancing social good and collaborating for impact. Operating in the delivery sector gives us a special insight into how we are all connected and depending on each other. As such, following our transformation journey, we developed the Pos Malaysia CSR framework that is aligned with our purpose statement, with actionable activities to reinforce our strategies going forward.

RM1,819,757

Total amount invested in the community (external)

The three pillars of our CSR Framework are:

- **Education** - We aim to provide access and opportunities of education to the B40 and Asnaf communities.

- **Delivery for good** - We support organisations which require logistics mobilisation and bulk delivery services in their social causes, such as humanitarian relief efforts.

- **Social enterprises** - We work with social enterprises by providing logistics solutions to increase access to resources and new markets.

Pos Cares

Pos Cares

Pos Cares is about supporting the communities around us and creating a positive impact. In 2022, we launched our first Pos Cares rally by supporting charitable and social causes that our Pos Wiras are involved in and passionately help. We called for story submissions, with 4 winners receiving RM10,000 each to be donated back to the cause they support.

The funds have been distributed to the following four causes:

1 Pertubuhan Nisa' Sarikei

An organisation focusing on welfare, humanity, and society by offering community events, such as beauty, Usrah, and religious classes for the Sarikei community.

2 Persatuan Sindrom Down Negeri Kelantan

An organisation that provides programmes and events for Down Syndrome children and their family members.

3 Arminfamly9991

An organisation founded by Pos Wira Tugimin, who has been raising funds from friends to make donations in the form of food and daily necessities to those in need.

4 Pertubuhan Ukhuwah Van Jelata Selangor

An organisation that manages dead bodies, such as bathing and delivering dead bodies before burial. From Pos Cares' donations, the organisation is able to benefit families of the deceased who could not afford such services.

Partnership with Malaysian Red Crescent Society

Pos Malaysia has partnered with the Malaysian Red Crescent Society ("MRCS") as its strategic delivery partner in distributing products and flood relief supplies given by members of the public and business organisations to flood victims along the North and East Coasts.

We have committed to supplying 10 tonnes of logistics solutions worth RM100,000 through the use of "MyDistribution" services - a platform to assist company needs in bulk product delivery, with the first of four deliveries starting in December 2022.

This collaboration is an ongoing effort from December 2022 to February 2023 to ensure the flood victims receive the necessary support. Through this partnership, a total of 5,600 individuals from 1,400 families affected by the floods received the necessary relief supplies to support them during difficult times.

Partnership with Malaysia's Ministry of Health

UMP 1 Malaysia is a medicine follow-up supply service, whereby medicine is sent directly to patients' locations via Pos Malaysia's logistics solutions. Launched in 2011, this arrangement has helped patients across Malaysia receive their medicine in the comfort of their homes. As of the end of 2022, a total of 403 clinics and hospitals across every state in Malaysia offer this service. In 2022, Pos Malaysia completed 723,490 deliveries, which are estimated to have benefitted over 120,000 citizens of Malaysia.

As part of this arrangement, Pos Malaysia has also committed to donating 5% of the rates offered to Tabung Amanah KKM. The total donation was RM169,757 for 2022.

Scholarships Programme

Since 2015, the Group offers scholarships to the children of our employees who achieved outstanding results in their Sijil Pelajaran Malaysia (SPM) exams. In 2022, we offered RM17,150 worth of scholarships to a total of 48 students. We plan to provide continued support to this programme which supports the education of our employees' children.

FINANCIAL STATEMENTS

07

DIRECTORS' REPORT

for the financial year ended 31 December 2022

The Directors of Pos Malaysia Berhad (the "Company") hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal activities

The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps. The principal activities of the subsidiaries are stated in Note 16 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Holding companies

The Directors regard DRB-HICOM Berhad and Etika Strategi Sdn. Bhd., companies incorporated in Malaysia as its immediate and ultimate holding companies respectively. DRB-HICOM Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 16 to the financial statements.

Results

	Group RM'000	Company RM'000
Loss for the year	167,670	276,378

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

No dividend was paid or declared during the year end. The Directors do not recommend any dividend to be paid for the financial year ended 31 December 2022.

Directors of the Company and its subsidiaries

Directors who served during the financial year until the date of this report are:

Pos Malaysia Berhad

Dato' Sri Syed Faisal Albar bin Syed A.R Albar	(Chairman)
Datuk Idris bin Abdullah @ Das Murthy	
Ahmad Suhaimi bin Endut	
Ahmed Fairuz bin Abdul Aziz	
Dato' Dr. Mohd Ali bin Mohamad Nor	
Dato' Jezilee bin Mohamad Ramli	
Dato' Mohamed Sharil bin Mohamed Tarmizi	
Datuk Puteh Rukiah binti Abd.Majid	(Resigned on 1 October 2022)
Sharifah Sofia binti Syed Mokhtar Shah	(Resigned on 20 December 2022)

Directors of the Company and its subsidiaries (continued)

Subsidiaries

Dato' Jezilee bin Mohamad Ramli	
Charles Robertson Brewer	
PeerMohamed bin Ibramsha	
Roslina Binti Ismail	(Appointed on 24 February 2022)
Zaini bin Yahman	(Appointed on 29 July 2022)
Raja Ahmad Hidzir bin Raja Muhamad	(Appointed on 15 December 2022)
Kamilia Nor Mohamad Kamal	(Resigned on 31 January 2022)
Mohd Faishal bin Kassim	(Resigned on 31 January 2022)
Azmil Merican Othman	(Resigned on 29 July 2022)
Azahar bin Ariff	(Resigned on 30 November 2022)

Directors' interests in shares

None of the Directors holding office at 31 December 2022 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	Group 2022 RM'000	**Company 2022 RM'000**
Directors		
- Fees	**835**	835
- Remuneration	**178**	178
	1,013	1,013

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of insurance premium effected for Directors and officers of the Group is RM41,873 limited to a coverage of RM30,000,000. There is no indemnity and insurance purchased for the auditors of the Group and of the Company.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the net impairment of property, plant and equipment of the Group and Company of RM39,953,000 and RM147,098,000 respectively, impairment of investment in a subsidiary of the Company of RM25,556,000 and reversal of one off claims and liabilities of the Group and Company of RM49,915,000 and RM44,435,000 respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the financial year

The significant event during the financial year are disclosed in Note 38 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM1,729,000 and RM960,000 respectively.

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

Dato' Sri Syed Faisal Albar bin Syed A.R Albar
Director

Ahmed Fairuz bin Abdul Aziz
Director

Kuala Lumpur
Date: 5 April 2023

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	4	**1,960,807**	2,194,023	**1,230,276**	1,515,553
Cost of sales		**(1,738,674)**	(2,030,604)	**(1,146,879)**	(1,504,314)
Gross profit		**222,133**	163,419	**83,397**	11,239
Other income		**40,745**	36,651	**59,052**	10,280
Selling and distribution expenses		**(17,204)**	(12,495)	**(6,516)**	(5,663)
Administrative expenses		**(316,301)**	(374,664)	**(223,534)**	(283,593)
Other expenses		**(58,427)**	(93,103)	**(181,416)**	(52,553)
Net (loss)/gain on impairment of financial instruments and contract assets	5	**(3,664)**	(10,789)	**9,151**	(9,189)
Results from operating activities		**(132,718)**	(290,981)	**(259,866)**	(329,479)
Finance income	5	**1,725**	2,119	**10,263**	10,564
Finance costs	5	**(37,218)**	(45,029)	**(26,775)**	(17,959)
Net finance costs		**(35,493)**	(42,910)	**(16,512)**	(7,395)
Share of (loss)/profit of equity-accounted associate, net of tax		**(556)**	3,336	**-**	-
Zakat		**(1,021)**	(858)	**-**	-
Loss before taxation	5	**(169,788)**	(331,413)	**(276,378)**	(336,874)
Taxation	7	**2,118**	(4,319)	**-**	-
Loss for the financial year		**(167,670)**	(335,732)	**(276,378)**	(336,874)
Other comprehensive income (net of tax):					
Item that is or may be reclassified subsequently to profit or loss					
Currency translation differences for foreign operations	8	**2,320**	3,935	**-**	-
Other comprehensive income for the financial year (net of tax)		**2,320**	3,935	**-**	-
Total comprehensive expense for the financial year (net of tax)		**(165,350)**	(331,797)	**(276,378)**	(336,874)
Basic and diluted loss per share (sen)	9	**(21.4)**	(42.9)		

The notes on pages 157 to 242 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	11	**737,026**	864,419	**265,719**	495,682
Investment properties	12	**40,450**	40,810	**-**	-
Right-of-use assets	13	**321,944**	361,598	**161,416**	182,219
Intangible assets	14	**125,022**	127,674	**-**	-
Deferred tax assets	15	**2,779**	1,781	**36**	36
Investments in subsidiaries	16	**-**	-	**530,480**	556,036
Investments in associates	17	**40,780**	41,336	**-**	-
Other investments	18	**6,723**	6,726	**-**	-
Derivative financial asset	19	**1,626**	1,626	**-**	-
Total non-current assets		**1,276,350**	1,445,970	**957,651**	1,233,973
Contract assets	20	**-**	1,230	**-**	-
Trade and other receivables	21	**748,885**	771,556	**561,513**	637,393
Other investments	18	**36,789**	38,889	**596**	587
Inventories	22	**5,039**	3,030	**1,240**	1,920
Prepayment	23	**96,293**	129,282	**75,924**	105,962
Current tax assets		**8,088**	21,324	**2,109**	9,321
Cash and cash equivalents	24	**192,959**	265,923	**97,613**	96,232
		1,088,053	1,231,234	**738,995**	851,415
Assets classified as held for sale	25	**11,110**	11,578	**-**	-
Total current assets		**1,099,163**	1,242,812	**738,995**	851,415
Total assets		**2,375,513**	2,688,782	**1,696,646**	2,085,388
Equity					
Share capital	26	**1,071,392**	1,071,392	**1,071,392**	1,071,392
Reserves	26	**(425,133)**	(259,783)	**(725,799)**	(449,421)
Total equity		**646,259**	811,609	**345,593**	621,971
Liabilities					
Loans and borrowings	28	**208,075**	303,221	**172,000**	251,310
Lease liabilities		**86,898**	102,297	**60,007**	69,309
Post-employment benefit obligations	29	**1,218**	1,194	**-**	-
Deferred tax liabilities	15	**28,103**	39,247	**-**	-
Total non-current liabilities		**324,294**	445,959	**232,007**	320,619
Contract liabilities	27	**395**	-	**-**	-
Loans and borrowings	28	**477,179**	361,567	**147,750**	35,440
Lease liabilities		**47,301**	78,258	**33,841**	41,675
Current tax liabilities		**1,880**	1,622	**-**	-
Trade and other payables	30	**874,738**	986,059	**937,455**	1,065,683
		1,401,493	1,427,506	**1,119,046**	1,142,798
Liabilities classified as held for sale	25	**3,467**	3,708	**-**	-
Total current liabilities		**1,404,960**	1,431,214	**1,119,046**	1,142,798
Total liabilities		**1,729,254**	1,877,173	**1,351,053**	1,463,417
Total equity and liabilities		**2,375,513**	2,688,782	**1,696,646**	2,085,388

The notes on pages 157 to 242 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

Group	Note	Share capital* (Note 26) RM'000	Revaluation reserve RM'000	Post-employment benefits reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
		← Attributable to owners of the Company →					
		← Non-distributable →					
At 1 January 2021		1,071,392	1,144	(1,225)	(1,758)	73,853	1,143,406
Currency translation differences for foreign operations	8	-	-	-	3,935	-	3,935
Total other comprehensive income for the financial year		-	-	-	3,935	-	3,935
Loss for the financial year		-	-	-	-	(335,732)	(335,732)
Loss and total comprehensive expense for the financial year		-	-	-	3,935	(335,732)	(331,797)
At 31 December 2021/1 January 2022		**1,071,392**	**1,144**	**(1,225)**	**2,177**	**(261,879)**	**811,609**
Currency translation differences for foreign operations	8	**-**	**-**	**-**	**2,320**	**-**	**2,320**
Total other comprehensive income for the financial year		**-**	**-**	**-**	**2,320**	**-**	**2,320**
Loss for the financial year		**-**	**-**	**-**	**-**	**(167,670)**	**(167,670)**
Loss and total comprehensive expense for the financial year		**-**	**-**	**-**	**2,320**	**(167,670)**	**(165,350)**
At 31 December 2022		**1,071,392**	**1,144**	**(1,225)**	**4,497**	**(429,549)**	**646,259**

* *Share capital includes the Special Rights Redeemable Preference Share of RM1.00. Refer to Note 26(a) of the financial statements for details of the terms and rights attached to the Special Rights Redeemable Preference Share.*

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

Company	Attributable to owners of the Company Non-distributable Share capital* (Note 26) RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2021	1,071,392	(112,547)	958,845
Loss and total comprehensive expense for the financial year	-	(336,874)	(336,874)
At 31 December 2021/1 January 2022	**1,071,392**	**(449,421)**	**621,971**
Loss and total comprehensive expense for the financial year	**-**	**(276,378)**	**(276,378)**
At 31 December 2022	**1,071,392**	**(725,799)**	**345,593**

* *Share capital includes the Special Rights Redeemable Preference Share of RM1.00. Refer to Note 26(a) of the financial statements for details of the terms and rights attached to the Special Rights Redeemable Preference Share.*

The notes on pages 157 to 242 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Loss before tax		**(169,788)**	(331,413)	**(276,378)**	(336,874)
Adjustments for:					
Amortisation of:					
- Government grant		**(1,510)**	(2,541)	**(1,510)**	(2,541)
- Intangible assets	14	**2,652**	5,126	**-**	-
Defined benefit obligations	29	**206**	77	**-**	-
Depreciation of property, plant and equipment	11	**123,332**	140,514	**90,631**	105,730
Depreciation of right-of-use assets	13	**76,502**	96,238	**51,267**	62,679
Recognition of expired postal orders	30(f)	**(15,807)**	-	**(15,807)**	-
Net loss/(gain) on impairment of financial instruments:					
- Financial assets at amortised cost	5	**3,664**	10,789	**(9,151)**	9,189
Net fair value gain of other investments:					
- Financial assets at fair value through profit or loss	5	**(566)**	(1,150)	**(2)**	(16)
Finance costs		**37,218**	45,029	**26,775**	17,959
Finance income		**(1,725)**	(2,119)	**(10,263)**	(10,564)
Net loss/(gain) on disposal of property, plant, and equipment		**88**	(377)	**74**	(66)
Change in fair value of investment properties	12	**360**	(1,760)	**-**	-
Net inventories written down	22	**(2,013)**	1,185	**159**	1,143
Impairment loss of:					
- Property, plant and equipment	11	**40,033**	57,220	**147,098**	22,696
- Right-of-use assets	13	**-**	1,751	**-**	1,751
- Intangible assets	14	**-**	11,553	**-**	-
- Investments in subsidiaries		**-**	-	**25,556**	24,330
Reversal of impairment loss of:					
- Property, plant and equipment	11	**(80)**	(4,079)	**-**	-
- Investment in subsidiaries	16	**-**	-	**-**	(7,200)
Write off of property, plant and equipment		**416**	524	**272**	495
Derecognition of right-of-use assets		**(267)**	(1,122)	**(68)**	(1,097)
Loss/(Gain) on remeasurement of lease liabilities		**139**	(1,052)	**-**	-
Zakat		**1,021**	858	**-**	-
Net unrealised foreign exchange loss		**2,910**	5,493	**4,635**	1,338
Share of loss/(profit) of an equity-accounted associate, net of tax		**556**	(3,336)	**-**	-
Operating profit/(loss) before changes in working capital		**97,341**	27,408	**33,288**	(111,048)
Change in inventories		**18**	2,458	**521**	1,571
Change in trade and other receivables and prepayment		**60,935**	50,736	**114,904**	60,221
Change in trade and other payables		**(113,868)**	(14,675)	**(112,931)**	60,259
Change in contract assets/liabilites		**1,676**	1,898	**-**	-
Cash generated from operations		**46,102**	67,825	**35,782**	11,003
Defined benefits paid	29	**(182)**	(201)	**-**	-
Tax paid		**(11,281)**	(17,826)	**(403)**	(1,138)
Tax refund		**14,507**	7,524	**7,780**	3,246
Interest paid		**(8,050)**	(19,982)	**(4,817)**	(4,607)
Zakat paid		**(674)**	(1,002)	**-**	-
Net cash from operating activities		**40,422**	36,338	**38,342**	8,504

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Finance income of financial assets calculated using the effective interest method that are at amortised cost		**1,725**	2,119	**10,263**	10,564
Proceeds from disposal of property, plant and equipment		**199**	415	**71**	66
Acquisition of property, plant and equipment		**(31,130)**	(41,746)	**(9,844)**	(34,171)
Net decrease in deposits pledged		**(9)**	(9)	**-**	-
Proceeds from redemption of fund investments		**2,669**	34,463	**(7)**	29,142
Settlement of advance from an associate		**-**	28,000	**-**	-
Receipt of capital contribution payment from an associate		**-**	4,160	**-**	-
Net cash (used in)/from investing activities		**(26,546)**	27,402	**483**	5,601
Cash flows from financing activities					
Drawdown on Islamic term loans		**62,000**	100,000	**62,000**	100,000
Drawdown on invoice financing		**81,778**	55,210	**-**	-
Interest paid		**(29,168)**	(25,047)	**(21,958)**	(13,352)
Repayment of hire purchase liabilities		**(1,003)**	(1,602)	**-**	-
Repayment of Islamic term loans		**(45,667)**	(78,441)	**(29,000)**	(63,250)
Repayment of revolving credits		**(4,500)**	(41,000)	**-**	(32,000)
Repayment of invoice financing		**(75,569)**	(45,539)	**-**	-
Repayment of lease liabilities		**(72,131)**	(74,552)	**(45,871)**	(48,972)
Movement in restricted cash		**1,452**	22,449	**1,423**	23,472
Net cash used in financing activities		**(82,808)**	(88,522)	**(33,406)**	(34,102)
Net (decrease)/increase in cash and cash equivalents		**(68,932)**	(24,782)	**5,419**	(19,997)
Effects of foreign currency translation		**(302)**	325	**-**	-
Cash and cash equivalents at beginning of year		**238,207**	262,664	**70,476**	90,473
Cash and cash equivalents at end of year		**168,973**	238,207	**75,895**	70,476

Cash outflows for leases as a lessee

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	5	**18,634**	14,728	**12,153**	13,709
Payment relating to low-value assets	5	**15,000**	16,290	**11,765**	12,767
Interest paid in relation to lease liabilities	5	**8,050**	19,982	**4,817**	4,607
Included in net cash from financing activities:					
Repayment of lease liabilities		**72,131**	74,552	**45,871**	48,972
Total cash outflows for leases		**113,815**	125,552	**74,606**	80,055

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

Group	**Lease liabilities RM'000**	**Hire purchase RM'000**	**Islamic term loans RM'000**	**Revolving credits RM'000**	**Invoice financing RM'000**	**Total RM'000**
At 1 January 2021	299,936	4,729	327,943	332,300	7,213	972,121
Net changes from financing cash flows:						
Acquisition of new leases	59,670	-	-	-	-	59,670
Remeasurement of lease liabilities	(93,659)	-	-	-	-	(93,659)
Termination of leases	(10,890)	-	-	-	-	(10,890)
Drawdown	-	-	100,000	-	55,210	155,210
Repayment	(74,552)	(1,602)	(78,441)	(41,000)	(45,539)	(241,134)
Reclassified to liabilities held for sale	50	-	-	-	-	50
Total net changes from financing cash flows	(119,381)	(1,602)	21,559	(41,000)	9,671	(130,753)
Effects of foreign currency translation	-	-	2,995	-	-	2,995
At 31 December 2021/1 January 2022	**180,555**	**3,127**	**352,497**	**291,300**	**16,884**	**844,363**
Net changes from financing cash flows:						
Acquisition of new leases	**17,848**	**-**	**-**	**-**	**-**	**17,848**
Remeasurement of lease liabilities	**20,950**	**-**	**-**	**-**	**-**	**20,950**
Termination of leases	**(13,240)**	**-**	**-**	**-**	**-**	**(13,240)**
Drawdown	**-**	**-**	**62,000**	**-**	**81,778**	**143,778**
Repayment	**(72,131)**	**(1,003)**	**(45,667)**	**(4,500)**	**(75,569)**	**(198,870)**
Reclassified to liabilities held for sale	**217**	**-**	**-**	**-**	**-**	**217**
Total net changes from financing cash flows	**(46,356)**	**(1,003)**	**16,333**	**(4,500)**	**6,209**	**(29,317)**
Effects of foreign currency translation	**-**	**-**	**3,445**	**-**	**-**	**3,445**
At 31 December 2022	**134,199**	**2,124**	**372,275**	**286,800**	**23,093**	**818,491**

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities (continued)

Company	**Lease liabilities RM'000**	**Islamic term loan RM'000**	**Revolving credits RM'000**	**Interest bearing debt from a subsidiary RM'000**	**Total RM'000**
At 1 January 2021	90,594	250,000	32,000	107,000	479,594
Net changes from financing cash flows:					
Acquisition of new leases	43,469	-	-	-	43,469
Remeasurement of lease liabilities	36,579	-	-	-	36,579
Termination of leases	(10,686)	-	-	-	(10,686)
Drawdown	-	100,000	-	-	100,000
Repayment	(48,972)	(63,250)	(32,000)	-	(144,222)
Total net changes from financing cash flows	20,390	36,750	(32,000)	-	25,140
At 31 December 2021/1 January 2022	**110,984**	**286,750**	**-**	**107,000**	**504,734**
Net changes from financing cash flows:					
Acquisition of new leases	**12,831**	**-**	**-**	**-**	**12,831**
Remeasurement of lease liabilities	**19,644**	**-**	**-**	**-**	**19,644**
Termination of leases	**(3,740)**	**-**	**-**	**-**	**(3,740)**
Drawdown	**-**	**62,000**	**-**	**-**	**62,000**
Repayment	**(45,871)**	**(29,000)**	**-**	**-**	**(74,871)**
Total net changes from financing cash flows	**(17,136)**	**33,000**	**-**	**-**	**15,864**
At 31 December 2022	**93,848**	**319,750**	**-**	**107,000**	**520,598**

The notes on pages 157 to 242 are an integral part of these financial statements.

Pos Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business	**Registered office**
Tingkat 2, Ibu Pejabat Pos	Tingkat 8, Ibu Pejabat Pos
Kompleks Dayabumi	Kompleks Dayabumi
50670 Kuala Lumpur	50670 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The principal activities of the Company during the financial year are to provide postal and its related services which include receiving and dispatching of postal articles, postal financial services, dealing in philatelic products and sale of postage stamps.

The principal activities of the subsidiaries are stated in Note 16.

The Company regarded DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. as its immediate and ultimate holding companies, respectively.

DRB-HICOM Berhad and Etika Strategi Sdn. Bhd. were incorporated in Malaysia. DRB-HICOM Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

These financial statements were authorised for issue by the Board of Directors on on 5 April 2023.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements –Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned relevant accounting standard and amendments, where applicable:

- from the annual period beginning on 1 January 2023 for those accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group and the Company; and

- from the annual period beginning on 1 January 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

During the previous financial year, the Group and the Company have early adopted the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*. The amendment extends the availability of the practical expedient provided in 2020 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes to the financial statements, and on a going concern basis despite the Group's and the Company's losses incurred during the financial year ended 31 December 2022 and as of that date, their net current liabilities positions.

The Directors have prepared and considered prospective financial information based on assumptions and events that may occur for the next 12 months from the date of the financial statements in evaluating the Group's and the Company's ability to continue as a going concern. Prospective financial information includes the Group's and the Company's cash flow forecasts for its operations.

In the preparation of the cash flow forecasts, the Directors have considered the following in their assessment of the going concern assumptions used in the preparation of financial statements: -

i. revenue growth based on historical information and expected growth rates of the relevant industry;
ii. cost rationalisation plan based on historical information and expected costs saving based on internal restructuring plans;
iii. roll over of revolving credit facilities; and
iv. financial support from key stakeholders to manage the cash flows requirements of the Group and the Company.

The Group and the Company also own unpledged properties that is available for resale. Should the need arise, the Group and the Company have opportunities to monetise these properties.

Accordingly, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate, based on the measures as disclosed above, to enable the Group and the Company to continue their operations and to meet their liabilities as they fall due for the next 12 months from the date of financial statements.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Impairment of goodwill on consolidation

The Group tests goodwill for impairment at least annually in accordance with its accounting policy as explained in Note 2(l)(ii).

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(ii) Impairment of investments in subsidiaries

The Company reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the greater of value-in-use or fair value less costs of disposal of the respective subsidiary.

The recoverable amount is the net present value of the projected future cash flows derived from the business operations of the respective subsidiary discounted at an appropriate discount rate. The discounted cash flows method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(iii) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Group and the Company review property, plant and equipment, right-of-use assets and intangible assets for impairment when there is an indication of impairment. The recoverable amounts were determined based on the greater of value-in-use or fair value less costs of disposal, where appropriate.

The Group's and the Company's recoverable amounts for the impairment review on relevant property, plant and equipment, right-of-use assets and intangible assets are respectively derived based on fair value less costs of disposal and net present value of the projected future cash flows derived from the economic useful life of the relevant property, plant and equipment, right-of-use assets and intangible assets discounted at an appropriate discount rate. The discounted cash flows method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the operations to which the assets are expected to be utilised.

1. **Basis of preparation (continued)**

(d) **Use of estimates and judgements (continued)**

(iv) **Measurement of expected credit loss (“ECL”)**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses. The expected credit losses are estimated using a provision matrix with reference to historical credit loss experience. Details of measurement of ECL are disclosed in Note 2(l)(i) to the financial statements.

(v) **Provisions for liabilities and claims**

Provision for liabilities and claims relates to provision made for losses, damages, expenses, costs and liabilities which the Group receives claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding the claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due process. Any revision in assumptions and estimates that causes a material effect to the estimation would be adjusted prospectively in the financial statements.

(vi) **Fair value of derivative financial assets and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting date.

(vii) **Determining the lease term of contracts with renewal and termination options**

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group and the Company include the renewal period as part of the lease term for leases of land and buildings and motor vehicles with shorter non-cancellable period. The Group and the Company typically exercise its option to renew for the leases because there will be a significant negative effect on the business if a replacement location and asset is not readily available.

(viii) **Determining the incremental borrowing rate of leases**

The Group and the Company apply judgement and assumptions in determining the incremental borrowing rate of its respective leases. The Group and the Company first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(ix) **Valuation of investment properties**

The Group estimates the fair values of its investment properties using investment and market comparison methods. The fair value of investment properties is determined by external independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent professional valuers provide the fair value of the Group’s investment properties portfolio annually. The principal assumptions underlying these valuations are further explained in Note 12.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(x) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 15.

(xi) Residual value of vessels

The Group reviews the residual value and the useful life of the vessels at least at the end of the reporting period, and adjusted as appropriate. A change in the vessel's residual value affects its depreciation expense. The residual value of the vessels was estimated with reference to latest market information and value estimated by its independent valuer, taking into consideration the age of the vessel upon the expiry date of the vessel contract. A change in the economic condition and expected level of usage of the vessels could impact its economic useful lives and the residual values, therefore future depreciation charges could be revised.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

In the previous year, the Group has applied the amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*, issued by MASB in April 2021. The amendment includes an optional practical expedient that simplifies how a lessee accounts for rent concessions, pursing as a direct consequence of Covid-19 pandemic. The initial application of the amendment to MFRS 16 did not have any material impact to the financial statements of the Group and of the Company as disclosed in Note 13.4 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2 (l)(i)).

Financial liabilities

Financial liabilities of the Group and the Company are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the year between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “other expenses” respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Building improvements and renovations	2 - 50 years
Plant and machinery, including ground handling equipment	10 - 20 years
Motor vehicles	5 - 10 years
Furniture and fittings, office and computer equipment	3 - 10 years
Vessels	9 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of lease

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (continued)

(e) Leases

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

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

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

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

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. Significant accounting policies (continued)

(e) Leases

(iii) Subsequent measurement

(a) As a lessee

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

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

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Rent concession

Based on the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*, practical expedients can be applied to eligible rent concessions where they need not be accounted for as a lease modification, if they occur as a direct consequence of the Covid-19 pandemic. The Group and the Company negotiated rent concessions with its landlords for several of its retail outlet leases as a result of the impact of the Covid-19 pandemic in the prior year. The Group and the Company applied the practical expedient for Covid-19-related rent concessions consistently to eligible rent concessions relating to its retail outlet leases.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(f) Intangible asset

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Contracts

Contracts, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Contracts are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective contracts.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. **Significant accounting policies (continued)**

(g) **Investment properties**

(i) **Investment properties carried at fair value**

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) **Reclassification to/from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) **Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(i) Assets held for sale

Assets and liabilities held for sale comprising assets and liabilities that are expected to be recovered primarily through sale, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on an asset held for sale is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held off sale are not amortised or depreciated.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and short term highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of deposits pledged, bank overdrafts, restricted cash and cash held for the purpose of collections on behalf of agency payables and money order payables.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to recovery activities in order to comply with the Group's or the Company's procedures for the recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit and loss as accrued.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to Employees' Provident Fund are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation result in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefits payments.

2. Significant accounting policies (continued)

(n) Employee benefits (continued)

(iii) Defined benefit plans (continued)

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group or the Company can no longer withdraw the offer of those benefits and when the Group or the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue from services rendered such as postal services, courier, international business, cargo and ground handling, in-flight catering, aircraft maintenance and engineering services to inbound and outbound commercial airlines, air cargo transportation, provision of logistics services, inventory solutions and transportation and storage services when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Safekeeping fee income

Safekeeping fee income of the Ar-Rahnu operations is recognised as it accrues using the effective interest method in profit or loss.

(iii) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

2. Significant accounting policies (continued)

(p) Revenue and other income (continued)

(iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group and the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(v) Dividend income

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

(vi) Interest income

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

(q) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

(r) Zakat

This represents business zakat. Zakat expense is calculated based on certain percentage of the net current asset. Zakat is recognised as other expenses in profit or loss.

(s) Tax expense

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Significant accounting policies (continued)

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(w) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Vesting of business

On 1 January 1992, all property, rights and liabilities, other than land and buildings and certain assets, to which Jabatan Perkhidmatan Pos Malaysia ("JPPM") was entitled or subject to immediately before that vesting date, became the property, rights and liabilities of the Company by virtue of Section 3 of the Postal Services (Successor Company) Act 1991. The value of assets and the amount of liabilities of JPPM transferred to and vested in the Company were those stated in the financial statements of JPPM as at 31 December 1991. In accordance with Section 7(4) of the said Act, for the purposes of any statutory financial statements of the Group and of the Company, the amount to be included in respect of any item shall be determined as if anything done by JPPM whether by way of acquiring, revaluing or disposing of any assets or incurring, revaluing or discharging any liability, or by carrying any amount to any provision of reserve, or otherwise, had been done by the Company.

4. Revenue

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Revenue from contracts with customers	**1,902,664**	2,134,886	**1,230,276**	1,515,553
Other revenue				
Ar-Rahnu financing	**45,035**	41,059	**-**	-
Rental income	**13,108**	18,078	**-**	-
	1,960,807	2,194,023	**1,230,276**	1,515,553

4.1 Disaggregation of revenue

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Revenue by service:				
Postal	**1,238,212**	1,520,375	**1,230,276**	1,515,553
Aviation	**242,641**	198,845	**-**	-
Logistics	**335,573**	345,888	**-**	-
Other services	**86,238**	69,778	**-**	-
	1,902,664	2,134,886	**1,230,276**	1,515,553
Revenue by major products:				
Mail products	**569,906**	514,668	**569,906**	514,795
Courier products	**369,889**	723,987	**361,953**	716,941
Retail business	**148,850**	137,736	**148,850**	139,436
Digital products and services	**31,828**	27,928	**-**	-
Ar-Rahnu business	**41,662**	28,285	**-**	-
Printing, insertion and office solutions	**12,748**	13,565	**-**	-
International business	**149,567**	143,984	**149,567**	144,381
Automotive and project logistics	**282,692**	221,415	**-**	-
Haulage and freight forwarding	**40,291**	114,695	**-**	-
Agent for port customs clearance	**12,590**	9,778	**-**	-
In-flight catering and cargo handling	**156,596**	108,463	**-**	-
Airport services	**86,045**	90,382	**-**	-
	1,902,664	2,134,886	**1,230,276**	1,515,553
Timing of recognition				
At a point in time	**1,574,566**	1,789,691	**1,230,276**	1,515,553
Over time	**328,098**	345,195	**-**	-
	1,902,664	2,134,886	**1,230,276**	1,515,553

4. Revenue (continued)

4.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

<table>
<tr><th>Nature of goods or services</th><th>Timing of recognition or method used to recognise revenue</th><th>Significant payment terms</th></tr>
<tr><td>Mail and courier products</td><td rowspan="6">Revenue is recognised net of discounts as and when the services are rendered and goods are delivered to customers.</td><td rowspan="6">Payment for the products sold and services rendered should be made by cash or within the stipulated credit term.</td></tr>
<tr><td>Digital products</td></tr>
<tr><td>Printing, insertion and office solutions</td></tr>
<tr><td>International business</td></tr>
<tr><td>In-flight catering and cargo handling and airport services</td></tr>
<tr><td>Agent for port customs clearance</td></tr>
<tr><td>Retail business</td><td>Revenue is recognised net of discounts as and when the services are rendered and goods are delivered to customers.</td><td>Payment for the products sold and services rendered should be made by cash.</td></tr>
<tr><td>Digital services</td><td>Revenue is recognised over time when services are rendered to customers.</td><td rowspan="4">Payment for the services rendered should be made by cash or within the stipulated credit term.</td></tr>
<tr><td>Ar-Rahnu business</td><td>Revenue is recognised at predetermined rates upon sale or purchase of gold items to or by customers.</td></tr>
<tr><td>Automotive and project logistics</td><td>Revenue is recognised over time as and when the logistics services, storage and inventory solutions services are rendered over the performance of the service.</td></tr>
<tr><td>Haulage and freight forwarding</td><td>Revenue is recognised over time as and when the transportation services are rendered using the cost incurred method.</td></tr>
</table>

The revenue derived for the sales of goods and services are predominantly from the operations in Malaysia.

4. Revenue (continued)

4.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group 2022	**2023 RM'000**	**2024 RM'000**	**Total RM'000**
Haulage and freight forwarding	610	-	610

2021	**2022 RM'000**	**2023 RM'000**	**Total RM'000**
Haulage and freight forwarding	10,223	610	10,833

The above revenue does not include variable consideration whereby price is based on fixed contracted rates as per contract terms.

There is no obligation for returns or refunds nor warranty in the provision of the goods and services by the Group and the Company.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

5. Loss before taxation

		Group		**Company**	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Loss before taxation is arrived at after charging/(crediting):					
Auditors' remuneration					
- Statutory audit fees					
- KPMG Malaysia					
- Current year		**1,179**	1,179	**410**	410
- Other auditor		**5**	5	**-**	-
- Other audit fees					
- KPMG Malaysia		**550**	550	**550**	550
- Non-audit fees					
- KPMG Malaysia		**239**	234	**39**	34

5. Loss before taxation (continued)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before taxation is arrived at after charging/(crediting) (continued):					
Material expenses/(income)					
Depreciation of property, plant and equipment	11	**123,332**	140,514	**90,631**	105,730
Depreciation of right-of-use assets	13	**76,502**	96,238	**51,267**	62,679
Amortisation of intangible assets	14	**2,652**	5,126	**-**	-
Defined benefits obligation	29	**206**	77	**-**	-
Finance costs	5.2	**37,218**	45,029	**26,775**	17,959
Impairment loss of:					
- property, plant and equipment	11	**40,033**	57,220	**147,098**	22,696
- right-of-use assets	13	**-**	1,751	**-**	1,751
- investments in subsidiaries		**-**	-	**25,556**	24,330
- intangible assets	14	**-**	11,553	**-**	-
Recognition of expired postal orders		**(15,807)**	-	**(15,807)**	-
Net inventories written (back)/down	22	**(2,013)**	1,185	**159**	1,143
Net realised foreign exchange loss		**4,262**	922	**4,241**	501
Operating license fee		**7,020**	8,442	**6,179**	7,591
Property, plant and equipment written off		**416**	524	**272**	495
Staff costs (excluding key management personnel)					
- Mutual separation scheme		**-**	75,057	**-**	74,890
- Salaries, bonuses and allowances		**771,257**	853,535	**571,774**	681,723
- Contributions to Employees' Provident Fund		**90,158**	101,922	**70,315**	82,523
Net unrealised foreign exchange loss		**2,910**	5,493	**4,635**	1,338
Rent concession	13.4	**75**	181	**75**	181
Amortisation of government grants					
- related to operating expense	30(g)	**(18)**	(220)	**(18)**	(220)
- related to assets	30(g)	**(1,492)**	(2,321)	**(1,492)**	(2,321)
Change in fair value of investment properties	12	**360**	(1,760)	**-**	-
Derecognition of right-of-use assets		**(267)**	(1,122)	**(68)**	(1,097)
Loss/(Gain) on remeasurement of lease liabilities		**139**	(1,052)	**-**	-
Finance income of financial assets calculated using the effective interest method that are at amortised cost		**(1,725)**	(2,119)	**(10,263)**	(10,564)
Net fair value gain of other investments:					
- Financial assets at fair value through profit or loss		**(566)**	(1,150)	**(2)**	(16)
Net loss/(gain) on disposal of property, plant and equipment		**88**	(377)	**74**	(66)
Rental income:					
- Investment properties	12	**(1,031)**	(1,014)	**-**	-
Operating lease other than those relating to investment properties	11.3	**(16,878)**	(19,838)	**(2,186)**	(2,630)
Reversal of impairment loss of					
- Property, plant and equipment	11	**(80)**	(4,079)	**-**	-
- Investment in subsidiaries		**-**	-	**-**	7,200
Reversal of provision of claims and liabilities	30(h)	**(5,480)**	(12,671)	**-**	-
Share of loss/profit of an equity-accounted associate, net of tax	17	**556**	(3,336)	**-**	-
Expenses arising from leases					
Expenses relating to short-term leases	5.3	**18,634**	14,728	**12,153**	13,709
Expenses relating to low-value assets	5.3	**15,000**	16,290	**11,765**	12,767

5. Loss before taxation (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net loss/(gain) on impairment of financial instruments and contract assets:					
- Trade receivables and contract assets		**8,881**	10,590	**(3,934)**	8,988
- Other receivables		**204**	199	**204**	201
- Write back of trade receivables		**(5,421)**	-	**(5,421)**	-
		3,664	10,789	**(9,151)**	9,189

5.1 Included in loss for the year is zakat assessment as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Zakat assessment based on net current assets	**1,021**	858	**-**	-

5.2 Included in loss for the year is finance costs as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Finance costs of financial liabilities that are measured at amortised cost	**29,168**	25,047	**21,958**	13,352
Interest expense on lease liabilities	**8,050**	19,982	**4,817**	4,607
	37,218	45,029	**26,775**	17,959

5.3 Expenses arising from leases

The Group and the Company lease machineries and office equipment with contract terms of less than 1 year. These leases are short term in nature and the Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group and the Company lease computer and office equipment with contract terms of 1 to 3 years. These leases are low-value items in nature and the Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

6. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Directors				
- Fees	**835**	836	**835**	836
- Remuneration	**178**	233	**178**	233
	1,013	1,069	**1,013**	1,069
Other key management personnel				
- Remuneration	**8,066**	11,477	**6,097**	8,957

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. These persons are the Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Transformation and Digital Officer, Group Chief Customer Officer, Group Chief People Officer, Group Chief Commercial Officer, Chief Executive Officer, Chief Executive Officers of subsidiaries, Group heads and heads of division.

7. Taxation

Recognised in profit or loss

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Income taxation				
Malaysian - current year	**10,198**	8,564	**-**	-
- prior years	**(86)**	(1,519)	**-**	-
Total current tax recognised in profit or loss	**10,112**	7,045	**-**	-
Deferred taxation				
Reversal of temporary differences	**(10,452)**	(5,275)	**-**	-
Under provision in prior years	**(1,778)**	2,549	**-**	-
Total deferred tax recognised in profit or loss	**(12,230)**	(2,726)	**-**	-
Total taxation	**(2,118)**	4,319	**-**	-

7. Taxation

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Reconciliation of taxation				
Loss before taxation	**(169,788)**	(331,413)	**(276,378)**	(336,874)
Income tax calculated using Malaysian tax rate of 24%	**(40,749)**	(79,539)	**(66,331)**	(80,850)
Non-deductible expenses	**6,890**	60,380	**50,826**	51,344
Non-taxable income	**(1,734)**	(6,870)	**(7,543)**	(59)
Net effect of unrecognised deferred tax assets	**35,339**	29,318	**23,048**	29,565
	(254)	3,289	**-**	-
(Under)/Over provision in prior years	**(1,864)**	1,030	**-**	-
	(2,118)	4,319	**-**	-

8. Other comprehensive income

Group	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2022			
Item that is or may be reclassified subsequently to profit or loss			
Currency translation differences for foreign operations	**2,320**	**-**	**2,320**
2021			
Item that is or may be reclassified subsequently to profit or loss			
Currency translation differences for foreign operations	3,935	-	3,935

9. Loss per ordinary share

Basic and diluted loss per ordinary share

The calculation of basic and diluted loss per ordinary share was based on the attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group 2022	Group 2021
Loss for the year attributable to ordinary shareholders (RM'000)	**(167,670)**	(335,732)
Weighted average number of ordinary shares at year end ('000)	**782,777**	782,777
Basic and diluted loss per ordinary share (sen)	**(21.4)**	(42.9)

10. Dividends

No dividend was paid or declared in the current and previous financial year. The Directors do not recommend any dividend to be paid for the financial year ended 31 December 2022.

11. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2021	130,686	268,446	599,732	338,028	487,664	614,627	151,713	30,703	2,621,599
Additions	-	-	11,356	4,129	1,062	8,079	980	16,140	41,746
Disposals	-	-	-	-	(2,994)	(781)	-	-	(3,775)
Written off	-	-	(1,072)	(2,361)	(224)	(1,589)	-	-	(5,246)
Transfer to assets held for sale	-	-	-	-	-	(21)	-	-	(21)
Transfers	-	-	2,447	(216)	-	13,698	-	(15,929)	-
Reclass from right-of-use assets	-	3,107	-	-	-	-	-	-	3,107
Effect of movements in exchange rates	(1,250)	(1,616)	5	-	(14)	(21)	6,058	-	3,162
At 31 December 2021/ 1 January 2022	**129,436**	**269,937**	**612,468**	**339,580**	**485,494**	**633,992**	**158,751**	**30,914**	**2,660,572**
Additions	**-**	**163**	**7,338**	**2,620**	**1,255**	**5,488**	**12,231**	**2,035**	**31,130**
Disposals	**-**	**-**	**(3,294)**	**(15,861)**	**(1,637)**	**(10,273)**	**-**	**-**	**(31,065)**
Written off	**-**	**-**	**(735)**	**(42,479)**	**(7,345)**	**(3,242)**	**-**	**(22,460)**	**(76,261)**
Transfers	**-**	**-**	**846**	**(1,127)**	**-**	**7,044**	**-**	**(6,763)**	**-**
Effect of movements in exchange rates	**314**	**416**	**8**	**-**	**3**	**13**	**8,633**	**-**	**9,387**
At 31 December 2022	**129,750**	**270,516**	**616,631**	**282,733**	**477,770**	**633,022**	**179,615**	**3,726**	**2,593,763**
Depreciation and impairment loss									
At 1 January 2021									
Accumulated depreciation	-	119,897	402,127	145,599	405,293	459,197	27,693	-	1,559,806
Accumulated impairment loss	-	9,224	203	9,974	2,360	951	4,626	22,511	49,849
	-	129,121	402,330	155,573	407,653	460,148	32,319	22,511	1,609,655
Depreciation for the year	-	6,281	43,680	21,828	19,673	44,907	4,145	-	140,514
Disposals	-	-	-	-	(2,954)	(781)	-	-	(3,735)
Written off	-	-	(715)	(2,351)	(224)	(1,432)	-	-	(4,722)
Reclass from right-of-use assets	-	1,664	-	-	-	-	-	-	1,664
Impairment loss for the year	-	3,692	3,381	40,799	654	8,694	-	-	57,220
Reversal of impairment loss for the year	-	-	-	-	-	-	(4,079)	-	(4,079)
Effect of movements in exchange rates:									
Accumulated depreciation	-	(1,617)	1	-	(14)	(24)	1,130	-	(524)
Accumulated impairment loss	-	-	-	-	-	-	160	-	160
	-	(1,617)	1	-	(14)	(24)	1,290	-	(364)
At 31 December 2021/ 1 January 2022									
Accumulated depreciation	-	126,225	445,093	165,076	421,774	501,867	32,968	-	1,693,003
Accumulated impairment loss	-	12,916	3,584	50,773	3,014	9,645	707	22,511	103,150
	-	139,141	448,677	215,849	424,788	511,512	33,675	22,511	1,796,153

11. Property, plant and equipment (continued)

Group	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (continued)									
Depreciation for the year	-	3,638	34,804	17,626	22,878	37,631	6,755	-	123,332
Disposals	-	-	(3,282)	(15,787)	(1,636)	(10,073)	-	-	(30,778)
Write off	-	-	(702)	(10,206)	(7,345)	(3,187)	-	-	(21,440)
Reclass from right-of-use assets	-	1,661	-	-	-	-	-	-	1,661
Impairment loss for the year	34,133	-	165	-	3,834	1,901	-	-	40,033
Reversal of impairment loss	-	-	-	(80)	-	-	-	-	(80)
Impairment loss written off	-	-	-	(32,132)	-	-	-	(22,273)	(54,405)
Effect of movements in exchange rates:									
Accumulated depreciation	-	414	3	-	3	11	1,791	-	2,222
Accumulated impairment loss	-	-	-	-	-	-	39	-	39
At 31 December 2022									
Accumulated depreciation	**-**	**131,938**	**475,916**	**156,709**	**435,674**	**526,249**	**41,514**	**-**	**1,768,000**
Accumulated impairment loss	**34,133**	**12,916**	**3,749**	**18,561**	**6,848**	**11,546**	**746**	**238**	**88,737**
	34,133	**144,854**	**479,665**	**175,270**	**442,522**	**537,795**	**42,260**	**238**	**1,856,737**
Carrying amounts									
At 1 January 2021	**130,686**	**139,325**	**197,402**	**182,455**	**80,011**	**154,479**	**119,394**	**8,192**	**1,011,944**
At 31 December 2021/ 1 January 2022	**129,436**	**130,796**	**163,791**	**123,731**	**60,706**	**122,480**	**125,076**	**8,403**	**864,419**
At 31 December 2022	**95,617**	**125,662**	**136,966**	**107,463**	**35,248**	**95,227**	**137,355**	**3,488**	**737,026**

Certain buildings had been reclassified from right-of-use assets to property, plant and equipment in the current and previous financial year.

11. Property, plant and equipment (continued)

Company	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2021	72,528	63,910	528,374	177,989	275,088	513,592	24,445	1,655,926
Additions	-	-	10,816	1,893	3	7,014	14,445	34,171
Disposals	-	-	-	-	(324)	(38)	-	(362)
Write off	-	-	(1,048)	-	(224)	(1,572)	-	(2,844)
Transfers	-	-	2,447	(216)	-	13,698	(15,929)	-
Reclass from right-of-use assets	-	3,107	-	-	-	-	-	3,107
At 31 December 2021/ 1 January 2022	**72,528**	**67,017**	**540,589**	**179,666**	**274,543**	**532,694**	**22,961**	**1,689,998**
Additions	**-**	**-**	**3,444**	**-**	**-**	**3,200**	**3,200**	**9,844**
Disposals	**-**	**-**	**-**	**(15,861)**	**-**	**(1,213)**	**-**	**(17,074)**
Write off	**-**	**-**	**(724)**	**(89)**	**(7,248)**	**(1,805)**	**(22,460)**	**(32,326)**
Transfers	**-**	**-**	**645**	**-**	**-**	**2,413**	**(3,058)**	**-**
At 31 December 2022	**72,528**	**67,017**	**543,954**	**163,716**	**267,295**	**535,289**	**643**	**1,650,442**
Depreciation and impairment loss								
At 1 January 2021								
Accumulated depreciation	-	11,117	355,207	59,293	246,201	368,510	-	1,040,328
Accumulated impairment loss	-	-	192	3,867	-	39	22,511	26,609
	-	11,117	355,399	63,160	246,201	368,549	22,511	1,066,937
Depreciation for the year	-	632	38,067	13,558	13,885	39,588	-	105,730
Disposals	-	-	-	-	(324)	(38)	-	(362)
Write off	-	-	(709)	-	(221)	(1,419)	-	(2,349)
Reclass from right-of-use assets	-	1,664	-	-	-	-	-	1,664
Impairment loss for the year	-	3,692	2,497	7,865	-	8,642	-	22,696
At 31 December 2021/ 1 January 2022								
Accumulated depreciation	**-**	**13,413**	**392,565**	**72,851**	**259,541**	**406,641**	**-**	**1,145,011**
Accumulated impairment loss	**-**	**3,692**	**2,689**	**11,732**	**-**	**8,681**	**22,511**	**49,305**
	-	**17,105**	**395,254**	**84,583**	**259,541**	**415,322**	**22,511**	**1,194,316**

11. Property, plant and equipment (continued)

Company	Freehold land RM'000	Buildings RM'000	Building improvements and renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings, office and computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss (continued)								
Depreciation for the year	-	1,227	29,767	13,589	12,003	34,045	-	90,631
Disposals	-	-	-	(15,786)	-	(1,143)	-	(16,929)
Write off	-	-	(691)	(89)	(7,248)	(1,753)	-	(9,781)
Reclass from right-of-use assets	-	1,661	-	-	-	-	-	1,661
Impairment loss for the year	-	-	56,001	43,113	-	47,984	-	147,098
Impairment loss written off	-	-	-	-	-	-	(22,273)	(22,273)
At 31 December 2022								
Accumulated depreciation	-	16,301	421,641	70,565	264,296	437,790	-	1,210,593
Accumulated impairment loss	-	3,692	58,690	54,845	-	56,665	238	174,130
	-	19,993	480,331	125,410	264,296	494,455	238	1,384,723
Carrying amounts								
At 1 January 2021	72,528	52,793	172,975	114,829	28,887	145,043	1,934	588,989
At 31 December 2021/ 1 January 2022	72,528	49,912	145,335	95,083	15,002	117,372	450	495,682
At 31 December 2022	72,528	47,024	63,623	38,306	2,999	40,834	405	265,719

Certain buildings had been reclassified from right-of-use assets to property, plant and equipment in the current and previous financial year.

11. Property, plant and equipment (continued)

Depreciation for the financial year has been allocated as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of property, plant and equipment	**121,822**	137,973	**89,121**	103,189
Other income*	**1,510**	2,541	**1,510**	2,541
	123,332	140,514	**90,631**	105,730

* Depreciation has been netted off against other income as the assets purchased were financed by government grant received by the Group and the Company.

11.1 Hire purchase and loan arrangements

The net carrying amounts of plant and equipment under hire purchase and loan arrangements are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Motor vehicles	**2,577**	14,330	**-**	-
Vessels	**121,627**	118,913	**-**	-

11.2 Pledged as banking facilities

The net carrying amounts of properties, plant and equipment of the Group pledged as security for banking facilities granted to the Group (as disclosed in Note 28 (b) and (c) are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Land and buildings	**98,149**	-	**98,149**	-
Plant and machinery	**1,607**	3,117	**-**	-
Vessels	**121,627**	118,913	**-**	-

11.3 Property, plant and equipment subject to operating lease

The Group and the Company lease some of its property, plant and equipment to third parties. Lease contracts are typically made for fixed years of 1 to 3 years, but may have extension options. Subsequent renewals are negotiated with the lessee.

The following are recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease income	**16,878**	19,838	**2,186**	2,630

11. Property, plant and equipment (continued)

11.3 Property, plant and equipment subject to operating lease (continued)

The operating lease payments to be received are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Less than one year	**10,263**	9,546	**692**	2,286
One to two years	**6,153**	2,498	**-**	138
Two to three years	**141**	-	**-**	-
Total undiscounted lease payments	**16,557**	12,044	**692**	2,424

11.4 Impairment of property, plant and equipment

As at 31 December 2022, the property, plant and equipment of postal, logistics and aviation segments were tested for impairment due to impairment indicators noted, where losses were recorded for the current financial year. The recoverable amounts of the postal, logistics and aviation segments' property, plant and equipment were based on the higher of value-in-use or fair value less costs of disposal.

- Postal segment: The recoverable amounts of both of the Group and Company cash generating unit ("CGU") are based on fair value less costs of disposal method.
- Logistics segment: The recoverable amount of the segment is based on fair value less costs of disposal method.
- Aviation segment: The recoverable amount of the segment is based on value-in-use method.

Postal and Logistics segments

Fair value information

Fair value of properties and motor vehicles are categorised as a Level 3 fair value based on inputs in the valuation techniques used.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the properties and motor vehicles.

The following table shows the valuation technique used in the determination of fair values within Level 3 as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of all properties and motor vehicles based on the following key assumptions: • Comparison of the Group's properties with similar properties that were listed for sale within the same locality or other comparable localities; • Comparison of the Group's motor vehicles with market value of similar model, manufacturing year and specification; and • Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.	• Market price of property in vicinity compared; and • Market value of comparable motor vehicle which includes the model, manufacturing year and specification.	• The estimated fair value would increase/(decrease) if market prices of property were higher/(lower); or • The estimated fair value would increase/ (decrease) if market value of motor vehicle were higher/(lower).

11. Property, plant and equipment (continued)

11.4 Impairment of property, plant and equipment (continued)

Postal and Logistics segments (continued)

Fair value information (continued)

Valuation processes applied by the Group for Level 3 fair value

The fair value of properties are determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's properties portfolio annually. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

The fair value of motor vehicles are based on market value of comparable motor vehicles obtained from various sources, which includes market value from Automotive Business Intelligence database and various trading platforms. Certain market value obtained from trading platforms have been adjusted for differences in key attributes such as model , manufacturing year and specification.

The recoverable amounts of the property, plant and equipment were higher than their carrying amounts except for Postal segment Company CGU and Logistics segment CGU of which impairment losses amounting to RM145,073,000 and RM34,133,000 are recognised based on its respective recoverable amounts during the financial year ended 31 December 2022.

Aviation segment

For value-in-use method, cash flow projections were prepared based on financial budgets which cover a period of 5 years (2021: 5 years), and applying a terminal value based on the remaining useful life of the respective property, plant and equipment.

The calculation of value-in-use for the property, plant and equipment of Aviation segment is most sensitive to the following assumptions:

(i) Projected gross margins – projected gross margin reflects the average historical gross margin adjusted for projected market and economic conditions and internal resource efficiency.

(ii) Discount rate (approximately 11%) (2021: approximately 12%) – discount rate reflects management's estimate of the risks specific to these segments. In determining the appropriate discount rate, consideration has been given to the applicable weighted average rate of return of the CGU's property, plant and equipment.

(iii) Growth rates (approximately 1%) (2021: approximately 1%) – the forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

(iv) Revenue growth – the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.

The recoverable amounts of the property, plant and equipment were higher than their carrying amounts.

11. Property, plant and equipment (continued)

11.4 Impairment of property, plant and equipment (continued)

Sensitivity to changes in assumptions

A 1% change in discount rate and terminal growth rate would decrease the recoverable amounts of the CGU as follows:

	Aviation RM'000
Group	
Decrease in recoverable amounts	
Increase in discount rate (1% movement)	2,077
Decrease in terminal growth rate (1% movement)	384

Other impairment losses

During the financial year, management had carried out a review on the conditions of property, plant and equipment, and specific impairment had been made on property, plant and equipment, as follows:

(i) Postal segment
Certain computer equipment of the postal segment of the Group and Company were impaired as the carrying amounts were stated in excess of their recoverable amounts. Impairment losses of RM2,025,000 (2021: RM22,696,000 on certain buildings, building improvements, plant and machinery and computer equipment) were recognised mainly due to the conditions of those assets.

(ii) Aviation segment
In the previous financial year, impairment loss of RM31,744,000 was recognised in relation to property, plant and equipment located at a leased space in an air cargo terminal of which the aviation segment has exited its business (KLIA Air Cargo Terminal 1 ("KACT1")) and it was written off during the year.

(iii) Logistics segment
During the financial year, management had carried out a review on the conditions of property, plant and equipment, and specific impairment had been made on property, plant and equipment of RM3,710,000 (2021: RM624,000).

In the previous financial year, the Group assessed the recoverable amount of the vessels. Reversals of part of the initially recognised impairment loss of RM4,079,000 was made.

(iv) Other segment
Impairment loss of RM85,000 (2021: RM2,155,000) was recognised in relation to plant and machinery of the printing and insertion business of the Group as the carrying amounts were stated in excess of their recoverable amounts.

The impairment loss and reversal of impairment loss of property, plant and equipment were recognised in other expense and other income respectively.

11. Property, plant and equipment (continued)

11.5 Change in residual value

During the year, the Group conducted a review of its residual value of the motor vehicles with reference to the latest market information and value quoted by an external vendor. As a result, the estimated residual value of the motor vehicles decreased. The effect of these changes on depreciation expenses, in the current and future periods as follows:

	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Later RM'000
Increase in depreciation expense	**4,883**	479	448	2	-

In the previous year, the Group conducted a review of its residual value of the vessels with reference to the latest market information and value estimated by its independent valuer, taking into consideration the age of the vessel upon the expiry date of the vessel contract. As a result, the estimated residual value of the vessels increased. The effect of these changes on depreciation expense, in the current and future periods as follows:

	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	Later RM'000
Decrease in depreciation expense	**529**	529	529	529	353

11.6 Land and buildings

The title deeds for certain landed properties with net carrying amounts of RM RM1,172,000 (2021: RM1,196,000) have yet to be issued in the name of the Company as at 31 December 2022 by the relevant authorities.

12. Investment properties

	Group	
	2022 RM'000	2021 RM'000
At beginning of year	**40,810**	39,050
Change in fair value recognised in profit or loss	**(360)**	1,760
At end of year	**40,450**	40,810
Included in the above are:		
At fair value		
Freehold land and buildings	**15,920**	15,920
Leasehold land and buildings with unexpired lease period of more than 50 years	**24,530**	24,890
	40,450	40,810

Investment properties comprise a number of commercial properties that are leased to third parties and several pieces of vacant land.

12. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Lease income	**1,031**	1,014
Direct operating expenses:		
- income generating investment properties	**(499)**	(440)

12.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Less than one year	**520**	367
One to two years	**128**	170
Total undiscounted lease payments	**648**	537

12.2 Fair value information

Fair value of investment properties are categorised as a Level 3 fair value based on inputs in the valuation techniques used.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation technique used in the determination of fair values within Level 3 as well as the significant unobservable inputs used in the valuation models.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
The Group estimates the fair value of all investment properties based on the following key assumptions: • Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and • Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.	• Market price of property in vicinity compared.	• The estimated fair value would increase/ (decrease) if market prices of property were higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment properties portfolio annually. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

13. Right-of-use assets

The Group and the Company have leases for land, buildings, plant and machineries, motor vehicles and office equipment. Lease contracts are typically made for fixed years of 1 to 30 years, but may have extension options.

With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the statements of financial position as right-of-use assets and lease liabilities.

Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term.

The carrying amounts of right-of-use assets are recognised and the movement during the year are shown as follows:

	Land and buildings RM'000	Office equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Group					
At 1 January 2022	**318,983**	**3,070**	**11,159**	**28,386**	**361,598**
Additions	**15,947**	**-**	**1,901**	**-**	**17,848**
Remeasurement of lease liabilities	**10,835**	**-**	**-**	**9,976**	**20,811**
Depreciation	**(48,682)**	**(2,456)**	**(3,512)**	**(21,852)**	**(76,502)**
Derecognition	**(3,472)**	**-**	**-**	**-**	**(3,472)**
Reclassified to property, plant and equipment	**1,661**	**-**	**-**	**-**	**1,661**
At 31 December 2022	**295,272**	**614**	**9,548**	**16,510**	**321,944**
Cost	525,925	4,844	22,660	99,097	652,526
Accumulated depreciation	(228,902)	(4,230)	(13,112)	(82,587)	(328,831)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	295,272	614	9,548	16,510	321,944
1 January 2021	472,288	5	13,669	17,958	503,920
Additions	53,663	4,789	1,218	-	59,670
Remeasurement of lease liabilities	(124,784)	36	-	32,141	(92,607)
Depreciation	(69,274)	(1,760)	(3,547)	(21,657)	(96,238)
Derecognition	(9,531)	-	(181)	(56)	(9,768)
Impairment loss	(1,751)	-	-	-	(1,751)
Reclassified to property, plant and equipment	(1,443)	-	-	-	(1,443)
Reclassified to assets held for sale	(185)	-	-	-	(185)
At 31 December 2021	318,983	3,070	11,159	28,386	361,598
Cost	500,954	4,844	20,759	89,121	615,678
Accumulated depreciation	(180,220)	(1,774)	(9,600)	(60,735)	(252,329)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	318,983	3,070	11,159	28,386	361,598

13. Right-of-use assets (continued)

	Land and buildings RM'000	Office equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Company					
At 1 January 2022	**150,612**	**3,070**	**872**	**27,665**	**182,219**
Additions	**10,930**	**-**	**1,901**	**-**	**12,831**
Remeasurement of lease liabilities	**13,574**	**-**	**-**	**6,070**	**19,644**
Depreciation	**(26,198)**	**(2,456)**	**(1,198)**	**(21,415)**	**(51,267)**
Derecognition	**(3,672)**	**-**	**-**	**-**	**(3,672)**
Reclassified to property, plant and equipment	**1,661**	**-**	**-**	**-**	**1,661**
At 31 December 2022	**146,907**	**614**	**1,575**	**12,320**	**161,416**
Cost	281,402	4,844	3,811	93,280	383,337
Accumulated depreciation	(132,744)	(4,230)	(2,236)	(80,960)	(220,170)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	146,907	614	1,575	12,320	161,416
At 1 January 2021	160,342	5	296	16,989	177,632
Additions	37,462	4,789	1,218	-	43,469
Remeasurement of lease liabilities	4,597	36	-	31,946	36,579
Depreciation	(39,242)	(1,760)	(461)	(21,216)	(62,679)
Derecognition	(9,354)	-	(181)	(54)	(9,589)
Impairment loss	(1,751)	-	-	-	(1,751)
Reclassified to property, plant and equipment	(1,442)	-	-	-	(1,442)
At 31 December 2021	150,612	3,070	872	27,665	182,219
Cost	258,909	4,844	1,910	87,210	352,873
Accumulated depreciation	(106,546)	(1,774)	(1,038)	(59,545)	(168,903)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	150,612	3,070	872	27,665	182,219

13.1 Land and buildings

(i) The Government leasehold land and buildings of the Group and of the Company are for a lease period of sixty (60) years commencing from 1 January 1992, with the vesting date as stated in Note 3 to the financial statements.

The Government leasehold land and buildings of the Group and Company for the first thirty (30) years as stipulated in the agreement signed between the Company and the Government has expired on 31 December 2021.

During the financial year, both the Government and the Company have agreed the rates of the Government leasehold land and buildings of the Company for the next thirty (30) years commencing 1 January 2022. The rates of the Government leasehold land is variable and subject to the performance of individual post offices located on the Government leasehold land.

13. Right-of-use assets (continued)

13.2 Extension options

Some lease contracts contain extension options exercisable only by the Group or the Company before the end of the non-cancellable contract period. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

13.3 Significant judgements and assumptions in relation to lease

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

13.4 Rent concession

The Group and the Company negotiated rent concessions with its landlords for the majority of its retail outlet leases as a result of the impact of the Covid-19 pandemic during the year. The Group and the Company have applied the practical expedient for Covid-19-related rent concessions consistently to eligible rent concessions relating to its retail outlet leases. The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group and the Company have applied the practical expedient for Covid-19-related rent concessions are RM75,000 and RM75,000 respectively (2021: RM181,000 and RM181,000).

13.5 Remeasurement of lease liabilities

The significant remeasurement of lease liabilities recorded in the previous financial year was due to changes in estimates of the lease period of a leased space in an air cargo terminal of which the aviation segment has exited its business (KLIA Air Cargo Terminal 1 (“KACT1”)). Related property, plant and equipment were impaired as disclosed in Note 11.4 and written off during the year.

13.6 Impairment of right-of-use assets

As at financial year end, the right-of-use assets of postal, logistics and aviation segments are tested for impairment together with property, plant and equipment due to impairment indicators noted, where losses were recorded during the financial year. See Note 11.4 for further details of impairment loss.

14. Intangible assets

Group	Goodwill RM'000	Contracts RM'000	Total RM'000
Cost			
At 1 January 2021/31 December 2021/ 1 January 2022/31 December 2022	314,509	120,227	434,736
Amortisation and impairment loss			
At 1 January 2021			
Accumulated amortisation	-	(33,652)	(33,652)
Accumulated impairment loss	(256,731)	-	(256,731)
	(256,731)	(33,652)	(290,383)
Amortisation charge for the financial year	-	(5,126)	(5,126)
Impairment loss for the financial year	-	(11,553)	(11,553)
At 31 December 2021/1 January 2022			
Accumulated amortisation	**-**	**(38,778)**	**(38,778)**
Accumulated impairment loss	**(256,731)**	**(11,553)**	**(268,284)**
	(256,731)	**(50,331)**	**(307,062)**
Amortisation charge for the financial year	**-**	**(2,652)**	**(2,652)**
At 31 December 2022			
Accumulated amortisation	**-**	**(41,430)**	**(41,430)**
Accumulated impairment loss	**(256,731)**	**(11,553)**	**(268,284)**
	(256,731)	**(52,983)**	**(309,714)**
Carrying amount			
At 1 January 2021	57,778	86,575	144,353
At 31 December 2021/1 January 2022	57,778	69,896	127,674
At 31 December 2022	57,778	67,244	125,022

Impairment testing for goodwill is performed annually. The carrying amounts were allocated to the Group's cash-generating units ("CGUs"), for impairment testing as follows:

	Group			
	Goodwill		Contracts	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Licensed digital certificate authority	**4,630**	4,630	**-**	-
Aviation	**53,148**	53,148	**67,244**	69,896
	57,778	57,778	**67,244**	69,896

14. Intangible assets (continued)

Impairment testing for goodwill and intangible assets

Management has carried out impairment test review for goodwill and intangible assets based on the recoverable amount of each CGU. The recoverable amounts have been determined based on its value-in-use. Cash flow projections were prepared based on financial budgets which cover a period of 5 years (2021: 5 years) and applying a terminal value multiple using a terminal growth rate, except for aviation segment that applies a terminal value based on its remaining concession period.

Logistics segment

In the previous financial year, the remaining contracts of logistics segment of RM11,553,000 was fully impaired as its carrying amount exceeds its recoverable amount.

Aviation segment

Key assumptions used in value-in-use calculations

As at financial year end, the goodwill and intangible assets of aviation segment are tested for impairment together with property, plant and equipment due to impairment indicators noted. See Note 11.4 for key assumptions used in value in use calculation.

Based on the impairment testing, the recoverable amount of the Aviation segment is higher than the carrying amounts of the goodwill and intangible assets.

Sensitivity to changes in assumptions

(i) An increase of 1 percentage point in the discount rate used would have decreased the value-in-use by RM20,812,000; or

(ii) A decrease of 1 percentage point in the terminal growth rate used would have decreased the value-in-use by RM12,954,000; or

15. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment	**-**	-	**(108,915)**	(118,187)	**(108,915)**	(118,187)
Investment properties	**-**	-	**(1,111)**	(1,147)	**(1,111)**	(1,147)
Right-of-use assets	**-**	940	**(1,702)**	-	**(1,702)**	940
Intangible assets		-	**(16,139)**	(19,548)	**(16,139)**	(19,548)
Provisions	**6,006**	6,138	**-**	-	**6,006**	6,138
Tax loss carry-forwards	**3,499**	2,920	**-**	-	**3,499**	2,920
Unabsorbed capital allowances	**90,139**	92,316	**-**	-	**90,139**	92,316
Other temporary differences	**2,899**	-	**-**	(898)	**2,899**	(898)
Tax assets/(liabilities)	**102,543**	102,314	**(127,867)**	(139,780)	**(25,324)**	(37,466)
Set-off	**(99,764)**	(100,533)	**99,764**	100,533	**-**	-
Net tax assets/(liabilities)	**2,779**	1,781	**(28,103)**	(39,247)	**(25,324)**	(37,466)

15. Deferred tax assets and liabilities (continued)

	Assets		Liabilities		Net	
Company	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment	**-**	-	**(38,551)**	(60,769)	**(38,551)**	(60,769)
Right-of-use assets	**1,407**	774			**1,407**	774
Unabsorbed capital allowances	**34,026**	60,198	**-**	-	**34,026**	60,198
Other temporary differences	**3,154**	-	**-**	(167)	**3,154**	(167)
Tax assets/(liabilities)	**38,587**	60,972	**(38,551)**	(60,936)	**36**	36
Set-off	**(38,551)**	(60,936)	**38,551**	60,936	**-**	-
Net tax assets/(liabilities)	**36**	36	**-**	-	**36**	36

Deferred tax assets and liabilities are offset above when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to the same taxation authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment	**3,108**	3,145	**-**	-
Right-of-use assets	**18,325**	355	**-**	-
Provisions	**56,736**	86,091	**53,500**	75,951
Tax loss carry-forwards	**272,947**	220,714	**171,816**	135,615
Unabsorbed capital allowances	**278,495**	172,059	**209,932**	127,649
	629,611	482,364	**435,248**	339,215

Pursuant to new law gazetted on 31 December 2021, the ability to carry forward unutilised tax losses is extended to a maximum period of ten consecutive Year of Assessment ("YA"), effective YA 2020 (2021: 7 years).

15. Deferred tax assets and liabilities (continued)

The deferred tax assets arising from property, plant and equipment, right-of-use assets, provision, tax loss carry-forwards, unabsorbed capital allowances and other temporary differences of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Utilisation period				
Indefinite	**356,664**	261,650	**263,432**	203,600
Within 4 years from recognition	**12,659**	-	**-**	-
Within 5 years from recognition	**-**	12,659	**-**	-
Within 6 years from recognition	**35,557**	-	**-**	-
Within 7 years from recognition	**4,555**	35,557	**-**	-
Within 8 years from recognition	**14,299**	4,557	**-**	-
Within 9 years from recognition	**151,654**	14,299	**125,479**	-
Within 10 years from recognition	**54,223**	153,642	**46,337**	135,615
	629,611	482,364	**435,248**	339,215

Deferred tax assets of the Group have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of other subsidiaries of the Group.

Movement in temporary differences during the year

	At 1.1.2021 RM'000	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2021 RM'000	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2022 RM'000
Group							
Property, plant and equipment	(102,662)	-	(15,525)	(118,187)	**-**	**9,272**	**(108,915)**
Investment properties	(971)	-	(176)	(1,147)	**-**	**36**	**(1,111)**
Right-of-use assets	743	-	197	940	**-**	**(2,642)**	**(1,702)**
Intangible assets	(20,778)	-	1,230	(19,548)	**-**	**3,409**	**(16,139)**
Provisions	10,831	-	(4,693)	6,138	**-**	**(132)**	**6,006**
Tax loss carry-forwards	-	-	2,920	2,920	**-**	**579**	**3,499**
Unabsorbed capital allowances	74,601	-	17,715	92,316	**-**	**(2,177)**	**90,139**
Other temporary differences	(1,865)	(91)	1,058	(898)	**(88)**	**3,885**	**2,899**
	(40,101)	(91)	2,726	(37,466)	**(88)**	**12,230**	**(25,324)**
Company							
Property, plant and equipment	(45,220)	-	(15,549)	(60,769)	**-**	**22,218**	**(38,551)**
Right-of-use assets	1,386	-	(612)	774	**-**	**633**	**1,407**
Unabsorbed capital allowances	46,228	-	13,970	60,198	**-**	**(26,172)**	**34,026**
Other temporary differences	(2,358)	-	2,191	(167)	**-**	**3,321**	**3,154**
	36	-	-	36	**-**	**-**	**36**

16. Investments in subsidiaries

	Note	Company 2022 RM'000	Company 2021 RM'000
Ordinary shares			
Unquoted shares, at cost		**760,723**	760,723
Less: Accumulated impairment losses		**(431,389)**	(405,833)
		329,334	354,890
Redeemable preference shares, at cost	(a)	**155,674**	155,674
Redeemable convertible preference shares, at cost	(b)	**45,472**	45,472
		530,480	556,036

(a) The Redeemable Preference Shares ("RPS") held in the subsidiaries are redeemable at the discretion of the Directors of the subsidiary and any dividend payments are discretionary. The RPS does not carry any voting rights save for rights to vary the rights attached to the RPS or winding up of the subsidiary.

(b) The details of the Redeemable Convertible Preference Shares ("RCPS") of a subsidiary are as follows:

(i) Redeemable at a date that shall be at the option of the Directors of the subsidiary;

(ii) The subsidiary may convert all or any part of the preference shares which have been fully paid up into ordinary shares. Such shares shall rank *pari passu* in all respects with the existing ordinary shares of the subsidiary;

(iii) The preference shares carry the right to be repaid in priority to any payment to the holders of any class of shares; and

(iv) The preference shares shall confer upon the holder the rights to receive notices of meetings, but not vote at such meetings of the subsidiary; except for the general meeting of the subsidiary held for holders of the preference shares.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Datapos (M) Sdn. Bhd.	Malaysia	Printing and insertion of documents for mailing	**100**	100
Pos Digicert Sdn. Bhd.	Malaysia	Licensed digital certification authority	**100**	100
Effivation Sdn. Bhd.	Malaysia	Property investment	**100**	100
Pos Ar-Rahnu Sdn. Bhd.	Malaysia	Ar-Rahnu (Islamic pawn broking)	**100**	100
Poslaju (M) Sdn. Bhd.	Malaysia	Dormant	**100**	100
Pos Malaysia & Services Holdings Berhad	Malaysia	Investment holding	**100**	100
Pos Shop Sdn. Bhd. (Formerly known as Pejabat Pos Sdn. Bhd.)	Malaysia	Investment holding	**100**	100
Posmen Sdn. Bhd.	Malaysia	Investment holding	**100**	100

16. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022	**2021**
			%	**%**
PSH Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
PMB Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
Pos Aviation Sdn. Bhd.	Malaysia	Provision of airport related ground handling, in-flight catering, cargo handling, warehousing space and supply chain management including custom forwarding agent services	**100**	100
Subsidiary of Pejabat Pos Sdn. Bhd.:				
Prestige Future Sdn. Bhd.	Malaysia	Consultant and agent marketing services	**100**	100
Subsidiary of PSH Properties Sdn. Bhd.:				
Real Riviera Sdn. Bhd.	Malaysia	Property investment	**100**	100
Subsidiary of Posmen Sdn. Bhd.:				
PSH Express Sdn. Bhd.	Malaysia	Air courier services and fulfilment business	**100**	100
Subsidiaries of Pos Aviation Sdn. Bhd.:				
Pos Aviation Engineering Services Sdn. Bhd.	Malaysia	Provision of aircraft maintenance and engineering services	**100**	100
Pos Logistics Berhad	Malaysia	Provision of total logistics services and inventory solution	**100**	100
Subsidiaries of Pos Logistics Berhad:				
Aman Freight (Malaysia) Sdn. Bhd.	Malaysia	Dormant	**100**	100
Cougar Logistics (Malaysia) Sdn. Bhd.	Malaysia	Dormant	**-**	100
Diperdana Kontena Sdn. Bhd.	Malaysia	Property investment	**100**	100
KP Asia Auto Logistics Sdn. Bhd.	Malaysia	Warehousing, inventory solutions, forwarding, shipping and transport agent	**100**	100
KP Distribution Services Sdn. Bhd.	Malaysia	Distribution services	**100**	100

16. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Subsidiaries of Pos Logistics Berhad (continued):				
Malaysian Shipping Agencies Sdn. Bhd.	Malaysia	Shipping agencies services, freight and forwarding and other related services	**100**	100
Pengangkutan Aspacs Sdn. Bhd.	Malaysia	Dormant	**-**	100
PNSL Berhad	Malaysia	Shipping agency and chartering services	**100**	100
Westport Distripark (M) Sdn. Bhd.	Malaysia	Business of a distribution park	**100**	100
Diperdana Utara Sdn. Bhd.	Malaysia	Dormant	**-**	100
Kaypi Southern Terminal Sdn. Bhd.	Malaysia	Property investment	**100**	100
North Terminal Sdn. Bhd.	Malaysia	Dormant	**-**	100
K.P.B. Sadao I.C.D Company Limited [#]	Thailand	Dormant	**49[##]**	49[##]
Subsidiary of Aman Freight (Malaysia) Sdn. Bhd.:				
Aman Freight Services Sdn. Bhd.	Malaysia	Dormant	**-**	100
Subsidiaries of Malaysian Shipping Agencies Sdn. Bhd.:				
Konsortium Logistik (Sabah) Sdn. Bhd.	Malaysia	Forwarding and related services	**100**	100
Konsortium Logistik (Sarawak) Sdn. Bhd.	Malaysia	Dormant	**100**	100
Subsidiaries of PNSL Berhad:				
PNSL Risk Management Sdn. Bhd.	Malaysia	Insurance agency service	**100**	100
Parcel Tankers Malaysia Sdn. Bhd.	Malaysia	Dormant	**-**	100

[#] Not audited by member firms of KPMG International

[##] Although the Company has less than 50% of the ownership in the equity interest of K.P.B. Sadao I.C.D Company Limited ("K.P.B. Sadao"), the remaining 51% equity interest is held in trust by third party in accordance to a trust deed dated 16 March 2012. Consequently, the K.P.B. Sadao is regarded as a subsidiary of the Company.

16. Investments in subsidiaries (continued)

On 24 August 2020, the Group announced the proposed winding-up of the following dormant/inactive subsidiaries via members' voluntary winding up ("MVWU") and creditors' voluntary winding up ("CVWU"):

Companies under MVWU	Companies under CVWU
1. Diperdana Utara Sdn. Bhd.	1. North Terminal Sdn. Bhd.
2. Cougar Logistics (Malaysia) Sdn. Bhd.	2. Aman Freight Services Sdn. Bhd.
3. Parcel Tankers Malaysia Sdn. Bhd.	3. Pengangkutan Aspacs Sdn. Bhd.

As at 31 December 2022, the winding-up exercise of the above companies have been completed and they have ceased to be subsidiaries of the Group. There was no material impact on the earnings and net assets of the Group.

16.1 Impairment testing for investments in subsidiaries

At 31 December 2022, the Company's investments in certain subsidiaries were tested for impairment due to impairment indicators noted where the carrying amounts of investments are higher as compared to net assets of the related subsidiaries.

For the purpose of impairment testing, the recoverable amounts of certain subsidiaries were determined based on the greater of value-in-use or fair value less costs of disposal. The recoverable amounts were prepared based on financial budgets which cover a period of 5 years (2021: 5 years) and applying a terminal value multiple using a terminal growth rate, except for aviation segment that applies a terminal value based on its remaining concession period. The discount rate applied to the cash flow projections is approximately 11% (2021: 11% - 12%) per annum.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for investments in subsidiaries are most sensitive to the following assumptions:

(i) Projected gross margins – projected gross margin reflects the average historical gross margin adjusted for projected market and economic conditions and internal resource efficiency.

(ii) Discount rates (approximately 11%) (2021: approximately 11% - 12%) – discount rates reflect management's estimate of the risks specific to these entities. In determining the appropriate discount rate for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

(iii) Growth rates (approximately 1% - 2%) (2021: approximately 1% - 2%) – the forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to each unit.

(iv) Revenue growth – the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.

(v) Extension of concession period – Pos Aviation Sdn. Bhd. has a concession with Malaysia Airport Holdings Berhad ("MAHB") for ground and cargo handling services with anticipation that the concession period up to 2048 (2021: with the assumption to renew up to 2069).

(vi) Other consideration – residual value of vessels of the Logistics segment has been incorporated in the recoverable amount.

Based on the impairment testing, impairment loss on the cost of investments in subsidiaries amounting to RM25,556,000 (2021: RM 24,330,000) was recorded during the year.

Sensitivity to changes in assumptions

(i) An increase of 1 percentage point in the discount rate used would have decreased the value-in-use by RM33,980,000; or

(ii) A decrease of 1 percentage point in the terminal growth rate used would have decreased the value-in-use by RM21,135,000.

16. Investments in subsidiaries (continued)

16.2 Reversal of impairment in an investment in a subsidiary

In the previous financial year, reversal of impairment in a subsidiary of RM7,200,000 was made in relation to a subsidiary principally engaged in property investment due to increase in market value of the properties held by the subsidiary. The recoverable amounts was based on the fair value less cost of disposal of the properties of the subsidiary.

17. Investments in associates

	Group 2022 RM'000	Group 2021 RM'000
Unquoted shares, at cost	**45,650**	45,650
Less: Accumulated impairment losses	**(7,650)**	(7,650)
	38,000	38,000
Share of post-acquisition reserves	**2,780**	3,336
	40,780	41,336

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	**7,650**	7,650
Less: Accumulated impairment losses	**(7,650)**	(7,650)
	-	-

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	Effective ownership interest and voting interest 2021 %
World Cargo Airline Sdn. Bhd. ("WCA")	Malaysia	Provision of air cargo transport	**49.0**	49.0
Elpos Print Sdn. Bhd.	Malaysia	General printing business and is one of the suppliers of the Group providing printing services	**40.0**	40.0
CEN Sdn. Bhd.	Malaysia	Investment holding	**42.5**	42.5
Pospay Exchange Sdn. Bhd.	Malaysia	Dormant	**50.0**	50.0
Subsidiary of WCA:				
Gading Sari Aviation Services Ltd. ("Gading Sari")	Malaysia	Provision of aircraft leasing services	**49.0**	49.0
Subsidiary of CEN Sdn. Bhd.:				
CEN Worldwide Sdn. Bhd.	Malaysia	Dormant	**42.5**	42.5

17. Investments in associates (continued)

The following summarises the information of the results of the Group's financial information in its material associate, WCA and its subsidiary.

	2022 RM'000	2021 RM'000
Non-current assets	**296**	296
Current assets	**60,578**	62,448
Non-current liabilities	**(168)**	(168)
Current liabilities	**(46,468)**	(53,889)
Net assets	**14,238**	8,687
Profit and total comprehensive income	**(1,134)**	6,807
Included in the total comprehensive income is:		
Revenue	**100,812**	200,504
Reconciliation of nets assets to carrying amount as at 31 December		
Group's share of net assets	**2,780**	3,336
Fair value of consideration	**38,000**	38,000
Carrying amount in the financial statements	**40,780**	41,336
Group's share of results		
Group's share of (loss)/profit	**(556)**	3,336

17.1 Elpos Print Sdn. Bhd.

On 30 June 2020, Elpos Print Sdn. Bhd. ("Elpos"), an inactive associate of Pos Malaysia Berhad with 40% shareholding, was under MVWU. Upon completion of the winding up exercise, Elpos will cease to be an associate of the Group.

17.2 CEN Sdn. Bhd. ("CEN")

On 4 August 2021, CEN Sdn Bhd ("CEN"), an inactive associate of Pos Malaysia Berhad with 42.5% shareholding, was under MVWU. Upon completion of the winding up exercise, CEN will cease to be an associate of the Group.

17.3 Unrecognised share of losses

The Group discontinued equity accounting for CEN Sdn. Bhd., Elpos Print Sdn. Bhd. and Pospay Exchange Sdn. Bhd as the losses exceeded the carrying amount of its respective investments. The Group has not recognised loss of RM Nil (2021: RM13,000) in the current financial year and losses of RM39,684,000 (2021: RM39,684,000) cumulatively, since the Group has no obligation in respect of these losses.

18. Other investments

Group	Fund investments RM'000	Membership in clubs, unquoted RM'000	Other financial asset RM'000	Shares, unquoted in Malaysia RM'000	Total RM'000
2022					
Non-current					
Fair value through profit or loss	**-**	**344**	**6,379**	**-**	**6,723**
Current					
Fair value through profit or loss	**36,789**	**-**	**-**	**-**	**36,789**
	36,789	**344**	**6,379**	**-**	**43,512**
2021					
Non-current					
Fair value through profit or loss	-	347	6,379	-	6,726
Current					
Fair value through profit or loss	38,889	-	-	-	38,889
	38,889	347	6,379	-	45,615

Company	Fund investments RM'000	Total RM'000
2022		
Current		
Fair value through profit or loss	**596**	**596**
2021		
Current		
Fair value through profit or loss	587	587

Fund investments

Investment in money market instruments meet the requirement of financial assets measured at fair value through profit or loss ("FVTPL") as the holder of the funds does not seek to collect merely contractual cash flows and relevant interests but also to hold for appreciation in the value of the funds.

Membership in clubs, unquoted

Investments made in club memberships meet the requirement of financial assets measured at fair value through profit or loss ("FVTPL") as the holder of the memberships does not seek to collect merely contractual cash flows and relevant interests but also to hold for appreciation in the value of the memberships.

Other financial asset

Other financial asset relates to capital contribution provided to an associate. The instrument meets the requirement of fair value through profit or loss ("FVTPL") as the holder of the capital contribution does not seek to collect contractual cash flow and relevant interest.

18. Other investments (continued)

Shares, unquoted in Malaysia

There is an investment in unquoted shares in Malaysia with cost amounting to RM150,000 (2021: RM150,000) carried at nil value at the end of the financial year.

19. Derivative financial assets

Derivative financial asset refers to the fair value for an irrevocable and unconditional put option at any time in an associate of the Group.

20. Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed on chartering services but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 days.

21. Trade and other receivables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade					
Trade receivables	a	**169,862**	203,768	**71,831**	122,403
Ar-Rahnu financing	b	**392,423**	319,885	**-**	-
Amount due from an associate	c	**3,139**	1,544	**-**	-
Amounts due from subsidiaries	d	**-**	-	**137,767**	163,940
Amounts due from related companies	e	**42,520**	38,281	**553**	872
		607,944	563,478	**210,151**	287,215
Accrued receivables	f	**98,477**	157,433	**90,444**	95,237
		706,421	720,911	**300,595**	382,452
Non-trade					
Other receivables		**2,713**	1,629	**1,081**	998
Amounts due from associates	c	**2,156**	856	**773**	830
Amounts due from subsidiaries	d	**-**	-	**234,398**	228,150
Deposits	g	**34,731**	41,070	**22,262**	22,839
Staff advances		**2,864**	2,417	**2,404**	2,124
Goods and Services Tax ("GST") receivables	h	**-**	4,673	**-**	-
		42,464	50,645	**260,918**	254,941
		748,885	771,556	**561,513**	637,393

21. Trade and other receivables (continued)

(a) Trade receivables

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers whereby sufficient allowance has been made for debts that are doubtful in collection. In addition, the Group has adopted a credit evaluation policy for all trade receivables. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Included in trade receivables of the Group and the Company are amounts due from companies subject to common significant influence of RM 14,428,000 (2021: RM11,747,000) and RM436,000 (2021: RM639,000) respectively. These amounts due from companies subject to common significant influence are unsecured, interest free and subject to normal trade terms.

(b) Ar-Rahnu financing

Included in Ar-Rahnu financing of the Group is RM12,651,000 (2021: RM10,037,000) and RM379,637,000 (2021: RM309,746,000) in relation to safekeeping fee receivables and collateral value receivables from customers respectively.

(c) Amounts due from associates

Trade

The trade amount due from an associate was unsecured, interest free and subject to normal trade terms.

Non-trade

The non-trade amounts due from associates were unsecured, interest free and repayable on demand.

(d) Amounts due from subsidiaries

Trade

The trade amounts due from subsidiaries are unsecured, interest free and subject to normal trade terms.

Non-trade

Included in non-trade amounts due from subsidiaries are RM159,199,000 (2021: RM169,397,000) which are unsecured, bears interest at range of 4.35% to 5.63% (2021: 3.51% to 4.85%) per annum and repayable on demand.

The remaining non-trade amounts due from subsidiaries of RM75,199,000 (2021: RM58,753,000) are unsecured, interest free and repayable on demand.

(e) Amounts due from related companies

The amounts due from related companies are trade in nature, unsecured, interest free and have credit terms that vary from 30 days to 45 days.

(f) Accrued receivables

Accrued receivables represent revenue recognised for services rendered, but yet to be billed. Billing will be done in accordance with respective terms and conditions agreed with customers.

(g) Deposits

Included in the Group and the Company's deposits are deposits receivable from an associate for transportation services provided by the associate amounting to RM5,550,000 (2021: RM5,550,000).

21. Trade and other receivables (continued)

(h) Goods and Services Tax ("GST") receivables

Goods and Services Tax ("GST") receivables refer to the returns due from the Royal Malaysian Customs Department ("RMCD") in relation to input tax to be received by the Group amounting to RM Nil (2021: RM4,673,000).

22. Inventories

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Postal uniforms and consumables	**4,066**	2,986	**1,240**	1,920
Insertion and mailing materials	**854**	-	**-**	-
Digital certificates, CD ROM and smart cards	**119**	44	**-**	-
	5,039	3,030	**1,240**	1,920
Recognised in profit or loss:				
Inventories recognised as cost of sales	**28,536**	29,291	**13,287**	12,271
Net inventories written (back)/down	**(2,013)**	1,185	**159**	1,143

23. Prepayment

	Note	Group		Company	
		2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Advance payment - terminal dues	a	**75,924**	105,962	**75,924**	105,962
Others		**20,369**	23,320	**-**	-
		96,293	129,282	**75,924**	105,962

(a) Advance payment – terminal dues

Advance payment represents advances paid to counterparties as required by Universal Postal Union Guidelines. Advance payments are unsecured, interest free and expected to be utilised against billings issued on an annual basis.

24. Cash and cash equivalents

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Deposits placed with licensed banks	a	**29,516**	109,622	**9,756**	6,085
Cash and bank balances	b	**163,443**	156,301	**87,857**	90,147
Cash and cash equivalents in the statements of financial position		**192,959**	265,923	**97,613**	96,232
Cash attributable to assets classified as held for sale	25	**1,356**	1,691	**-**	-
Bank overdrafts	28(d)	**(962)**	(980)	**-**	-
Collections on behalf of agency payables and money order payables		**(17,390)**	(19,994)	**(17,362)**	(19,977)
Restricted cash		**(6,452)**	(7,904)	**(4,356)**	(5,779)
Deposits pledged		**(538)**	(529)	**-**	-
Cash and cash equivalents in the statements of cash flows		**168,973**	238,207	**75,895**	70,476

(a) Deposits placed with licensed banks

Included in the deposits placed with licensed banks of the Group is RM538,000 (2021: RM529,000) pledged as security for performance of contracts.

Included in the deposits placed with licensed banks of the Group and the Company is RM4,356,000 (2021: RM5,779,000) required to be maintained in a Shariah-compliant Finance Service Reserve Account with Maybank Islamic Bank in respect to the Commodity Murabahah Term Financing-i Facility (see Note 28(b)) and RM2,096,000 (2021: RM2,125,000) required to be maintained in a Shariah-compliant account with HSBC Amanah Malaysia Berhad to facilitate the trade finance facilities requirements of the Group. Deposits amounting to RM4,356,000 (2021: RM5,779,000) is charged as security to a banking facility granted to the Group (as disclosed in Note 28(b)(ii)).

The weighted average effective annual interest rates of short-term deposits at the end of the financial year are as follows:

	Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Deposits placed with licensed banks	**2.5**	2.2	**2.0**	2.0

(b) Cash and bank balances

Included in cash and bank balances of the Group and of the Company are collections on behalf of agency payables and money order payables amounting to RM17,390,000 (2021: RM19,994,000) and RM17,362,000 (2021: RM19,977,000) respectively.

25. Disposal group held for sale

A subsidiary within the Aviation operating segment is presented as disposal group held for sale following the commitment of the Group management's plan to sell 49% equity interest in that subsidiary. Efforts to sell the disposal group has commenced, and of which the fulfilment of the Condition Precedents in the Share Purchase Agreement is expected to be further extended to a date to be determined later upon agreement by both parties. At 31 December 2022, the assets and liabilities of the disposal group are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Assets classified as held for sale		
Property, plant and equipment	**7,089**	7,089
Right-of-use assets	**551**	551
Inventories	**19**	33
Trade and other receivables	**2,095**	2,214
Cash and cash equivalents	**1,356**	1,691
	11,110	11,578
Liabilities classified as held for sale		
Lease liabilities	**149**	366
Current tax liabilities	**74**	375
Trade and other payables	**3,244**	2,967
	3,467	3,708

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current asset.

26. Share capital and reserves

		Group and Company			
	Note	**Amount 2022 RM'000**	**Number of shares 2022 '000**	**Amount 2021 RM'000**	**Number of shares 2021 '000**
Issued and fully paid:					
Ordinary shares		**1,071,392**	**782,777**	1,071,392	782,777
Special Rights Redeemable Preference Share	a	*	*	*	*
		1,071,392	**782,777**	1,071,392	782,777

* *Share capital includes the Special Rights Redeemable Preference Share of RM1.00.*

26. Share capital and reserves (continued)

(a) The Special Rights Redeemable Preference Share confers the following rights:

(i) The Special Rights Redeemable Preference Share issued to the Government of Malaysia would enable the Government of Malaysia through the Minister of Finance (Incorporated), or its successors or any Minister, representative or any person acting on behalf, to ensure that certain major decisions affecting the operation of the Company are consistent with the Government's policy. The Special Rights Redeemable Preference shareholder is entitled to receive notices of meetings but does not carry any right to vote at such meetings of the Company. The shareholder also has the right to require the Company to redeem the Special Rights Redeemable Preference Share at par at any time;

(ii) Certain matters, in particular, the alteration of the Articles of Association of the Company relating to the rights of the Special Rights Redeemable Preference shareholder, the dissolution of the Company, any substantial acquisitions and disposal of assets, amalgamation, merger and takeover, appointment of foreign directors, creation or issue of any shares which when aggregated with all other existing issued shares, carry ten percent of total voting rights, require prior consent of the Special Rights Redeemable Preference shareholder; and

(iii) In a distribution of capital or a winding-up of the Company, the Special Rights Redeemable Preference shareholder is entitled to the repayment of the capital paid-up on the Special Rights Redeemable Preference Share in priority to any repayment of capital to any other member. The Special Rights Redeemable Preference Share does not confer any right to participate in the capital or profits of the Company.

(b) Revaluation reserve

The revaluation reserve relates to the revaluation of property immediately prior to its reclassification as investment property.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(d) Post-employment benefits reserve

Post-employment benefits reserve represents actuarial gains and losses arising from experience adjustments and changes in actuarial assumption.

27. Contract Liabilities

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

28. Loans and borrowings

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Secured					
Hire purchase liabilities	a	**1,061**	2,124	**-**	-
Islamic term loans	b	**207,014**	301,097	**172,000**	251,310
		208,075	303,221	**172,000**	251,310
Current					
Secured					
Hire purchase liabilities	a	**1,063**	1,003	**-**	-
Islamic term loans	b	**165,261**	51,400	**147,750**	35,440
Revolving credits	c	**285,500**	290,000	**-**	-
Bank overdraft	d	**962**	511	**-**	-
Invoice financing	e	**23,093**	16,884	**-**	-
		475,879	359,798	**147,750**	35,440
Unsecured					
Revolving credits	c	**1,300**	1,300	**-**	-
Bank overdraft	d	**-**	469	**-**	-
		1,300	1,769	**-**	-
		477,179	361,567	**147,750**	35,440
		685,254	664,788	**319,750**	286,750

(a) Hire purchase liabilities

Group	2022 Future minimum lease payments RM'000	2022 Interest RM'000	2022 Present value of minimum lease payments RM'000	2021 Future minimum lease payments RM'000	2021 Interest RM'000	2021 Present value of minimum lease payments RM'000
Less than one year	**1,153**	**(90)**	**1,063**	1,154	(151)	1,003
Between one and five years	**1,090**	**(29)**	**1,061**	2,243	(119)	2,124
	2,243	**(119)**	**2,124**	3,397	(270)	3,127

28. Loans and borrowings (continued)

(b) Islamic term loans

Secured

(i) The secured term loan 1 (“Term Loan 1”) of the Group is in respect of Islamic Term Loan Financing Facility of Term Financing-i of RM52,525,000/ USD11,943,000 (2021: RM65,747,000/ USD15,763,000). Term Loan 1 is secured by way of assignment over the contracts and all its charter proceeds executed or to be excuted by the Group and first party charge over the vessels as disclosed in Note 11.2. In addition, Term Loan 1 is secured by a corporate guarantee by the Company.

The effective profit rate at the end of the financial year for Term Loan 1 is 4.00% (2021: 4.00%) per annum.

(ii) The Commodity Murabahah Term Financing-i of RM319,750,000 (2021: RM286,750,000) ("Term Loan 2") which carries a tenure of 7 years commencing 20 February 2019, was secured by way of assignment over a designated Finance Service Reserve Account ("FSRA") as disclosed in Note 24(a) or any designated account and may be charged from time to time as security for the facility (including any addition to, or any substitution, renewal, replacement, re-designation or renumbering thereof or any sub-account created from time to time). In addition, Term Loan 2 is also secured against first party legal charge over certain properties of the Company as disclosed in Note 11.2.

The effective profit rate at the end of the financial year for Term Loan 2 is at 5.31% (2021:3.50%) per annum.

(c) Revolving credits

Secured

(i) The secured revolving credits 1 (“RC 1”) of the Group of RM238,000,000 (2021: RM238,000,000) bear interest at rates ranging from 4.07% to 4.45% (2021: 2.97% to 3.20%) per annum. They are secured by way of fixed and floating charges over assets of Pos Ar-Rahnu. In addition, RC 1 is secured by a corporate guarantee by the Company.

(ii) The secured revolving credits 2 (“RC 2”) of the Group of RM47,500,000 (RM52,000,000) bear interest at rates ranging from 5.76% to 6.16% (2021: 4.22% to 4.90%) per annum. They are secured by way of fixed charges over certain property, plant and equipment of the Group as disclosed in Note 11.2. In addition, RC 2 is secured by a corporate guarantee whereby RM37,500,000 (2021: RM42,000,000) is secured by the Company and RM10,000,000 (2021: RM10,000,000) is secured by a subsidiary of the Company.

Unsecured

(iii) The unsecured revolving credits 3 (“RC 3”) of RM1,300,000 (2021: RM1,300,000) of the Group bear interest at 5.55% (2021: 4.44%) per annum.

(d) Bank overdraft

Secured

The secured bank overdraft of the Group in respect of overdraft facilities granted bear interest at 8.1% (2021: 7.10%) per annum.

Unsecured

In the previous financial year, the unsecured bank overdraft of the Group in respect of overdraft facilities granted bear interest at 6.90% per annum.

(e) Invoice financing

Invoice financing in respect of facility for the purpose of financing invoices payable to domestic and foreign suppliers with maturity period of 100 days (2021: 96 days) with interest rates ranging from 3.44% to 5.58% (2021: 2.11% to 3.60%) per annum.

29. Post-employment benefit obligations

A subsidiary of the Group operates an unfunded defined benefit plan for its unionised employees in Malaysia under the terms and conditions of a Collective Agreement. An actuarial valuation of the plan was carried out on 26 January 2021.

The amount recognised in the statement of financial position is determined as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Present value of unfunded obligations	**1,218**	1,194

The total expenses recognised in profit or loss are analysed as follows:

		Group	
	Note	**2022**	**2021**
		RM'000	**RM'000**
Current service cost		**206**	77
Expenses recognised in profit or loss	5	**206**	77

The movement during the financial year in the amount recognised in the statement of financial position in respect of the defined benefit plans are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	**1,194**	1,318
Included in profit or loss		
Current service cost	**36**	39
Interest cost	**170**	38
	206	77
Other		
Benefits paid	**(182)**	(201)
At end of year	**1,218**	1,194

Actuarial assumptions

The principal actuarial assumptions used in respect of the subsidiary's defined benefit plans were as follows (expressed as weighted averages):

	2022	**2021**
	%	**%**
Discount rate	**2.9 – 3.2**	2.9 – 3.2
Future salary growth	**6.0**	6.0

29. Post-employment benefit obligations (continued)

Actuarial assumptions (continued)

The retirement benefit scheme is a final salary defined benefit plan in respect of the subsidiary with a guaranteed lump sum payment at retirement, which remains open to new entrants. The subsidiary follows the Malaysian Minimum Retirement Age Act 2012 whereby the benefits shall be paid at age of 60 for retirement scheme in Malaysia. There will be no benefits payable for service earned from age 55 to 60.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation, and the benefit formula is based on future compensation and social security levels, using assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the unfunded defined benefit obligation by the amounts shown below:

Group	**2022**		**2021**	
	Increase RM'000	**Decrease RM'000**	**Increase RM'000**	**Decrease RM'000**
Unfunded defined benefit obligation				
Discount rate (1% movement)	**(29)**	**29**	(76)	76
Future salary growth (1% movement)	**4**	**(4)**	8	(8)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the benefit liability recognised within the statement of financial position.

The methods and types of assumptions used by the subsidiary in preparing the sensitivity analysis did not change compared to the previous financial period.

The expected contributions to defined benefit obligations are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Less than one year	**10**	149
Between 1 and 5 years	**772**	135
Between 5 and 10 years	**246**	725
	1,028	1,009

30. Trade and other payables

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current					
Trade					
Trade payables	a	**422,989**	417,139	**337,636**	350,436
Amount due to an associate	b	**-**	7,062	**-**	7,062
		422,989	424,201	**337,636**	357,498
Non-trade					
Amount due to immediate holding company	c	**30,842**	1,518	**30,824**	1,500
Amounts due to related companies	d	**26,364**	27,462	**13,614**	14,453
Amounts due to an associate	b	**1,678**	26,116	**714**	-
Amounts due to subsidiaries	e	**-**	-	**277,814**	275,822
Other payables and accruals:	f				
Unpresented money orders		**6,737**	24,431	**6,737**	24,431
Unpresented postal orders		**3,497**	4,118	**3,497**	4,118
Agency payables		**15,877**	17,233	**15,847**	17,214
Money order payables		**1,515**	2,762	**1,515**	2,762
Service payables		**39,407**	39,963	**23,821**	23,731
Other accruals	g	**259,357**	260,048	**171,387**	217,647
Provision for mutual separation scheme		**5,346**	65,857	**4,051**	65,689
Provision for liabilities and claims	h	**641**	20,321	**-**	-
Deposits received		**60,488**	72,029	**49,998**	60,818
		451,749	561,858	**599,819**	708,185
		874,738	986,059	**937,455**	1,065,683

(a) Trade payables

Included in trade payables of the Group and the Company are amounts due to companies subject to common significant influence of RM1,824,000 (2021: RM1,745,000) and RM482,000 (2021: RM234,000) respectively. The amounts due to companies subject to common significant influence are unsecured, interest free and subject to normal trade terms.

(b) Amount due to an associate

Trade

The trade amount due to an associate is unsecured, interest free and subject to normal trade terms.

Non-trade

The amount due to an associate is unsecured, interest free and repayable on demand.

30. Trade and other payables

(c) Amount due to immediate holding company

Amount due to immediate holding company is unsecured, interest free and repayable on demand, except for RM29,000,000 which is unsecured, bears interest of 5.72% per annum and repayable on demand.

(d) Amounts due to related companies

Amounts due to related companies are unsecured, interest free and repayable on demand.

(e) Amounts due to subsidiaries

In the previous year, the non-current amounts due to certain subsidiaries are unsecured, interest free and repayable by the end of the agreed repayment terms. In 2022, these amounts were classified as current as at 31 December 2022.

The current amounts due to subsidiaries are unsecured, interest free and repayable on demand. Included in amounts due to subsidiaries is amount due to a subsidiary amounting to RM107,000,000 (2021: RM107,000,000) which is unsecured, bear interest at 4.35% (2021: 3.20%) per annum and repayable on demand.

(f) Recognition of expired postal orders

During the financial year, the Group and Company recognised expired postal orders of more than 3 years amounting to RM15,807,000 (2021: Nil) in the profit or loss.

(g) Other accruals

Included in other accruals of the Group and of the Company are deferred government grant received and deferred income in relation to prepaid mail amounting to RM11,964,000 (2021: RM13,454,000) and RM20,562,000 (2021: RM21,836,000) respectively.

The government grant related to assets is amortised over the useful lives of the assets. During the financial year, the Group and the Company had amortised government grant related to assets as other income in profit or loss amounting to RM1,492,000 (2021: RM2,321,000). During the financial year, the Group and the Company had amortised government grants against expenses incurred as other income in profit or loss amounting to RM18,000 (2021: RM220,000).

(h) Provision for liabilities and claims

Provision for liabilities and claims relate to provision made for losses, damages, expenses, costs and/or liabilities sustained by the Group. During the financial year, the Group had made reversal of provision for liabilities and claims which amounted to RM5,480,000 (2021: RM12,671,000).

31. Operating segments

The Group has three reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different products and services and are managed separately because they require different business processes and attend to different customer needs. For each of the strategic business units, the Group’s Chief Executive Officer (the chief operating decision maker) and the Board of Directors review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments:

- Postal — Includes the provision of basic mail services for corporate and individual customers, courier, parcel and logistics solutions by sea, air and land to both national and international destinations, direct entry and transhipment and customised solutions such as Mailroom Management and Direct Mail and over-the-counter services for payment of bills and certain financial products and services.
- Aviation — Includes cargo and ground handling, in-flight catering, freight and forwarding and air cargo transport.
- Logistics — Includes haulage services, freight and forwarding, shipping agency and chartering services, warehousing and distribution services.

Other segment include the hybrid mail which provides data and document processing services, business of internet security products, solutions and services, Ar-Rahnu business including storage and safekeeping fees, buying and selling of investment precious metals, namely gold bars and dinars and rental income from investment properties held by the Group. None of these segments meets any of the quantitative thresholds for determining reportable segments in the current reporting period.

The accounting policies of the reportable segments are the same as described in Note 2.

Information regarding the operations of each reportable segment are shown below. Performance is measured based on segment results. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within those industries. Inter-segment pricing is determined on a negotiated basis.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group’s Chief Executive Officer. Segment total assets is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group’s Chief Executive Officer. Segment total liabilities is used to measure the gearing of each segment.

Geographical segments

The Group are predominantly in Malaysia and the oversea segment, Thailand, does not contribute to more than 10% of the consolidated revenue and assets. Accordingly, information by geographical segment is not presented.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Major customers

The Group has a diversified range of customers. A major customer which contributes revenue 6% (2021: 16%) of the Group’s total revenue is an e-commerce market player contributing to the postal and aviation segments.

31. Operating segments (continued)

2022	Postal RM'000	Aviation RM'000	Logistics RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	1,238,212	254,942	335,573	132,080	-	1,960,807
Intersegment revenue	2,397	1,247	3,846	53,830	(61,320)	-
Total revenue for reportable segments	1,240,609	256,189	339,419	185,910	(61,320)	1,960,807
Reportable segment results	(137,503)	13,160	(23,669)	25,049	-	(122,963)
Share of results of associated company	-	-	-	(556)	-	(556)
Amortisation of intangible assets	-	(2,652)	-	-	-	(2,652)
Impairment of property, plant and equipment	(2,025)	-	(37,844)	(164)	-	(40,033)
Reversal of impairment loss of property, plant and equipment	-	-	-	80	-	80
Net reversal /(loss) on impairment of financial instruments and contract assets	9,151	(5,217)	(11,009)	3,411	-	(3,664)
	(130,377)	5,291	(72,522)	27,820	-	(169,788)
Reportable segments assets	1,384,429	413,439	403,472	872,214	(698,041)	2,375,513
Reportable segments liabilities	1,517,071	98,894	375,593	435,737	(698,041)	1,729,254
Other information						
Capital expenditure of property, plant and equipment	9,843	8,300	5,333	7,653	-	31,130
Depreciation of property, plant and equipment	(90,681)	(11,003)	(19,092)	(2,556)	-	(123,332)
Depreciation of right-of-use assets	(51,138)	(8,791)	(16,018)	(555)	-	(76,502)
Amortisation of government grants	1,510	-	-	-	-	1,510
Net fair value gain/(loss) of other investment	22	-	(5)	547	-	566
Finance income	13,041	303	7	5,016	(16,643)	1,725
Finance costs	(26,781)	(3,699)	(9,669)	(13,712)	16,643	(37,218)
Taxation	(1,652)	853	1,236	1,681	-	2,118

31. Operating segments (continued)

2021	**Postal RM'000**	**Aviation RM'000**	**Logistics RM'000**	**Other operations RM'000**	**Elimination RM'000**	**Group RM'000**
Revenue						
Total external revenue	1,520,375	216,053	345,888	111,707	-	2,194,023
Intersegment revenue	1,791	4,040	10,724	56,916	(73,471)	-
Total revenue for reportable segments	1,522,166	220,093	356,612	168,623	(73,471)	2,194,023
Reportable segment results	(204,056)	1,639	4,405	20,680	-	(177,332)
Share of results of associated company	-	-	-	3,336	-	3,336
Impairment loss on intangible assets	-	-	(11,553)	-	-	(11,553)
Amortisation of intangible assets	-	(2,652)	(2,474)	-	-	(5,126)
Impairment of property, plant and equipment	(22,696)	(31,744)	(625)	(2,155)	-	(57,220)
Impairment of right-of-use assets	(1,751)	-	-	-	-	(1,751)
Reversal of impairment loss of property, plant and equipment	-	-	4,079	-	-	4,079
Provision for mutual separation scheme	(75,057)	-	-	-	-	(75,057)
Net loss on impairment of financial instruments and contract assets	(9,304)	(453)	(597)	(435)	-	(10,789)
	(312,864)	(33,210)	(6,765)	21,426	-	(331,413)
Reportable segments assets	1,642,558	429,169	497,212	848,509	(728,666)	2,688,782
Reportable segments liabilities	1,568,306	190,166	375,771	471,596	(728,666)	1,877,173
Other information						
Capital expenditure of property, plant and equipment	34,171	3,914	2,392	1,269	-	41,746
Depreciation of property, plant and equipment	(107,394)	(15,954)	(11,579)	(5,587)	-	(140,514)
Depreciation of right-of-use assets	(62,551)	(19,357)	(13,816)	(514)	-	(96,238)
Amortisation of government grants	2,541	-	-	-	-	2,541
Net fair value gain of other investment	16	1,494	-	-	-	1,510
Finance income	10,531	585	8	4,340	(13,345)	2,119
Finance costs	(17,959)	(16,252)	(10,409)	(13,754)	13,345	(45,029)
Taxation	(1,046)	891	63	(4,227)	-	(4,319)

32. Financial instruments

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL"); and
(b) Amortised cost ("AC").

2022	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
Group			
Other investments	**43,512**	**-**	**43,512**
Derivative financial asset	**1,626**	**-**	**1,626**
Trade and other receivables *	**750,979**	**-**	**750,979**
Cash and cash equivalents	**192,959**	**192,959**	**-**
	989,076	**192,959**	**796,117**
Company			
Other investments	**596**	**-**	**596**
Trade and other receivables	**561,153**	**-**	**561,153**
Cash and cash equivalents	**97,613**	**97,613**	**-**
	659,362	**97,613**	**561,749**
Financial liabilities			
Group			
Loans and borrowings	**685,254**	**685,254**	**-**
Trade and other payables *	**845,455**	**845,455**	**-**
	1,530,709	**1,530,709**	**-**
Company			
Loans and borrowings	**319,750**	**319,750**	**-**
Trade and other payables	**904,928**	**904,928**	**-**
	1,224,678	**1,224,678**	**-**

* *includes trade and other receivables and trade and other payables classified as disposal group held for sale of RM2,095,000 and of RM3,244,000 respectively.*

32. Financial instruments (continued)

32.1 Categories of financial instruments (continued)

2021	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
Group			
Other investments	45,615	-	45,615
Derivative financial asset	1,626	-	1,626
Trade and other receivables *	769,097	769,097	-
Cash and cash equivalents	265,923	265,923	-
	1,082,261	1,035,020	47,241
Company			
Other investments	587	-	587
Trade and other receivables	637,393	637,393	-
Cash and cash equivalents	96,232	96,232	-
	734,212	733,625	587
Financial liabilities			
Group			
Loans and borrowings	664,788	664,788	-
Trade and other payables *	953,736	953,736	-
	1,618,524	1,618,524	-
Company			
Loans and borrowings	286,750	286,750	-
Trade and other payables	1,030,393	1,030,393	-
	1,317,143	1,317,143	-

* *includes trade and other receivables and trade and other payables classified as disposal group held for sale of RM2,214,000 and RM2,967,000 respectively.*

32.2 Net gains and losses arising from financial instruments

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss	**566**	1,150	**2**	16
Financial assets at amortised cost	**(9,111)**	(15,085)	**10,538**	(464)
Financial liabilities at amortised cost	**(13,361)**	(25,047)	**(6,151)**	(13,352)
	(21,906)	(38,982)	**4,389**	(13,800)

32. Financial instruments (continued)

32.3 Financial risk management

The Group's overall financial risk management objective is to ensure the continuous growth in profitability and enhance shareholders' value in a competitive and changing environment. At the same time, the Group is focused in performing its Universal Service Obligation as a provider of postal service throughout the country and to international destinations in an efficient and effective manner.

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

32.4 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, Ar-Rahnu financing and fund investments.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group and the Company seek to control credit risk by setting counterparty limits and ensuring that services are made to customers with an appropriate credit history. Any receivables having significant balances more than 120 days, which are deemed to have higher credit risk, are monitored individually.

In relation to Ar-Rahnu financing, financing is given up to 75% of the collateral value placed with the Group. Ar-Rahnu financing is monitored on an ongoing basis and action will be taken (such as auctioning of collateral held) for long outstanding financing. Any receivables having significant balances are monitored individually.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to debt recovery process.

There are no significant changes as compared to previous periods.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and contract assets are represented by their carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables and contract assets that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

Concentration of credit risk with respect to receivables and contract assets are limited due to the Group's and the Company's large number of customers. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The disclosure of the credit risk with exposure for trade receivables and contract assets as at the reporting period by geographic region are not disclosed as the Group's and the Company's businesses are mainly operated in Malaysia.

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows:

a) Above 1 day past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 150 days past due, the Group will commence a debt recovery process against the debtors.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments, except for international mail post office customers and Ar-Rahnu financing receivables where the customers have lower risk of default.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year, other than for aviation segment's trade receivable balances.

For international mail post office customers, the Group assessed the risk of loss individually based on the past trend of payments and terminal dues payable. All these customers have low risk of default as these international post office customers are regulated by the Universal Postal Union and have low credit risk.

For Ar-Rahnu financing, the debts have low credit risk as the customers place collaterals as part of the financing arrangements.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, Ar-Rahnu financing, contract assets, amounts due from associate and related companies and accrued receivables as at the end of the reporting period:

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2022			
Current (not past due)	**486,950**	**(1,205)**	**485,745**
1 - 30 days past due	**47,419**	**(1,378)**	**46,041**
31 - 120 days past due	**20,463**	**(1,723)**	**18,740**
121 - 150 days past due	**5,804**	**(110)**	**5,694**
More than 150 days past due	**25,726**	**(17,992)**	**7,734**
	586,362	**(22,408)**	**563,954**
Credit impaired			
Individually impaired	**176,637**	**(32,075)**	**144,562**
	762,999	**(54,483)**	**708,516**
Trade receivables	**367,748**	**(53,750)**	**313,998**
Ar-Rahnu financing	**392,423**	**-**	**392,423**
Trade receivables classified as held for sale	**2,828**	**(733)**	**2,095**
	762,999	**(54,483)**	**708,516**

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2021			
Current (not past due)	100,764	(1,230)	99,534
1 - 30 days past due	72,827	(938)	71,889
31 - 120 days past due	69,731	(1,536)	68,195
121 - 150 days past due	38,869	(523)	38,346
More than 150 days past due	80,430	(11,703)	68,727
	362,621	(15,930)	346,691
Credit impaired			
Individually impaired	419,535	(41,871)	377,664
	782,156	(57,801)	724,355
Trade receivables	458,667	(57,641)	401,026
Ar-Rahnu financing	319,885	-	319,885
Contract assets	1,230	-	1,230
Trade receivables classified as held for sale	2,374	(160)	2,214
	782,156	(57,801)	724,355

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables, amounts due from subsidiaries and related companies and accrued receivables as at the end of the reporting period:

Company	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2022			
Current (not past due)	**20,888**	**(181)**	**20,707**
1 - 30 days past due	**8,262**	**(288)**	**7,974**
31 - 120 days past due	**13,889**	**(754)**	**13,135**
121 - 150 days past due	**863**	**(67)**	**796**
More than 150 days past due	**124,725**	**(5,242)**	**119,483**
	168,627	**(6,532)**	**162,095**
Credit impaired			
Individually impaired	**149,803**	**(11,303)**	**138,500**
	318,430	**(17,835)**	**300,595**

32. Financial instruments (continued)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

Company	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2021			
Current (not past due)	20,305	(134)	20,171
1 - 30 days past due	14,248	(340)	13,908
31 - 120 days past due	50,053	(597)	49,456
121 - 150 days past due	36,850	(209)	36,641
More than 150 days past due	215,327	(9,166)	206,161
	336,783	(10,446)	326,337
Credit impaired			
Individually impaired	72,390	(16,275)	56,115
	409,173	(26,721)	382,452

The movements in the allowance for impairment losses in respect of trade receivables, contract assets and amounts due from associate and related companies during the financial year are shown below:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
1 January 2021	11,584	64,638	76,222
Amounts written off	-	(28,958)	(28,958)
Net remeasurement of loss allowance	8,658	1,932	10,590
Currency translation differences	(53)	-	(53)
Balance at 31 December 2021/1 January 2022	**20,189**	**37,612**	**57,801**
Amounts written off	**(12,213)**	**-**	**(12,213)**
Net remeasurement of loss allowance	**14,418**	**(5,537)**	**8,881**
Currency translation differences	**14**	**-**	**14**
Balance at 31 December 2022	**22,408**	**32,075**	**54,483**
Company			
Balance at 1 January 2021	7,231	10,671	17,902
Amounts written off	-	(169)	(169)
Net remeasurement of loss allowance	3,215	5,773	8,988
Balance at 31 December 2021/1 January 2022	**10,446**	**16,275**	**26,721**
Amounts written off	**(4,952)**	**-**	**(4,952)**
Net remeasurement of loss allowance	**1,038**	**(4,972)**	**(3,934)**
Balance at 31 December 2022	**6,532**	**11,303**	**17,835**

32. Financial instruments (continued)

32.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM321,987,000 (2021: RM338,747,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that these subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage their balances and deposits with banks and financial institutions by monitoring their credit ratings on an ongoing basis.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Fund investments

Risk management objectives, policies and processes for managing the risk

The Group and the Company are exposed to counterparty credit risk from financial institutions through fund investment activities which comprise primarily money market placement. These exposures are managed in accordance with existing policies and guidelines that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating optimal returns above appropriate benchmarks within allowable risk parameters.

Investments are only made with approved counterparties who met the appropriate rating and other relevant criteria and within approved credit limits.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company have only invested in short term domestic money market instrument. In view of the sound credit rating of counterparties, the Group and the Company do not expect any counterparties to fail to meet their obligation and hence, loss allowance is not provided for.

32. Financial instruments (continued)

32.4 Credit risk (continued)

Other financial asset

Risk management objectives, policies and processes for managing the risk

Other financial asset relates to capital contributions provided to an associate which the Group does not seek to collect contractual cash flow and relevant interest.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position. In view that the associate has low credit risk, the Group does not expect that the other financial asset is not recoverable. Accordingly, no loss allowance is provided for.

Amounts due from an associate

Risk management objectives, policies and processes for managing the risk

The Group and the Company transact with its associates. The Group and the Company monitor the ability of their associates to repay its debts on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider debts from associates have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when an associate's financial position deteriorates significantly. The Group and the Company consider an associate's debt to be credit impaired when:

- The associate is unlikely to repay its debts to the Group or the Company in full;
- The associate's debt is overdue for more than 365 days; or
- The associate is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these debts individually using internal information available.

As at 31 December 2022, no impairment loss has been recognised in relation to the amounts due from associates.

Other receivables

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from deposits paid for office buildings, fixtures, aircraft leasing and ground handling equipment rented. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses, except as disclosed in Note 5 to the financial statements.

32. Financial instruments (continued)

32.4 Credit risk (continued)

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company transacts with subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers debts from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' debts when they are payable, the Company considers these debts to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's debts to be credit impaired when:

- The subsidiary is unlikely to repay its debts to the Company in full;
- The subsidiary's debt is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these debts individually using internal information available.

The following table provides information about the exposure to credit risk for subsidiaries' debts as at the end of the reporting period.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Low credit risk	**280,232**	**(45,834)**	**234,398**
2021			
Low credit risk	273,984	(45,834)	228,150

32.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, lease liabilities, loans and borrowings.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2022						
Non-derivative financial liabilities						
Hire purchase liabilities	**2,124**	**3.08%**	**2,243**	**1,153**	**1,090**	**-**
Islamic term loans	**372,275**	**4.00% - 5.95%**	**396,152**	**178,842**	**217,310**	**-**
Revolving credits	**286,800**	**4.07% - 6.16%**	**286,800**	**286,800**	**-**	**-**
Invoice financing	**23,093**	**3.44% - 5.68%**	**23,093**	**23,093**	**-**	**-**
Bank overdrafts	**962**	**8.10%**	**962**	**962**	**-**	**-**
Lease liabilities	**134,199**	**3.49% - 7.65%**	**227,627**	**68,807**	**111,158**	**47,662**
Trade and other payables						
- Interest bearing	**29,000**	**5.72%**	**29,000**	**29,000**	**-**	**-**
- Non interest bearing	**816,455**	**-**	**816,455**	**816,455**	**-**	**-**
	1,664,908		**1,782,332**	**1,405,112**	**329,558**	**47,662**
2021						
Non-derivative financial liabilities						
Hire purchase liabilities	3,127	3.08% - 3.20%	3,397	1,154	2,243	-
Islamic term loans	352,497	3.50% - 4.00%	378,990	63,829	315,161	-
Revolving credits	291,300	2.97% - 4.90%	291,300	291,300	-	-
Invoice financing	16,884	2.11% - 3.60%	16,884	16,884	-	-
Bank overdrafts	980	6.90% - 7.10%	980	980	-	-
Lease liabilities	180,555	3.87% - 6.89%	217,900	84,975	85,697	47,228
Trade and other payables	953,736	-	953,736	953,736	-	-
	1,799,079		1,863,187	1,412,858	403,101	47,228

32. Financial instruments (continued)

32.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2022						
Non-derivative financial liabilities						
Islamic term loan	**319,750**	**5.19% - 5.95%**	**340,222**	**159,490**	**180,732**	**-**
Lease liabilities	**93,848**	**3.49% - 5.89%**	**146,830**	**42,910**	**86,656**	**17,264**
Amount due to a subsidiary						
- interest bearing	**107,000**	**4.35%**	**107,000**	**107,000**	**-**	**-**
Trade and other payables						
- Interest bearing	**29,000**	**5.72%**	**29,000**	**29,000**	**-**	**-**
- Non interest bearing	**768,928**	**-**	**768,928**	**768,928**	**-**	**-**
Financial guarantees	**-**	**-**	**321,987**	**321,987**	**-**	**-**
	1,318,526		**1,713,967**	**1,429,315**	**267,388**	**17,264**
2021						
Non-derivative financial liabilities						
Islamic term loan	286,750	3.50%	308,036	45,476	262,560	-
Lease liabilities	110,984	3.87% - 5.89%	121,359	45,516	62,745	13,098
Amount due to a subsidiary						
- interest bearing	107,000	3.20%	107,000	107,000	-	-
Trade and other payables	923,393	-	923,393	923,393	-	-
Financial guarantees	-	-	338,747	338,747	-	-
	1,428,127		1,798,535	1,460,132	325,305	13,098

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

32.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group and the Company do not use any forward contracts to hedge against its exposure to foreign currency. The Group and the Company ensure that the net exposure is kept to an acceptable level by monitoring the fluctuations of the foreign currency.

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

Group	Denominated in USD 2022 RM'000	Denominated in USD 2021 RM'000
Trade and other receivables	**192,591**	232,830
Cash and cash equivalents	**39,725**	20,869
Trade and other payables	**(378,613)**	(347,078)
Exposure in the statement of financial position	**(146,297)**	(93,379)
Company		
Trade and other receivables	**205,295**	244,855
Cash and cash equivalents	**39,693**	21,555
Trade and other payables	**(337,819)**	(347,073)
Exposure in the statement of financial position	**(92,831)**	(80,663)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a USD functional currency. The exposure to currency risk of Group entities which do not have a USD functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2021: 10%) strengthening of RM against USD at the end of the reporting period would have increased equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

USD	Profit or loss 2022 RM'000	Profit or loss 2021 RM'000
Group	**11,119**	7,097
Company	**7,055**	6,130

A 10% (2021: 10%) weakening of RM against the USD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk

The Group's and the Company's primary interest rate risks relates to debt securities, deposits placed with licensed banks, lease liabilities and borrowings.

The Group's and the Company's investments in deposits placed with licensed banks and short term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Company provides advances to its subsidiaries at interest rates range from 4.35% to 5.63% (2021: 3.51% to 4.85%) per annum and are repayable on demand.

The Company obtains advances from a subsidiary at interest rate of 4.35% (2021: 3.20%) and is repayable on demand.

The Group and the Company obtain advances from immediate holding company at interest rate of 5.72% per annum and is repayable on demand.

Risk management objectives, policies and processes for managing the risk

The Group and the Company adopt a policy to manage interest cost using a mix of fixed and floating rate debts.

The Group's and the Company's variable rate borrowings are exposed to a risk of change in interest rate.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	**29,516**	109,622	**9,756**	6,085
Financial liabilities				
Hire purchase liabilities	**(2,124)**	(3,127)	**-**	-
Islamic term loans	**(52,525)**	(65,747)	**-**	-
Lease liabilities	**(136,199)**	(180,555)	**(93,848)**	(110,984)
	(161,332)	(139,807)	**(84,092)**	(104,899)

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Floating rate instruments				
Financial assets				
Amounts due from subsidiaries	**-**	-	**159,199**	169,397
Financial liabilities				
Bank overdrafts	**(962)**	(980)	**-**	-
Invoice financing	**(23,093)**	(16,884)	**-**	-
Revolving credits	**(286,800)**	(291,300)	**-**	-
Islamic term loans	**(319,750)**	(286,750)	**(319,750)**	(286,750)
Amount due to a subsidiary	**-**	-	**(107,000)**	(107,000)
Amount due to a holding company	**(29,000)**	-	**(29,000)**	-
	(659,605)	(595,914)	**(296,551)**	(224,353)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	2022 RM'000	**2021 RM'000**
Group		
Floating rate instruments	**5,013**	4,529
Company		
Floating rate instruments	**2,254**	1,706

32. Financial instruments (continued)

32.6 Market risk (continued)

32.6.3 Other price risk

The Group's and the Company's primary other price risk relate to investments in short term money market instruments.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short term money market instruments are mainly placed with reputable financial institutions.

Other price risk sensitivity analysis

The Directors are of the opinion that the other price risk is not significant and hence, sensitivity analysis is not presented.

32.7 Fair value information

The carrying amounts of cash and cash equivalents, other investments, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group 2022	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
Financial assets										
Other investments	**36,789**	**-**	**6,723**	**43,512**	**-**	**-**	**-**	**-**	**43,512**	**43,512**
Derivative financial asset	**-**	**-**	**1,626**	**1,626**	**-**	**-**	**-**	**-**	**1,626**	**1,626**
	36,789	**-**	**8,349**	**45,138**	**-**	**-**	**-**	**-**	**45,138**	**45,138**
Financial liabilities										
Islamic term loans	**-**	**-**	**-**	**-**	**-**	**-**	**371,526**	**371,526**	**371,526**	**372,275**
Hire purchase liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**2,174**	**2,174**	**2,174**	**2,124**
	-	**-**	**-**	**-**	**-**	**-**	**373,700**	**373,700**	**373,700**	**374,399**
2021										
Financial assets										
Other investments	38,889	-	6,726	45,615	-	-	-	-	45,615	45,615
Derivative financial asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
	38,889	-	8,352	47,241	-	-	-	-	47,241	47,241
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	356,039	356,039	356,039	352,497
Hire purchase liabilities	-	-	-	-	-	-	3,243	3,243	3,243	3,127
	-	-	-	-	-	-	359,282	359,282	359,282	355,624

32. Financial instruments (continued)

32.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Other investments	**596**	**-**	**-**	**596**	**-**	**-**	**-**	**-**	**596**	**596**
	596	**-**	**-**	**596**	**-**	**-**	**-**	**-**	**596**	**596**
Financial liabilities										
Islamic term loan	**-**	**-**	**-**	**-**	**-**	**-**	**316,752**	**316,752**	**316,752**	**319,750**
	-	**-**	**-**	**-**	**-**	**-**	**316,752**	**316,752**	**316,752**	**319,750**
2021										
Financial assets										
Other investments	587	-	-	587	-	-	-	-	587	587
	587	-	-	587	-	-	-	-	587	587
Financial liabilities										
Islamic term loan	-	-	-	-	-	-	286,606	286,606	286,606	286,750
	-	-	-	-	-	-	286,606	286,606	286,606	286,750

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

32. Financial instruments (continued)

32.7 Fair value information (continued)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and input used
Hire purchase	Discounted cash flows using current market rate of borrowing
Islamic term loans	Discounted cash flows using current market rate of borrowing
Unquoted shares	The fair value of unquoted shares is based on market comparison technique
Derivative financial asset	The fair value of derivative financial asset is based on a valuation model
Other financial asset	Discounted cash flows using discount rate reflecting current market assessments of the time value of money and the risks specific to the financial asset

33. Capital management

The Group’s objectives when managing capital is to maintain a strong capital base and safeguard the Group’s ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

	Group	
	2022 RM’000	**2021 RM’000**
Total borrowings (Note 28)	**685,254**	664,788
Less: Cash and cash equivalents (net of pledged deposits, restricted cash and collections on behalf of agency payables and money order payables) (Note 24)	**(168,973)**	(238,207)
Less: Fund investments (Note 18)	**(36,789)**	(38,889)
Net debt	**479,492**	387,692
Total equity	**646,259**	811,609
Debt-to-equity ratio	**0.74**	0.48

There were no changes in the Group’s approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders’ equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders’ equity is not less than RM40 million. The Company has complied with this requirement.

34. Commitments

Capital expenditure commitments

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment				
Contracted but not provided for	**5,270**	32,524	**2,939**	25,960

35. Litigation

In the previous year, the Group was defending an action brought by a shipping agency due to termination of contract without notice. If defence against the action was unsuccessful, the claim on business loss and legal costs could amount to approximately RM14,970,000.

Based on court's judgement in March 2023, the Group has successfully defended the claim.

36. Contingent liabilities

In the previous year the flood incidents in December 2021 have affected some of the Group's outlets and warehouses. Based on preliminary assessments, the damages to the property, plant and equipment and inventories held in trust in the affected warehouses are covered by insurance.

During the year, the Group has submitted full claim to the insurance company which were adequately covered by the insurance policy and currently pending for the assessment of the insurance company.

Hence, the Directors are of the opinion that provisions are not required in respect of the matters, as it is not probable that a future outflows of economic benefits will be required.

37. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities. Common significant influence is defined as an entity that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group and the Company have related party relationship with its immediate holding company – DRB-HICOM Berhad, subsidiaries, related companies within the DRB-HICOM group of companies ("related companies"), companies subject to common significant influence, associates and key management personnel.

37. Related parties (continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 6) are shown below. Significant related parties' balances related to the below transactions are disclosed in Notes 21 and 30 to the financial statements, other than lease liabilities balances as disclosed below:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Transactions				
A. Immediate holding company				
Sales of services	**78**	62	**78**	62
B. Subsidiaries				
Sales of services	**-**	-	**53,491**	52,065
Rental income	**-**	-	**1,749**	1,723
Purchase of services	**-**	-	**(14,824)**	(20,806)
Finance income	**-**	-	**3,498**	3,626
Rental expense *	**-**	-	**(7,723)**	(7,723)
C. Related companies				
Sales of services	**162,096**	123,189	**6,967**	4,202
Rental income	**97**	-	**97**	-
Purchase of services	**(38,537)**	(6,329)	**(37,809)**	(4,620)
Payment of lease liabilities	**(20,291)**	(24,095)	**(19,794)**	(23,592)
D. Associates				
Sales of services	**3,999**	14,479	**83**	57
Transportation cost	**(100,747)**	(200,470)	**(100,676)**	(200,256)
E. Companies subject to common significant influence				
Sales of services	**41,066**	53,234	**1,726**	746
Purchase of services	**(16,271)**	(19,664)	**(8,646)**	(5,491)
Rental expense *	**(670)**	(671)	**(148)**	(149)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Balances				
Related companies				
Lease liabilities	**16,836**	26,167	**16,153**	25,386

** relates to short-term leases and low-value assets*

38. Significant event during the financial year

Dilution of shareholding in Pos Aviation Engineering Services Sdn. Bhd. ("PAESSB")

Pursuant to the SPA, Pos Aviation Sdn Bhd (“PASB”) shall transfer 7,840,000 ordinary shares representing 49% equity interest in PAESSB to SIA Engineering Company Limited ("SIAEC"), for an indicative cash consideration of RM10,087,000. The final consideration will be determined based on the latest available management financial statements prior to the completion date.

The completion of the divestment is subject to the fulfilment of the Conditions Precedent (“CP”) in the SPA which was recently agreed to be further extended to a date to be determined later upon agreement by both parties. Upon the completion of the dilution, the remaining interest in PAESSB will be consolidated within the Group via equity accounting.

The assets and liabilities of PAESSB are presented as a disposal group held for sale following the commitment of the Group’s management to dispose partial equity interest in PAESSB as disclosed in Note 25 to the financial statements.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 149 to 242 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

……………………………………………....................
Dato' Sri Syed Faisal Albar bin Syed A.R Albar
Director

……………………………………………....................
Ahmed Fairuz bin Abdul Aziz
Director

Kuala Lumpur

Date: 5 April 2023

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, PeerMohamed bin Ibramsha, the officer primarily responsible for the financial management of Pos Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 149 to 242 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed PeerMohamed bin Ibramsha, NRIC: 651110-07-5679, MIA CA 7463, at Kuala Lumpur on 5 April 2023.

………………………………………….
PeerMohamed bin Ibramsha

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POS MALAYSIA BERHAD
(Registration No. 199101019653 (229990-M))(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pos Malaysia Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 149 to 242.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group level
Valuation of goodwill and intangible assets
Refer to Note 14 to the financial statements

The key audit matter	How the matter was addressed in our audit
The Group has significant goodwill and intangible assets balances amounting to RM57,778,000 and RM67,244,000 respectively. The Group performs annual goodwill impairment assessment by comparing the aggregated carrying amount of the allocated goodwill of each cash-generating unit ("CGUs") against the respective discounted cash flow projections to determine the amount of impairment loss which should be recognised, if any. We identified the potential impairment of goodwill and intangible assets as a key audit matter due to the following factors: - significance of the assets to the Group's consolidated statement of financial position; - impairment assessments prepared by the Group are complex and contain assumptions, particularly profit margins, growth rates, discount rates and revenue growth that are inherently uncertain; and - key assumptions included in the impairment assessments are highly sensitive as disclosed in Note 14.	We performed the following audit procedures, amongst others: • We assessed the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing those assumptions with each of the CGUs' internally derived information and external market data; • We evaluated the estimation uncertainty and performed a sensitivity analysis on the key assumptions; • We involved Corporate Finance specialists to assess appropriateness of discount rate and terminal growth rates applied in the respective discounted cash flow projections; and • We considered the adequacy of the disclosures of the assumptions applied, which are particularly sensitive, uncertain or require significant judgment, in the assessment of goodwill and intangible assets impairment.

Key Audit Matters (continued)

Group and Company level
Valuation of property, plant and equipment and right-of-use assets
Refer to Note 11 and Note 13 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group and the Company have significant property, plant and equipment and right-of-use assets amounting to RM1,058,970,000 and RM427,135,000 respectively. The Group and the Company performs impairment assessment for Group entities that were reporting operating losses by comparing the carrying amount of the Group entities property, plant and equipment and right-of-use assets against the respective recoverable amount to determine the amount of impairment loss which should be recognised, if any. We identified the potential impairment of property, plant and equipment as a key audit matter due to the following factors: - significance of the assets to the Group's and the Company's statements of financial position; - impairment assessments prepared by the Group and the Company are complex and contain assumptions, particularly profit margin, growth rates, discount rates and revenue growth that are inherently uncertain; - management has applied significant judgement in estimating the fair values based on valuation reports prepared by an independent professional valuer as well as available comparative market value of certain asset; and - key assumptions included in the impairment assessments are highly sensitive as disclosed in Note 11 and 13.	We performed the following audit procedures, amongst others: • We challenged the Group's and the Company's assessments in identifying property, plant and equipment and right-of-use assets that have impairment indicators by evaluating whether internal and external indicators had been considered; • We evaluated the valuation techniques, assumptions and data used by management in their accounting estimates used for fair value less costs of disposal; • We assessed the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing those assumptions with internally derived information and external market data; • We evaluated the estimation uncertainty and performed a sensitivity analysis on the key assumptions; • We involved Corporate Finance specialists to assess appropriateness of discount rate and terminal growth rates applied in the respective discounted cash flow projections; and • We considered the adequacy of the disclosures of the assumptions applied, which are particularly sensitive, uncertain or require significant judgment, in the assessment of impairment of property, plant and equipment and right-of-use assets.

Key Audit Matters (continued)

Group and Company level
Going concern basis of accounting
Refer to Note 1(b) to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group and the Company incurred net losses of RM167,670,000 and RM276,378,000 respectively during the financial year ended 31 December 2022, and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM305,797,000 and RM380,051,000 respectively. Notwithstanding the above conditions, management has assessed that the use of the going concern assumption is appropriate as: - the Group and the Company would be able to generate sufficient operating cash flows; - the Group and the Company would be able to fulfil their obligations and liabilities as and when these obligations and liabilities fall due; - the Group and the Company have the ability to roll over its revolving credit facilities to meet the Group's and the Company's operational and financial needs; - the Group and the Company will be obtaining financial support from key stakeholders to manage the cash flows requirements of the Group and the Company; and - the Group and the Company own unpledged properties that is available for resale. The assessment of the appropriateness of the Group's and the Company's going concern assumption requires significant management judgement and estimates, including the management's cash flow forecasts of the Group and the Company.	We performed the following audit procedures, amongst others: • We evaluated management's assessment of the Group's and the Company's ability to continue as going concern by performing an analysis of the cash flow forecasts prepared by management, for the next 12 months from the reporting date, and assessed the reasonableness of assumptions used in the projection of these forecasts; • We assessed the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing those assumptions with management's internally derived information and external market data; • We assessed the financial ability of key stakeholders to determine if they are able to provide financial support to the Group and the Company; and • We considered the appropriateness of the disclosures made in the financial statements in relation to the management's assessment of the appropriateness of the use of going concern assumption in their preparation of the Group's and the Company's financial statements.

Group and Company level
Recoverability of trade receivables
Refer to Note 21 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group and the Company have significant trade receivables amounting to RM706,421,000 and RM300,595,000 respectively. We identified the valuation of trade receivables as a key audit matter due to the following factors: - significance of the assets to the Group's and the Company's statements of financial position; and - significant judgment involved in the assessment of the recoverability of debtors	We performed the following audit procedures, amongst others: • We tested the accuracy of the underlying information of the trade receivables ageing used to assess the adequacy of impairment loss to the trade receivables; • We assessed the policy on impairment loss on trade receivables of the Group and the Company; • We challenged the Group's and the Company's basis and assessment in determining whether there exists an objective evidence of impairment loss of trade receivables; • We assessed management's expected loss rate assessment on trade receivables; and • We considered the adequacy of the Group's and the Company's disclosures about the degree of estimation involved in arriving at the impairment loss of trade receivables.

Key Audit Matters (continued)

Company level
Valuation of investments in subsidiaries
Refer to Note 16 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company has significant investments in subsidiaries amounting to RM530,480,000. We identified the potential impairment of investments in subsidiaries as a key audit matter due to the following factors: - significance of the assets to the Company's statement of financial position; - impairment assessments prepared by the Company are complex and contain assumptions, particularly profit margin, growth rate, discount rates and revenue growth that are inherently uncertain; and - key assumptions included in the impairment assessments are highly sensitive as disclosed in Note 16.	We performed the following audit procedures, amongst others: • We challenged the Company's assessment in identifying investments that have impairment indicators by evaluating whether internal and external indicators had been considered; • We assessed the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing those assumptions with internally derived information and external market data; • We evaluated the estimation uncertainty and performed a sensitivity analysis on the key assumptions; • We involved Corporate Finance specialists to assess appropriateness of discount rate and terminal growth rates applied in the respective discounted cash flow projections; and • We considered the adequacy of the disclosures of the assumptions applied, which are particularly sensitive, uncertain or require significant judgment, in the assessment of impairment of investments in subsidiaries.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POS MALAYSIA BERHAD
(Registration No. 199101019653 (229990-M))(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that a subsidiary of which we have not acted as auditors is disclosed in Note 16 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tai Yoon Foo
Approval Number 02948/05/2024 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 5 April 2023

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Total number of issued shares	:	782,776,836 ordinary shares and 1 Special Rights Redeemable Preference Share
Voting Rights	:	One vote for every ordinary share, on a poll voting (The Special Rights Redeemable Preference Share does not carry any voting right except in circumstances set out in the Company's Constitution)
No. Shareholders	:	25,364

SUBSTANTIAL SHAREHOLDERS
(Based on the Register of Substantial Shareholders)

Substantial Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
1. DRB-HICOM Berhad	172,997,399	22.10	245,750,751*	31.39
2. HICOM Holdings Berhad	245,750,751	31.39	-	-
3. Kumpulan Wang Persaraan (Diperbadankan)	41,425,300	5.29	138,800	0.018
4. Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	-	-	418,748,150#	53.49
5. Etika Strategi Sdn Bhd	-	-	418,748,150^	53.49

Notes:

* *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its interest in HICOM Holdings Berhad.*

\# *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in DRB-HICOM Berhad via Etika Strategi Sdn Bhd.*

^ *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its interest in DRB-HICOM Berhad.*

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holding	No. of Holders	%	No. of Shares	%
1 to 99	4,805	18.94	181,420	0.02
100 to 1,000	6,905	27.22	4,323,133	0.55
1,001 to 10,000	9,837	38.78	44,217,413	5.65
10,001 to 100,000	3,426	13.51	105,736,493	13.51
100,001 to 39,138,840 (Less than 5% of issued shares)	388	1.53	170,144,927	21.74
39,138,841 and above (5% and above of issued shares)	3	0.01	458,173,450	58.53
Total	**25,364**	**100**	**782,776,836**	**100**

30 Largest Registered Shareholders

No.	Name of Shareholders	No. of Shares	%
1	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR HICOM HOLDINGS BERHAD	245,702,751	31.39
2	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR DRB-HICOM BERHAD	172,997,399	22.10
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	39,425,300	5.04
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,523,300	1.22
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK CHIN SIANG	6,930,400	0.89
6	MAYBANK NOMINEES (ASING) SDN BHD EXEMPT AN FOR KENSINGTON TRUST LABUAN (AMAT CLASS-H)	6,000,000	0.77
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (8041850)	4,539,700	0.58
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHENG MOOI SOONG	4,388,000	0.56
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELINA SHARMALAR SOLOMON (8112136)	4,298,700	0.55
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (8061712)	3,971,700	0.51
11	ALLIANCEGROUPNOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HELINA SHANTI SOLOMON (7001761)	3,856,500	0.49
12	LIM BOON LIAT	3,500,000	0.45
13	PATHMANATHAN AIL MYLVAGANAM	3,050,000	0.39
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ABDUL GHANI BIN ABDULLAH (PB)	3,000,000	0.38
15	SHANTI KUMARI PATHMANATHAN	2,835,000	0.36
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT	2,618,800	0.33
17	SHIRIN DEVI PATHMANATHAN	2,610,000	0.33
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (MY1091)	2,437,500	0.31
19	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	2,356,219	0.30

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

No.	Name of Shareholders	No. of Shares	%
20	JAROD CHOO CHEE CHEONG	2,129,100	0.27
21	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR S&P EMERGING MARKETS ETF	1,895,800	0.24
22	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON	1,872,900	0.24
23	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM	1,800,000	0.23
24	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,795,814	0.23
25	LIM CHIN SEAN	1,794,600	0.23
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,424,388	0.18
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GEE YIN HAN	1,380,500	0.18
28	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,237,710	0.16
29	LEE TEONG GHEE	1,190,000	0.15
30	LEE JUN KIN	1,169,800	0.15
	Total	**541,779,881**	**69.21**

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED CORPORATION
(Based on the Register of Directors' Shareholdings)

As at 31 March 2023, none of the Directors in office held any interest in shares in the Company and its related companies.

No	Location	Subject Property	Registered Owner	Land Area (square metre)	Gross Floor Area (square metre)	Net Book Value as at 31 December 2022 (RM)	Date of revaluation
1	International Airport	Southern Support Zone, KL International Airport, 64000 Sepang, Selangor	Pos Aviation Sdn. Bhd.	189,550	67,607	76,202,465	-
2	Section 28, Shah Alam	HS(D) 316566 PT 856 Section 28, Pekan Hicom, District of Petaling, State of Selangor	Pos Malaysia Berhad	40,093	Not applicable	71,065,687	-
3	Section 21, Shah Alam	HS(D) 98478, PT 1, Section 21, Town of Shah Alam, District of Petaling, State of Selangor	PMB Properties Sdn. Bhd.	90,072	57,749	45,472,462	-
4	Pelabuhan Klang	HS(D) 116399, PT225, Town of Sultan Sulaiman, District of Klang, State of Selangor	Pos Logistics Berhad	135,257	7,526	43,530,978	-
5	Brickfields	PN 27419, Lot 361, Section 72, Town of Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Pos Malaysia & Services Holdings Berhad	10,922	3,914	10,390,714	-
6	Greentown, Ipoh	PN 153721, Lot No. 2351N, Town of Ipoh (N), District of Kinta, State of Perak		1,500	Not applicable		22.11.2022
		PN 155068, Lot 2436N, Town of Ipoh (N), District of Kinta, State of Perak		1,310	Not applicable		22.11.2022
		PN 155069, Lot 2437N, Town of Ipoh (N), District of Kinta, State of Perak		1,424	Not applicable		22.11.2022
		PN 155073, Lot No. 2740N, Town of Ipoh (N), District of Kinta, State of Perak	Effivation Sdn. Bhd.	1,507	Not applicable	21,050,000	22.11.2022
		PN 4738, Lot 31448, Town of Ipoh (S), District of Kinta, State of Perak		2,722	Not applicable		22.11.2022
		GRN 55283, Lot 31449, Town of Ipoh (N), District of Kinta, State of Perak		3,010	Not applicable		22.11.2022
		PN 153337, Lot 35120, Town of Ipoh (N), District of Kinta, State of Perak		2,228	Not applicable		22.11.2022

LIST OF TOP 10 PROPERTIES

No	Location	Subject Property	Registered Owner	Land Area (square metre)	Gross Floor Area (square metre)	Net Book Value as at 31 December 2022 (RM)	Date of revaluation
7	Taman Perindustrian Bukit Minyak, Pulau Pinang	PN 10881, Lot 20023, Mukim 13, District of Seberang Perai Tengah, State of Pulau Pinang	Pos Malaysia Berhad	12,348	7,772	17,826,873	-
8	KLIA	HS (D) 7443, PT27, Town of Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	Pos Malaysia Berhad (Concessionaire)	36,950	18,729	14,289,578	-
9	Prai Industrial Estate	HS(D) 44443, PT 2789, Mukim 01, District of Seberang Perai Tengah, State of Pulau Pinang	Diperdana Kontena Sdn. Bhd.	40,485	5,356	10,023,501	-
10	Cyberjaya	Parent Title GRN 339485, Lot No. 111284, Bandar Cyberjaya, District of Sepang, State of Selangor	Pos Digicert Sdn. Bhd.	Not applicable	17,999	9,942,279	-

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting ("AGM") of Pos Malaysia Berhad ("Pos Malaysia" or "the Company") will be held virtually from Pos Malaysia, Dewan Sri Pos, Level 3, Dayabumi Complex, 50670 Kuala Lumpur, Malaysia as the Broadcast Venue and via the meeting platform at https://meeting.boardroomlimited.my on Wednesday, 24 May 2023 at 11.00 a.m. for the purpose of transacting the following businesses:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022, together with the Reports of the Directors and Auditors thereon. ***(Please refer to Note A)***

2. To re-elect the following Directors who retire by rotation in accordance with Article 116 of the Company's Constitution and who being eligible, offer themselves for re-election:

   (a) Datuk Idris bin Abdullah @ Das Murthy **(Resolution 1)**

   (b) Dato' Ahmad Suhaimi bin Endut **(Resolution 2)**

   (Please refer to Note B)

3. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM965,000.00 from 25 May 2023 until the next AGM of the Company. ***(Please refer to Note C)*** **(Resolution 3)**

4. To approve the payment of benefits payable (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM277,000.00 from 25 May 2023 until the next AGM of the Company. ***(Please refer to Note D)*** **(Resolution 4)**

5. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and authorise the Board of Directors to determine their remuneration. ***(Please refer to Note E)*** **(Resolution 5)**

Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

6. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") **(Resolution 6)**

   "THAT subject always to the provisions of the Companies Act 2016 ("CA 2016"), the Constitution of the Company and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), approval be hereby given to the Company and its subsidiaries (collectively known as "Pos Malaysia Group") to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2.3 of the Circular to Shareholders dated 25 April 2023, which are necessary for the day-to-day operations of Pos Malaysia Group, PROVIDED THAT such transactions are entered into in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company.

   AND THAT the Proposed Shareholders' Mandate, shall continue to be in force until:

   (a) the conclusion of the next AGM of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting; or

   (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 (2) of the CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or

   (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

   whichever is the earlier;

AND THAT the Directors of the Company be hereby empowered and authorised to complete and do all such acts (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate. ***(Please refer to Note F)***

7. To transact any other business of which due notice shall have been given in accordance with the CA 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

SABARINA LAILA MOHD HASHIM (LS No. 0004324) SSM PC No. 201908001661
NGIAN YOKE FUNG (MAICSA 7049093) SSM PC No. 201908002393
Company Secretaries

Kuala Lumpur
25 April 2023

NOTES:

1. Virtual 31st AGM

1.1 The virtual 31st AGM of the Company will be conducted online. Shareholders/proxy(ies) can attend, participate and vote remotely at the 31st AGM through live streaming and online remote voting using the Remote Participation and Electronic Voting facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd.

1.2 The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the CA 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to be physically present at the Broadcast Venue.

2. Proxy and/or Authorised Representative

2.1 Every member including Authorised Nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") is entitled to attend and vote, is entitled to appoint a proxy to attend, speak and vote instead of him. The proxy need not be a member of the Company.

2.2 Where a member of the Company is an exempt authorised nominee as defined under the SICDA, which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA, of which holds ordinary shares in the company for multiple beneficial owners in one Securities Account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

2.3 Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

2.4 The instrument appointing a proxy shall be in writing under the hand of the member or his/her attorney duly appointed under a power of attorney or if such member is a corporation, either under its common seal or under the hand of two authorised officers, one of whom shall be a Director, or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.

2.5 The proxy forms and/or documents relating to the appointment of proxy for the 31st AGM shall be deposited or submitted in the following manner not less than 48 hours before the time for holding the 31st AGM or no later than Monday, 22 May 2023 at 11.00 a.m. in accordance with the Company's Constitution:

a. In hard copy form

The Proxy Form, Corporate Representative, Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by fax to +603-7890 4670.

b. By Boardroom Smart Investor Portal

Online via the Boardroom Smart Investor Portal at www.boardroomlimited.my, which is free and available to all individual Depositors. The detailed requirements and procedures for the submission of proxy forms are set out in the Administrative Guide for the 31st AGM – Lodgement of Proxy Form.

3. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Malaysia, all resolutions set out in this notice will be put to vote by way of a poll.

4. Members entitled to attend AGM

For the purpose of determining a member who shall be entitled to attend the 31st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 May 2023. Only a depositor whose name appears therein shall be entitled to attend the 31st AGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

EXPLANATORY NOTES:

1. Explanatory Note A – Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the CA 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. Hence, this item will not be put for voting.

2. Explanatory Note B – Re-election of Directors
(Resolutions 1 and 2)

The Directors, who are subject to re-election at the 31st AGM of the Company, are as follows:

Article 116 – Retirement by rotation:

a. Datuk Idris bin Abdullah @ Das Murthy
b. Dato' Ahmad Suhaimi bin Endut

Article 116 of the Company's Constitution provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office in every subsequent AGM and shall then be eligible for re-election.

For the purpose of determining the eligibility of Directors standing for re-election at the 31st AGM, the Board, through the Board Nomination and Remuneration Committee ("BNRC"), has assessed the retiring Directors' performance, contribution and independence via the annual Board Effectiveness Assessment, taking into consideration, among others, the Director's level of contribution to the Board's deliberations through their skills, experience and strength in qualities; demonstrated objectivity in the Board's decision-making process, gave valuable feedback through sharing of knowledge and experience and acted in the best interests of the Company.

The Board agreed with the BNRC's assessment that the retiring Directors' performance and contribution in discharge of their duties during the assessment period had been satisfactory and met the criteria in the Fit and Proper Policy of the Company, amongst others, probity, personal and financial integrity, competence and time management.

Based on the above, the Board approved the BNRC's recommendation that the Directors who retire in accordance with Article 116 of the Company's Constitution, namely Datuk Idris bin Abdullah @ Das Murthy and Dato' Ahmad Suhaimi bin Endut, are eligible to stand for re-election.

All Directors standing for re-election as Directors and being eligible, have offered themselves for re-election at the 31st AGM of the Company. The retiring Directors had abstained from the deliberation and decision on their respective eligibility to stand for re-election at the relevant Board and BNRC Meetings.

The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 64 and 65 of the Annual Report 2022.

3. Explanatory Note C and D – Directors' Fees and Benefits
(Resolutions 3 and 4)

Section 230(1)(b) of the CA 2016 provides that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Directors' fees and benefits payable to the Non-Executive Directors ("NEDs") are based on the Directors' Fee and Allowance Framework, which was first approved by the shareholders at the 20th AGM held on 9 August 2012.

Accordingly, the Company is seeking the shareholders' approval at the 31st AGM on the Directors' fees and benefits payable with effect from 25 May 2023 until the conclusion of the next AGM based on the same Framework, as follows:

(a) Directors' Fees

Board/Board Committees	Fee (per annum)	
	Chairman	Member
Board	RM120,000	RM80,000
Board Audit Committee	RM15,000	RM10,000
BNRC Board Risk, Sustainability and Compliance Committee Board Tender Committee Board Digital-First Committee	RM8,000	RM6,000

(b) Directors' Benefits – Meeting Allowance:

Type of Meeting	Meeting Allowance per meeting (for Chairman and Members)
Board BNRC Board Risk, Sustainability and Compliance Committee Board Tender Committee Board Digital-First Committee General Meeting	RM1,000
Board Audit Committee	RM2,500

The total amount of Directors' fee and benefits payable to the NEDs is estimated to be up to RM965,000.00 and RM277,000.00 respectively from 25 May 2023 to the next AGM in 2024, subject to the shareholders' approval.

In determining the estimated total amount of Directors' fees and benefits for the NEDs, the Board has considered various factors, including the number of scheduled meetings for the Board and Board Committees and general meetings, based on the composition of NEDs, including a provisional sum as a contingency for future appointment of NED on the Board and increase in the number of Board and Committee meetings.

The proposed Resolutions 3 and 4, if passed, will give authority to the Company to pay the Directors' fees and benefits on a quarterly/monthly basis and/or as and when incurred, since the NEDs have discharged their responsibilities and rendered their services to the Company throughout the period.

4. **Explanatory Note E – Re-appointment of Auditors**
   (Resolution 5)

   The Board, through the Board Audit Committee, has conducted an annual assessment of the suitability and independence of the Auditors, KPMG PLT and agreed that KPMG PLT has met the relevant criteria as prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia.

5. **Explanatory Note F – Proposed Shareholders' Mandate**
   (Resolution 6)

   The proposed Ordinary Resolution 6, if passed, will enable Pos Malaysia Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for Pos Malaysia Group's day to day operations as set out in Section 2.2.3 of the Circular to Shareholders dated 25 April 2023, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Malaysia)

As at the date of this Notice, there are no individuals who are standing for election as Directors (excluding the Directors who are standing for re-election) at this coming 31st AGM of the Company.

PROXY FORM

31st Annual General Meeting

POS MALAYSIA

POS MALAYSIA BERHAD
Registration No.: 199101019653 (229990-M)

CDS Account No.	
Total Number of Shares Held	

I/We ____

(Full Name as per NRIC/Passport/Certificate of Incorporation in Capital Letters)

NRIC/Passport/Company No.: ____

Address: ____

Email and Tel. No: ____
being a member/members of Pos Malaysia Berhad ("Pos Malaysia" or "the Company"), hereby appoint the following:

Name of Proxy	NRIC/Passport No.	Tel No.	Proportion of Shareholdings (%)
and/or failing him/her			

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to attend and vote for me/us and on my/our behalf, at the 31st Annual General Meeting ("AGM") of the Company, to be held virtually from Pos Malaysia, Dewan Sri Pos, Level 3, Dayabumi Complex, 50670 Kuala Lumpur as the Broadcast Venue and via the meeting platform at https://meeting.boardroomlimited.my on Wednesday, 24 May 2023 at 11.00 a.m. and at any adjournment thereof, on the following resolutions as set out in the Notice of the 31st AGM. My/our proxy is to vote as indicated below:

No.	Ordinary Resolution	For	Against
1.	Re-election of Datuk Idris bin Abdullah @ Das Murthy as Director		
2.	Re-election of Dato' Ahmad Suhaimi bin Endut as Director		
3.	Approval of Directors' fees from 25 May 2023 until the next AGM of the Company		
4.	Approval of Directors' benefits (excluding Directors' fees) from 25 May 2023 until the next AGM		
5.	Re-appointment of KPMG PLT as Auditors		
6.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional RRPT of a Revenue or Trading Nature		

Please indicate with an X in the appropriate space as to how you wish your votes to be cast. If you do not do so, the Proxy may vote or abstain from voting at his/her discretion.

Signed this .... day of ....………………............. 2023

....
Signature(s)/Common Seal of Shareholder

NOTES:

(a) Every member including Authorised Nominees as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") is entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote instead of him. The proxy need not be a member of the Company.

(b) Where a member of the Company is an exempt authorised nominee as defined under the SICDA, which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA, of which holds ordinary shares in the company for multiple beneficial owners in one Securities Account ("omnibus account") there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(c) Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

(d) The instrument appointing a proxy shall be in writing under the hand of the member or his/her attorney duly appointed under a power of attorney or if such member is a corporation, either under its common seal or under the hand of two authorised officers, one of whom shall be a Director, or its attorney duly authorised in writing. Any alteration to the instrument appointing a proxy must be initialled.

(e) The proxy forms and/or documents relating to the appointment of proxy for the 31st AGM shall be deposited or submitted in the following manner not less than 48 hours before the time for holding the 31st AGM or no later than Monday, 22 May 2023 at 11.00 a.m. in accordance with the Company's Constitution:

(i) In hard copy form
The Proxy Form, Corporate Representative, Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by fax to +603-7890 4670.

(ii) By Boardroom Smart Investor Portal
Online via the Boardroom Smart Investor Portal at www.boardroomlimited.my, which is free and available to all individual Depositors. The detailed requirements and procedures for the submission of proxy forms are set out in the Administrative Guide for the 31st AGM – Lodgement of Proxy Form.

(f) For the purpose of determining a member who shall be entitled to attend the 31st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 May 2023. Only a depositor whose name appears therein shall be entitled to attend the 31st AGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the live streaming of the 31st AGM and/or any adjournment thereof, a member of the Company:

(a) consents to the processing of the member's personal data by the Company for:
- processing and administration of proxies and representatives appointed for the live streaming of the 31st AGM;
- preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and
- the Company's compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the "Purposes").

(b) have the right to access, object to the processing, and request rectification or deletion of the personal data.

(c) undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes.

(d) agrees to fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data.

(Note: the term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010)

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Affix
Stamp

The Share Registrars

BOARDROOM SHARE REGISTRARS SDN BHD
Registration Number: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

Please fold here

Pos Malaysia Berhad
199101019653 (229990-M)

Level 8, Pos Malaysia Headquarters
Dayabumi Complex, 50670 Kuala Lumpur
Tel: +603 2267 2267