

**WE DELIVER.
WE CONNECT.
WE IMPROVE LIVES.**

ANNUAL REPORT **2023**



ABOUT THIS REPORT



WELCOME TO POS MALAYSIA BERHAD'S ANNUAL REPORT FOR THE FINANCIAL YEAR 2023.

For more information, please scan the QR code and/or link to website <https://www.pos.com.my/investor-relations/annual-reports> to view Pos Malaysia Berhad's Annual Report 2023.



WE DELIVER. WE CONNECT. WE IMPROVE LIVES.

The cover for our Annual Report 2023 reflects Pos Malaysia Berhad's ("Pos Malaysia") customer promise: We deliver. We connect. We improve lives. This statement is in line with our purpose, whereby we are passionate about building trust to connect lives and businesses for a better tomorrow.

The arrow symbolises a company that's always moving forward, driving innovation to continuously deliver service excellence for our customers, striving to be better in a rapidly changing 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 a complete illustration of the Group's financial and non-financial performance for the Financial Year ended 31 December 2023 ("FY2023").

This report also describes the operating conditions that have shaped our performance and will impact our strategies and tactics moving forward.

Pos Malaysia's Annual Report has been produced with the primary objective of providing our stakeholders with a comprehensive overview of our financial and non-financial performance. Reading the report, our stakeholders are informed of our strategy, performance, our approach to governance and risks as well as our business outlook. The report demonstrates our accountability and aims to strengthen 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. The Financial Year ended 31 December 2023 will be referred to as "FY2023" 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

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 selected information such as financial statements and Statement on Risk Management and Internal Control.

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.

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OVERVIEW

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OUR JOURNEY

With a proud and unparalleled history of more than 200 years, Pos Malaysia has and continues to be passionate about building trust to connect lives and businesses for a better tomorrow. Engage with our story and the milestones that have shaped who we are today and create the foundation for who we will be tomorrow.

WHO WE ARE

Pos Malaysia is Malaysia's national post and parcel service provider with the sole mandate to provide services, under the universal service obligation, for Malaysia. With a proud history of over 200 years, the group has diversified beyond the traditional provision of mail and parcel services to offer end to end logistics solutions, and diversified products through our Aviation, Retail, Logistics, and Digital services. From the first letter that was sent from Penang, Pos Malaysia has pivoted from a mail company that also delivers parcels, to a parcel delivery company that also delivers mail.

Pos Malaysia has an unparalleled last-mile reach, delivering to more than **11 million** addresses across the nation and with a network of **more than 3,500** touchpoints. Pos Malaysia connects the Rakyat within Malaysia and globally.



MARKET CAPITALISATION

RM0.39

BILLION



REVENUE

RM1.87

BILLION

OUR PURPOSE

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 HISTORY



Service
Provider

1800s

Basic postal services established in the Straits Settlements



Government
Agency

1957

Jabatan Perkhidmatan Pos Tanah Melayu



Corporatised

1992

Rebranded as Pos Malaysia



Public Listing
Government Linked
Company (GLC)

2001

Listed via Philleo Allied Berhad

OUR VALUES



Own It

OWN IT

We take ownership to achieve a great outcome.



Build Trust

BUILD TRUST

We win mutual trust with fairness and integrity, always.



One Team

ONE TEAM

We work together with others to achieve great results.



Drive Innovation

DRIVE INNOVATION

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



Move Fast

MOVE FAST

We learn, simplify, adapt, and act quickly.



Delight Customers

DELIGHT CUSTOMERS

We make our customers happy.



**Restructured
GLC**

2007

Internally restructured and transferred listing status to Pos Malaysia Berhad



**Privatised to
Non-GLC**

2011

DRB-HICOM Berhad acquired Khazanah Nasional Berhad's 32% equity stake in Pos Malaysia Berhad



**Ventured into
Logistics & Aviation**

2016

Acquired DRB-HICOM Berhad's 100% equity stake in KL Airport Services Group of Companies by issuance of 100% new shares. Raised DRB-HICOM Berhad's stake in Pos Malaysia Berhad to 53.5%



Transformation

2021

In 2021, Pos Malaysia embarked on a transformation journey, aiming to deepen connections and foster trust. Embracing technology and sustainability, we've seen a significant shift, highlighted by a 96% delivery success rate amidst challenges. Our journey is ongoing, with a steadfast commitment to the community and a greener future.

OUR BUSINESSES



POSTAL

RM1,086.11
MILLION

58.1%

- Domestic mail and parcel delivery
- International mail and parcel
- Retail services, including bill payment, license renewal, and insurance



AVIATION

RM303.50
MILLION

16.2%

- Ground handling
 - Cargo handling
 - In-flight catering
 - Aircraft maintenance and engineering
- Meet and Greet services



LOGISTICS

RM312.31
MILLION

16.7%

- Project logistics
- E-commerce logistics
 - Supply Chain Management and Logistics
 - Vehicle Shipping Services
 - Haulage Services
 - Warehouse and Distribution Services
 - Air Freight Services
 - Sea Freight Services



OTHERS

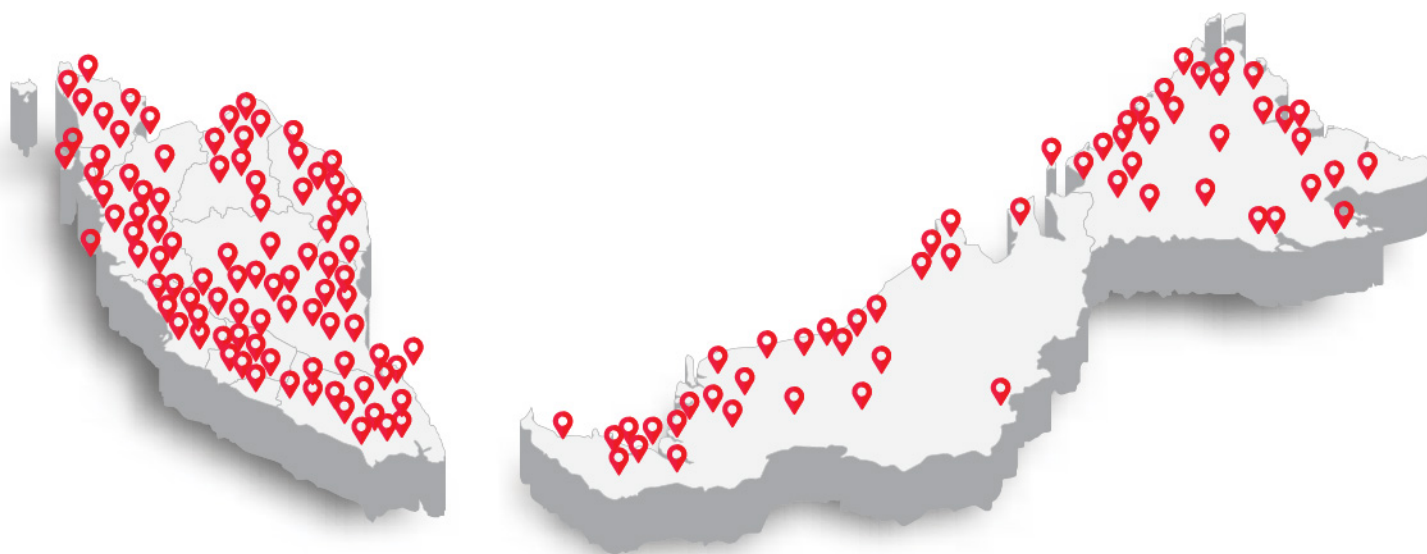
RM168.83
MILLION

9.0%

















- **Pos Ar-Rahnu** – 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

 532 Post Offices	 2 Integrated Parcel Centres
 181 Pos Mini	 17 Ezi-Drive Thru
 30 Pos Laju Branches	 31 EziDrop
 23 Pos Laju Kiosks	 64 Pos Ar-Rahnu
 14 Pos Laju Service Centres	 95 Pos Automated Machines
 84 EziBox	 6 Mail Processing Centres
 5 International Airports	 10 Logistics Service Centres
 9 Pos Shops	 2 Pos Fulfill

SABAH AND SARAWAK

 95 Post Offices	 2 Mail Processing Centres
 49 Pos Mini	 4 International Airports
 3 Pos Laju Branches	 2 Logistics Service Centres
 4 EziBox	 2 Pos Fulfill
 8 Pos Ar-Rahnu	
 9 Pos on Wheels (POW)	

OUR ASSETS



4
FREIGHTER
AIRCRAFT

171
PRIME
MOVERS



4,942
BIKES
110
eBIKES

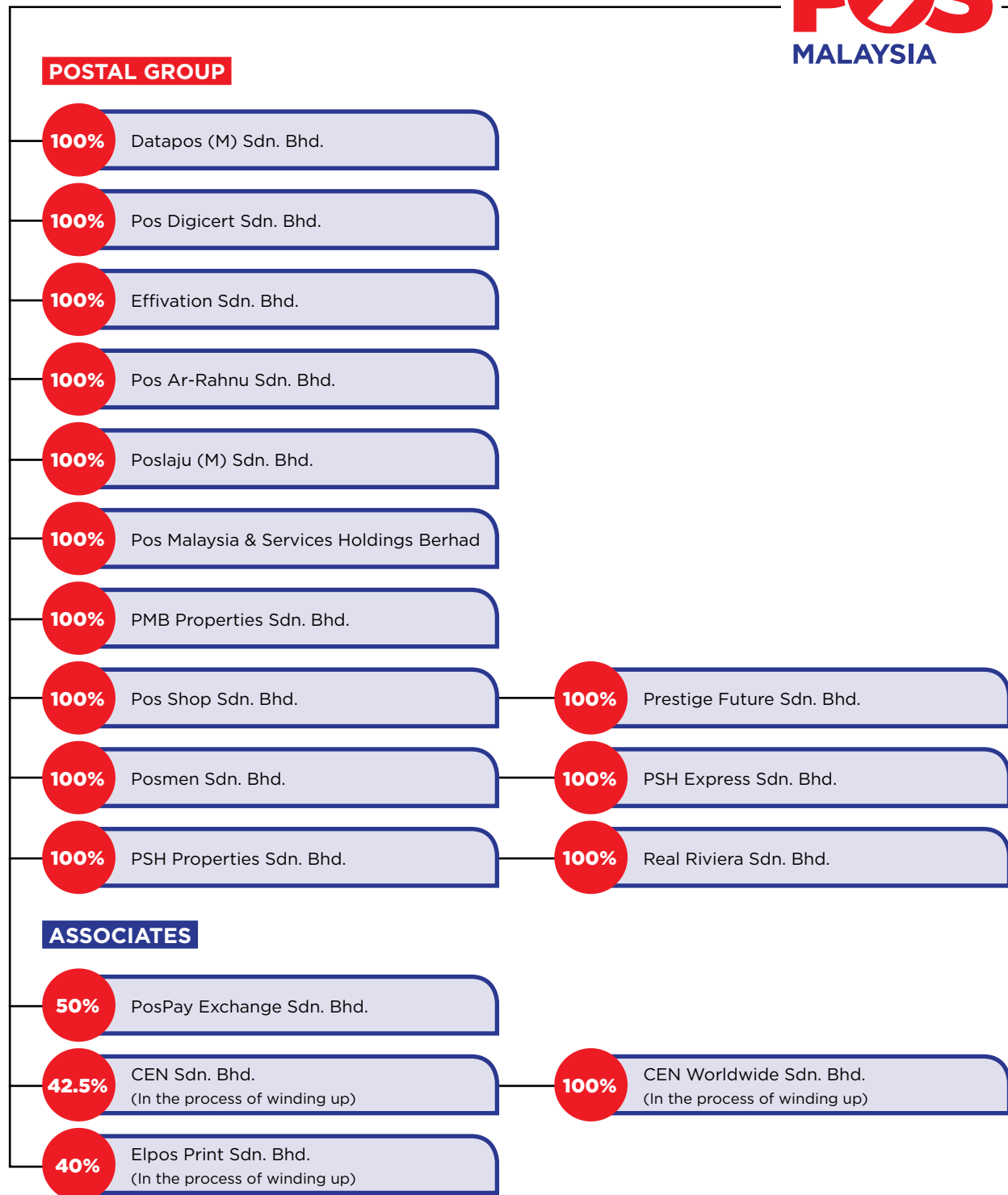


Our Logistics Assets

2**BULK CARRIER
VESSELS****307****LORRIES****1,499****VANS****143****eVANS**

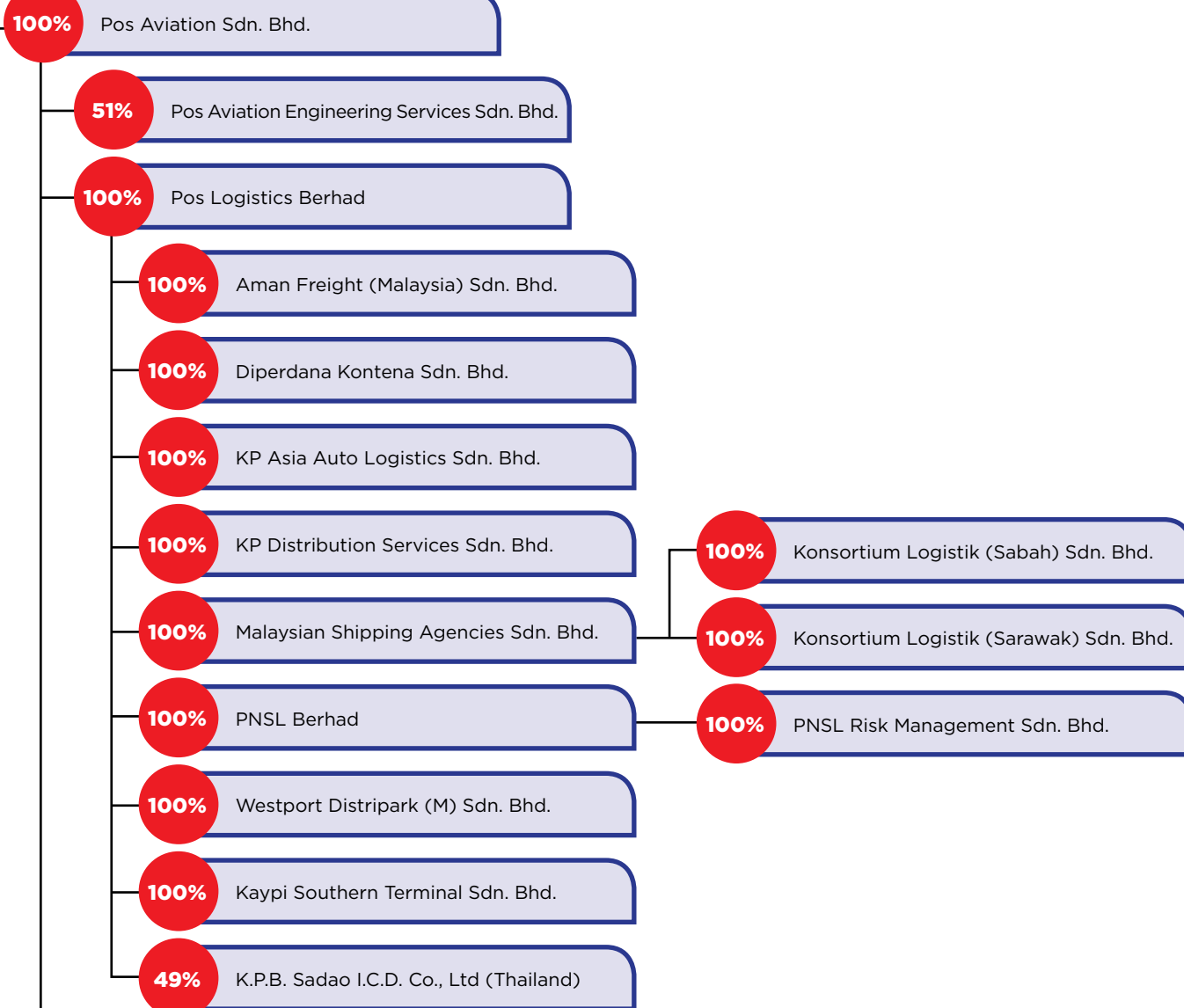
HOW WE ARE STRUCTURED

(as at 31 December 2023)

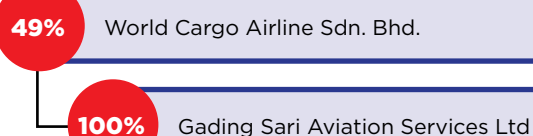


How We Are Structured

AVIATION & LOGISTICS GROUP



ASSOCIATES



2023

KEY HIGHLIGHTS

NON-FINANCIAL HIGHLIGHTS

> 324
MILLION

Mail Items Delivered

> 26
MILLION

Parcels Delivered

Pos Aviation:

3,680,478

In-flight Catering Meals
Served

Pos Logistics:

156,270

TEUs Container Throughput
(TEUs: Twenty Foot Equivalent Units)

Delivers to

> 11
MILLION
Addresses

529

Community Postmen
(including Peninsular, Sabah, and Sarawak)

215

Community Postal Agents

FINANCIAL HIGHLIGHTS

Revenue

RM1.87
BILLION

Revenue Per Employee

RM108,802

Net Tangible Assets Per Share

RM0.52

Revenue by Segment

RM1,086.11
MILLION

58.1%
Postal

RM312.31
MILLION

16.7%
Logistics

RM303.50
MILLION

16.2%
Aviation

RM168.83
MILLION

9.0%
Other Segments

Total Shareholders Equity

RM495.21
MILLION

Total Assets

RM2.17
BILLION

Gearing Ratio

1.24*
TIMES

*(Total borrowings + Total
lease liabilities)/Total Equity

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 aim to consistently deliver great service and delight our customers. The awards and recognitions we garnered in 2023 show our commitment to “delivering the smile in the last mile”.

41ST MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (“MSOSH”) AWARDS

- Silver Award for Good OSH Performance in 2022 – Pusat Pos Laju Petaling Jaya

FORWARD FASTER SUSTAINABILITY AWARDS 2023

- Climate Action Fellow ▼



MALAYSIA MANAGEMENT EXCELLENCE AWARDS 2023

- Employee Engagement of the Year – Logistics
- Executive of the Year – Logistics ▼



MARKETING EXCELLENCE AWARDS 2023

- Excellence in Sponsorship Activation (Bronze) ▼



HRD AWARDS 2023

- Excellence in Sustainable Development Goal (SDG) ▼



Awards and Achievements

SUSTAINABILITY & CSR MALAYSIA AWARDS 2023

- Company of the Year (Transportation & Logistics) – Best in Community & Public Health Support Award ▼



LIFE AT WORK 2023 AWARDS

- CEO Champion, Malaysian Organisation

HR EXCELLENCE AWARDS 2023

- Most People Focused CEO (Silver) ▼



EMPLOYEE EXPERIENCE AWARD 2023

- Best In-House Certification Programmes ▼



READER'S DIGEST TRUSTED BRAND AWARD 2023

- Airfreight Courier Services ▼



GRADUATES' CHOICE AWARD - 2023 MOST PREFERRED GRADUATE EMPLOYERS TO WORK FOR

- #1 Courier Service ▼



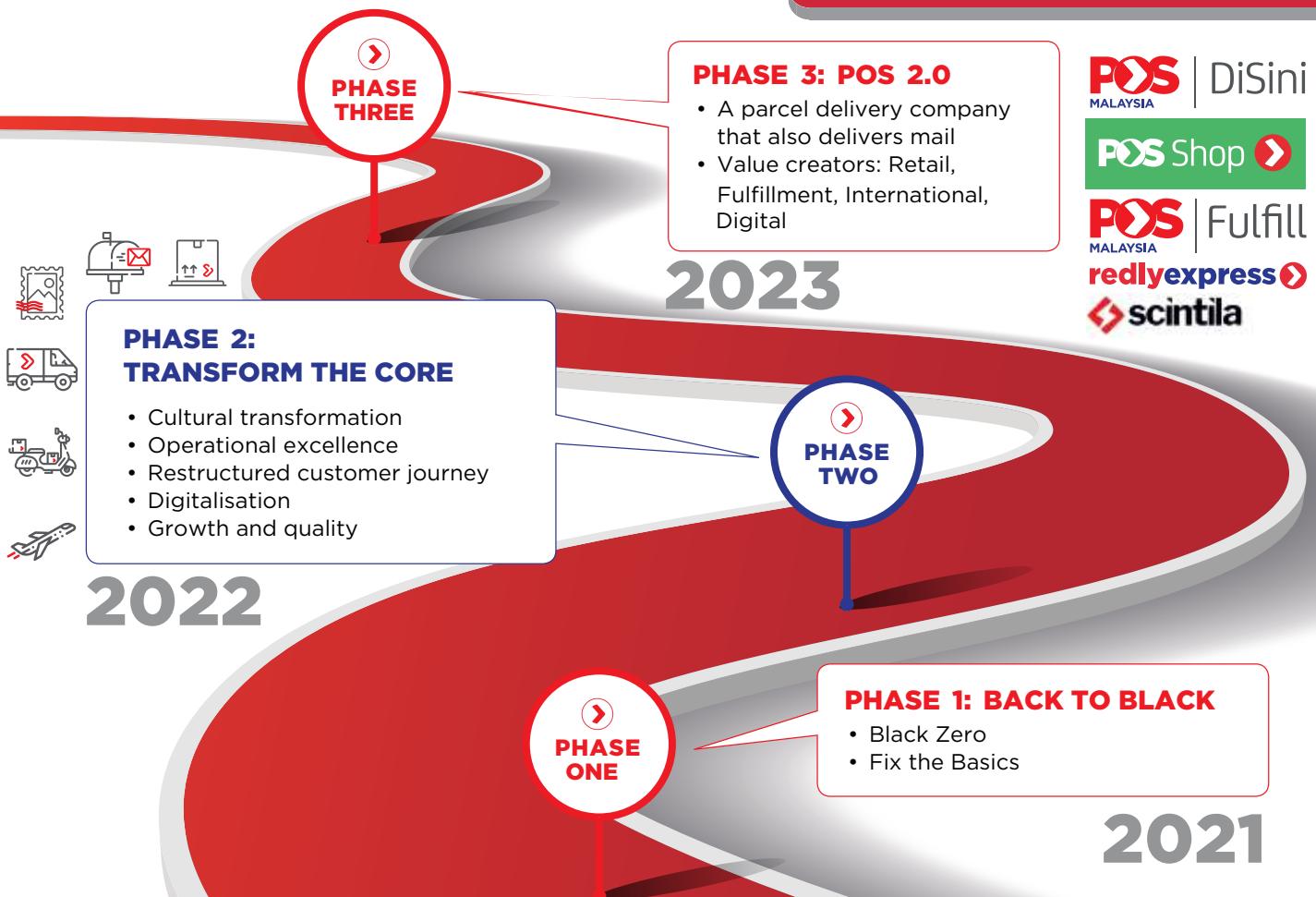
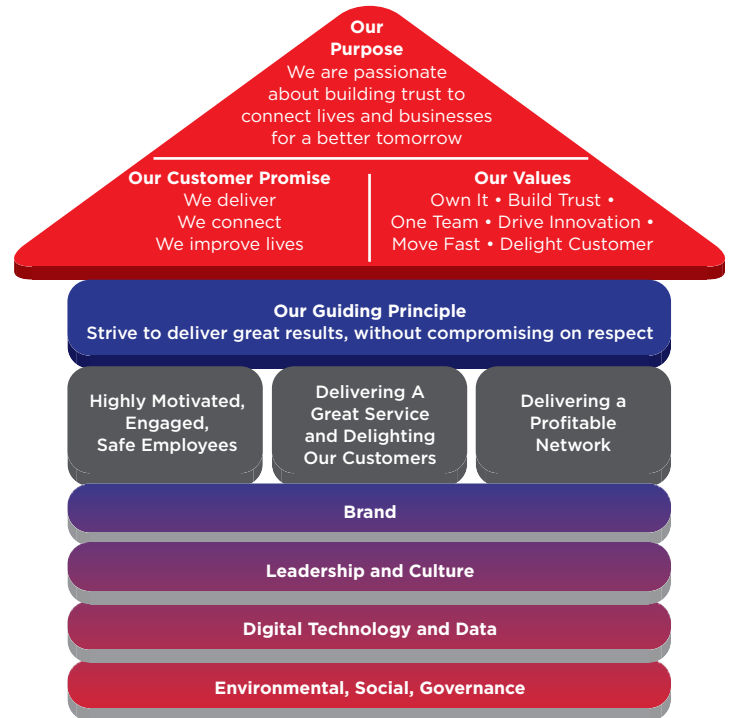
- #3 Warehousing ▼



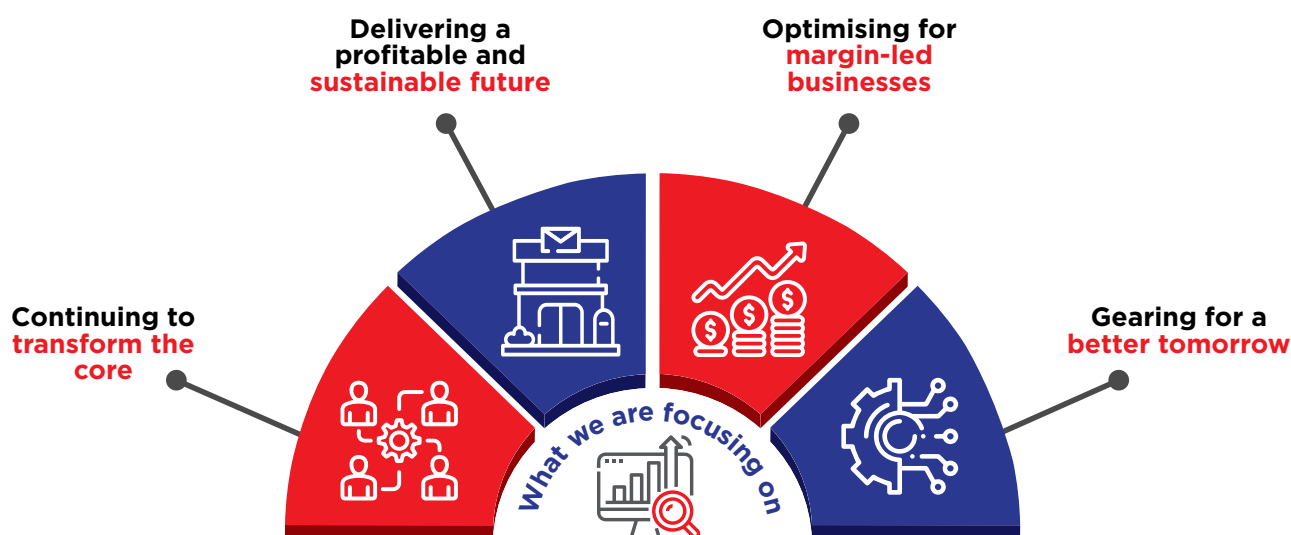


STRATEGY AND TRANSFORMATION

In August 2021 we embarked on an ambitious turnaround and transformation plan



WHAT WE ARE FOCUSING ON

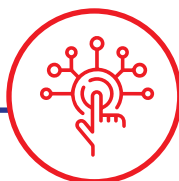


OUR COMPETITIVE STRENGTHS



Our People

We are passionate about building trust to connect lives and businesses for a better tomorrow. Our employees embark on a transformative cultural journey, exemplified by our innovative Certified Wira Programme, as we endeavour to cultivate an environment that fosters highly motivated, engaged, and safe employees.



Our Network

We have an unparalleled last-mile reach, delivering more than **324 million** letters and more than **26 million** parcels, reaching more than **11 million** addresses across the nation, a network of more than **3,500** touchpoints, and over **700** post offices and Pos Laju branches nationwide.



Our Service

Our service level for parcel next-day on-time delivery rose from **46% to 94%**, mail on-time delivery from **55% to 96%**, and retail net promoter score exceeded **86.1** in 2023, solidifying our reputation as industry leaders in service excellence and customer-centricity.



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**KEY
MESSAGES**

20	Chairman's Statement
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LEADERSHIP INSIGHTS

Hear directly from our Chairman and Group CEO as they share their reflections and perspectives. Gain a deeper understanding of our ambition as we aim to be a great company for our employees and customers.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2023 has been one of mixed outcomes, with challenges in the postal sector but resilience in other sectors that we are in. Irrespective of this, the focus towards our transformation continues.

For more than 200 years, Pos Malaysia has undeniably been servicing Malaysians; always passionate about building trust to connect lives and businesses for a better tomorrow. Operating in every part of the country, connecting even those in the most remote areas, we deliver far more than just letters and parcels – we deliver love, hope and growth as we connect individuals and families near and far. It is this unique history and relationship that fuels and motivates the 17,194 employees at Pos Malaysia.

“We Deliver. We Connect. We Improve Lives” is not merely the theme of this year’s annual report; it is our promise to our customers, honouring our heritage and embracing the future.

HIGHLY CHALLENGING MARKET

The year in review saw the global post and parcel sector grappling with significant uncertainties, including rising labour costs, regulatory hurdles and evolving business models.

Along with the continued decline of mail volume on the back of digitalisation, Pos Malaysia has had to contend with economic pressures ranging from the threat of recession and escalating inflation to post-pandemic shifts in consumer behaviour favouring brick-and-mortar stores. Additionally, the market has become overly crowded with e-commerce giants being allowed to insource their own parcel delivery coupled with new entrants to the Malaysian parcel market, all of which have contributed to decreased volume for market players.

TRANSFORMATION

Therefore, the focus of my comments this year is on the transformation of Pos Malaysia, and let me start with the context:

- The importance of transforming Pos Malaysia was recognised by the Board and Management some years ago, given the disruption to the postal business caused by digital substitution. What was not foreseen was the accelerated insourcing of parcel delivery by e-commerce platforms and new foreign-owned logistics companies, backed by venture-capital firms and private-equity funds, which were allowed to enter the market, altering the rules by adopting “predatory pricing”.
- The domestic mail volume has since continued its decline. Despite building an effective logistics business in Malaysia by leveraging our unparalleled postal infrastructure, combined with encouraging indicators arising from Management’s rebuild of our International Postal business, these have not been sufficient to cover the impact of the decline in domestic mail and cost inflation.

OUR PROGRESS

Pos Malaysia has progressively shifted from the notion of a “mail company that also delivers parcels” towards a “parcel company that also delivers mail”.

We are focused on the execution of our three-phased transformation plan, designed to create long-term sustainability

and value. By and large, we aim to achieve a “black zero” by fixing the basics in Phase 1; transform the core through cultural change, operational excellence, a restructured customer journey, digitalisation, growth and quality in Phase 2; and evolve into a parcel delivery company that also delivers mail with value creators in retail, fulfilment, international, and digital in Phase 3.

Along with significant improvements across our three strategic pillars to foster a workforce that is Highly Motivated, Engaged, and Safe; Delivering A Great Service and Delighting Our Customers; and Ensuring a Profitable Network, Pos Malaysia has delivered improved employee engagement at 76%, market-leading service levels at 96%, accelerated customer acquisition with more than 19% new customers acquired, as well as further improved yield for mail and parcels by 8% and 7% respectively. The net effect of these has resulted in the substantial narrowing of losses; an indication that we are certainly on the right track.

LOOKING AHEAD

With the foundation for future growth and ongoing transformation in place, the Board is optimistic, albeit cautiously, about delivering improved results and enhancing shareholders’ returns.

The overarching theme is to move progressively towards becoming a logistics company through optimising resources, mitigating risks associated with the declining trend of mail volume, monetising assets and recycling capital to support further growth and transformation.

Chairman's Statement

Moving forward, we will maintain a laser focus on improving financial performance and business and cultural transformation, optimising margin-led initiatives, implementing stricter cost control, and enhancing sustainability measures.

CHAMPIONING THE AGENDA OF SUSTAINABILITY

Pos Malaysia is actively working towards achieving net-zero goals for its operations and in March 2023, we unveiled our Sustainability Roadmap embracing net-zero by 2050. This includes the ambitious goal to reduce Scope 1 and Scope 2 emissions by a certain timeframe; having already achieved several notable milestones in our roadmap. To date, we have deployed 110 eBikes and 143 eVans, equipped 267 trucks with telematics, installed Solar PV systems at three premises and established six public charging stations. Additionally, several "circular economy" projects were initiated, including the "Less Paper" project, recycling programmes and the transition to eco-friendly materials in packaging products.

Our commitment to championing sustainability was recognised with two prestigious awards in 2023: the HRD Corp "Excellence in Sustainable Development Goal Award" and the CSR Malaysia "Company of the Year (Transportation & Logistics) - Best in Community & Public Health Support Award". The finer details of our sustainability focus and achievements can be found within the Sustainability Statement on pages 108 to 151 of this report.

UPHOLDING ROBUST GOVERNANCE PRACTICES

The Board remains committed to upholding and improving the highest standards of governance and to enhancing a governance framework aligned with regulatory mandates, ensuring transparency, accountability, and ethical conduct across our operations.

In 2023, we launched the Corporate Disclosure Policy to guide the Company in delivering accurate, clear, timely and fair disclosure of material information pertaining to the Group's performance and operations, complementing our existing policies and procedures.

A notable commitment to gender diversity was demonstrated by the Board's efforts to align with Practice 5.9 of the MCCG 2021, aiming for at least 30% female Directors on the Board; now constituting 28.57% as of 3 April 2024. For the finer details of our governance practices and activities, please refer to the Corporate Governance Overview Statement on pages 70 to 88 of this report.

ACKNOWLEDGEMENTS

I would like to record my deep appreciation to my fellow Directors, our management and amazing employees as well as Unions for their tireless support. We have been through challenging times as we transform but the journey is looking brighter with their ongoing commitment and contribution; which are always greatly appreciated.

We bid farewell to Ahmed Fairuz bin Abdul Aziz who resigned as an Independent Non-Executive Director on 1 November 2023, and Dato' Ahmad Suhaimi bin Endut, who stepped down as a Non-Independent Non-Executive Director on 15 February 2024. Their contributions have been invaluable to our progress.

At the same time, we warmly welcome Sabarina Laila binti Mohd Hashim, who joined us as a Non-Independent Non-Executive Director on 1 June 2023, and Roshidah binti Abdullah, who was appointed as an Independent Non-Executive Director on 1 January 2024. The Board and Pos Malaysia are already benefitting from their diverse insights and experiences.

Finally, I would like to thank our shareholders for their continued support and commitment; it is never taken for granted and always appreciated.

Thank you.

SYED FAISAL ALBAR

Chairman



GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

At the heart of Pos Malaysia lies a profound commitment to our purpose: “We are passionate about building trust to connect lives and businesses for a better tomorrow.”

From the onset of our humble beginnings in the early 1800s, Pos Malaysia has been at the forefront of building trust and connecting the nation's people and businesses. Our enduring legacy as Malaysia's leading post and parcel service provider is highlighted by our annual delivery of over 324 million letters and 26 million parcels to more than 11 million addresses across the nation. Come rain or shine, we serve the rakyat whether they reside or work in urban centres, rural areas, or the most remote *kampungs*. Our unrivalled reach, extensive network, and steadfast dedication to serving every corner of Malaysia underscores our unique value proposition.

Pos Malaysia continues to lead and innovate amidst a dynamically evolving market landscape. We are committed to remaining agile and relevant, ensuring that every action we take is aligned with the evolving needs of our stakeholders. Our journey is fuelled by a relentless drive to overcome obstacles, seize growth opportunities, and nurture a culture rich in

innovation and adaptability. This approach ensures that Pos Malaysia not only meets the current demands of the market but also anticipates future needs with strategic foresight.

The year 2023 marked a significant milestone in our continuous quest for service excellence. We advanced our ambitious three-phase transformation strategy, progressing at an accelerated pace. Building upon the robust foundation established in the first two phases, we redoubled our efforts to empower our team, exceed customer expectations, hone our operational processes, enhance our service offering, and leverage digitalisation. All these endeavours have made us ready to respond to the present while strategically positioning us for the future.

Today, Pos Malaysia stands on the brink of a new era, ready to navigate the future with quiet confidence and a commitment to excellence that has defined us for over two centuries.



Group Chief Executive Officer's Statement



“Pos Malaysia confronts 2023's economic challenges head-on, embracing change with our POS 2.0 strategy to innovate and sustain. Amidst market shifts and digital disruption, we're focused on financial resilience, operational excellence, and customer-centric growth, steering towards long-term sustainability and success.”

OUR OPERATING ENVIRONMENT

Amidst 2023's uncertain global economic landscape, players within the postal and logistics sector found themselves at a crossroads. Industry players have had to prudently navigate a maze of broad challenges ranging from rising labour costs, regulatory barriers to fundamental shifts in business models and increasing competition. In response, postal leaders worldwide strategically pivoted, reducing their reliance on traditional mail and parcel revenues, leveraging existing assets and developing new margin-led businesses.

Given that Pos Malaysia's business is cyclical and broadly follows economic trends, we too continued to face our fair share of challenges. The spectre of a looming recession, escalating inflation rates, and the noticeable shift of consumers returning to physical stores in the post-pandemic era, all left an indelible mark on our sector. The practice of insourcing parcels and “masking” by major e-commerce players also led to a tangible reduction in parcel volumes.

Today, the Malaysian courier landscape, already an incredibly competitive space, faces further disruption from aggressive pricing strategies. Compounding these challenges is the shift towards digital payment methods and communications, significantly reducing footfall in our retail outlets and the volume of traditional mail. Furthermore, the entry of foreign competitors, buoyed by private equity and venture capital, has introduced a level of competition that has unsettled the market's balance and forced a number of home-grown carriers to withdraw, reduce or exit the market completely.

In this challenging environment, we observed the continued year-on-year decline in mail volume, a clear indicator of the preference for all things digital, while the parcel sector was particularly affected by:

- Escalating costs, especially those associated with fulfilling the Universal Service Obligation (“USO”);
- A hyper-competitive market landscape, exacerbated by the issuance of 114 licences to date, with minimal regulation concerning new entrants, their operational structure, or the licensing process;
- The prevalence of predatory pricing, unchecked by regulatory measures;
- The issue of “masking” by platforms, which restricts consumers' choice; and
- A diminishing online market as consumers revert to physical stores, compounded by a decrease in disposable income.

In response to these challenges, Pos Malaysia continues to steadfastly pursue a comprehensive three-phase business turnaround and transformation plan which is designed to steer the Group towards a path of improvement and long-term sustainability. In 2023, we introduced POS 2.0, aimed at launching new margin-led businesses and mitigating the ongoing risks associated with our core business.

In successfully leveraging our transformation strategy, we have to date registered year-on-year financial improvements fuelled by enhanced yields, asset optimisation, and stringent cost management. We remain deeply committed to executing our transformation strategies, streamlining unprofitable segments, advancing margin-led businesses, championing sustainability via our ESG roadmap, and staying laser-focused on our employees and our customers.

OUR PERFORMANCE IN 2023

Financial year 2023 saw the Pos Malaysia Group marking a continued turnaround in its performance trajectory. The Group, having successfully ended a sequence of 15 consecutive quarters of losses and returning to profitability in the second quarter of 2022, continued to build on this momentum. In 2023, the Group's Loss Before Tax (“LBT”) narrowed by 17%, reducing to RM141 million from RM170 million in 2022. The Group was able to deliver this result despite its revenue declining by 5%, from RM1,961 million in 2022 to RM1,871 million in 2023 amidst ongoing market challenges.

Group Chief Executive Officer's Statement



The leading contributor to the Group's revenue was the Postal segment at 58.1%, followed by Logistics at 16.7%, Aviation at 16.2%, and the Other segments at 9.0%.

The Postal segment experienced a 12.3% drop in revenue to RM1.1 billion primarily due to intense competition and predatory pricing from foreign courier companies and major e-commerce players further advancing their insource delivery capabilities. The Postal segment's LBT too widened by 18% to RM153.6 million, impacted by lower revenue and fixed costs, despite efforts to manage costs leading to reduced transportation and delivery expenses.

The Logistics segment saw a 6.9% decrease in revenue to RM312.3 million, mainly due to reduced customer volumes in freight management, particularly freight forwarding and haulage. However, this was partly offset by increased revenue from the marine business. The segment recorded a lower LBT, benefiting from the absence of the previous year's impairment on property, plant, and equipment.

The Aviation segment reported a 19.0% increase in revenue to RM303.5 million and a 39.5% rise in profit before tax ("PBT") to RM7.4 million, driven by the higher number of flights handled and the rise in demand for in-flight catering, including meals for Umrah flights. This positive trend is expected to continue.

The Other segments comprising non-core businesses like Ar-Rahnu, Datapos, and Digicert, saw a 27.8% increase in revenue to RM168.8 million and a 40.5% increase in PBT to RM39.1 million, indicating strong performance across these segments.

Overall, the Group's financial performance in 2023 reflects a continuing path towards long-term sustainability.

On the non-financial front, Pos Malaysia has demonstrated remarkable progress across various metrics, enhancing its operational efficiency and organisational culture. The Group achieved significant improvements in its mail and parcel service levels, with next-day Parcel delivery improving from 46% in August 2021 to 94% in December 2023, and Mail delivery improving from 55% in August 2021 to 96% in December 2023. The introduction of the now commonly used customer satisfaction approach – Net Promoter Score ("NPS") – saw Retail's NPS climb impressively from the low 40s to the mid-80s within six months.

The launch of the Wira culture transformation initiative too has yielded notable advancements: By way of our employees completing their foundational training, approximately 98% of the leadership team completed the F.I.T. to Lead Module 1, around 83% engaged in Masterclass 3 on Engaging Communications, and about 52% participated in Masterclass 4 focusing on continuous improvement through Gemba Walks. Furthermore, approximately 58% of all employees embraced the Wira Way of

Working, bringing the organisation's six core values to life.

With these foundational achievements, Pos Malaysia remains cautiously optimistic about continuing this trajectory of improved results into 2024.

MOVING FORWARD

As we look to the future, Pos Malaysia is steadfast in its commitment to a strategic transformation, anchored by our three fundamental pillars: fostering a workforce that is Highly Motivated, Engaged, and Safe; Delivering A Great Service and Delighting Our Customers; and Ensuring a Profitable Network. This will be achieved through a recalibration of our business model and operations, and by addressing unprofitable segments to bolster our financial standing.

We have already achieved significant progress in our operational efficiencies by optimising our mail and parcel network and workforce, as well as through leveraging our extensive national infrastructure. This has led to a marked decrease in operational costs.

In our core postal sectors – Mail, Parcel, Retail, and International segments – we are set to boost profitability by modernising our retail network into a seamless online-offline model, focusing on revenue diversification across various customer segments, enhancing the efficiency of our mail and parcel networks, and committing to over 95% adherence to next-day delivery service levels.

Group Chief Executive Officer's Statement

“Pos Malaysia is propelling forward with its strategic transformation plan, focusing on operational excellence, service quality, and financial resilience. Our journey, marked by diversification and enhanced efficiency, underlines our commitment to connecting lives and businesses, shaping a prosperous future for Malaysia.”

To further diversify our revenue streams and reduce dependency on traditional mail and parcel services, we are implementing five key margin-led initiatives:

- 1** ▶ Via Pos DiSini we aim to lease out 1.1 million square feet of space at competitive rates;
- 2** ▶ Though our Pos Shop expansion, we will be adding 40-60 convenience stores in 2024;
- 3** ▶ Via Pos Fulfill we will be expanding fulfilment services in Peninsular and East Malaysia, utilising existing warehouse space to allow brands to place products closer to customers, while leveraging Pos Laju for the best and fastest last-mile delivery;
- 4** ▶ Leveraging the redlyexpress International Service, we will strengthen our international presence across key e-commerce trade lanes including Oceania, Asia Pacific, North America, the European Union, and the Middle East;
- 5** ▶ Through Scintila Technology Consultancy, we will offer integrated strategy, design, and software engineering services to businesses and postal organisations worldwide.

In addition, we are engaging with government and regulatory bodies to promote a fair and sustainable market environment. This includes initiatives such as establishing minimum pricing policies for parcels, combating the “masking” practice by e-commerce platforms, enhancing governance in courier licensing, serving as the key link between government services and Malaysian citizens, and amending the Universal Service License Fee structure.

Our subsidiaries will continue to play a pivotal role in our growth story. Pos Aviation is poised for growth, buoyed by escalating demand in air travel, ground handling services, and in-flight catering. Pos Logistics is strategically realigning its focus towards the automotive sector, third-party logistics, and warehousing, ensuring its relevance in a rapidly evolving market. Additionally, we anticipate significant growth in our Islamic pawnbroking business and plan to accelerate and expand our margin-led new business, and specifically our asset-light international business, Pos Fulfill, and our much-loved convenience store, Pos Shop.

As we move forward, our guiding principles remain clear – to drive growth and maintain the highest standards of quality. Our dedicated team is the embodiment of Pos Malaysia’s spirit of delivering to and for Malaysians. Together, we have achieved significant milestones in setting industry-leading service standards, and we will continue to do so. As we step out, our overarching mission – to passionately build trust and connect lives and businesses for a better tomorrow – remains at the centre of all that we do.

ACKNOWLEDGEMENTS

On behalf of the entire management team, I extend our deepest gratitude to our Chairman, Tan Sri Syed Faisal Albar, and the esteemed members of the Board for their insightful guidance, trust, and steadfast support throughout 2023.

Our heartfelt appreciation goes to our valued shareholders and customers for their continued faith in our capabilities and vision. Your support is the cornerstone of our success. We are also deeply grateful to the government and our regulatory bodies for their constructive collaboration and guidance, which have been instrumental in our journey.

A special note of appreciation is reserved for our dedicated Pos Wiras, the backbone of our organisation. Your relentless commitment, hard work, and passion for excellence in serving our customers are truly valued. I am profoundly thankful for your contributions to Pos Malaysia.

I call upon all our stakeholders to continue lending us their steadfast support as we continue on this transformative journey.

Thank you.

CHARLES BREWER

Group Chief Executive Officer



3

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NAVIGATING PROGRESS

Explore our detailed Strategic and Performance Reviews for an in-depth understanding of our operational landscape, as we strive to be an organisation that delivers great results without compromising on respect.

NAVIGATING THE MARKET LANDSCAPE

REMAINING AGILE AMIDST A CHALLENGING MARKET LANDSCAPE

In 2023, Pos Malaysia navigated continued global uncertainties and industry shifts, adapting to changes like softening e-commerce growth, a change in customer buying behaviours, and a continued highly competitive and shifting sector landscape. We started to leverage our strategic POS 2.0 initiatives, part of the broader three-phase transformation roadmap, and aimed at realising future value whilst mitigating immediate risks associated with our core mail and parcel business.

Guided by our strategic pillars:



along with additional initiatives, these actions have been key to our progress. The following encapsulate the 2023 achievements under our Transformation Roadmap.



Navigating the Market Landscape

HIGHLIGHTS OF OUR FY2023 ACHIEVEMENTS

Highly Motivated, Engaged, and Safe Employees

Employee engagement score improved to

76%

Lost Time Injury Frequency Rate (LTIFR) improved by

28% year-on-year (YoY)

Women in leadership improved from

38% to **41%** over two years

Leadership and Culture

100%

completion of culture transformation foundation module

All leaders attended our leadership programme “F.I.T. To Lead 1”

Digital Technology and Data

More than

90%

of applications migrated to the “cloud”

Enhanced data analytics and modern tech stack

Digitalisation of the customer journey

Website and Pos Mini App revamp

Delivering A Great Service and Delighting Our Customers

Parcel next-day on-time delivery

≥94%

Mail on-time delivery

≥96%

Customer service, Abandoned Call Rate

2% and at a lower cost

Net Promoter Score Retail

86.1

Delivering A Profitable Network

17%

improvement in Loss Before Tax (LBT) versus FY2022

Yield improvement for mail and parcel

8% and **7%** respectively

Last mile productivity improved by

>100%

Rolled out

POS MALAYSIA | DiSini

POS Shop

POS MALAYSIA | Fulfill

redlyexpress

scintila

Environment, Sustainability, Governance (“ESG”)

Launched Pos Malaysia Sustainability Roadmap:

Net-Zero

by 2050

Rolled out

110 eBikes, 143 eVans, 3 sites

with solar panels

6

public charging stations

Reduced paper usage by

28% YoY

Brand

#1

Brand preference

#2

Brand equity

#1

Share of voice

#1

PR and PR value

The finer details of Phase 2.0 and the outcomes are spelled out in various parts of this Report.

The following narratives outline the market backdrop we faced in 2023 and our strategic responses.

Navigating the Market Landscape

EMBRACING THE DIGITAL REVOLUTION

Background: In 2023, Pos Malaysia actively embraced digital transformation, recognising its impact on the postal and retail sectors. Adapting to the changing consumer behaviours driven by the digital trend, Pos Malaysia innovated to stay competitive and relevant. This approach helped navigate digitalisation challenges, such as those from the Road Transport Department or JPJ, and leverage shifts in the e-commerce landscape. As e-commerce growth stabilised and physical retail returned, Pos Malaysia's strategic digital initiatives ensured it could meet evolving customer demands.

Our Strategic Response: Responding to evolving market dynamics, Pos Malaysia embarked on a technological leap forward by implementing the following strategic initiatives:

Cloud migration and digital enhancement

- Migrated core applications to the cloud.
- Upgraded data analytics capabilities.
- Modernised technology stack.
- Transformed the customer journey digitally.

Website and app revamp

- Redesigned website and Pos Mini App.
- Deployed AXIS, an advanced Parcel system.
- Launched digital initiatives for enhanced customer experience, revenue growth, and operational efficiency.

Retail's digital pivot

- Launched an online insurance portal to tap into new online markets.

Courier business strategy

- Focused on exceptional service for B2B, B2C, and C2C using digital platforms for flexibility and competitive pricing.

Datapos' digital shift

- Transitioned to ePresentment and digital solutions, moving away from traditional services.

Pos Digicert's global expansion

- Aiming for international growth with global technology frameworks and strategic partnerships.

Launch of Scintila

- Introduced a technology consultancy to lead in digital strategy, design, and software engineering with a SaaS model.

Enhancing digital capabilities

- Strengthening AI and Machine Learning for digital products.
- Investing in robust infrastructure maintenance.



Outlook: Pos Malaysia is poised to build on its digital transformation success, focusing on customer-centric innovation and strategic partnerships to navigate the digital era. Our dedication to sustainable growth and quality service positions us as a leader in the evolving digital landscape.

DELIVERING A PROFITABLE NETWORK

Background: Pos Malaysia has navigated evolving market dynamics that have tested our financial resilience, impacting revenue streams and profit margins. However, our strategic response turned the tide in the second quarter of 2022, ending 15 consecutive quarters of losses and marking a significant return to profitability. In 2023, we continued this positive trajectory, effectively reducing our Loss Before Tax by 17%, demonstrating our ability to overcome challenges and enhance financial performance, even amidst a 5% reduction in revenue. This progress highlights our commitment to innovation and adaptability in response to market changes.

Our Strategic Response: Our turnaround is anchored on financial sustainability, marked by significant strides in reducing costs, optimising our network, and focusing on key customer segments. Enhancements in product offerings and operational efficiency, alongside technology adoption, are driving our progress. We are leveraging these strategic measures to ensure a profitable network:

Navigating the Market Landscape

Diversification for topline growth

- Enhancing revenue through a diversified portfolio focused on higher-return margin-led businesses.
 - Utilising Pos DiSini for real estate leasing of available retail space.
 - Launching Pos Shop “convenience” outlets.
 - Launching Pos Fulfill to allow customers to place products closer to customer and leveraging existing warehouse space and our delivery network.
 - Launching redyexpress, an asset-light, digital international product.
 - Launching Scintila, providing technology SaaS solutions and consultancy services.

Network integration

- Integrating Mail and Parcel networks for economies of scale, cost reduction, and improved service.

Effective cost management

- Implementing strict expense management and profitability measures.
- Strategies include contract renegotiations, route optimisation, CAPEX prioritisation, in-housing services, optimising air transport, and renting out excess space.
- Exploring workforce rationalisation by redeploying staff and centralising support functions for cost efficiency.

Customer-centric revenue growth

- Enhancing systems and processes with a customer-centric approach.
- Leveraging technology for better engagement and introducing online bill payments and marketing automation.

Better cashflow management

- Investing in AI and predictive tools for credit management.
- Considering asset rationalisation and refinancing for better financial terms.

Regulatory engagement and expert consultation

- Maintaining continuous dialogue with regulators and seeking expert advice to navigate market challenges.

Outlook: We will continue to enhance efficiency by optimising our network and workforce, strict management of cost, a focus on growing market share and accelerating our margin-led businesses.



Navigating the Market Landscape

STRENGTHENING THE CUSTOMER JOURNEY

Background: In 2023, Pos Malaysia experienced contrasting performances across its segments, with Postal and Logistics seeing declines of 12.3% and 6.9% respectively in revenue, while the Aviation segment and Other segments (including Ar-Rahnu, Datapos, and Digicert), enjoyed revenue increase of 19.0% and 27.8% respectively. This variance reflects the diverse impacts of digital shifts and competitive market pressures, particularly highlighting the importance of enhancing customer engagement. In response to the challenges in traditional segments, we are focusing on improving customer satisfaction and engagement, viewing the evolving market conditions as an opportunity to adapt, innovate, and ensure Pos Malaysia's relevance and growth in a rapidly changing industry.

Our Response: Amidst varied business segment performances in 2023, Pos Malaysia has undertaken strategic initiatives focused on "Delivering Great Service and Delighting Our Customers". Building on the groundwork laid in 2022 for enhancing the customer journey, 2023 saw a notable shift towards cultural transformation, fostering a strong sense of ownership and commitment to customer satisfaction within our team. These were among the measures we implemented:

Culture transformation

- Launched the "Wira Way", an eight-week programme to align employees with company values.
- Aimed at empowering employees, termed "Wira" or "heroes", to embody Pos Malaysia's Purpose.
- Focuses on core values such as ownership, trust, teamwork, innovation, agility, and customer satisfaction.
- Combines leadership development with functional training in an immersive learning environment.

Elevating customer experience through service recovery

- Utilised NPS survey insights for focused service recovery, making the customer central to efforts.
- Achieved notable NPS scores and service levels in Retail, Parcel Next Day Delivery, and Mail Delivery.

Comprehensive digital transformation

- Revamped customer-facing systems and redefined the customer journey for better interaction and satisfaction.
- Expanded chatbot functionalities across platforms such as Facebook Messenger, WhatsApp, and webchat.

Initiating proactive complaint prevention

- Encouraged collaboration across Operations, Sales, Digital, and Marketing teams for proactive complaint prevention.
- Aimed at understanding and addressing customer emotions for more meaningful interactions.

These initiatives highlight our dedication to overcoming challenges and laying a strong foundation for continuous improvement in customer service. The finer details are available in the Business Review section of this report.

Outlook: As we venture into 2024, Pos Malaysia aims to enhance customer service by integrating AI and data analytics for predictive insights and faster issue resolution. We are focused on improving our omnichannel experience for seamless customer interactions across all platforms and planning internal reforms for a customer-centric approach. Our goal is to develop a user-friendly platform that allows customers to effortlessly address their needs, elevating their experience with Pos Malaysia.

LEVERAGING SUSTAINABILITY FOR BUSINESS SUCCESS

Background: Sustainability is a key driver in today's business environment. Companies with robust Environmental, Social, and Governance ("ESG") practices not only mitigate risks such as market exclusion but also enhance resilience and attract stakeholder interest. For Pos Malaysia, adopting the ESG agenda is crucial to prevent potential risks and maintain long-term success. By committing to sustainability measures, we address environmental and regulatory challenges, ensuring our continued viability and positioning ourselves for future growth.

Our Response: We are deeply committed to sustainable growth, aligning our operations with ESG principles to positively impact society, ensure employee well-being, and contribute to environmental conservation and climate change mitigation. This commitment extends beyond mere compliance, it truly embeds sustainability into our strategic vision and daily operations. In 2023, we undertook several tangible initiatives underscoring this commitment:

Sustainability roadmap and emissions reduction

- Launched in March 2023, aiming for net-zero by 2050 - a pioneering move in Malaysia's Logistics sector.
- Set ambitious targets to reduce Scope 1 and 2 emissions by 30% by 2025, focusing on decarbonisation and climate change mitigation.

Energy consumption and fleet upgrade

- Reduced energy consumption in 2023 through operational efficiencies.
- Introduced 110 eBikes and 143 eVans, and enhanced fleet telematics for efficiency and lower emissions.

Renewable Energy initiatives

- Installed Solar PV systems at three sites and established six public charging stations.
- Implemented circular economy projects such as the Less Paper Project and the use of eco-friendly materials.

Navigating the Market Landscape

Workforce health and safety

- Prioritised employee health and safety through Defensive Driving Training and the “Drive To Stay Alive” campaign.

Employee engagement and digital learning

- Launched the Kyzenze app for real-time feedback and Virtual PosCODE for digital learning in sustainability and other areas.

Enhanced sustainability reporting

- The 2023 Sustainability Statement includes independent assurance and Scope 3 emissions reporting on employee commuting and business travel.

Risk management and data security

- Integrated environmental, economic, and social risks into the Enterprise Risk Management Framework.

Flood business continuity planning

- Developed an Operations Flood Business Continuity Plan to safeguard employees and service continuity during floods.

Ethical conduct and anti-corruption measures

- Adhered to a zero-tolerance policy towards bribery and corruption, with zero incidents recorded in 2023.

Outlook: Moving forward, we are committed to deepening our ESG engagement by expanding our sustainability initiatives and fully integrating ESG values into our operations, including environmental conservation and employee well-being. We also plan to enhance our community programmes to contribute more significantly to society. By building on our ESG momentum, Pos Malaysia aims to underscore our commitment to sustainable growth and set new industry standards for corporate responsibility.



5-YEAR GROUP FINANCIAL SUMMARY



	FP2019	FY2020	FY2021	FY2022	FY2023
Loss Before Tax (RM' million)	(241.9)	(303.5)	(331.4)	(169.8)	(140.7)
Loss Before Tax Margin (%)	(14.4)	(13.0)	(15.1)	(8.7)	(7.5)
EBITDA Margin (%)	(1.0)	(0.1)	(2.3)	3.4	3.8
Return on Assets (%)	(6.4)	(9.7)	(12.5)	(7.1)	(7.3)
Return on Equity (%)	(14.8)	(26.9)	(41.4)	(25.9)	(31.8)
BALANCE SHEET					
Total Assets (RM' million)	3,345.2	3,169.5	2,688.8	2,375.5	2,174.1
Total Equity (RM' million)	1,451.9	1,143.4	811.6	646.3	499.5
Equity attributable to Owners of the Company (RM' million)	1,451.9	1,143.4	811.6	646.3	495.2
Current Ratio (Times)	1.0	0.9	0.9	0.8	0.7
STAFF INFORMATION					
No of Staff (No.)	22,851	21,626	19,071	17,825	17,194
Revenue per Employee (RM'000)	73.6	107.8	115.0	110.0	108.8




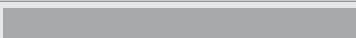

Notes:

FY = Financial Year






FP = Financial Period

5-YEAR GROUP FINANCIAL HIGHLIGHTS


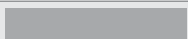

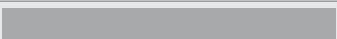

REVENUE (RM' MILLION)

FY2023		1,870.7
FY2022		1,960.8
FY2021		2,194.0
FY2020		2,332.3
FP2019		1,682.5


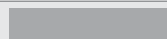

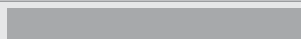

EBITDA (RM' MILLION)

FY2023		70.4
FY2022		67.5
FY2021		(51.2)
FY2020		(3.5)
FP2019		(16.6)


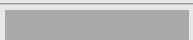

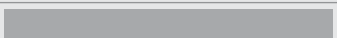

LOSS AFTER TAX (RM' MILLION)

FY2023		(158.6)
FY2022		(167.7)
FY2021		(335.7)
FY2020		(308.0)
FP2019		(215.6)


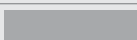

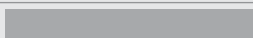

LOSS PER SHARE (SEN)

FY2023		(20.2)
FY2022		(21.4)
FY2021		(42.9)
FY2020		(39.3)
FP2019		(27.5)

LOSS BEFORE TAX (RM' MILLION)

FY2023		(140.7)
FY2022		(169.8)
FY2021		(331.4)
FY2020		(303.5)
FP2019		(241.9)

NET TANGIBLE ASSET PER SHARE (RM)

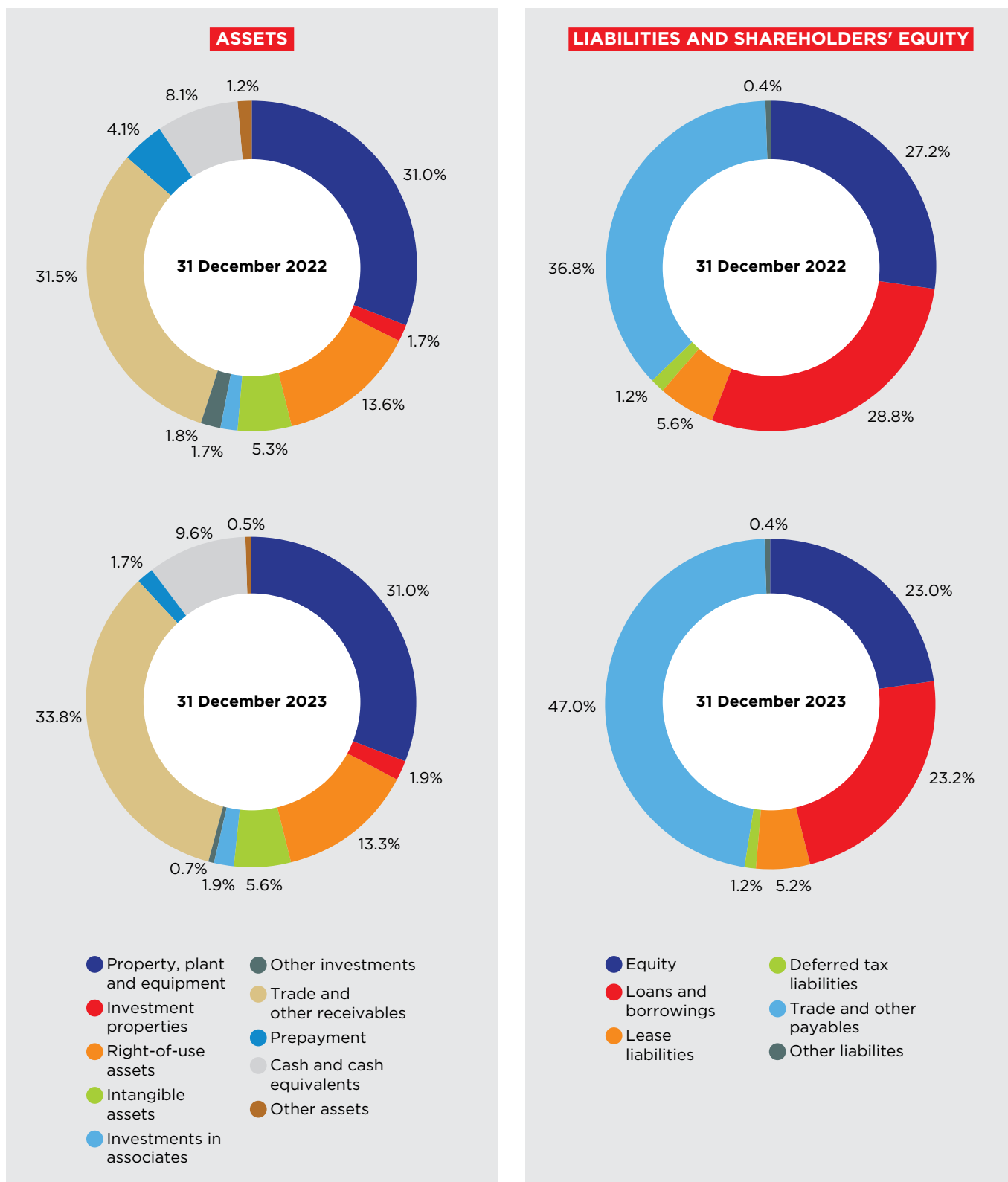
FY2023		0.52
FY2022		0.70
FY2021		0.92
FY2020		1.33
FP2019		1.55

Notes:

FY = Financial Year

FP = Financial Period

SIMPLIFIED STATEMENT OF FINANCIAL POSITION



SEGMENTAL ANALYSIS



STATEMENT OF VALUE ADDED AND VALUE DISTRIBUTED

	FY2022 RM' million	FY2023 RM' million
VALUE ADDED		
Revenue	1,960.8	1,870.7
Purchase of goods and services	(1,209.2)	(1,290.6)
Value added by the Group	751.6	580.1
Other operating income/expense (net)	(28.5)	33.3
Finance income	1.7	2.3
Finance costs	(37.2)	(44.1)
Foreign exchange loss	(7.2)	(1.0)
Share of results of associate	(0.6)	0.1
Value added available for distribution	679.8	570.7
DISTRIBUTION		
To Employees		
Employment cost	869.5	964.0
To Government/Approved Agencies		
Tax and zakat	(1.1)	19.0
To Shareholders		
Non-controlling interests	-	0.8
Retained for reinvestment and future growth		
Depreciation, impairment and amortisation	240.9	169.0
Net reduction in retained profits	(429.5)	(582.1)
Total distributed	679.8	570.7

FINANCIAL CALENDAR

FY2023

18
MAY
2023

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2023.

23
AUGUST
2023

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2023.

22
NOVEMBER
2023

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2023.

28
FEBRUARY
2024

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2023.

25
APRIL
2024


Issuance of the 32nd AGM Notice and Circular to Shareholders.

24
MAY
2024

32nd AGM of the Company.



INVESTOR RELATIONS REPORT



Pos Malaysia recognises that maintaining a credible communications channel with the investment community is integral to our commitment to good corporate governance. Towards this end, we have an experienced investor relations team that manages investor relations (“IR”) programmes through which we engage with the analysts, investors and shareholders.

The IR team is responsible for ensuring timely and transparent disclosures of material information in relation to the Company’s financial, strategic and operational developments to our shareholders and the wider investment community. We take the utmost care to keep them updated of our strategies and performance, thus enhancing their understanding of the Company for more informed investment decisions. At the same time, our engagement with the investment community also allows us to gather valuable feedback, especially the institutional investors’ perceptions of the Company’s developments and business trajectory.

In addition to key events such as quarterly results announcements and our annual general meeting, the IR team 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 and potential investors for information or sharing sessions.

We also coordinate our IR activities with our public relations team that releases media statements on the Group’s corporate developments and achievements to foster disclosure consistency in our market narratives.

The Company’s Annual Report 2022 and CG reports were issued on 25 April 2023. At the Annual General Meeting on 24 May 2023, our Directors, Group CEO, Group CFO, and other members of the Management Team presented the Company’s financial performance for the Financial Year 2022 and answered questions posed by shareholders and the Minority Shareholders Watch Group. This AGM was held virtually considering that the nation had recently emerged from the Covid-19 pandemic-related restrictions.

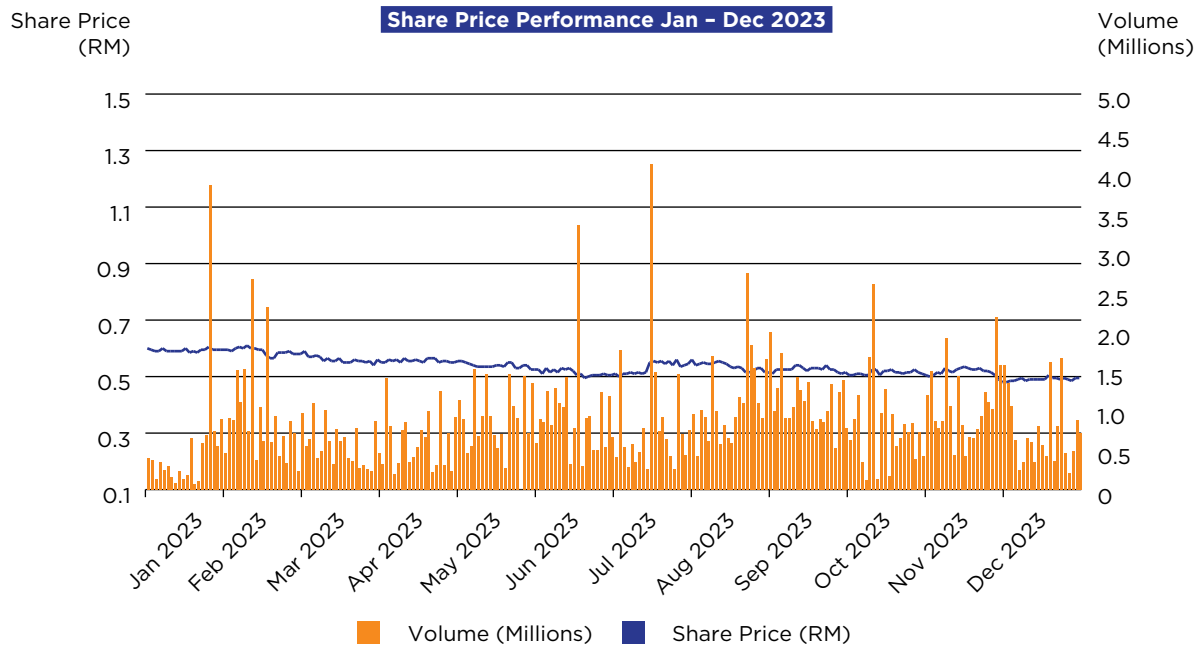
The Company released its consolidated quarterly results announcements on 18 May 2023, 23 August 2023, 22 November 2023 and 28 February 2024 respectively, which comprised the following content:

- Announcement to Bursa Malaysia; and
- Media release on Financial Results.

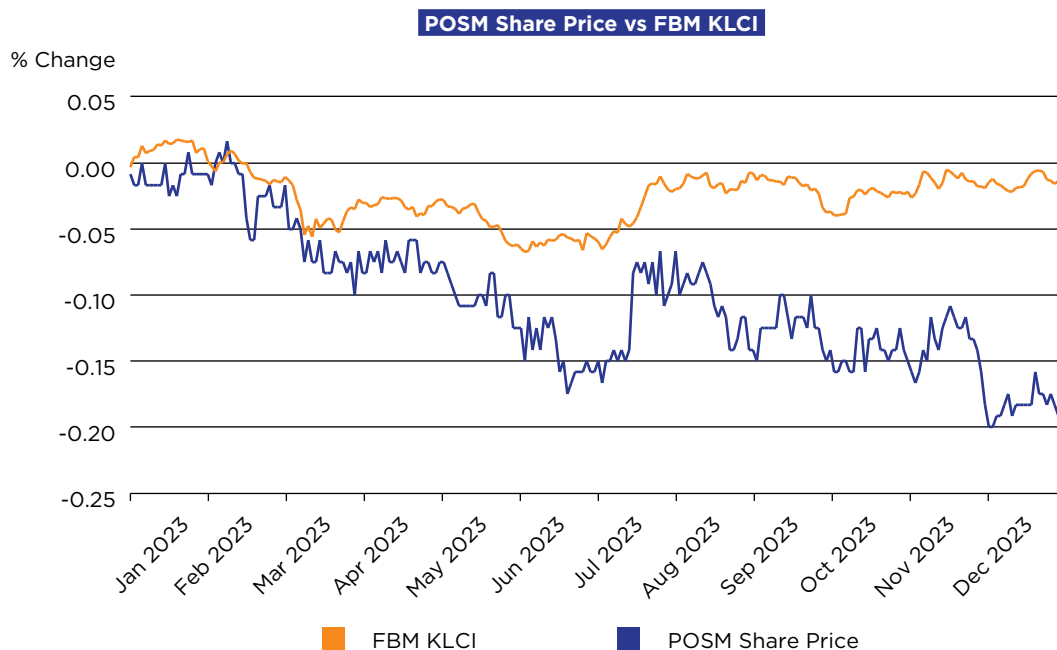
All corporate communications, including our quarterly and annual results, as well as announcements to Bursa Malaysia, are updated on our corporate website at www.pos.com.my.

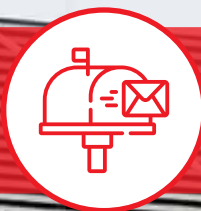
Pos Malaysia will continue to enhance its IR efforts and hold fast to its commitment to communicate material information accurately, consistently and on a timely basis, in line with IR best practices and Bursa Malaysia’s Listing Requirements.

SHARE PRICE MOVEMENT



2023												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Monthly Volume	9830800	17958500	13402300	10893200	17431900	20088600	17816100	22368900	23104600	18206600	22970800	14196200
Month-end closing price	0.595	0.585	0.540	0.555	0.540	0.505	0.560	0.530	0.515	0.510	0.480	0.495





POSTAL SEGMENT

For over two centuries, our Postal segment has been building trust, to connect lives and businesses for a better tomorrow, with a commitment to Deliver, Connect, and Improve Lives.

BUSINESS ENVIRONMENT

In FY2023, the Postal segment continued to successfully navigate an ever-changing business environment, adjusting to macroeconomic changes and a shift back to physical retail that affected parcel volumes. Despite challenges from intense competition, e-commerce “masking” and digitalisation which reduced retail and mail volumes, we remained resilient. Our accelerated POS 2.0 initiatives, part of our three-phase transformation plan, focused on diversifying revenue with value-creators such as Pos DiSini, Pos Shop, Pos Fulfill, redlyexpress and Scintila, leading to an improved Loss Before Tax. This positive shift is a testament to our enhanced operational efficiencies, better yields, optimised assets, and stringent cost controls, all underpinned by innovation and our transformative agenda.



Mail Business Revenue

FY2023

RM550
million

FY2022

RM570
million

Delivers to

> 11
million
addresses**> 324**
million
mail delivered

Retail Business Revenue

FY2023

RM134
million

FY2022

RM149
million**41**

million

total retail transactions

Courier Business Revenue

FY2023

RM251
million

FY2022

RM362
million**> 26**
million

parcels delivered

International Business Revenue

FY2023

RM150
million

FY2022

RM150
million

OUTLOOK

We will continue to provide excellent mail solutions and services, whilst accelerating our retail transformation, further expanding Pos DiSini and Pos Shop. In response to e-commerce parcel delivery demand, both domestically and internationally, we will further look to grow market share of both the B2B and B2C sectors, whilst growing adjacent solutions like Pos Fulfill.



LOGISTICS SEGMENT

Pos Logistics Berhad offers extensive supply chain solutions across key sectors like automotive and aerospace, where we promise our customers a seamless service under the ethos of “We Deliver. We Connect. We Improve Lives”.

BUSINESS ENVIRONMENT

Pos Logistics has a well-established brand and solutions business built historically for the automotive sector and in 2023, we started to diversify those services and solutions into new sectors.



Logistics Segment Revenue

FY2023

RM313.0
million

FY2022

RM339.4
million

529,241
m³

total CBM m³ handled (automotive)

2,002,000
MT

total MR delivered (marine - coal)

400,803
TEUs

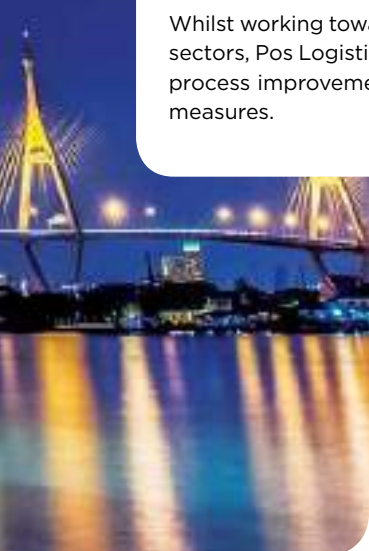
total container throughput
(twenty-foot equivalent units)

Whilst working towards growing new revenue streams in new sectors, Pos Logistics remains focused on service excellence, process improvement, consolidation and strict cost-control measures.



OUTLOOK

Our logistics business has the foundation for a positive and sustainable future, diversifying into new industry segments, leveraging on our core competencies, exploring innovative business models, and embracing automation. Our strategies include expanding our freight forwarding capabilities, establishing integrated supplier warehouses, and leveraging large, automated facilities to boost sales, expand our capabilities and strengthen our market presence.





AVIATION SEGMENT

At Pos Aviation, we are driven by our purpose to build trust and connect lives and businesses for a better tomorrow. As Malaysia's premier above and below the wing service provider, we offer a wide range of services across nine airports, from bespoke ground handling to in-flight catering. Our focus on service excellence elevates the aviation experience.

BUSINESS ENVIRONMENT

In 2023, the aviation industry saw significant recovery post-Covid-19, with travel expected to surpass pre-pandemic levels by 2024. With this growth theme, Pos Aviation undertook vigorous recruitment and training initiatives to bolster its team. By way of infrastructure development, we invested in upgrading our in-flight catering kitchens and cargo warehouses to improve service efficiency and capacity. All these measures are positioning us for further growth in strengthening the aviation landscape.





Aviation Segment Revenue

FY2023

RM303.9 > **26,000**
million flights handled

FY2022

RM256.2
million



OUTLOOK

We are poised to strengthen our ground handling and cargo services, shifting towards an automated, productivity-focused, and high-quality service delivery model. In in-flight catering, we aim to transition from a traditional, airline-centric approach to becoming a leading provider, expanding into retail food catering with Ready-to-Eat and Ready-to-Cook options, supported by upgraded facilities. Additionally, a joint venture with SIAEC will expand Pos Aviation Engineering's service range, technology access and regional presence, positioning us for future growth in the competitive aviation industry.

OTHER SEGMENTS



POS AR-RAHNU

From its start in 2012, Pos Ar-Rahnu has expanded from two to 72 branches across Malaysia, becoming a key player in Islamic pawnbroking and gold trading, and offering accessible financial services to the wider community.

BUSINESS ENVIRONMENT

The business thrives on the dynamics of gold prices and capital availability for customer reimbursements. Serving a broad customer base, Pos Ar-Rahnu caters to immediate financial needs through its pawnbroking services.

Pos Ar-Rahnu Segment Revenue

FY2023

RM120.2 > **225.1**
million kg
buyback weight

FY2022

RM86.7
million

OUTLOOK

To ensure Ar-Rahnu's continued growth and to maintain our competitive edge, we will focus on innovative marketing strategies, optimise our loan limits and review credit criteria. The shift towards digital transactions and the ongoing sale of gold bars reflect a forward-thinking approach to meet the market's evolving needs.



DATAPOS

Datapos is revolutionising mailing solutions by merging traditional services with digital innovation, catering to a broad spectrum of customer needs with its comprehensive suite of offerings.

BUSINESS ENVIRONMENT

As Malaysia entered the endemic phase and economic activities reignited, Datapos saw a promising start to the year. We responded to the evolving preference for digitalisation among our customers by strategically enhancing our ePresentment and digital solutions offerings, providing modern alternatives to traditional services.

Datapos Segment Revenue*

FY2023

RM53.7
million

FY2022

RM67.3
million

* The Revenue is at Company level.

OUTLOOK

Looking ahead, we are adopting a cautiously optimistic stance, focusing on promoting high-value services like ePresentment while phasing out less profitable ventures such as the record repository business. Our commitment to enhancing the operational efficiencies of our core businesses like data processing, transactional printing, packaging, and mailing remains steadfast.



POS DIGICERT

Pos Digicert champions the Group's mission to foster trust and connectivity, delivering cutting-edge digital security solutions, including digital identity and PKIaaS. As a trailblazer in Malaysia's digital realm since 1998, our innovations such as Cloud Signing, eCredentia, and Digital Certified True Copy have secured digital identities in crucial sectors.

BUSINESS ENVIRONMENT

As Malaysia's digital economy thrives, Pos Digicert is proactively aligning with this boom, leveraging technological advancements and government initiatives to enhance its digital security services. By adapting to the shift towards digital platforms and upcoming regulatory updates, Pos Digicert is contributing to a secure digital ecosystem, positioning itself as a pivotal force in supporting the nation's digital growth and innovation.

Pos Digicert Revenue

FY2023

RM33.66
million

FY2022









RM31.83
million

OUTLOOK

Pos Digicert is on a dynamic growth path in Malaysia's Certification Authority sector, targeting government tenders and expanding into sectors such as construction, healthcare, and education. With plans to diversify services and launch the iDSaya app, we are innovating to drive sustainable growth in digital security.



KEY RISKS AND MITIGATION STRATEGIES

	Segment	Risk	Mitigation Strategies
	Postal Segment - Mail	<ul style="list-style-type: none"> The Group recognises the continued risk digital transformation and technological advancements have on replacing physical letters and the risk this poses to the Group's revenue and profits. 	<ul style="list-style-type: none"> Continued focus on diversifying the Group's product portfolio. Regular annual review of pricing, specifically for unregulated products. Utilising world-class automation to drive productivity, efficiency and cost reductions. Merging mail and parcel networks.
	Postal Segment - Courier	<ul style="list-style-type: none"> The Group recognises that the parcel sector is becoming more and more competitive, with limited regulation, more and more foreign carriers and the slowing of online volumes as consumers return to brick-and-mortar. 	<ul style="list-style-type: none"> Continued focus on diversifying the Group's product portfolio. An accelerated approach to acquiring parcel market share. Establishing an approach to the international parcel market. Merging mail and parcel networks to lower cost of production.
	Postal Segment - Retail	<ul style="list-style-type: none"> The Group recognises that the existing retail footprint, with 631 locations and more than 2,000 employees is and will continue to be a loss-leader. 	<ul style="list-style-type: none"> Continue with the Retail transformation programme, which includes sub-letting available space, attracting third-party operators to use available space and opening more Pos Shop convenience stores. Review existing locations and migrate to franchise where a 'turnaround' is unlikely and after agreement with the regulator.
	Logistics Segment	<ul style="list-style-type: none"> The Group recognises that the 3PL market is subject to potential stagnant economic growth and declining consumer good sales, and the impact that may have on its primary logistics sector Automation. 	<ul style="list-style-type: none"> Continued focus on diversifying the industry dependency, targeting new sectors and share growth.
	Aviation Segment	<ul style="list-style-type: none"> The Group recognises the risk associated with the dependency on one airline for its in-flight catering product line. 	<ul style="list-style-type: none"> Continued focus on diversifying the Business Unit's product portfolio.
	Other Segments - Pos Ar-Rahnu	<ul style="list-style-type: none"> The Group recognises the ongoing challenges in securing adequate funding to fuel its expansion plans. 	<ul style="list-style-type: none"> Seek external financing through investors and loans. Expansion into new areas will help enhance market reach and revenue.
	Other Segments - Datapos	<ul style="list-style-type: none"> The Group recognises that the Datapos business is a "sunset" business. 	<ul style="list-style-type: none"> Outsourcing low-volume jobs to business partners, ensuring cost certainty and preserving profitability without compromising service quality.
	Other Segments - Pos Digicert	<ul style="list-style-type: none"> The Group recognises that Pos Digicert is reliant on a few customers. 	<ul style="list-style-type: none"> Continued focus on diversifying the Business Unit's product/customer Portfolio.





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OUR LEADERSHIP

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GUIDANCE AT THE HELM

Meet the leadership team. This section presents the profiles of our Board and Senior Management team, the organisational structure, and their expertise.

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' 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

Roshidah binti Abdullah
Independent Non-Executive Director

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

BOARD COMMITTEES

BOARD AUDIT COMMITTEE

Roshidah binti Abdullah
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 TENDER COMMITTEE

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

Roshidah binti Abdullah
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

COMPANY SECRETARIES

Sabarina Laila binti Mohd Hashim
(LS 0004324)
(Practising Certificate No. 201908001661)

Ngian Yoke Fung
(MAICSA 7049093)
(Practising Certificate No. 201908002393)

REGISTERED OFFICE

Tingkat 8, Ibu Pejabat Pos
Kompleks Dayabumi
50670 Kuala Lumpur
Tel: +603 2267 2267
Fax: +603 2267 2266
Email: info_cosec@pos.com.my

INVESTOR RELATIONS

Contact person : **Niuh Jit Aun**
Tel: +603 2267 2206
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)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7890 4700
Fax: +603 7890 4670
Email: bsr.helpdesk@boardroomlimited.com

AUDITORS

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7721 3388
Fax: +603 7721 3399

PRINCIPAL BANKERS

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

Board Meetings Attendance in 2023

6/6 (100%)

Board Committee(s)

- NIL

Academic/Professional Qualification(s)

- 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(s)

- 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
- GMD, 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 Berhad

Public Companies:

- Chairman, PROTON Holdings Berhad
- Edaran Otomobil Nasional Berhad
- HICOM Holdings Berhad
- HICOM Berhad



TAN SRI SYED FAISAL ALBAR BIN SYED A.R ALBAR

Chairman/ Non-Independent Non-Executive Director

Gender	Age	Nationality
Male	58	Malaysian

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

Profile of Board of Directors



**DATUK IDRIS BIN ABDULLAH
@ DAS MURTHY**

Independent Non-Executive Director

Gender	Age	Nationality
Male	67	Malaysian

Date of appointment
1 November 2017

Board Meetings Attendance in 2023

6/6 (100%)

Board Committee(s)

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

Academic/Professional Qualification(s)

- LLB (Honours), University of Malaya

Present Appointment(s)

- Consultant to legal firm, Kuching, Sarawak
- Director, Alam Flora Sdn Bhd
- Director, Honda Malaysia Sdn Bhd

Past Experience

- Director, Bank Pembangunan Malaysia Berhad (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
- Member, Investment Panel, Pertubuhan Keselamatan Sosial Malaysia ("PERKESO")
- Director, SEAX Malaysia Sdn Bhd
- Director, Malakoff Corporation Berhad

Other Directorship(s)

Listed Company:

- DRB-HICOM Berhad

Public Company:

- Nil

Profile of Board of Directors

Board Meetings Attendance in 2023

6/6 (100%)

Board Committee(s)

- 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(s)

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

Present Appointment(s)

- Member of Communications and Multimedia Appeal Tribunal

Past Experience

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

Other Directorship(s)

Listed Company:

- Nil

Public Company:

- Nil



DATO' DR. MOHD ALI BIN MOHAMAD NOR

Independent Non-Executive Director

Gender	Age	Nationality
Male	64	Malaysian

Date of appointment
1 January 2021

Profile of Board of Directors



**DATO' JEZILEE BIN
MOHAMAD RAMLI**

Non-Independent Non-Executive Director

Gender	Age	Nationality
Male	60	Malaysian

Date of appointment
2 April 2021

Board Meetings Attendance in 2023

6/6 (100%)

Board Committee(s)

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

Academic/Professional Qualification(s)

- 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(s)

- Group 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")
- 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, USA

Other Directorship(s)

Listed Company:

- Nil

Public Company:

- Edaran Otomobil Nasional Berhad

Profile of Board of Directors

Board Meetings Attendance in 2023

6/6 (100%)

Board Committee(s)

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

Academic/Professional Qualification(s)

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

Present Appointment(s)

- Senior Advisor, Quantephi Sdn Bhd
- Senior Advisor, Asean Advisory Pte Ltd, Singapore
- Director, Lotus Group International Ltd, United Kingdom
- Deputy Chairman/Member, Civil Aviation Authority of Malaysia ("CAAM")
- Chairman, Finanshare Sdn Bhd
- Chairman, Digital Advisory Committee of the Ministry of Transport
- Member of APNIC Foundation Board

Past Experience

- Independent Non-Executive Chairman, Opcom Holdings Berhad
- Independent Non-Executive Chairman, Bina Darulaman Berhad
- Independent Non-Executive Chairman, Privasia Technology Berhad
- 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
- Member of Advisory Board, United Nations University Institute, Macau
- 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



DATO' MOHAMED SHARIL BIN MOHAMED TARMIZI

Independent Non-Executive Director

Gender	Age	Nationality
Male	54	Malaysian
Date of appointment 13 April 2021		

Profile of Board of Directors



ROSHIDAH BINTI ABDULLAH

Independent Non-Executive Director

Gender	Age	Nationality
Female	56	Malaysian

Date of appointment
1 January 2024

Board Meetings Attendance in 2023

Not Applicable
(Appointed on 1 January 2024)

Board Committee(s)

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

Academic/Professional Qualification(s)

- Bachelor of Arts degree in Accountancy, South Australian Institute of Technology (now known as University of South Australia)
- Chartered Member of the Malaysian Institute of Accountants ("MIA")
- Certified Member of CPA Australia

Present Appointment(s)

- Independent Non-Executive Director, Bank Muamalat Malaysia Berhad and Muamalat Invest Sdn Bhd
- Independent Director, ProtectHealth Corporation Sdn Bhd

Past Experience

- Chief Financial Officer, Sumatec Resources Berhad
- Consultant, Renoex International Sdn Bhd
- Finance Director, UEM Group Berhad and UEM Builders Berhad
- Various senior positions at Pharmaniaga Berhad, last position held was Chief Operating Officer
- Senior Manager Corporate Finance, Remedi Pharmaceuticals (M) Sdn Bhd
- Group Accountant, Time Engineering Berhad
- Auditor, Deloitte and Touche (Kassim Chan & Co)

Other Directorship(s)

Listed Company:

- Nil

Public Company:

- Bank Muamalat Malaysia Berhad

Profile of Board of Directors

Board Meetings Attendance in 2023

3/3 (100%)

(Appointed on 1 June 2023)

Board Committee(s)

- Nil

Academic/Professional Qualification(s)

- Master of Science in Corporate Governance, London South Bank University, United Kingdom
- Bachelor of Laws (Honours), University of Malaya

Present Appointment(s)

- Company Secretary/Head, Group Company Secretary and Legal Affairs Division, DRB-HICOM Berhad and its Group of Companies

Past Experience

- General Manager, Secretarial and Legal Services Division, Malaysia Airports Holdings Berhad and its subsidiaries
- Group Company Secretary, Malaysia Airports Holdings Berhad
- Director, several private limited companies
- Lawyer, several legal firms

Other Directorship(s)

Listed Company:

- Nil

Public Company:

- Nil



SABARINA LAILA BINTI MOHD HASHIM

Non-Independent Non-Executive Director

Gender	Age	Nationality
Female	56	Malaysian

Date of appointment
1 June 2023

Additional Information:

- The following Directors are the Nominee Directors of DRB-HICOM Berhad, a Major Shareholder of Pos Malaysia:
 - Tan Sri Syed Faisal Albar bin Syed A.R Albar
 - Dato' Jezilee bin Mohamad Ramli
 - Sabarina Laila binti Mohd Hashim
- Save for the above-mentioned, none of the Directors have a conflict of interest or potential conflict of interest, including any interest in any competing business with Pos Malaysia and/or its subsidiaries.
- None of the Directors have any family relationships with any Director and/or Major Shareholder of Pos Malaysia.
- Other than traffic offences, none of the Directors have been convicted for any offences within the past five years nor have been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF SENIOR MANAGEMENT



CHARLES ROBERTSON BREWER

Group Chief Executive Officer

Gender	Age	Nationality
Male	59	British

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 & Founder, Click & Collect, Singapore
- Chief Executive Officer, DHL eCommerce covering Americas, Asia Pacific, Middle East & Africa

Directorship(s) in Public Companies

- Pos Logistics Berhad
- Perbadanan Nasional Shipping Line ("PNSL") Berhad
- Pos Malaysia & Services Holdings Berhad



PEERMOHAMED BIN IBRAMSHA

Group Chief Financial Officer

Gender	Age	Nationality
Male	59	Malaysian

Date of appointment
1 September 2021

Qualification(s)

- Fellow of Certified Practising Accountant ("CPA"), CPA Australia
- Malaysian Institute of Accountants
- Bachelor of Accountancy (Honours), Universiti Utara Malaysia

Experience(s)

- Head of Finance, HICOM Holdings Berhad
- Chief Operating Officer, Corporate Services, Bank Muamalat Malaysia Berhad
- Chief Financial Officer, Alam Flora Sdn Bhd

Directorship(s) in Public Companies

- Pos Logistics Berhad
- Perbadanan Nasional Shipping Line ("PNSL") Berhad
- Pos Malaysia & Services Holdings Berhad
- Pos Malaysia Holdings Berhad

Profile of Senior Management

Qualification(s)

- Master of Business Administration
IE Business School, Spain
- Bachelor of Economics,
University of Madras, India

Directorship(s) in Public Companies

Nil

Experience(s)

- VP Customer Experience, Swiggy
- CEO Scootsy (a Swiggy company)
- GM Amazon - Flex, Germany and Spain



SUMESH RAHAVENDRA

Group Chief Transformation &
Digital Officer

Gender	Age	Nationality
Male	40	Indian

Date of appointment
1 October 2021

Qualification(s)

- Executive Masters in Business
Administration, S.P. Jain Institute of
Management Studies and Research,
Mumbai, India
- Bachelor's Degree in Science
Mithibai College, Mumbai University,
India

Directorship(s) in Public Companies

Nil

Experience(s)

- Global Head of Commercial
Operations, Study Group, Singapore
- Managing Partner & Founder,
Edgeworth Consulting &
Technologies, Singapore
- Vice President Sales, Sales Steering
& Marketing, DHL Global Forwarding
Asia Pacific, Singapore



CHARLES WILLIAM

Group Chief Sales Officer

Gender	Age	Nationality
Male	49	Singaporean

Date of appointment
1 August 2023

Profile of Senior Management



RAJA AHMAD HIDZIR BIN RAJA MUHAMAD

Group Chief People Officer

Gender	Age	Nationality
Male	53	Malaysian

Date of appointment
15 December 2022

Qualification(s)

- Bachelor of Management with Honours (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")

Directorship(s) in Public Companies

Nil



FIONA LIAO YIN PENG

Group Chief Marketing, Communications & Sustainability Officer

Gender	Age	Nationality
Female	49	Malaysian

Date of appointment
7 February 2022

Qualification(s)

- Masters 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)

- Head of Brand, Prudential Assurance Malaysia Berhad
- Group Product Manager, DHL Malaysia
- Marketing Manager, CfBT Malaysia

Directorship(s) in Public Companies

Nil

Profile of Senior Management

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

Directorship(s) in Public Companies

Nil



ZAINI BIN YAHMAN

Director of Operations

Gender	Age	Nationality
Male	52	Malaysian

Date of appointment
1 February 2016

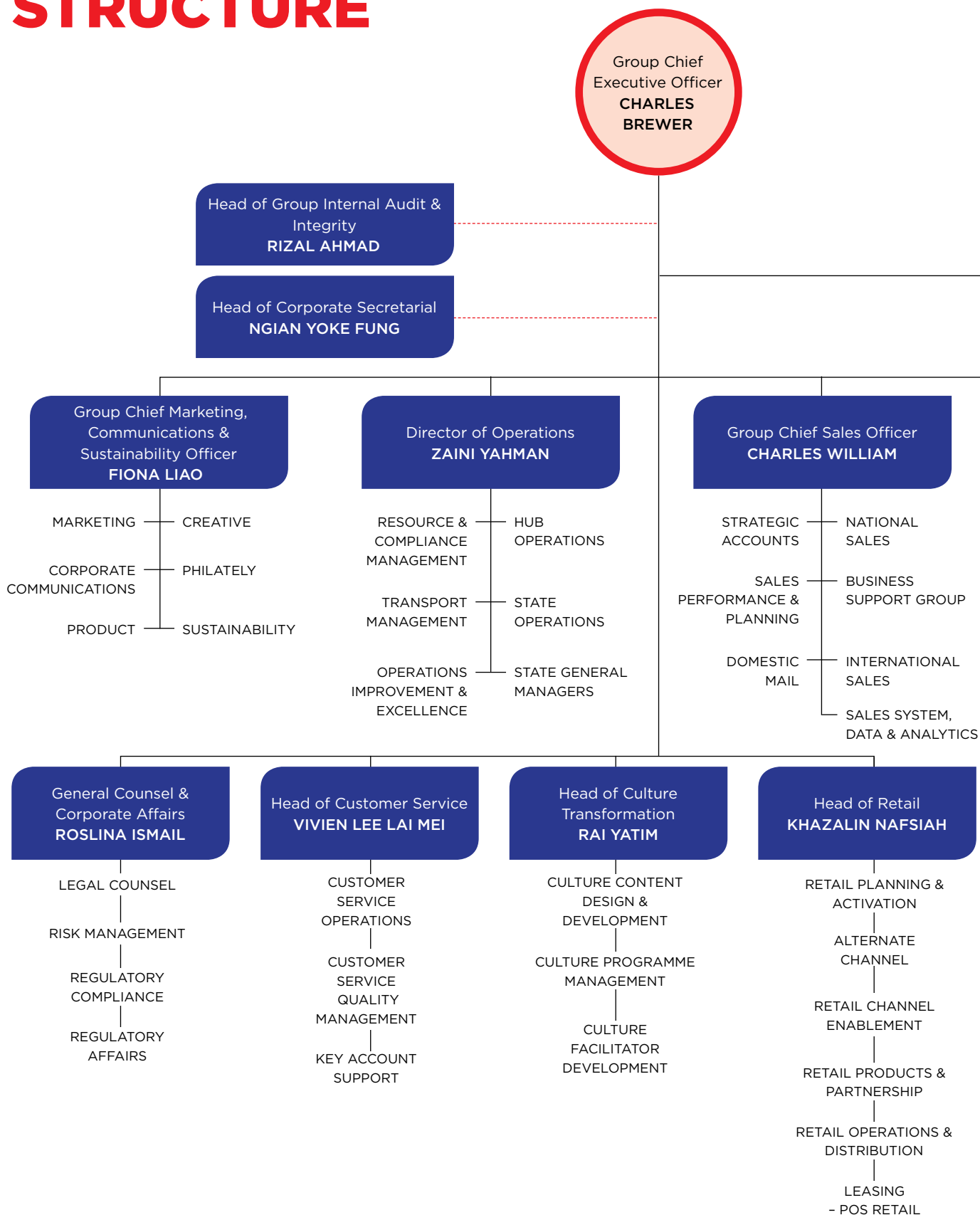
Experience(s)

- Senior Vice President, State Operations, Pos Malaysia
- Vice President II, Commercial, Pos Malaysia
- Vice President II, Operation Management, Pos Malaysia

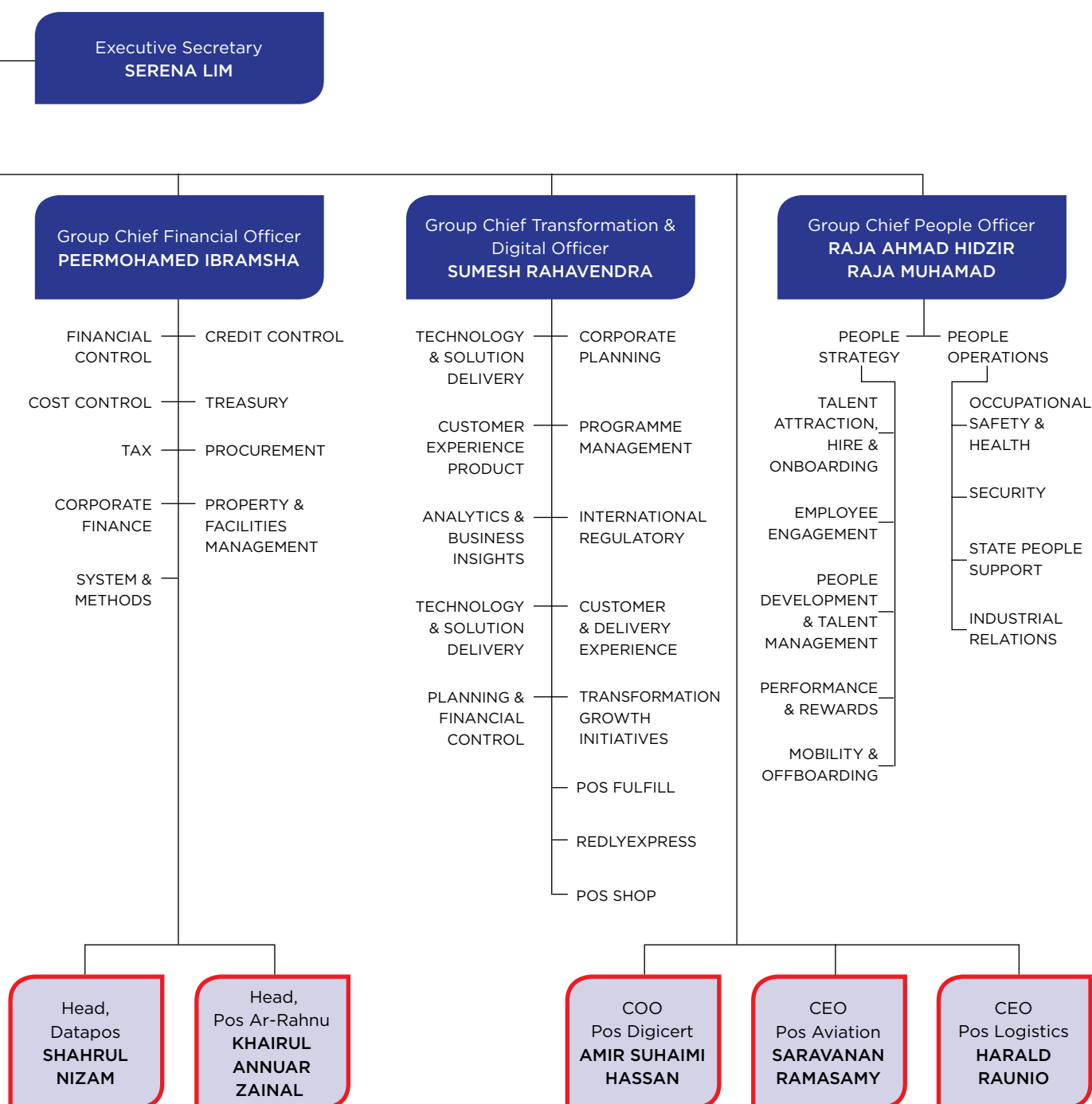
Additional Information:

- None of the Senior Management has any conflict of interest or potential conflict of interest, including any interest in any competing business with Pos Malaysia and/or its subsidiaries.
- None of the Senior Management has any family relationships with any Director and/or Major Shareholder of Pos Malaysia.
- Other than traffic offences, none of the Senior Management has been convicted for any offences within the past five years nor have they been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

GROUP ORGANISATION STRUCTURE



Group Organisation Structure





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GOVERNANCE FRAMEWORK

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The background of the page features abstract, overlapping red geometric shapes on the left side, set against a light gray background. The shapes are angular and layered, creating a modern, architectural feel.

GOVERNANCE WITH CLARITY

Highlighting our commitment to a transparent and effective governance, this section provides a clear overview of our corporate governance practices, ensuring accountability and trust throughout our operation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Recognising that effective governance is essential for successful business operations, the Board of Directors (“the Board”) of Pos Malaysia Berhad (“Pos Malaysia” or “the Company”) is deeply committed to championing and maintaining exemplary corporate governance practices throughout the Company’s business operations and dealings. Acknowledging that a strong governance framework, procedures and practices are indispensable for the Company’s seamless, efficient and transparent functioning, the Board places an emphasis on open, accountable and responsible business conduct to ensure the sustainable growth, economic value creation, and expansion of the Pos Malaysia Group (“Group”).

The sound governance practices, rigorous internal controls and robust risk management practices in place at Pos Malaysia form a cohesive framework which is proving instrumental in reinforcing investor trust, safeguarding the Group’s corporate reputation, and ensuring the ongoing generation of shareholder value. This well-defined and well-structured framework, together with specific procedures and practices, also support the Board’s aim of fostering a group-wide culture that values ethical behaviour, integrity and respect.

The Board is pleased to present the Corporate Governance Overview Statement (“CG Overview Statement”) of Pos Malaysia for the financial year 2023 (“FY2023”) which aims to provide shareholders and investors with an overview of the corporate governance practices of the Company for the year in review. 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”), the Companies Act 2016 (“CA 2016”), the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) issued by the Securities Commission Malaysia, and the Corporate Governance Guide issued by Bursa Malaysia.

FY2023 continued to be another challenging year for Pos Malaysia as the global economy transitioned from the Covid-19 pandemic phase to the endemic phase. Amidst a dynamically evolving marketplace, the Board and leadership of Pos Malaysia worked diligently to uphold good governance practices to ensure the Group maintained its focus on business resilience and sustainability. As such, the Group was able to recover quickly, surmounting market challenges and capitalising on opportunities. Today, the Board continues to evaluate its governance practices

in response to evolving regulatory requirements and industry best practices as well as the changing needs of the Group and the dynamic market landscape.

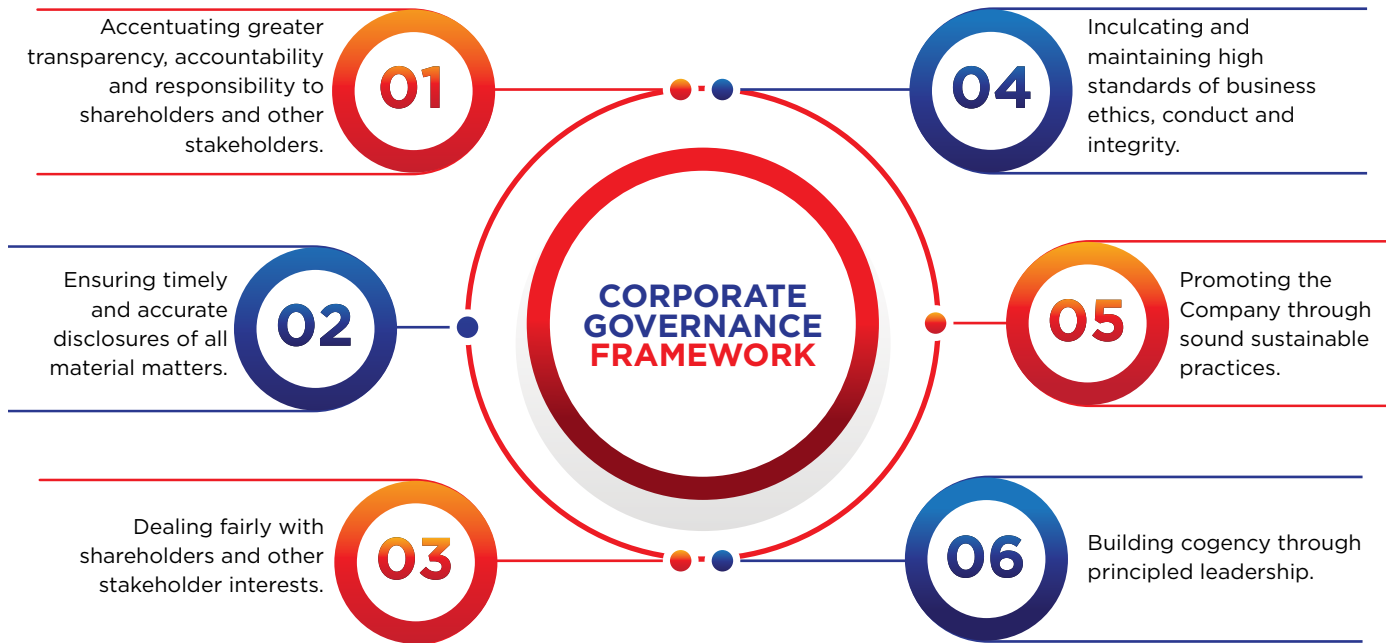
In FY2023, Pos Malaysia complied with 39 out of the 43 recommended Practices prescribed by the MCCG 2021 and adopted two Step-Up Practices out of the five Step-Up Practices in the MCCG 2021. While this 2023 CG Overview Statement only provides a brief overview of the recommended best practices that Pos Malaysia has adopted as per the MCCG 2021, the standalone 2023 Corporate Governance Report (“CG Report”) provides a detailed description of how the Company has applied these recommendations. The CG Report also spells out the timelines for any departures and provides detailed explanations for these departures. This CG Overview Statement is meant to be read together with the CG Report which is accessible to the public at www.pos.com.my.

Our Corporate Governance Framework

The Board is continuously endeavouring to strengthen the Group’s corporate practices and processes amidst an increasingly challenging operating environment. The Board views corporate governance as a fundamental process contributing towards maximising shareholder value while 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.

To ensure good governance practices are integrated across the Group, Pos Malaysia has brought its Corporate Governance (“CG”) Framework into play. This comprehensive CG Framework aims to deliver value to all the Group’s key stakeholders by:

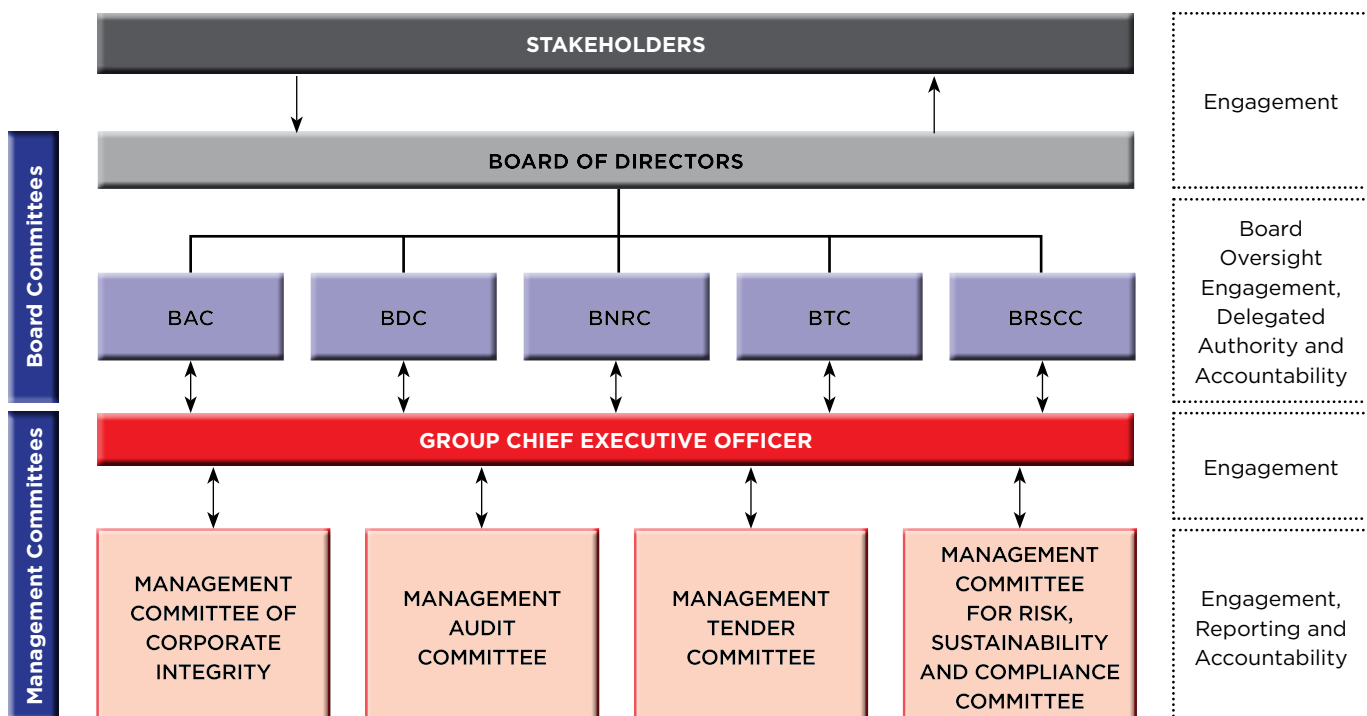
Corporate Governance Overview Statement



To safeguard that the Company's CG Framework remains updated and relevant, the Board reviews it as and when necessary to reflect the market dynamics and the communities within which the Company operates.

To ensure the Board operates in the most effective manner, there is a clear separation of the roles and responsibilities of the Company's Board and its executive leadership in line with the principles of the MCCG 2021. Through the clearly defined CG Framework, the Board, without abdicating its responsibilities, delegates its governance responsibilities to key committees of the Board namely, the 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"), as well as other Management Committees as depicted below:

CG Framework



Corporate Governance Overview Statement

The Group's CG Framework reflects the way strategic and operational activities are managed. It also clearly indicates that although the roles may be markedly different, they are complementary in attaining the Group's core objectives.

This framework is supported by, among other things, 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. This enables the Board to take a broader perspective on issues affecting the Group, such as the overall strategy as well as risk management and governance matters.

In view of the diversity of the Group's businesses, the Boards at the 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.

The Board Charter sets out the CG Framework, authority and Terms of Reference ("TOR"), of the Board, its Committees and the Management, as well as identifies their respective roles and responsibilities and what is expected of them in terms of commitment. It also 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 these remain 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 also responsible for the overall leadership of the Group and for promoting its sustainability and success by providing effective leadership within a framework of sound

The Board ensures that the strategic and transformation plans of the Company support value creation and include strategies on economic, environmental, social and governance considerations, thereby strengthening the integration of sustainability in Pos Malaysia's operations."

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 other things.

The Board ensures that the strategic and transformation plans of the Company support value creation and include 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 strategic plan, priorities and market outlook were discussed at the Board Retreat held in October 2023.

The Board ensures that key transactions or critical decisions are deliberated and decided by the Board in meetings. All Board members are to exercise their powers for a proper purpose and in good faith in the best interests of the Company. In directing the Company's business and affairs, Board members are to exercise reasonable care, skill and diligence by applying their knowledge, expertise and experience.

Together with the Management, the Board advocates a good corporate governance culture within the Company ensuring ethical leadership as well as prudent and professional behaviour in the conduct of Pos Malaysia's business and all aspects of its operations. Reliable 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 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.

For the year in review, the Board was satisfied that each Director had devoted sufficient time to discharge his or her responsibilities effectively. The current composition of Directors has the appropriate blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive arguments.

Corporate Governance Overview Statement

They are also adequately equipped 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 the 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.

In November 2023, the Board approved the adoption of the Corporate Disclosure Policy. This policy serves as a guide to the Senior Management Team in providing accurate, clear, timely and fair disclosure of material information pertaining to the Group's performance and operations to its shareholders, stakeholders, analysts, journalists, the investing public or other relevant parties in conformity with all applicable legal and regulatory requirements. It also ensures equal access to such information to avoid individual or selective disclosure.

Roles and Responsibilities of the Board

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

The Board, which is ultimately accountable for the performance of Pos Malaysia, governs the Group's affairs on behalf of shareholders and retains full and effective control over these affairs. 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, 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.

In discharging its leadership function and fiduciary duties to meet the Group's objectives, the Board is tasked with carrying out the following roles and responsibilities, among others:

1. Ensures that the Group's goals are clearly established and that a strategic plan is in place;
2. Oversees the conduct of the Group's business;
3. Reviews the adequacy and integrity of information and the system of internal controls, as well as identifies principal risks and implements appropriate internal controls and mitigation 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; and
6. Ensures that appropriate public relations and communications programmes as well as 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 to be managed and operated. The Board is satisfied that it has fulfilled all these duties and obligations during FY2023.

In FY2023, the Board approved, among other things, the following: the business strategy including the Annual Management Plan (which was prepared against a backdrop of unprecedented challenges), the interim and annual financial statements, and the re-organisation of funding arrangements. The Board also approved the appointment of Chief Level Officers; a manpower rationalisation exercise; revisions to policies, TOR and the Board Charter; key performance indicators ("KPIs") 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 the organisation that is Pos Malaysia. Fulfilling that responsibility encompasses many individual roles and responsibilities. Each Board member brings different strengths, talents and abilities to the table. When Board members merge their skills towards the mission and vision of the organisation, it creates a synergy that makes the whole Board greater than the sum of each individual's contribution.

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

Demarcation of Responsibilities of 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 delineation of responsibilities. The division of duties and responsibilities ensures an appropriate balance of roles, responsibilities and accountability.

While each individual plays a singular role, they complement each other to ensure that there is a balance of power and authority and that 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.

Corporate Governance Overview Statement

Role of the Non-Executive Chairman

The Chairman's overarching role is to provide appropriate leadership to the Board to ensure the Board's integrity and effective governance process. 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 that the respective opinions of Directors lead to logical and reasonable outcomes.

The Chairman provides governance on matters requiring corporate justice and integrity, as well as manages the effectiveness of the Board and its responsibility for oversight of the Management. This creates the right conditions for sound decision-making by the Board.

The Chairman ensures that the relevant regulations and legislation are complied with, that the interests of the various stakeholders are protected, and where permissible, they are provided with the information that they may require. The Chairman ensures that 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 relationships 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 KPIs for the financial year apart from the development and succession plans 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 as well as the Group's annual business plans and budget which supports this strategy. He is also to ensure 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 or NED's role is to provide a creative contribution to the Board by providing independent oversight and constructive challenges to the Management. The NEDs 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, by protecting the interests of shareholders, and by 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 ("INEDs") 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

Corporate Governance Overview Statement



At Pos Malaysia, Independent Non-Executive Directors play a significant role in providing unbiased and independent views, advice and judgement. They bring objectivity and scrutiny to the Board's deliberations and decision-making, ensuring there are continued checks and balances in the functioning of the Board."

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 TOR.

The Chairman of each Board Committee reports to the Board on deliberations, discussions and outcomes of the respective 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 Company's Constitution, Board policies and procedures as well as 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 action.

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 is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions during FY2023.

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 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.

Notices, agendas together with the board papers and relevant information are distributed to the Board at least five 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 and Directors' Written Resolutions as well as 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 as well as highlight 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 dialogue is 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.

Corporate Governance Overview Statement

The Board is updated on announcements made by the Company to Bursa Malaysia on significant transactions. 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 if he or she is an interested party.

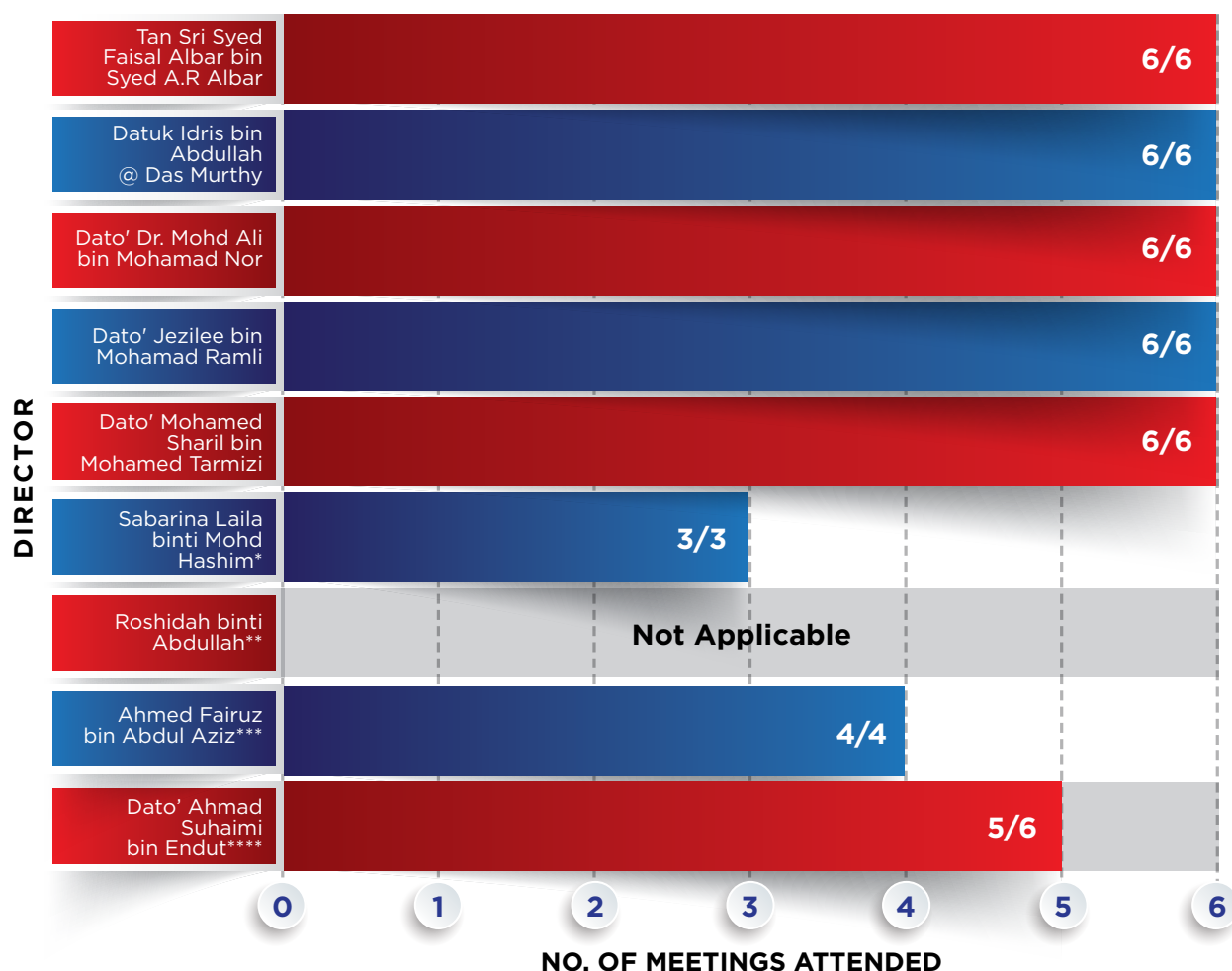
In compliance with Paragraph 15.06(1) of Bursa Malaysia's MMLR, each member of the Board is to hold not more than five directorships in public listed companies. Over the course of the year, the Directors notified the Company Secretaries as and when they were appointed as Directors of other companies.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board meetings held during FY2023. The Board and Board Committee meetings were held either physically or via hybrid manner through video conferencing. The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities in FY2023.

Directors' Attendance for FY2023

During FY2023, the Board met six times and all Directors complied with the minimum requirements pursuant to Paragraph 15.05(3)(c) of Bursa Malaysia's MMLR to attend at least 50% of Board meetings.

The details of attendance of each Director at the Board meetings held during FY2023 are set out below:



* Sabarina Laila binti Mohd Hashim was appointed effective 1 June 2023.

** The appointment of Roshidah binti Abdullah, although announced on 22 December 2023, only came into effect on 1 January 2024.

*** Ahmed Fairuz bin Abdul Aziz resigned effective 1 November 2023.

**** Dato Ahmad Suhaimi bin Endut resigned effective 15 February 2024.

Corporate Governance Overview Statement

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 facilitates effective decision-making and constructive deliberation during meetings. By championing diversity within the board composition, Pos Malaysia is demonstrating an appreciation of the wealth of benefits derived from having a diverse Board, namely distinct perspectives and insights, improved decision-making, and enhanced ability to attract talent, among other things.

In FY2023, the Board demonstrated its commitment to gender diversity by taking steps towards implementing Practice 5.9 of the MCCG 2021 whereby the Board comprise at least 30% women Directors. To this end, the Board appointed Sabarina Laila binti Mohd Hashim as a Non-INED on 1 June 2023, and Roshidah binti Abdullah as an INED and a member of the Board Committee effective 1 January 2024. With the appointment of these women Directors, two out of the total seven Directors on the Board (as at 3 April 2024) or 28.57% of the Board's composition, comprise women Directors. This also fulfils the requirements of Paragraph 15.02(1)(b) of Bursa Malaysia's MMLR (which came into effect on 1 June 2023) which mandates that listed issuers are required to have at least one woman Director on the Board.

By way of other Board movements, Ahmed Fairuz bin Abdul Aziz resigned from the Board on 1 November 2023 as an INED due to other commitments that he had. He also relinquished all positions he had held on the Board Committees.

As of the date of this report, the composition of the Board, exceeds the minimum one-third requirement of Independent Directors as stipulated in Bursa Malaysia's MMLR.

The Board's current 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.

Pos Malaysia's Directors are persons of integrity and calibre who have sound knowledge and understanding of the Company's business. They bring to the table a breadth of different experiences, skills, knowledge, insights, perspectives and independent judgement.

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

The details of the Directors' other directorships are set out in their respective profiles on pages 55 to 61 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 years. If the Board intends to retain an INED beyond nine years, it shall provide justification and seek shareholders' approval. The Board is cognisant of the 12-year tenure limit imposed on Independent Director pursuant to the MMLR of Bursa Malaysia. Upon completion of the 12th year period, the said director may continue to serve on the Board subject to him/her being redesignated as a non-independent director.

During FY2023, 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 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 must discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. They are to act with integrity, lead by example, keep abreast of their responsibilities as Directors, and prioritise the business and development of the Company. In managing the Company's business and affairs, they are to exercise reasonable care, skill and diligence by applying their knowledge, expertise and experience.

The Board discharges some of its responsibilities directly and delegates certain responsibilities to its Committees to assist it 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 Board Nomination and Remuneration Committee or 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 ultimately 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.

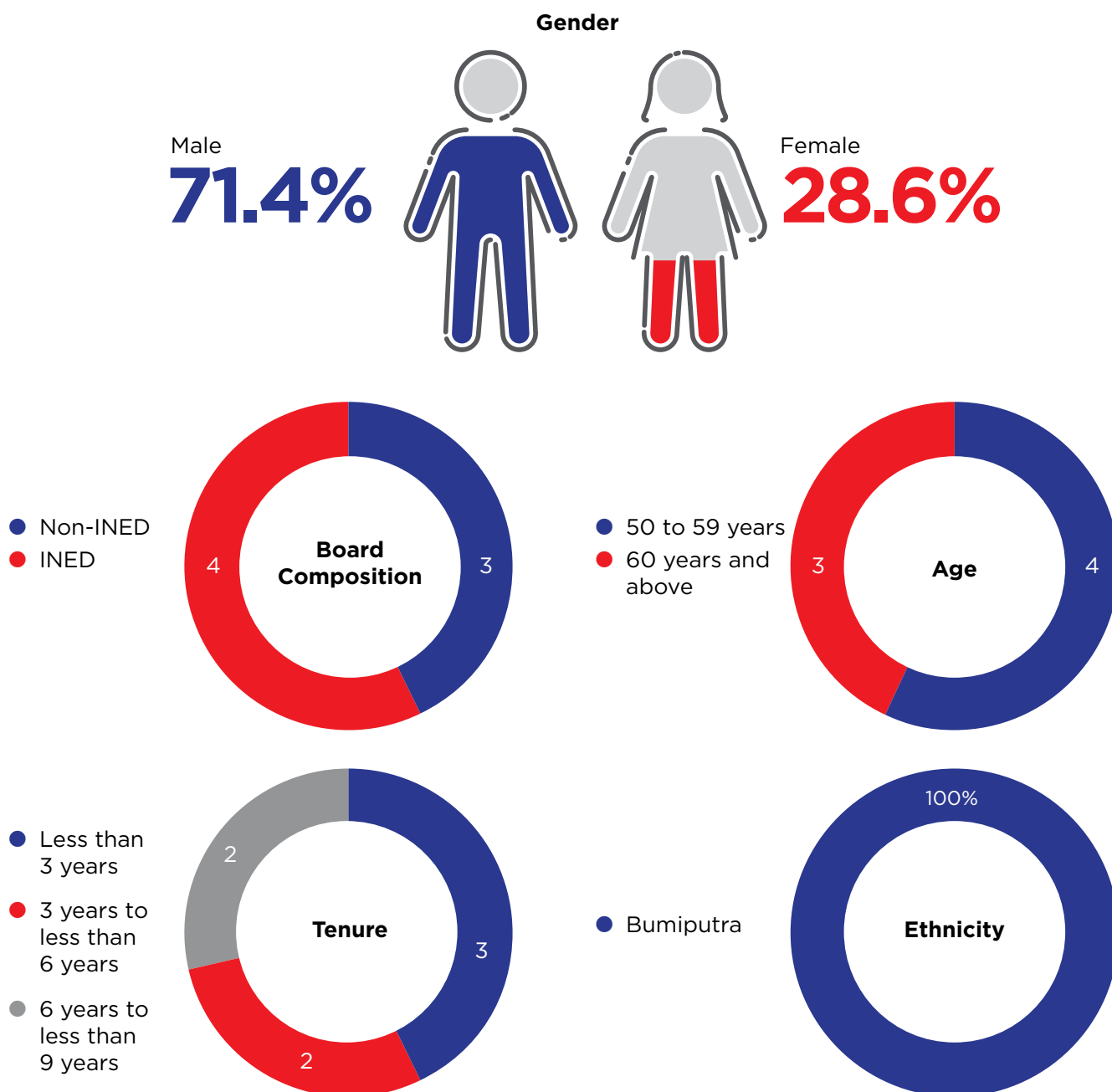
Corporate Governance Overview Statement

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 the differences of its members will ensure effective stewardship and in turn, retain 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. As mentioned earlier, in FY2023, the Board brought on board one woman director and satisfied the requirement under Paragraph 15.02 of Bursa Malaysia's MMLR.

On 1 January 2024, Roshidah binti Abdullah was appointed as an INED of Pos Malaysia, whilst, Dato' Ahmad Suhaimi bin Endut resigned as a NINED of Pos Malaysia on 15 February 2024.

The Board's diversity as at 3 April 2024 is depicted in the following matrix:



Corporate Governance Overview Statement

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 by ensuring that the strategies proposed by the Management are discussed and examined, as well as by ensuring that the interests of shareholders and stakeholders of the Company are safeguarded.

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

For FY2023, all three INEDs satisfied the following criteria:

- a. Remained independent of the Management and free from any other relationship which could interfere with their independent judgement or the ability to act in the best interests of the Company;
- b. Were not involved in the day-to-day operations of the Company; and
- c. Declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

The Board is satisfied that each INED remained independent in character and judgement in FY2023 and agreed that their continuous contributions were beneficial to the Board and the Company as a whole over that period.

Board Nomination and Remuneration Committee

The BNRC assists the Board on the appointments and assessment of Directors and the GCEO. It also reviews and assists the Board in establishing the appropriate size and balance of the Board, the required skills mix, 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 his or her 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 is sufficient succession planning and a 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 NEDs, two of whom are INEDs. They are:

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

During FY2023, the BNRC met five times to discharge its duties and functions as a Committee of the Board. The BNRC undertook various key activities during FY2023, including the following, among others:

1. Reviewed the changes to the composition of the Board of Directors and Board Committees following the resignation of Directors;
2. Proposed the appointment of Non-INEDs and INEDs;
3. Reviewed and recommended the appointment of Directors of the subsidiary companies and the Chief Level Officers for the Board's approval;
4. Reviewed and recommended the re-election and retention of Directors at the last Annual General Meeting ("AGM") of the Company;
5. Reviewed the Board's composition and results of the evaluation of the effectiveness of the Board as well as conducted an annual assessment of the Independence of NEDs for FY2022;
6. Reviewed the training/conferences attended by the Board in FY2023 and approved the proposed corporate development programmes for the Directors for FY2023;
7. Reviewed the KPIs for Corporate and Chief Level Officers and made recommendations to the Board;
8. Reviewed the proposed 2023 annual salary increment for all employees (except Chief Level Officers);
9. Reviewed the proposed ex-gratia payments for all employees (except Chief Level Officers) in lieu of the FY2022 bonus payment;
10. Reviewed the proposed compensation and benefits review for employees;
11. Reviewed the 2024-2026 Collective Agreement for negotiation by the Management;
12. Reviewed the proposed KPIs for Group Chief Level Officers for FY2024; and
13. Reviewed the Board effectiveness assessment forms for FY2023.

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 for a Director to effectively discharge his or her role.

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

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

Board Evaluation and Effectiveness Assessment

The Board conducts an annual Board Effectiveness Assessment (“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 is in accordance with the 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 FY2023, the results of the Board, Board Committees’ evaluation and assessment of the individual Directors formed the basis for evaluation by the BNRC in deciding whether a Director who is subject to re-election could be recommended to be re-elected at the next AGM.

For FY2023, the BEA was conducted internally and comprised a Board Evaluation, a Committee Evaluation and a Directors’ Self-Assessment. These were 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. For the period under review, assessment of the Directors’ conflict of interest had been conducted. The assessment is necessary as prescribed under the Guidance on Conflict of Interest (Issuers Communication Note No. 1/2023) issued by Bursa Malaysia.

The results of the BEA for FY2023 were reviewed by the BNRC and its recommendations were presented to the Board on 28 February 2024. 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, the number nearest to 1/3, shall retire from office and may offer themselves for re-election at the next AGM. Dato’ Dr. Mohd Ali bin Mohamad Nor, Dato’ Jezilee bin Mohamad Ramli and Dato’ Mohamed Shahril bin Mohamed Tarmizi are due to retire at the

32nd AGM scheduled to be held on 24 May 2024 pursuant to Article 116 of the Company’s Constitution and all three of them have expressed their intention to seek re-election at the 32nd AGM.

Sabarina Laila binti Mohd Hashim and Roshidah binti Abdullah shall retire from the office and may offer themselves for re-election at the 32nd AGM in accordance with Article 111(2) of the Company’s Constitution.

For the purpose of determining the eligibility of Directors standing for re-election at the 32nd AGM, the Board through the BNRC, had assessed the retiring Directors’ performance, contributions and independence via the annual BEA. This has taken into consideration, among other things, the Directors’ level of contribution to the Board’s deliberations through their skills, experience and qualities; their demonstrated objectivity in the Board’s decision-making process; the valuable feedback provided through the sharing of their knowledge and experience; their nature and extent of any conflict of interest or potential conflict of interest; their actions to uphold 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 was satisfactory and met the criteria as per the Company’s Fit and Proper Policy, namely probity, personal and financial integrity, competence and time management, among other things.

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 Dato’ Dr. Mohd Ali bin Mohamad Nor, Dato’ Jezilee bin Mohamad Ramli, Dato’ Mohamed Shahril bin Mohamed Tarmizi, and in accordance with Article 111(2) of the Company’s Constitution, namely Sabarina Laila binti Mohd Hashim and Roshidah binti Abdullah, are eligible to stand for re-election. The retiring Directors abstained from all deliberation and decision-making on their respective eligibility to stand for re-election at the relevant Board/BNRC meeting.

Continuing Development Programme for Directors

All the Company’s Directors have attended the Mandatory Accreditation Programme as required under Bursa Malaysia’s MMLR.

In line with Paragraph 15.08 of Bursa Malaysia’s MMLR, 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.

Corporate Governance Overview Statement

During FY2023, the Directors attended the following corporate development programmes, held physically or virtually:

No.	Director	Programme
1.	Tan Sri Syed Faisal Albar bin Syed A.R Albar	<ul style="list-style-type: none"> • Certified Culture Transformation – Accountability for Leaders and Integration Session • Digitisation and Digitalisation of Corporate Companies • Certified Wira Leadership: F.I.T. to Lead (Module 1) • Corporate Liability – How to Say No to Corruption • Supply Chain Environmental, Social and Governance: The Imperative Matters • Macro and Market Updates: Navigating through Growth Uncertainties and Market Volatility • Malaysia Electric Vehicle Outlook and Key Unlocks • Manufacturing & Engineering Landscape and Potential Opportunities • Postal and Courier Industry Insights • Banking Industry and Macroeconomic Outlook • The Future of Work: Leadership in a Post-Covid World • Brand • Commercial Gap Assessment to Deliver More Value • Future of Retail for Post Offices
2.	Datuk Idris bin Abdullah @ Das Murthy	<ul style="list-style-type: none"> • Sustainable Development - Ideas and Imaginaries • Companies and Climate Change • Environmental, Social and Governance Reporting • Certified ESG Professional (CESG Pro-Associate Level) • Strengthening Confidence in Sustainability Reporting: “Using Control Self-Assessment to Conduct Sustainability Internal Review” • Certified Task Force on Climate-Related Financial Disclosures – Climate-Related Financial Disclosure Expert • Digitisation and Digitalisation of Corporate Companies • ISO 37001 Anti-Bribery Management System • Supply Chain ESG: The Imperative Matters • Artificial Intelligence, Business and The Future of Work • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) • Postal and Courier Industry Insights • Banking Industry and Macroeconomic Outlook • ESG Reporting for Businesses • The Future of Work: Leadership in a Post-Covid World • Brand • Commercial Gap Assessment to Deliver More Value • Future of Retail for Post Offices • Supply Chain Risk Management • Electric Vehicle Technology Full Course
3.	Dato’ Dr. Mohd Ali bin Mohamad Nor	<ul style="list-style-type: none"> • Certified Wira Leadership: F.I.T. to Lead (Module 1) • The Future of Work: Leadership in a Post-Covid World • Brand • Commercial Gap Assessment to Deliver More Value • Future of Retail for Post Offices • Certified Wira Leadership: Masterclass 3: Engaging Communications • Certified Wira Leadership: Masterclass 4: Let’s Be Better

Corporate Governance Overview Statement

No.	Director	Programme
4.	Dato' Jezilee bin Mohamad Ramli	<ul style="list-style-type: none"> • Certified Culture Transformation – Accountability for Leaders and Integration Session • CULTURE Integration 2 • Digitisation and Digitalisation of Corporate Companies • Anti-Bribery and Anti-Corruption Training Programme “Corporate Liability – How to Say No to Corruption” • ICDM Complimentary Session (Ask an Expert) - Supply Chain ESG: The Imperative Matters • Macro and Market Updates: Navigating through Growth Uncertainties and Market Volatility • Malaysia Electric Vehicle Outlook and Key Unlocks • Manufacturing & Engineering Landscape and Potential Opportunities • The Future of Work: Leadership in a Post-Covid World • Brand • Commercial Gap Assessment to Deliver More Value • Future of Retail for Post Offices
5.	Dato' Mohamed Sharil bin Mohamed Tarmizi	<ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Training Programme “Corporate Liability – How to Say No to Corruption” • Conflict of Interest & Governance of COI Programme • APNIC Foundation Training • National Economic Outlook Conference • Our Next Episode (Orchestrating a Development Bargain for Sustainable Growth) • International Conference on Film and Society (Content Creation, Control and Choice in the Digital Age) • Road User Charging Conference (Asia Pacific)
6.	Sabarina Laila binti Mohd Hashim	<ul style="list-style-type: none"> • Bursa Malaysia's Enhanced Sustainability Reporting Framework: A Company Secretary's Role by ICDM • Certified Culture Transformation – Accountability for Leaders and Integration Session by DRB-HICOM • Webinar - Revealing the Trends • Digitisation and Digitalisation of Corporate Companies • SSM National Conference 2023 • Macro and Market Updates: Navigating through Growth Uncertainties and Market Volatility • Malaysia Electric Vehicle Outlook and Key Unlocks • Manufacturing & Engineering Landscape and Potential Opportunities • Pos Malaysia Berhad - Certified Wira Foundation • Certified Wira Leadership: F.I.T. to Lead (Module 1) • Bursa Malaysia Mandatory Accreditation Programme • The Future of Work: Leadership in a Post-Covid World • Brand • Commercial Gap Assessment to Deliver More Value • Future of Retail for Post Offices • SSM Webinar: “Legal Due Diligence For M&A Transactions” • SSM Webinar: “Share Buy Back” • Pos Malaysia Berhad - F.I.T. to Lead Masterclass 3: Engaging Communications • AML/CFT Webinar Series - Know Your Customer (KYC) and Politically Exposed Person (PEP) • Certified Wira Leadership: Masterclass 4: Let's Be Better

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 FY2023 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 that the Group serves as well as the condition of the environment that the Group operates in. Our financial outcomes are explicable 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 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, the Head of Sustainability is tasked with providing a dedicated focus on sustainability initiatives within the Group.

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The Board has established the Board Risk, Sustainability and Compliance Committee or 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's sustainability-related matters as well as assurance to the Board. This committee also reviews and ensures sustainability efforts are aligned with the Group's long-term business and sustainability strategy.

The details of the Group's FY2023 sustainability initiatives and structure under the BRSCC can be found on pages 114 to 115 of this Annual Report.

Remuneration Policy

The Board has established a formal and transparent process for approving the remuneration of NEDs. This process ensures that remuneration is strategically aligned with the overarching objectives that drive the long-term success of the Company. It encompasses a fair remuneration package that is designed to attract, retain and motivate Directors, thereby fostering a leadership team committed to the Company's success.

The BNRC is responsible for formulating and reviewing the remuneration framework for the Directors on the Board and Board Committees. They are to ensure that this framework remains competitive and in alignment with prevalent market practices as well as is commensurate with Directors' experience, skills and level of responsibility.

Directors' Remuneration Framework:

Board/Board Committees	Fee (per Annum)		Meeting Allowance per Meeting (for Chairman and Members)
	Chairman	Member	
Board	RM120,000	RM80,000	RM1,000
Board Audit Committee	RM15,000	RM10,000	RM2,500
Board Nomination and Remuneration Committee	RM8,000	RM6,000	RM1,000
Board Risk, Sustainability and Compliance Committee			
Board Tender Committee			
Board Digital-First Committee			
General Meeting	-	-	

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 FY2023 are set out below:

No.	Name	Directors' Fees (RM)			Meeting Allowance (RM)	Total (RM)
		Board	Committees	Total		
1.	Tan Sri Syed Faisal Albar bin Syed A.R Albar	120,000.00	-	120,000.00	7,000.00	127,000.00
2.	Datuk Idris bin Abdullah @ Das Murthy	80,000.00	12,000.00	92,000.00	16,000.00	108,000.00
3.	Dato' Dr. Mohd Ali bin Mohamad Nor	80,000.00	30,000.00	110,000.00	42,000.00	152,000.00
4.	Dato' Jezilee bin Mohamad Ramli	80,000.00	18,000.00	98,000.00	37,000.00	135,000.00
5.	Dato' Mohamad Sharil bin Mohamad Tarmizi	80,000.00	22,000.00	102,000.00	20,000.00	122,000.00

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No.	Name	Directors' Fees (RM)			Meeting Allowance (RM)	Total (RM)
		Board	Committees	Total		
6.	Sabarina Laila binti Mohd Hashim (appointed w.e.f. 1 June 2023)	46,666.67	-	46,666.67	3,000.00	49,666.67
7.	Ahmed Fairuz bin Abdul Aziz (resign w.e.f. 1 November 2023)	66,666.67	17,500.00	84,166.67	32,000.00	116,166.67
8.	Dato' Ahmad bin Suhaimi Endut (resigned w.e.f. 15 February 2024)	80,000.00	6,000.00	86,000.00	8,000.00	94,000.00
TOTAL		633,333.34	105,500.00	738,833.34	165,000.00	903,833.34

Remuneration Disclosure for Top Five Key Senior Management

The aggregate remuneration of the top five Senior Management of Pos Malaysia, including salary, bonus, allowances, benefits-in-kind and other emoluments received from the Company for FY2023 in bands of RM50,000.00 is as follows:

No.	Range of Remuneration	Number of Senior Management
1.	RM850,001 to RM900,000	1
2.	RM900,001 to RM950,000	1
3.	RM1,050,001 to RM1,100,000	1
4.	RM1,250,001 to RM1,300,000	1
5.	RM1,300,001 to RM1,350,000	1

The performance of the Senior Management is evaluated on an annual basis and measured against the KPIs 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 deeply committed to establishing a healthy corporate culture that embeds uncompromising ethical conduct within the Group. The adoption of policies that promote integrity, transparency and fairness ensure the Board, the Management, employees and other stakeholders are provided guidance on the behaviours and practices acceptable by the Group.

a) Code of Conduct and Business Ethics

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

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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 who follow the appropriate disclosure procedures. The WB Policy sets a clear procedural guide for stakeholders to follow when raising their concerns and outlines the reporting channel for the investigation function to ensure that issues are addressed effectively and that 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 Anti-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. In tandem with the objective of combating bribery and corruption, various engagement activities and initiatives continue to be conducted to ensure awareness of the Zero-Tolerance Policy towards bribery and corruption.

d) Corporate Liability

Taking cognisance of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act, 2009 ("Section 17A"), 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 offence lies on the Company, the Group has set up the Management Committee of Corporate Integrity which has been given the authority and responsibility for the Anti-Bribery and Anti-Corruption compliance function and the related activities/initiatives as per the following pillars:

- a. Complaint Management;
- b. Detection and Verification;
- c. Training and Awareness; and
- d. Governance.

The above pillars are in line with the MACC's Guidelines on the Management of an Integrity and Governance Unit and aim to curb bribery and corruption within the Group. Improvements on adequate procedures are constantly performed through various activities and initiatives under the abovementioned pillars to ensure the Group has a good set of mitigation tools to curb corporate liability and strengthen the Group's responsibility for it. The corporate statement on anti-bribery and anti-corruption is accessible on Pos Malaysia's official website at https://www.pos.com.my/media/pdf/corporate_governance/Policy/Policyantibribery.pdf. It expresses the Group's firm stance on its zero-tolerance policy towards any form of bribery and corruption in the conduct of its business.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee

The Board Audit Committee or BAC oversees the Group's financial reporting process and practices. It is also tasked with reviewing 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.

In FY2023, the BAC comprised three members; two of whom including the Chairman, Ahmed Fairuz bin Abdul Aziz, were INEDs while the remaining member was a Non-INED.

Effective from 1 November 2023, Ahmed Fairuz bin Abdul Aziz, a Fellow Member of the Institute of Chartered Accountants of England and Wales and a Member of the Malaysian Institute of Accountants ("MIA") resigned. In compliance with the rule that necessitates that the BAC comprise at least one MIA member, it is important to highlight that Dato' Jezilee bin Mohamad Ramli, a member of the MIA, continues to serve on the committee. Dato' Jezilee bin Mohamad Ramli also holds memberships in the Malaysian Institute of Certified Public Accountants and the American Institute of Certified Public Accountants, ensuring the BAC remains aligned with professional and regulatory standards.

The Board had within the allowable period as per Bursa Malaysia's MMLR, appointed Roshidah binti Abdullah ("Roshidah") as an INED, effective from 1 January 2024. She also assumed the position as the Chairman of the BAC effective from 1 January 2024. Roshidah is a Certified Member of Certified Public Accountant, Australia and Chartered Member of MIA.

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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 by way of internal audits 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 years before being appointed 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 Bursa Malaysia's MMLR.

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

The BAC reviewed the BAC Report for FY2023 to ensure that the Report was prepared in compliance with the relevant regulatory requirements and guidelines.

The BAC is also tasked with reviewing the conflict of interest disclosures, Related Party Transaction/Recurrent Related Party Transactions policy and procedures as well as 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 106 of this Annual Report and the Company's financial statements are included on pages 152 to 252 of this Annual Report.

The performance of the BAC for FY2023 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 Board Audit Committee Report on pages 89 to 92 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 the external auditors' 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 meets 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 highlight to the BAC matters that warrant 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. In respect of FY2023, the BAC was satisfied with the quality of audit, performance, competency and sufficient resources provided to the Group by the external auditors. 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 has approved the recommendation that shareholders' approval be sought at the forthcoming AGM on the re-appointment of KPMG PLT as the 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 for providing 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 FY2023 is set out in the Board Audit Committee Report on pages 90 to 91 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

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business operations and risk management, as well as to safeguard shareholders' investments and the Group's assets to ensure the Group's sustainable growth.

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 for assisting 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 that was set in place during FY2023, was 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 93 to 98 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 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.

This emphasis on maintaining open lines of communication was especially evident throughout the Covid-19 pandemic and it

“Through effective engagement, Pos Malaysia is able to gather and consider the perspectives of its stakeholders and foster an inclusive approach to recovery and growth. This balanced approach is not only building trust among all stakeholders but is reinforcing Pos Malaysia's resilient position and making the Group future-ready for sustainable growth.”

continues into the post-pandemic period. This focus on regular, transparent and open communications was fundamental in shaping the Company's strategic decisions, ensuring that the implications for all key stakeholders were thoroughly evaluated in the decision-making process. Through effective engagement, Pos Malaysia was able to gather and consider the perspectives of its stakeholders and foster an inclusive approach to recovery and growth. This balanced approach has not only built trust among all stakeholders but has reinforced Pos Malaysia's resilient position as well as made the Group future-ready for sustainable growth in a dynamically evolving market landscape.

Pos Malaysia continues to engage 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 apprise stakeholders of key developments.

Information on the Group's business activities and financial performance is also disseminated through various platforms. This includes announcements on financial results and other key developments to Bursa Malaysia, as well as key corporate 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 Bursa Malaysia's MMLR, the CA 2016 and the Malaysian Financial Reporting Standards.

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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, since its 28th AGM in 2020, has been leveraging technology to facilitate greater shareholder participation and enhance the proceedings of the AGM. This is in accordance with Section 327(1) and (2) of the CA 2016, the Securities Commission's Guidance, and FAQs on the Conduct of General Meetings for Listed Issuers.

Pos Malaysia's 31st AGM was conducted virtually through live streaming and online voting using Remote Participation and Electronic Voting facilities ("RPEV").

In line with best corporate governance practices, the notice of the 31st AGM was issued to the shareholders on 25 April 2023 which was more than 28 clear days before the AGM. The notice of the 31st 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 31st AGM.

At the 31st AGM, active participation by the shareholders and investors at the AGM was encouraged. The Chairman played 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 had and to have a better understanding of the Group's businesses.

The proceedings of the 31st 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 & Answer session. Questions raised by the 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 31st 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 had been duly passed. 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 support the GCEO and the Group Chief Financial Officer in their investor engagement efforts. These efforts focus on fostering meaningful two-way relationships with the investment community while keeping them updated on the Group's latest news and developments.

Pos Malaysia's investor relations programme involves holding analysts meetings and conference calls as well as 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: Nih Jit Aun

Contact number: +603 2267 2206

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 Bursa Malaysia's MMLR, the CA 2016, the MCCG 2021 and the Corporate Governance Guide issued by Bursa Malaysia and other applicable laws and regulations throughout FY2023.

This CG Overview Statement was approved by the Board of Pos Malaysia on 3 April 2024.

BOARD AUDIT COMMITTEE REPORT

The Board of Pos Malaysia Berhad is pleased to present the Board Audit Committee (“BAC”) Report for the financial year ended 31 December 2023.

COMPOSITION AND ATTENDANCE AT MEETINGS

COMPOSITION

During the financial year ended 31 December 2023, ten (10) 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 (Resigned w.e.f. 1 November 2023)	Chairman of the BAC Independent Non-Executive Director	10 out of 10
Dato’ Jezilee bin Mohamad Ramli	Member of the BAC Non-Independent Non-Executive Director	10 out of 10
Dato’ Dr. Mohd Ali Mohamad Nor	Member of the BAC Independent Non-Executive Director	10 out of 10

Ahmed Fairuz bin Abdul Aziz is a member of the Malaysian Institute 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”).

Subsequent to the resignation of *Ahmed Fairuz Abdul Aziz on 1 November 2023, in the absence of quorum for meeting, there was a BAC Discussion held on 15 November 2023.

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.

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 authorities, 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.

Board Audit Committee Report

SUMMARY OF WORK

The BAC's work during the financial year ended 31 December 2023 comprised the following:

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 2023 and 30 June 2023 were reviewed at the BAC meetings held on 12 May 2023 and 16 August 2023 respectively, whereas the unaudited quarterly financial results for the period ended 30 September 2022 was reviewed at the BAC discussion held on 15 November 2023 due to the absence of quorum for meeting; and
- b. The annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2023 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 29 March 2024.

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.

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.

INTERNAL AUDIT

- a. Reviewed the 2024 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.

EXTERNAL AUDIT

- a. Reviewed the annual financial statements of Pos Malaysia for financial year ended 31 December 2023 on 29 March 2024.
- 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 12 May 2023, 16 August 2023 and 15 November 2023.
- 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 2023 marked its 20 years of engagement.

Board Audit Committee Report

- 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.

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.

STATEMENT ON INTERNAL AUDIT FUNCTION

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 to the BAC for approval. The Audit Plan gives priority and focuses on the Company's top risks identified by 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.

AUDIT RESOURCES

As at 31 December 2023, IAD had a total of 19 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 programme, 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 2023 was RM 2.15 million (a decrease of 9% from previous year's amount of RM 2.37 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.

Board Audit Committee Report

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 2023, IAD executed a total of 43 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

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 (“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 Board Risk, Sustainability and Compliance Committee (“BRSCC”) and Board Audit Committee (“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 Regulatory Compliance Department (“RCD”), while the BAC is supported by an Internal Audit Department (“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.

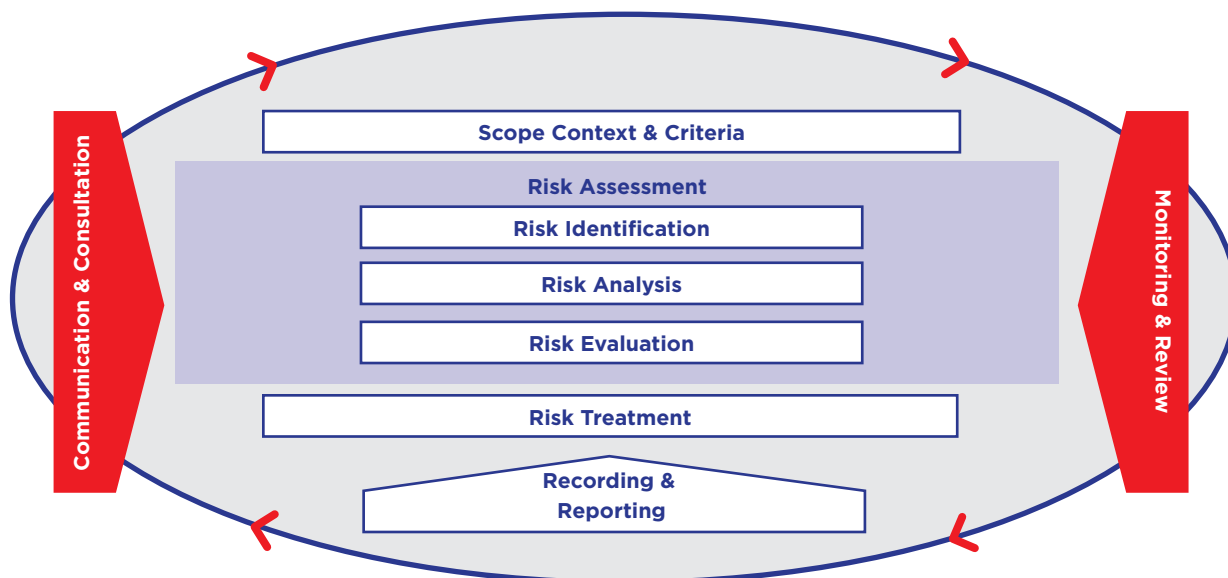
The policies of the Board are:

- 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.

Statement on Risk Management and Internal Control

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



Source: ISO 31000 Risk Management Standards

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 related to brand or image or good will 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.

Statement on Risk Management and Internal Control

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
- Dato' Dr. Mohd Ali Bin Mohamad Nor

Terms of reference:

- Provide oversight, guidance and direction to the Group's risk management functions or processes which include, 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 the 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;

Statement on Risk Management and Internal Control

- viii. 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;
- ix. Deliberate on compliance-related matters of the Group and review the effectiveness of systems in place for monitoring compliance with laws and regulations;
- x. Review findings, material issues or non-compliances highlighted by regulatory authorities in relation to the regulated businesses of the Group;
- xi. Deliberate, review and evaluate the existing compliance framework and recommend measures for improvement by adopting the best practices;
- xii. Review and ensure that the sustainability efforts are aligned to the Group's long-term business and strategy;
- xiii. Ensure effective management of significant and material sustainability matters (i.e. economic, environmental, social impact) impacting the principal businesses of the Group;
- xiv. Ensure that sustainability is integrated within key business strategies towards the collective achievement of sustainability goals across the Group;
- xv. 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
- xvi. 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:

- i. Group Chief Transformation & Digital Officer
- ii. Group Chief Financial Officer
- iii. Group Chief People Officer
- iv. General Counsel & Corporate Affairs
- v. Head Regulatory Compliance
- vi. Head Risk Management

Roles and responsibilities of RSCC:

- i. Formulate the ERM, sustainability and compliance framework which include policies, processes, structures and programmes; and monitor its implementation;
- ii. Formulate risk appetite and the required action plans to mitigate identified risks;
- iii. Review and deliberate existing key risks and potential emerging risks that may derail the achievement of business objectives and goals;
- iv. Evaluate the adequacy of existing controls and required action plans to enhance these existing controls to manage, mitigate and/or eliminate any risk exposure;
- v. Recommend direction that aligns the sustainability targets with the overall goals of the Group including prioritising key sustainability matters;
- vi. Deliberate findings, material issues or instances of non-compliances highlighted by RCD to Senior Management;
- vii. 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
- viii. Ensure risk, 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 RCD 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 recommends 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.

Statement on Risk Management and Internal Control

SYSTEM OF INTERNAL CONTROL

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

- i. 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;
- ii. 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;
- iii. The BAC reviews the adequacy of reporting of annual and quarterly financial results of the Group particularly changes in the accounting policies, significant adjustment arising from audit, going concern assumptions and compliance with the Malaysian Financial Reporting Standards in Malaysia, Companies Act 2016 and other regulatory requirements;
- iv. 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 Board Audit Committee Report;
- v. The BAC reviews the Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") of the Group to ensure adequate disclosures in accordance with Companies Act 2016, Main Market Listing Requirements of Bursa Securities and that they are on an arm's length basis and not detrimental to minority shareholders;
- vi. 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;
- vii. 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;
- viii. The Group 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 with the Group;
- ix. The Management Committee for Corporate Integrity was established to provide strategic direction for the Group'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;
- x. 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;
- xi. 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;
- xii. 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;
- xiii. 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;
- xiv. 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
- xv. 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.

Statement on Risk Management and Internal Control

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:

- i. 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;
- ii. 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;
- iii. The reports on the reviews are submitted and presented to the BAC on a quarterly basis;
- iv. Management action plans for the audit issues raised are tracked by IAD on a weekly 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. 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
- v. 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 Main Market 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 2023, 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 3 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the financial year 2023, there were no proceeds raised by the Company from any corporate proposal.

2. Material Contracts

There were no material contracts entered into by Pos Malaysia nor its subsidiaries involving the interest of Directors, Chief Executive who is not a director or Major Shareholders, either still subsisting as at 31 December 2023 or entered into since the end of the previous financial year.

3. 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 2023 are as follows:

	Company (RM)	Group (RM)
Audit Fees	392,000	1,115,000
Other Audit Fees	250,000	250,000
Non-Audit Fees	102,000	319,456
Total	744,000	1,684,456

The nature of 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. The non-audit fees are the services for compliance tax fees, tax vetting and assurance on sustainability statements.

4. Recurrent Related Party Transaction 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 2023 pursuant to the shareholders' mandate obtained at the Company's 31st 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 2023 to 31 December 2023 (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	51
2.	Pos Malaysia Group	DRB-HICOM Commercial Vehicles Sdn Bhd ("DHCV")		2. TSSM# 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#	8

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
3.	Pos Malaysia Group	Alam Flora Environmental Services Sdn Bhd ("AFES")	Provision of integrated facilities management and maintenance services by AFES	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")	2,736
4.	Pos Malaysia Group	DRB-HICOM Group	(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#	16,042
5.	Pos Malaysia Group	HICOM Holdings Berhad ("HICOM Holdings")	Provision of management services	1. DRB-HICOM* • HICOM Holdings is a 100%-owned subsidiary of DRB-HICOM 2. TSSM#	840
6.	Pos Malaysia Group	Malakoff Group	Provision of energy-saving services at selected premises by Malakoff Group	TSSM# • Malakoff is a 38.45%-owned associate company of MMC Corporation Berhad ("MMC")	588
7.	Pos Malaysia Group	Altel Communications Sdn Bhd ("Altel")	Purchase of telecommunication data line and handphone for operational requirements by Pos Malaysia Group	TSSM# • Altel is a 100%-owned subsidiary of Altel Holdings Sdn Bhd, which in turn is a 100% owned subsidiary of Altel Group Sdn Bhd ("AGSB"). AGBS is a 100% owned subsidiary of Sutera Bakti Sdn Bhd ("Sutera Bakti"), a company in which TSSM is an indirect Major Shareholder	1,552
8.	Pos Malaysia Group	Souq Realty Sdn Bhd	Rental of premise by Pos Malaysia Group	TSSM#	98
		Bangi Heights Developments Sdn Bhd ("Bangi Heights Developments")		TSSM# • Bangi Heights Developments is deemed interested by virtue of TSSM's interest in Seleksi Juang Sdn Bhd pursuant to Section 8 of the Companies Act 2016	35
9.	Pos Malaysia Group	Senai Airport Terminal Services Sdn Bhd ("Senai Airport")	Rental of premise and service charges by Pos Malaysia Group	TSSM# • Senai Airport is a 100%-owned subsidiary of MMC, a company in which TSSM is an indirect Major Shareholder	4
10.	Pos Ar-Rahnu	Bank Muamalat Malaysia Berhad ("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

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
11.	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	TSSM# • Puncak Hartanah Intelek is a 100%-owned subsidiary of Commerce Dot Com Sdn Bhd ("Commerce Dot Com"), a company in which 70%-owned by a Person Connected to TSSM	283
12.	Pos Aviation Group	Jasmine Food Corporation Sdn Bhd ("Jasmine Food")	Supply of foodstuff for inflight catering to Pos Aviation Group	TSSM# • Jasmine Food is a 100%-owned subsidiary of Padiberas Nasional Berhad ("BERNAS"), effectively is a 100% subsidiary of Tradewinds Group (M) Sdn Bhd ("TGM"), a company in which TSSM is an indirect Major Shareholder	272
13.	Pos Aviation Group	Gas Malaysia Berhad ("GMB")	Supply of gas for inflight catering to Pos Aviation Group	TSSM# • GMB is a 30.9% associated company of MMC	77
14.	Pos Aviation Group	AFES	Provision of garbage collection services	TSSM# • AFES is a 100%-owned subsidiary of Alam Flora, effectively is a 97.37% owned subsidiary of Malakoff	189
15.	Pos Aviation Group	HICOM University College Sdn Bhd ("HUC")	Provision of staff training services to HUC	1. DRB-HICOM* • HUC is a 100%-owned subsidiary company of DRB-HICOM 2. TSSM#	65
16.	Pos Aviation Group	DRB-HICOM EZ-Drive Sdn Bhd ("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#	648
17.	Pos Aviation Group	Edaran Modenas Sdn Bhd ("Edaran Modenas")	Supply of motor vehicles and parts to Pos Aviation Group	1. DRB-HICOM* • Edaran Modenas is a 100%-owned subsidiary of Motosikal dan Enjin Nasional Sdn Bhd ("MODENAS"), effectively 70% jointly controlled entity of DRB-HICOM 2. TSSM#	18
18.	Pos Logistics Group	MMC Group	Payment of port charges	TSSM#	8,069
			Rental charges for Vehicle Transit Centre	• MMC is a 100%-owned subsidiary of Seaport Terminal (Johore) Sdn Bhd ("Seaport Terminal"), effectively a wholly-owned by Indra Cita Sdn Bhd ("Indra Cita"), a company in which TSSM holds 99.9% equity interest	691

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
19.	Pos Logistics Group	Tradewinds Group	Purchase of marine insurance and other services	TSSM# • Tradewinds Corporation Berhad ("Tradewinds") is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	1,540
20.	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#	151
		DHCV		1. DRB-HICOM* • DHCV is a 100%-owned subsidiary of USF-HICOM, effectively a wholly-owned subsidiary of DRB-HICOM 2. TSSM#	269
21.	Pos Malaysia Group	BMMB	Renting of retail/advertisement space at Pos Malaysia's post offices/outlet, land, vehicles, equipment, merchandise, delivery workforce, website and portals	1. DRB-HICOM* • BMMB is a 70%-owned subsidiary of DRB-HICOM 2. TSSM	11
22.	Pos Malaysia Group	MPH Bookstores Sdn Bhd ("MPH Bookstores")	Provision of courier services by Pos Malaysia Group	TSSM# • MPH Bookstores is a 100%-owned subsidiary of MPH Group (M) Sdn Bhd, a company in which TSSM is an indirect Major Shareholder	90
23.	Pos Malaysia Group	GMB	Commission from bills payment collected at Pos Malaysia outlets/channels	TSSM# • GMB is a 30.9%-owned associate company of MMC	14
24.	Pos Malaysia Group	Percetakan Nasional Malaysia Berhad ("Percetakan Nasional")	Provision of MyDistribution Services by Pos Malaysia Group	TSSM# • Percetakan Nasional is a 100%-owned subsidiary of Sutera Bakti, a company in which TSSM is an indirect Major Shareholder	187
		BERNAS		TSSM# • BERNAS is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder	48

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
25.	Pos Malaysia Group	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#	41
		PUSPAKOM Sdn Bhd ("PUSPAKOM")		1. DRB-HICOM* • PUSPAKOM is a 100%-owned subsidiary of DRB-HICOM 2. TSSM#	101
		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#	79
		Alam Flora		TSSM# • Alam Flora is a 97.37%-owned subsidiary of Tunas Pancar Sdn Bhd ("Tunas Pancar"), effectively a wholly-owned subsidiary of Malakoff	86
		DRB-HICOM Auto Solutions Sdn Bhd ("DHAS")		1. DRB-HICOM* • DHAS is a 100%-owned subsidiary of DRB-HICOM 2. TSSM#	20
		HICOM HBPO Sdn Bhd ("HICOM-HBPO")		1. DRB-HICOM* • HICOM HBPO is an associate company of HICOM Holdings 2. TSSM#	12
		BMMB		1. DRB-HICOM* • BMMB is a 70%-owned subsidiary of DRB-HICOM 2. TSSM#	156
26.	Pos Malaysia Group	DRB-HICOM Group	Provision of courier services by Pos Malaysia Group	1. DRB-HICOM* 2. TSSM#	2,211
		Alam Flora		TSSM# • Alam Flora is a 97.37%-owned subsidiary of Tunas Pancar, effectively a wholly-owned subsidiary of Malakoff	22
		MODENAS		1. DRB-HICOM* • MODENAS is a 70% jointly controlled entity of DRB-HICOM 2) TSSM#	27
		Percetakan Nasional		TSSM# • Percetakan Nasional is a 100%-owned subsidiary of Sutera Bakti, a company in which TSSM is an indirect Major Shareholder	572

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
		BERNAS		TSSM [#] <ul style="list-style-type: none"> BERNAS is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder 	22
		Albukhary International University		TSSM [#]	1
		Avon Cosmetics (M) Sendirian Berhad ("Avon Cosmetics")		TSSM [#] <ul style="list-style-type: none"> Avon Cosmetics is a 30%-owned associate company of Tradewinds 	8
		TGM Group		TSSM [#]	63
		Era Bayam Kota Sdn Bhd ("Era Bayam Kota")		TSSM [#] <ul style="list-style-type: none"> Era Bayam Kota is a 100%-owned subsidiary of BERNAS, which in turn is a 100%-owned subsidiary of TGM, a company in which TSSM is an indirect Major Shareholder 	3
		WOWSHOP Sdn Bhd ("WOWSHOP")		TSSM [#] <ul style="list-style-type: none"> WOWSHOP is a 100%-owned subsidiary of Media Prima Berhad, a company in which TSSM is an indirect Major Shareholder 	130
		Malakoff Power Berhad ("Malakoff Power")		TSSM [#] <ul style="list-style-type: none"> Malakoff Power is a 100%-owned subsidiary of Malakoff 	9
		MARDEC Industrial Latex ("MARDEC")		TSSM [#] <ul style="list-style-type: none"> MARDEC is a 100%-owned subsidiary of MARDEC Berhad, a company in which TSSM is an indirect Major Shareholder 	2
		MMC		TSSM [#] <ul style="list-style-type: none"> MMC is a 100%-owned subsidiary of Seaport Terminal, which in turn is wholly-owned by Indra Cita, a company in which TSSM is an indirect Major Shareholder 	5
27.	Pos Digicert	Commerce Dot Com	Provision and implementation of managed Public Key Infrastructure Services and Log Radar for NextGen E-Perolehan application	TSSM [#] <ul style="list-style-type: none"> Commerce Dot Com is an 81%-owned subsidiary of Puncak Semangat, a company in which 70%-owned by a Person Connected to TSSM 	920

Additional Compliance Information

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 2023 to 31 December 2023 (RM'000)
28.	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* <ul style="list-style-type: none">HUC is a 100%-owned subsidiary company of DRB-HICOM 2. TSSM*	27
29.	Pos Digicert	BMMB	Provision and implementation of Managed Electronic Know Your Customer (“eKYC”) services by Pos Digicert	1. DRB-HICOM* <ul style="list-style-type: none">BMMB is a 70%-owned subsidiary of DRB-HICOM 2. TSSM*	138
30.	Datapos	DRB-HICOM Group	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*	1,754
31.	Pos Logistics Group	DRB-HICOM Group	Provision of logistics services by Pos Logistics Group	1. DRB-HICOM* 2. TSSM*	136,371
		MMC Group		TSSM* <ul style="list-style-type: none">MMC is a 100%-owned subsidiary of Seaport Terminal, effectively a wholly-owned by Indra Cita, a company in which TSSM holds 99.9% equity interest	1,842
		BERNAS Group		TSSM* <ul style="list-style-type: none">BERNAS is a 100%-owned subsidiary of a company in which TSSM is an indirect Major Shareholder	38,494
		Honda Malaysia Sdn Bhd (“Honda Malaysia”)		1. DRB-HICOM* <ul style="list-style-type: none">Honda Malaysia is an associate company of DRB-HICOM 2. TSSM*	337
TOTAL					218,050

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 the 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 2023, 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 3 April 2024.





6

DELIVERING A SUSTAINABLE TOMORROW

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POS MALAYSIA'S COMMITMENT TO A SUSTAINABLE FUTURE

As the nation's trusted post and parcel service provider, Pos Malaysia's target is to reduce its environmental footprint and achieve net-zero carbon emissions for its operations by 2050.

General Disclosure

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This year’s Sustainability Statement (“Statement”), underscores Pos Malaysia’s enduring dedication to championing these goals. It offers a clear, balanced and comprehensive account of our sustainability practices and achievements for the financial year ended 31 December 2023 (“FY2023”), concentrating on areas critical to our operations and identified by our stakeholders as materially significant. This Statement, which is meant to be read together with the rest of the Annual Report FY2023, aims to provide a holistic view of Pos Malaysia’s financial performance and sustainability performance for the year under review.

Reporting Scope

This Sustainability Statement covers the sustainability initiatives and outcomes of Pos Malaysia, Pos Logistics, Pos Aviation, Pos Digicert, Datapos, and Pos Ar-Rahnu, collectively known as “the Group”. The information disclosed in this Statement, which is reported annually, covers the 12-month period from 1 January to 31 December 2023. Financial information is presented in Ringgit Malaysia unless otherwise indicated.

Reporting Framework

This Statement was prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad paragraph 9.45(2) and paragraph (29), Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9). It also aligns with the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”), Global Logistics Emissions Council (“GLEC”) framework and the Global Reporting Initiative (“GRI”) Standards 2021.

Statement of Assurance

In strengthening the credibility of the Statement, independent assurance in accordance with recognised assurance standards for selected indicators has been applied and approved by the Company’s Board of Directors.

The scope, subject matters and relevant conclusion(s) are provided below:

Type of Assurance	Subject Matter	Conclusion
Independent assurance	No. of work-related fatalities	Assured
Independent assurance	Confirmed incidents of corruption and action taken (No.)	Assured
Independent assurance	Number of substantiated complaints concerning breaches of customer privacy and losses to customer data (No.)	Assured

For the subsequent years, we plan to incorporate key material sustainability matters into our future annual internal audit plan(s). This plan, which will include an internal review of the materiality assessment of the Statement, is subject to review and approval by the Board. Please refer to the assurance report provided by KPMG PLT.

Performance Data

Where possible, we have included data from the two previous financial years for comparison purposes, providing stakeholders a clearer picture of our sustainability progress. We have also addressed our primary challenges and stakeholders’ concerns, ensuring a balanced report that highlights both our achievements and areas for improvement. Restatements were made for FY2021 and FY2022’s electricity consumption to reflect greater accuracy.

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.

Feedback

We seek to continuously improve upon all aspects of our sustainability journey, including our approach, processes, and performance and welcome any comments and feedback from our stakeholders. You may direct them via email at sustainability@pos.com.my

General Disclosure

STAKEHOLDER ENGAGEMENT

Here at Pos Malaysia Berhad, people are at the heart of all we do. It is crucial for us to meet our stakeholders' expectations and earn their trust for our future success. As such, stakeholder engagement activities are essential to Pos Malaysia as our stakeholders can impact our business activities, outcomes, and capacity for value-creation over time. Acknowledging how important effective stakeholder engagement activities are to our long-term growth, we are committed to being an inclusive organisation that attentively addresses the varying needs of our diverse stakeholders. This approach helps safeguard Pos Malaysia's reputation and ensures long-term success.

The following stakeholder groups are important to us and we work closely with them:

Stakeholder Group	Description	Approach	Frequency
Customers	<ul style="list-style-type: none"> To better understand our customers' needs and identify opportunities to improve our products and services 	<ul style="list-style-type: none"> Net Promoter Surveys, dedicated account managers, sales executives to manage contract customers General customer service platforms e.g., phone calls, email, social media platforms and chatbot Customer events, seminars, and webinars 	<ul style="list-style-type: none"> Daily Daily Quarterly
Employees	<ul style="list-style-type: none"> To bolster employee engagement and development opportunities To strengthen regular health and safety practices To augment existing sustainability practices and commitments e.g., climate change, human rights and workplace conditions, certifications, and anti-bribery and corruption system 	<ul style="list-style-type: none"> Annual performance appraisals Employee wellness initiatives, Wira huddle Employee opinion survey, Kyzenze Townhalls 	<ul style="list-style-type: none"> Annual Monthly Daily Quarterly
Suppliers	<ul style="list-style-type: none"> To encourage our supply chain to adhere to high standards of professionalism and sustainable practices As part of legal compliance and contractual commitments 	<ul style="list-style-type: none"> Tender sessions Annual subcontractors/suppliers performance evaluations 	<ul style="list-style-type: none"> As and when needed
Union	<ul style="list-style-type: none"> To foster good ties and ensure that the employees are treated fairly and equally 	<ul style="list-style-type: none"> Regular engagement on any new strategic initiatives to ensure support from the Union Leadership Teams 	<ul style="list-style-type: none"> Monthly
Regulators	<ul style="list-style-type: none"> To strengthen engagement with government agencies and participation in any research conducted regarding road safety 	<ul style="list-style-type: none"> Periodic site visits, engagements, collaborations, and audits Periodic forums and online meetings Strategic meetings 	<ul style="list-style-type: none"> As and when needed
Community and Non-Governmental Organisations	<ul style="list-style-type: none"> To strengthen community engagements via our CSR initiatives - Pos Deliver & Pos Komuniti Fostering collaborative partnerships through ongoing dialogue to build positive and mutually beneficial relationships 	<ul style="list-style-type: none"> Events e.g., outreach events Community outreach and development programmes 	<ul style="list-style-type: none"> Event driven
Media	<ul style="list-style-type: none"> Increasing awareness and understanding of our business by providing timely and accurate information about the Group's products, services and financial performance 	<ul style="list-style-type: none"> Annual general meetings Annual reports Corporate website Media relations e.g., press releases, emails, phone calls, events and sharing sessions 	<ul style="list-style-type: none"> Event driven

General Disclosure

Membership and Associations

i.



United Nations Global Compact

Since 2022, Pos Malaysia has been a proud signatory of the United Nations Global Compact's ("UNGC") Ten Principles covering human rights, labour standards, the environment and anti-corruption, as well as contributing to the achievement of the 17 United Nations Sustainable Development Goals ("SDGs").

ii.



International Post Corporation's Sustainability Measurement and Management System ("SMMS") Programme

Pos Malaysia is an active participant of the SMMS Programme, since joining in 2022. Together with 25 other participating posts from around the globe, the members are provided with a common carbon measurement and reporting structure that enables participants to share their carbon and environmental management strategies, performance, and achievements. More information on the progress of IPC's environmental and climate efforts is provided in the <https://www.ipc.be/services/sustainability/smms/group-results> IPC Postal Sector Sustainability Report, in which Pos Malaysia and other IPC members have reported on their progress in relation to the identified focus areas and targets.

iii.



FTSE4Good

The Group has been assessed based on FTSE4Good's ESG Themes. In 2023, Pos Malaysia Berhad achieved a 3-star rating, reflecting Pos Malaysia Berhad as the top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell. Notably, Pos Malaysia Berhad is included in both the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index, affirming its commitment to ethical and sustainable practices within both conventional and Shariah-compliant investment frameworks.

Union Memberships

Pos Malaysia is committed to creating an ethical work environment, where fostering positive industrial relations is vital. We achieve this through open, effective communication and dialogue, coupled with a steadfast commitment to treating all employees with fairness and equity, both in principle and in practice. We regard unions not merely as entities but as strategic partners, integral to our operational success. In adherence to local legislation, notably the Industrial Relations Act 1967, we uphold the principles of freedom of association and the right to collective bargaining. Currently, Pos Malaysia collaborates with eight distinct unions, each playing a vital role in representing the interests of our employees:

Union	No. of Members as of 31 December 2023
Union of Pos Malaysia Uniform Staff ("UPUS")	5,203
Union of Postal Clerical Workers ("UPCW")	3,225
Union of Pos Malaysia Uniform Staff Sarawak ("UPUS Sarawak")	405
Pos Malaysia Junior Executive Union ("PMJEU")	313
Kesatuan Pekerja Pakaian Seragam Sabah ("KEPPSES")	288
Postal Clerical Staff Union Sarawak	258
Kesatuan Kakitangan Perkeranian Pos Sabah ("KKPPS")	206
Transport Workers Union ("Pos Logistics Berhad")	150
Total number of unionised employees in the Group	10,048
% of unionised employees in the Group (Total employees: 17,194)	58.44%

General Disclosure

MATERIALITY ASSESSMENT

We acknowledge the critical impact of material matters on our ability to create and sustain long-term stakeholder value. These material matters shape our business strategy and resource allocation towards significant sustainability challenges.

Back in FY2021, we conducted a thorough materiality assessment with input from key stakeholders to align our priorities with their concerns. For FY2023, we conducted an annual review to assess the ongoing relevance of the Environmental, Social, and Governance (“ESG”) impacts identified from our operational activities. Given the stability in our business operating environment, the previous materiality assessment remains valid and is serving as a crucial framework that is guiding Pos Malaysia’s strategic direction. We aim to conduct a comprehensive materiality assessment every three years to stay aligned with evolving stakeholder expectations and global sustainability trends.

Pos Malaysia Materiality Matrix



SUSTAINABILITY RISK MANAGEMENT

The Group continues to build readiness and resilience by proactively identifying and managing potential risks that may impact the organisation. As part of the Group’s Enterprise Risk Management (“ERM”) Framework, we integrate the assessment and mitigation of risks related to environmental, economic, and social factors into our multi-disciplinary, company-wide risk management strategy. Our Sustainability Department has oversight for this while the Risk Management Department provides guidance.

In Malaysia, one of the most prevalent environmental challenges we face is flooding, particularly during the monsoon season, an occurrence that is becoming increasingly frequent due to the potential impacts of climate change. This situation requires the identification of new areas that may become susceptible to

flooding. In response, Pos Malaysia has developed an Operations Flood Business Continuity Plan (“BCP”), designed to guide our operational teams in maintaining critical functions at our branches during flood events. This plan defines clear response and recovery strategies to minimise operational disruptions caused by flooding, thereby ensuring the safety of our employees and the seamless continuity of our services, in addition to safeguarding our assets.

To ensure all identified risks are maintained within acceptable thresholds, we employ a rigorous process of review and monitoring, carried out by designated risk owners and the Risk, Sustainability, and Compliance Committee (“RSCC”), with comprehensive evaluation from the Board Risk, Sustainability, and Compliance Committee (“BRSCC”).

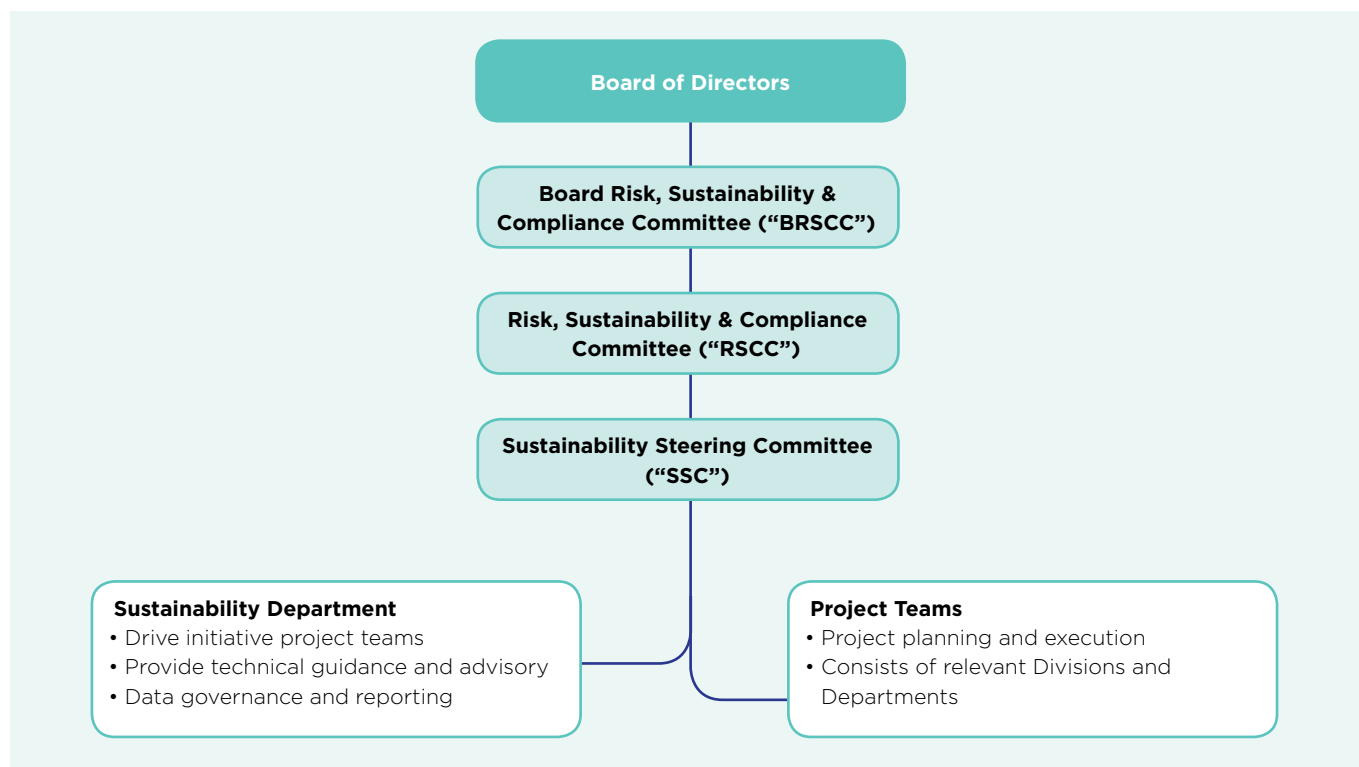
For further information on our risk management and climate-related risks, please refer to the Statement on Risk Management (“SORMIC”) section of the Annual Report.

General Disclosure

SUSTAINABILITY GOVERNANCE

Structure and Responsibilities

We are leveraging the existing sustainability governance structure within the Group to ensure 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 Board Risk, Sustainability and Compliance Committee ("BRSCC"), composed of Independent Non-Executive Directors. Further details of the BRSCC can be found in the SORMIC section of the Annual Report.

General Disclosure

Both the Risk, Sustainability and Compliance Committee (“RSCC”) and Sustainability Steering Committee (“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

- Oversees group-wide integration of sustainability within key business strategies and provides strategic direction on the Group’s sustainability agenda

Board Risk, Sustainability and Compliance Committee (“BRSCC”)

- Oversees risk and sustainability-related matters, and provides assurance to the Board
- Reviews and ensures sustainability initiatives are aligned to the Group’s long-term business and sustainability strategy
- Ensures 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”)

- Monitors the implementation of sustainability-related policies and initiatives within the Group
- Serves as the point of escalation for sustainability issues to other relevant committees and/or the Board
- Reviews and endorses initiatives, including milestones, budget and timelines

Risk, Sustainability and Compliance Committee (“RSCC”)

- Formulates the ERM, sustainability and compliance framework and monitors its implementation
- Recommends direction that aligns the sustainability targets with overall goals of the Group as well as prioritises key sustainability matters

Project Teams

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

Sustainability and Environmental Policies

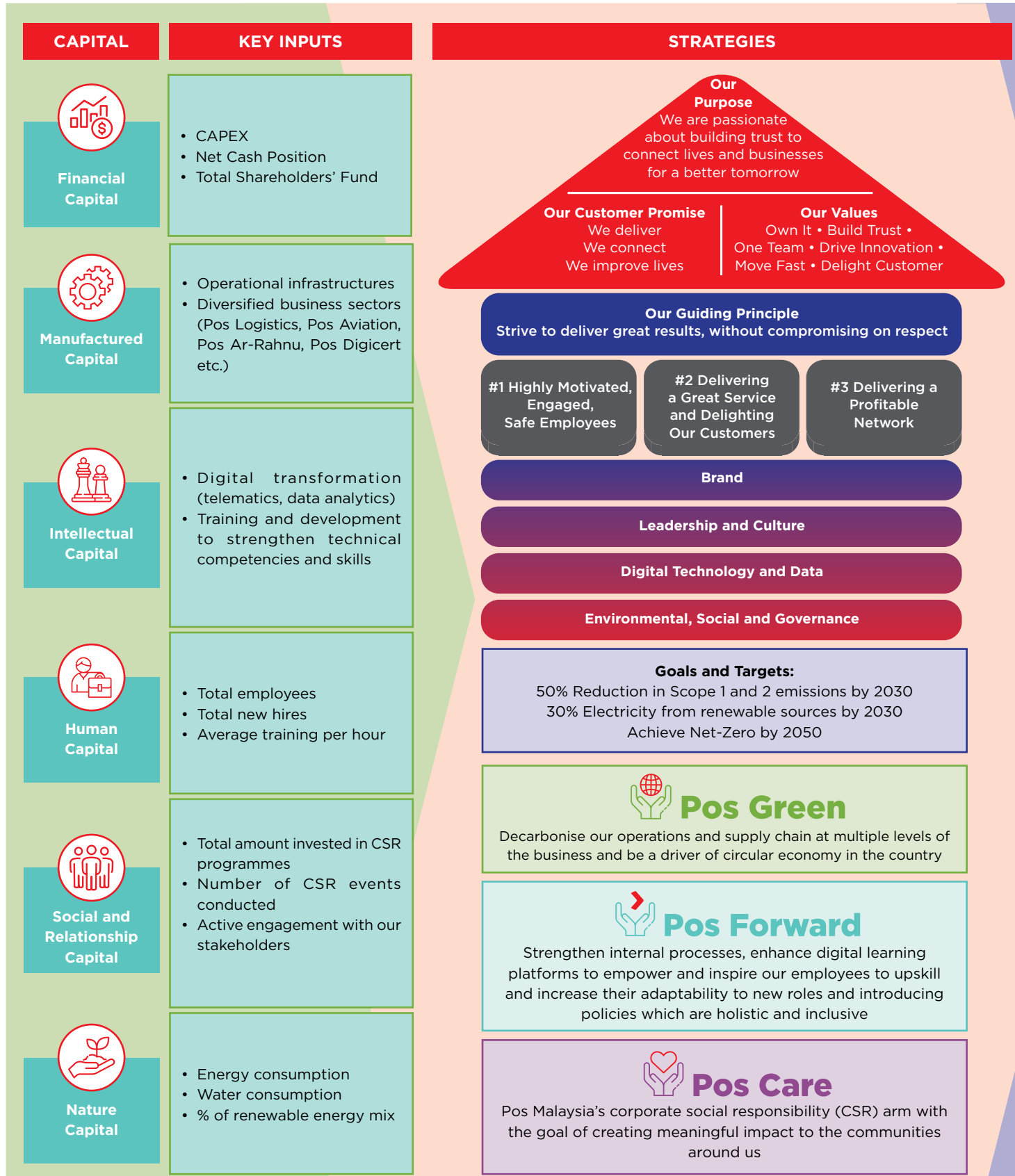
In pursuit of strengthening our sustainability commitments and ensuring that all initiatives are aligned with our purpose, values, and strategic pillars, Pos Malaysia has developed a Sustainability Commitment and Environmental Management Policy, which is adopted by its group of companies.

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.

Further information regarding our sustainability and environmental policies is available at <https://www.pos.com.my/sustainability>.

General Disclosure

VALUE CHAIN MODEL

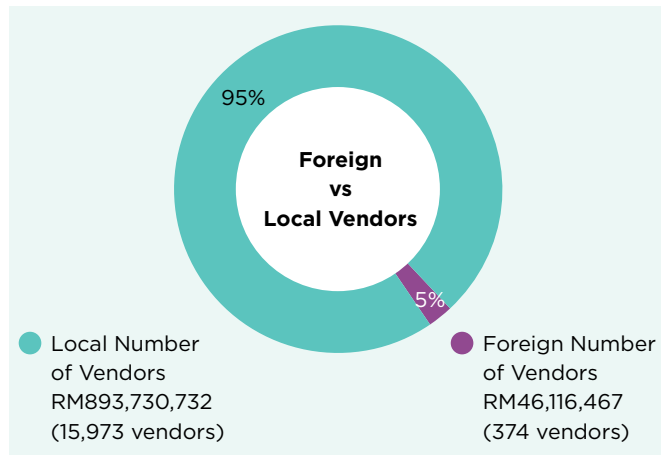


General Disclosure

KEY OUTPUTS	KEY OUTCOMES	STAKEHOLDERS
<ul style="list-style-type: none"> Group revenue RM1.87 billion Loss after tax RM158.6 million Market capitalisation RM0.39 billion 	<ul style="list-style-type: none"> Strong financial performance, seen in revenue growth, increased profitability, higher market value 	<ul style="list-style-type: none"> Board of Directors, Senior Management Team Shareholders Investors Employees
<ul style="list-style-type: none"> Total assets RM2.17 billion > 26 million courier items delivered > 324 million mails delivered 	<ul style="list-style-type: none"> Achieve service delivery excellence and customer satisfaction 	<ul style="list-style-type: none"> Customers Suppliers
<ul style="list-style-type: none"> Product and process efficiency through the implementation of automated systems and adoption of digital tools Establishment of a Digital Transformation Plan to streamline business operations Establishment of POS Centre of Development ("POSCODE") 	<ul style="list-style-type: none"> Enhanced security, efficiency, and agility through effective cybersecurity measures, digitalisation of processes, and streamlined operations via digital transformation 	<ul style="list-style-type: none"> Employees Academia Business partners Customers
<ul style="list-style-type: none"> 58% women representation for managerial roles Employee engagement score of 76% 90.95% of employee retention rate 	<ul style="list-style-type: none"> A dynamic and engaged workforce, promoting diversity, talent retention, and sustained organisational success 	<ul style="list-style-type: none"> Board of Directors Senior Management Team Employees
<ul style="list-style-type: none"> 95% spent on local suppliers 59,938 beneficiaries impacted through CSR events 15 collaborations with organisations for various social causes 81.5% of Net Promoter Score 	<ul style="list-style-type: none"> Creation of sustainable value through enhanced reputation, stakeholder trust, and business success 	<ul style="list-style-type: none"> Community Customers Investors NGOs Governmental ministries
<ul style="list-style-type: none"> 118.6 tonnes of recycled waste 5.32% reduction in Scope 1 and 2 GHG emissions 1,500 kg of food waste composted Operating solar PV capacity of 2.5 million kWp 3.4% renewable energy mix 	<ul style="list-style-type: none"> Sustainable progress, encompassing waste recycling, GHG reduction, food composting, solar energy growth, and achieving renewable energy targets 	<ul style="list-style-type: none"> Customers NGOs Community Investors Governmental ministries Suppliers

General Disclosure

SUPPLY CHAIN MANAGEMENT



Pos Malaysia recognises the importance of local sourcing and procurement, understanding its significant benefits. Sourcing locally not only supports local businesses but also contributes to the economic growth and well-being of the country. For FY2023, more than 90% of our vendors consisted of local vendors, reflecting the same composition in terms of the total spending of the Group.

In Favour of An Ethical Value Chain

The Group is committed to complying with all applicable laws, regulations, as well as national and international conventions. We are also committed to upholding best practices in ethical behaviour, human rights, environmental protection, product quality, and safety.

On the vendor management front, we have established a code of conduct for business relationships that reflects our shared values of excellence, decorum, teamwork, integrity, innovation, quality, and transparency. Pos Malaysia expects all vendors and their employees, agents and subcontractors to abide by the high ethical standards set forth in our Vendor Code of Conduct (“VCOC”) guidelines, while conducting business with us or on our behalf. This code defines the main principles underlying business activities, encompassing ESG matters. The VCOC also outlines obligations related to safety, health, and environmental regulations, professional conduct, fair labour conditions, community engagement, anti-bribery and corruption, accountability, fair dealings and integrity, as well as the confidentiality of information.

Pos Malaysia is deeply committed to adopting a procurement approach that upholds sustainability principles. During the procurement life cycle, the acquisition of goods, works and services are undertaken with the intention of meeting customer expectations, optimising long-term value of money, maximising social and economic benefits and minimising damage to the environment and health.

DATA PRIVACY AND SECURITY

In today's fast-paced digital era, safeguarding personal information and ensuring the security of digital data are a top priority. To address potential threats and disruptions to business continuity, we have implemented robust security policies and controls. In line with the stringent criteria of the Personal Data Protection Act (“PDPA”) 2010, we maintain a strong cybersecurity framework across our operations.

Data management and security are fundamental components of Pos Malaysia's ERM Framework. We regularly review and enhance our privacy and security controls, ensuring lawful data collection and transparent usage. Access to customer data on our Customer Relationship Management (“CRM”) system is restricted to authorised personnel only, with user activities monitored regularly. Our data retention policy ensures the preservation of data only for its requisite period. Subsequent to this duration, we ensure the data is securely disposed of in accordance with best practices and regulatory standards.

We conduct external penetration tests regularly and provide comprehensive annual online training to employees on data protection. Additionally, phishing email simulation exercises are conducted regularly to improve employees' ability to identify and respond to potential threats. In FY2023, we conducted several cybersecurity awareness talks for all employees in the Group to ensure that our employees remain vigilant to such threats.

The table below shows the total number of substantiated complaints concerning breaches of customer privacy or data loss to customer data for the last three years.

	2021	2022	2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	1*

* This data was assured by KPMG. Read the Full Statement of Assurance on pages 144 to 146.

ANTI-BRIBERY AND CORRUPTION

Pos Malaysia is committed to upholding the highest standards of ethical conduct, integrity, and accountability across all its business activities and operations. We have adopted a zero-tolerance stance towards any form of bribery and corruption by our employees or any persons or companies acting for or on behalf of the Group. Our Anti-Bribery and Corruption Policy reflects the Group's commitment to fighting corrupt and unethical practices while conducting business in the jurisdictions where the Group 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 of the Group's zero-tolerance stance towards bribery and corruption.

General Disclosure

Corporate Liability

Taking cognisance of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act, 2009 (Section 17A), 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 following the MACC’s Guidelines on Adequate Procedures. Since the burden of proof of Section 17A offence lies on the Company, the Group has set up a Management Committee of Corporate Integrity (“MCCI”) and recently proposed the establishment of the Integrity Governance Function, which has been given the authority and responsibility for ensuring anti-bribery and anti-corruption compliance and related initiatives that cover the following pillars:

- a. Complaints Management
- b. Detection and Verification
- c. Training and Awareness
- d. Governance

The abovementioned pillars are objectively guided by the MACC’s Guidelines on the Management of the Integrity and Governance Unit to curb bribery and corruption within the Group. Improvements on adequate procedures are constantly performed through various activities and initiatives under the abovementioned pillars to ensure the Group has a sound defence against corporate liability.

The Group’s corporate statement on anti-bribery and anti-corruption can be accessed at Pos Malaysia’s official website at https://d38eiojdjahdit.cloudfront.net/Policyantibribery_9dfd5f3efa.pdf. It expresses our firm zero-tolerance stance towards any form of bribery and corruption in the conduct of the Group’s business.

Risk Assessment

In accordance with Guidelines on Adequate Procedures, as stipulated in subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 under the Adequate Procedure Principle 4.2 Risk Assessment, we conduct risk assessments focusing on potential breaches of Act specifically:

Sections 16 and 17(a)	Soliciting/Receiving Gratification (Bribe)
Section 17A	Corporate Liability Provisions
Section 17(b)	Offering/Giving Gratification (Bribe)
Section 18	Intending to Deceive (False Claim)
Section 23	Using Office or Position for Gratification (Bribe) (Abuse of Power/Position)

“High risk” matters, particularly those posing potential breaches of Section 17A of the MACC Act 2009 – a provision that stipulates a corporate liability principle whereby a commercial organisation can be considered guilty if any of its employees and/or associates commit corruption for the benefit of the organisation – are presented to the RSCC and BRSCC.

The latest corruption risk assessment was completed in 2021 for Pos Malaysia and its subsidiaries. In accordance with the Guidelines on Adequate Procedures under the MACC Act, Section 17A, corruption risk assessment is to be conducted every three years. Our next corruption risk assessment will be conducted in FY2024. Meanwhile, fraud risk, including corruption/bribery cases, forms part of the quarterly risk management report to the RSCC and BRSCC.

Our Performance

Corruption-Related Training

All employees are required to complete the necessary annual training and an annual integrity pledge to indicate compliance:

Employees who received training on anti-corruption by category in FY2023				
Total headcount	Category (Number of employees)			
	Management	Executive	Non-Executive	TOTAL
	548	1,038	15,608	17,194
Total participation	485	842	13,984	15,311
Percentage by category	89%	81%	90%	89%

Corruption incidents

In FY2023, Pos Malaysia registered the following number of corruption incidents across its business operations:

Confirmed incidents of corruption and action taken		
Year	2022	2023*
No. of staff disciplined	1	0
No. of staff dismissed	1	0

* This data was assured by KPMG. Read the full Statement of Assurance on pages 144 to 146.

Environmental Disclosure

KEY ENVIRONMENTAL HIGHLIGHTS

ENERGY CONSUMPTION (GJ)



Total Energy Consumption in 2023 is **1,047,182.45 GJ** with **7.07% reduction** compared to the previous year.

ENVIRONMENTAL FINES AND PENALTIES



There were **NO** environmental fines and penalties during financial year 2023.

CLEAN MILEAGE



Since February 2023, Pos Malaysia has covered **457,317 km** of clean first and last mile deliveries.

WATER CONSUMPTION



Total Water Consumption in 2023 is **817 ML** with **7.86% reduction** compared to the previous year.

FOOD COMPOSTING



In 2023, over **1,500 kg** of food waste was processed into compost.

TELEMATICS



100% of trucks are fitted with telematics.

ELECTRIC VEHICLE ("EV") COVERAGE



12 states in Malaysia with EV delivery routes.

CARBON EMISSIONS (tCO₂e)



Total Carbon Emission in 2023 is **104,766.88 tCO₂e** with **5.32% reduction** compared to the previous year.

CARBON AVOIDANCE



Pos Malaysia has generated a total of **1,515,311 kWh** of clean energy, equivalent to 1,167 tons of carbon dioxide avoided through solar PV systems in 2023.

Environmental Disclosure

CARBON MANAGEMENT



Pos Malaysia is steadfast in its commitment to reducing its carbon footprint. This involves transitioning to alternative fuel vehicles and incorporating renewable energy solutions across the Group's operations, alongside ongoing efforts to optimise efficiency.

Our emissions arise primarily from our fleet, buildings, and aviation operations. Over the past three years, these sources have contributed to over 100,000 tonnes of emissions annually, as outlined in our Scope 1 and Scope 2 data. As a result, we remain focused on mitigating and preventing future emissions, a key priority highlighted in our sustainability agenda. Simultaneously, we aim to cultivate greater environmental awareness among our employees and stakeholders.

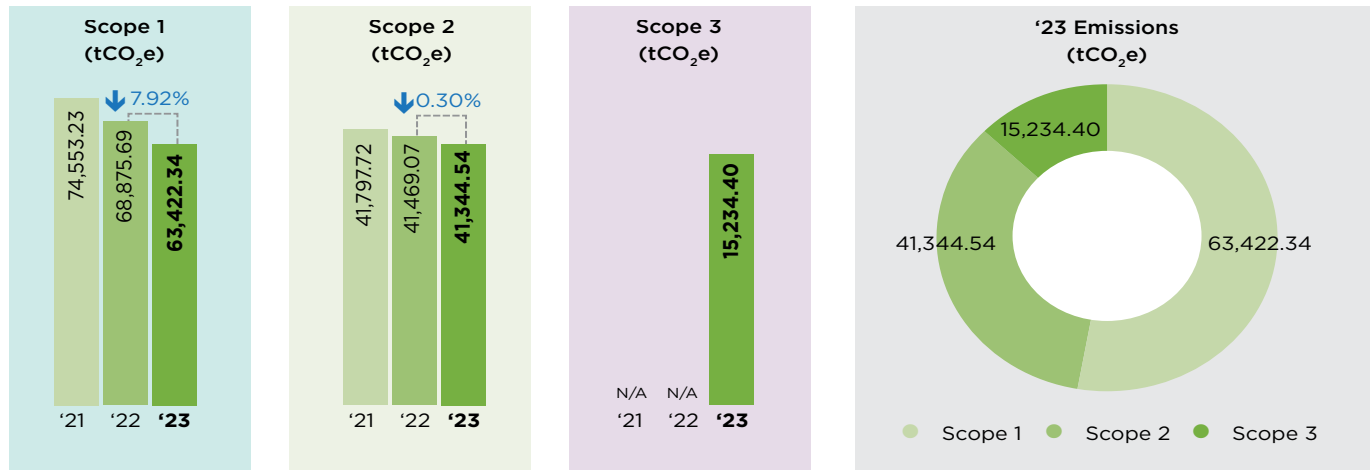
In FY2023, we initiated reporting on the Group's Scope 3 emissions, focusing primarily on the areas of employee commuting and business travel. We have plans to expand our Scope 3 coverage in the future.

Details of Coverage	Description
Consolidation Method	Pos Malaysia Berhad uses operational control for GHG emissions accounting.
Organisational Boundary	Pos Malaysia Berhad's organisational boundary for GHG emissions assessment includes Pos Malaysia and its subsidiaries.
REITs Data Coverage	The data coverage includes three outlets within the Group that are rented from Real Estate Investment Trusts ("REITs").

Overview of short-term and long-term GHG emissions reduction targets, established in the base year 2021

Scope	Short-term	Long-term
Scope 1 and Scope 2	Target: 30% reduction of Scope 1 and 2 emissions by 2025. Fleet Optimisation <ul style="list-style-type: none"> 100% trucks equipped with the new telematics system by end of 2023 Green Building <ul style="list-style-type: none"> 19% of electricity comes from renewable sources by 2025 	Target: Net-zero by 2050. Delivery Methods <ul style="list-style-type: none"> 100% conversion of motorcycles and vans to EVs by 2030 5% conversion of trucks to EVs by 2032, starting from 2030 Fleet Optimisation <ul style="list-style-type: none"> 100% motorcycles and vans equipped with the new telematics system by 2030 Green Building <ul style="list-style-type: none"> 30% of electricity comes from renewable sources by 2030
Scope 3	Target: Scope 3 data collection, focusing on employee commuting and business travel, began in 2023; however, specific targets have yet to be established. Waste Management <ul style="list-style-type: none"> 50% recycling rate by 2025 Eco Consumerism <ul style="list-style-type: none"> All packaging products consisting of at least 80% renewable/recycled inputs by 2025 	Waste Management <ul style="list-style-type: none"> 80% recycling rate by 2030
Total Emissions vs Target Projection	In 2023, the Company's Scope 1 and Scope 2 carbon emissions exceeded the target projection by 5.75%.	
Year-on-year Emissions Reduction	Despite not meeting the target projection, the Company did achieve a reduction in emissions by 5.32% as compared to the previous year.	

Environmental Disclosure



Progress on Carbon Emissions Reduction

	2021 (Base Year)	2022	2023
Scope 1 (tCO ₂ e)	74,553.23	68,875.69	63,422.34
Scope 2 (tCO ₂ e)	41,797.72	41,469.07	41,344.54
Scope 3 (tCO ₂ e)	No data	No data	15,234.40
• Employee Commute	No data	No data	14,429.22
• Business Travel	No data	No data	805.18
Total Emission (tCO ₂ e/year)	116,350.95	110,344.76	120,001.27
Total Emission (Scope 1 & 2) (tCO ₂ e/year)	116,350.95	110,344.76	104,766.88
Target Projection (Scope 1 & 2) (tCO ₂ e/year)	116,162.02	107,449.87	98,737.71
Total Emission vs Target Projection (Scope 1 & 2) (%)	0.16%	2.62%	5.75%
Year-on-year Emission (Scope 1 & 2) (%)	-26.75%	-5.44%	-5.32%

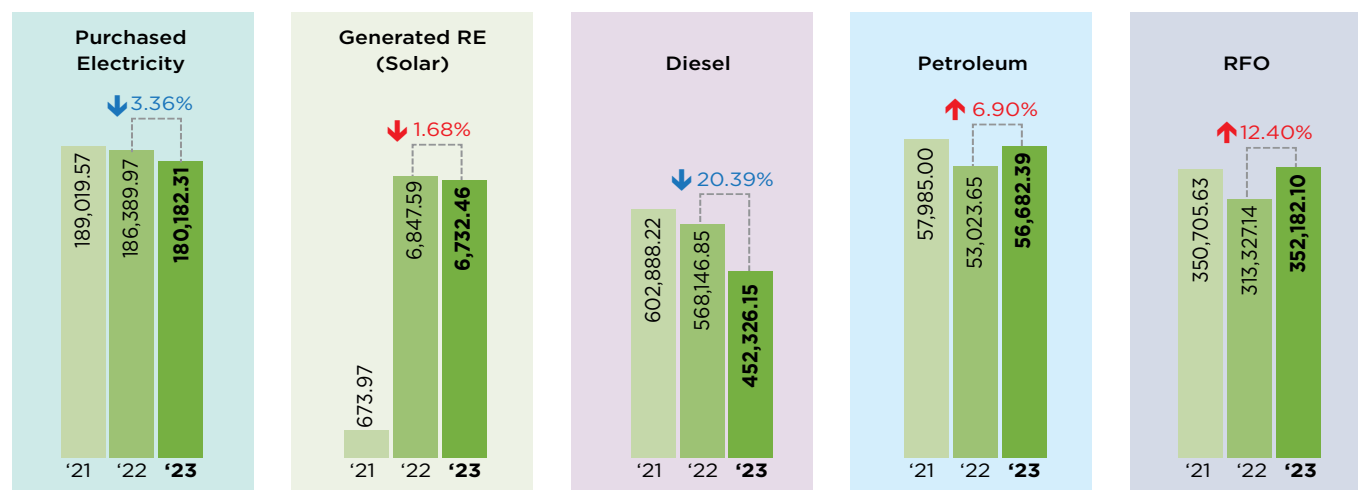
Coverage: The table, which includes data from Pos Malaysia Berhad, Datapos, and Pos Ar-Rahnu, Pos Aviation Berhad, and Pos Logistics Berhad, now also discloses Pos Digicert's data for three years, including the current year.

The reduction in our emissions has been directly linked to a decrease in operational volumes across the postal group. The following table illustrates the emission intensities:

Company	Year	2021 (g CO ₂ e/unit)	2022 (g CO ₂ e/unit)	2023 (g CO ₂ e/unit)
Pos Malaysia	Emission intensity per mail	52.83	48.57	56.40
	Emission intensity per parcel	309.06	313.87	313.01
Pos Aviation	Emission intensity per MYR of revenue	135.5	135.01	174.08
Pos Logistics	Emission intensity per MYR of revenue	49.00	44.60	20.15

Environmental Disclosure

Energy Consumption



	Unit	2021	2022	2023
Purchased Electricity	GJ	189,019.57	186,389.97	180,182.31
Generated RE (Solar)	GJ	673.97	6,847.59	6,732.46
Diesel	GJ	602,888.22	568,146.85	452,326.15
Petroleum	GJ	57,985.00	53,023.65	56,682.39
RFO	GJ	350,705.63	313,327.14	352,182.10
Total Energy Consumption	GJ	1,201,272.39	1,127,735.19	1,048,105.40
Year-on-year energy consumption decrease	%	22.36%	6.12%	7.06%

Coverage: The table, which includes data from Pos Malaysia Berhad, Datapos, and Pos Ar-Rahnu, Pos Aviation Berhad, and Pos Logistics Berhad, now also discloses Pos Digicert's data for three years, including the current year.

In the past three years, energy consumption has steadily declined. In FY2023, we registered a 7.06% reduction from the preceding year's figures, primarily due to streamlined operations. Solar generation also fell slightly by 1.68% in FY2023, due to streamlined operations.

Environmental Disclosure

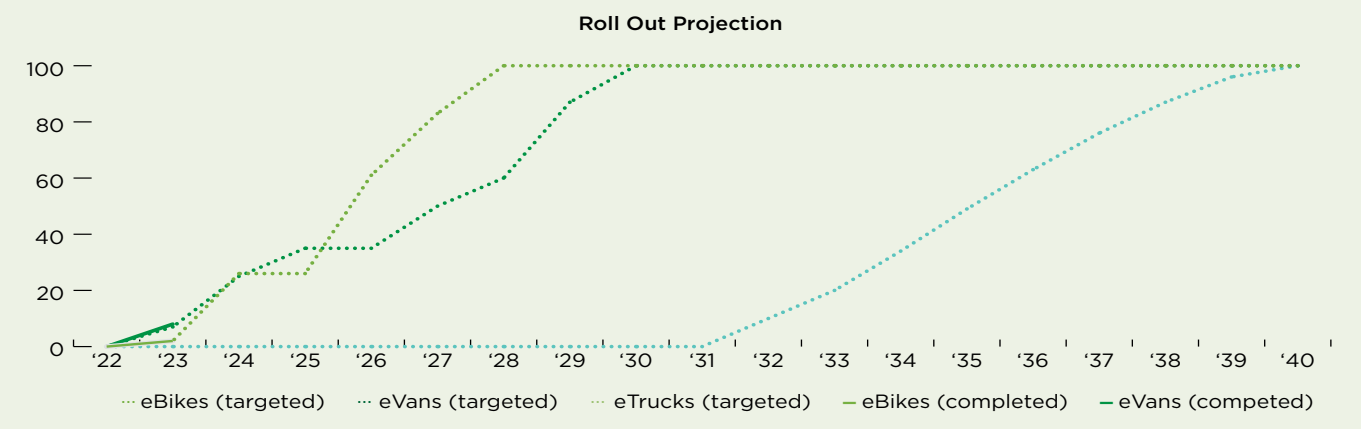
Decarbonisation of Our Fleet

Progress of EV Rollout Plan

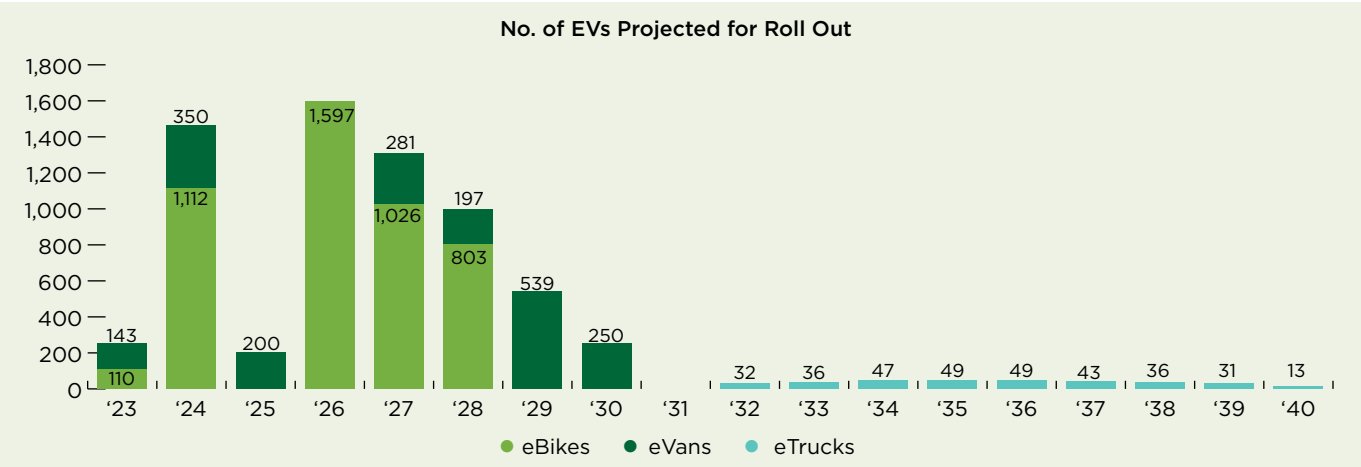
In 2023, we officially launched a conversion programme under the Group’s Strategic Sustainability Fleet Upgrade initiative, concentrating on the transition of motorcycles and vans to electric vehicles (“EVs”). This pioneering effort, targeting the conversion of 2% of eBikes and 8% of vans to EVs, resulted in the successful transformation of 110 eBikes (from an initial target of 200) and 143 eVans, marking a significant step towards our environmental goals. In line with our sustainability commitment, all future first and last-mile vehicle replacements will utilise alternative energy sources, effectively eliminating the use of petrol and diesel in our fleet.



Modenas electric bikes flag-off event in August 2023



Building on the success of the initial pilot, we have set an ambitious target for FY2024, aiming to convert 1,112 motorcycles and 350 vans to EVs. This strategic move underscores Pos Malaysia’s commitment to sustainability and exemplifies our proactive stance in reducing our carbon footprint. By integrating EVs throughout our fleet, we are not only advancing our environmental objectives but also significantly boosting operational efficiency, reinforcing Pos Malaysia’s position as a leader in sustainable logistics.



2023 Performance Snapshot: Distance Travelled, Fuel Savings, CO₂e Reduction

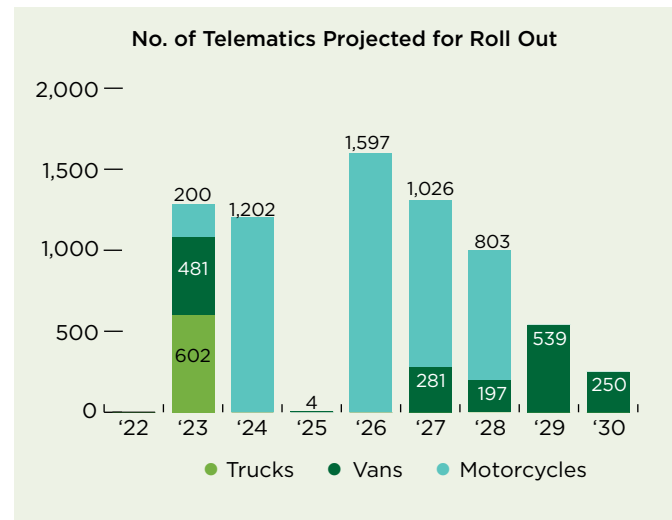
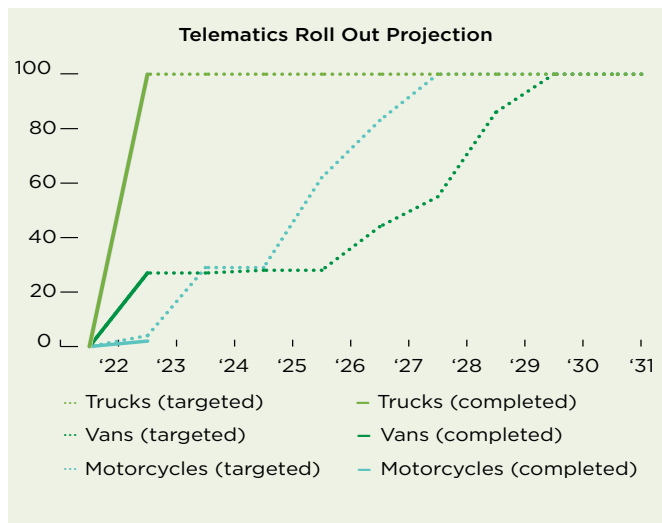
eBikes (rolled out since Feb 2023)	eVans (rolled out since Nov 2023)
Distance travelled: 342,441 km CO ₂ e reduction: 20.51 tonne CO ₂ e	Distance travelled: 114,283 km CO ₂ e reduction: 32.86 tonne CO ₂ e

Environmental Disclosure

Fleet Optimisation

Progress of Telematics Integration Rollout Plan

In FY2023, aside from our vehicle electrification efforts, we made substantial strides in our telematics integration. We successfully equipped all 277 trucks in our fleet with advanced telematics systems, in line with our strategic objectives. These systems, which merge telecommunications and informatics, offer our fleet managers comprehensive insights into safety, transportation, maintenance, and operational metrics. Additionally, as part of our plan, we outfitted 618 vans with the latest telematics technology. Our commitment to fleet modernisation was further demonstrated by the installation of telematics systems in 110 motorcycles, enhancing efficiency and operational oversight across our vehicle fleet.



Building on FY2023's significant achievements, our agenda for FY2024 is to sustain our progress and address areas which require further enhancement. Our strategic initiatives for FY2024 include:

Trucks and vans: With the successful integration of telematics across all trucks and vans, including the transition to eVans, we do not foresee the need for additional installations in FY2024. Our focus will shift towards maximising the potential of the telematics data. This will involve refining our fleet management practices and boosting operational efficiency through data-driven insights.

Motorcycles: In FY2024, we will intensify efforts to accelerate telematics integration within our motorcycle fleet. We aim to equip an additional 1,202 motorcycles with telematics systems, making significant progress towards our goals of fleet electrification and comprehensive data integration.

Our commitment to this plan is geared towards sustaining progress in enhancing fleet efficiency, reducing our carbon footprint, and harnessing data-driven insights for informed decision-making, thereby reinforcing Pos Malaysia's position as a leader in sustainable and efficient logistics solutions.



Pos Aviation carrying out Proof of Concept on an electric tractor

Environmental Disclosure

Green Buildings

Pos Malaysia's commitment to sustainability extends beyond its vehicle fleet to its facilities. Following a FY2021 assessment, it was found that our facilities contribute 80% of the Group's Scope 2 emissions.

To address this, we introduced the Green Building Initiative whereby projects relating to solar panel installation as well as energy-saving and efficiency were launched with the aim of reducing the carbon footprint of our buildings. These initiatives are expected to reduce the electricity consumed by our buildings by between 5% and 15% by 2025, reflecting our proactive stance towards environmental responsibility.

Progress of Solar Project Initiative

In FY2023, we made notable strides forward in our Solar Project, a key component of our Green Building Initiative, underscoring our dedication to promoting the use of renewable energy.

Phase 1: Successfully installed in December 2021 at Pusat Mel Nasional, Shah Alam, this phase introduced a solar power capacity of 2.2 Megawatt peak. By December 2023, it had cumulatively produced 3,481.850 kWh of renewable energy, covering 20% of the monthly electricity needs of Pusat Mel Nasional, marking a significant milestone in our sustainability efforts.

Phase 2: Completed in November 2022, this phase expanded our solar capacity by 294 kWp at the Mail Delivery Centre Bangi and Pejabat Pos Laju Kapar, generating an additional 154,201 kWh of renewable energy by the end of 2023.



Phase 1 of the Solar Project

Together, Phases 1 and 2 of the Solar Project have led to an avoidance of 1,458.7 tonnes of carbon emissions in FY2023, an impact comparable to the carbon sequestered by 21,881 tree seedlings grown over a decade. This progress not only highlights our commitment to environmental stewardship but also sets a benchmark for sustainable practices within the industry.

In FY2024, the Solar Project under Green Building initiative will take a significant leap forward with the scheduled commencement of Phase 3 of our solar infrastructure expansion. Phase 3 encompasses 13 sites alongside one site designated for our subsidiary, Pos Aviation Sdn Bhd. These endeavours mark pivotal milestones in our ongoing commitment to reducing carbon footprint and fostering sustainability across our operations, demonstrating Pos Malaysia's proactive approach to environmental stewardship.



Phase 2 of the Solar Project

Environmental Disclosure

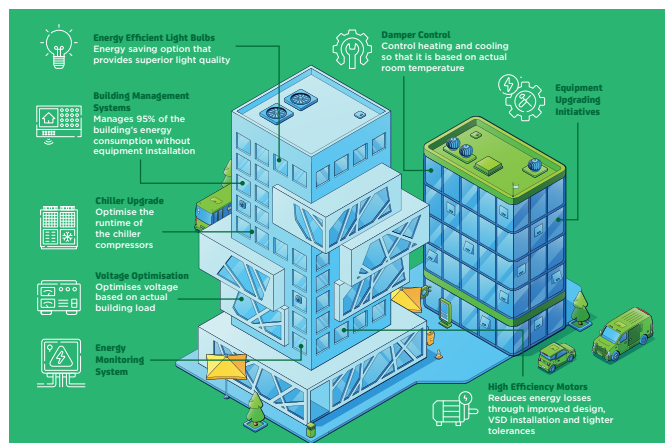
Completed	Completed	In Progress	In Progress
Phase 1 - 2021	Phase 2 - 2022	Phase 3 - 2024	Phase 4 - 2024 to 2030
<ul style="list-style-type: none"> Location: Pusat Mel Nasional, Shah Alam Completed in Dec'21 Total Installed Capacity: 2.2 MWp Total Renewable Energy (RE) generation from inception to Dec '23: 3,481,850kWh 20% of PMN monthly electricity usage is generated by RE 	<ul style="list-style-type: none"> Completed in Nov'22 Total Installed Capacity: 294 kWp Location: <ul style="list-style-type: none"> Mail Distribution Centre, Bangi Pejabat Pos Laju, Kapar Total RE generation from inception to Dec '23: 79,986kWh 	<ul style="list-style-type: none"> Total Location: 14 Estimated capacity: 2.68 MWp + 0.86 MWp + 1.82 MWp Kick-off installation: June'24 Target to Complete: by Dec'24 	<ul style="list-style-type: none"> Total 381 locations across Malaysia Expected to complete by 2026

Solar Project Rollout Plan

Energy Saving and Energy Efficiency Project

Back in FY2022, we are committed to launching an ambitious Energy Savings and Energy Efficiency Project as part of our broader Green Building Initiative. Scheduled to start in FY2023, the project's initial phase involved conducting detailed energy audits on facilities with high energy consumption levels. These audits are crucial for pinpointing areas where energy use can be curtailed, through the implementation of smart lighting systems, building automation technologies, and the upgrading of existing equipment. The project is still ongoing, and more updates will be provided in the next annual report.

We remain committed to improving energy efficiency across all our facilities. With the Energy Saving and Energy Efficiency Project and Energy Management Certification set to commence, we are all set to intensify our efforts to streamline our operational practices and minimise energy consumption.



World Environmental Month 2023

In conjunction with World Environment Day, we conducted a series of events to raise environmental awareness and the importance of energy management. Awareness talks were held in 15 venues across the country. The talks were then followed with an Energy Reduction Challenge, to allow our employees to implement the tips they have learned. Moving forward, we plan to hold the Energy Reduction Challenge on an annual basis, as part of our efforts to embed environmental awareness among our employees.



World Environment Month 2023

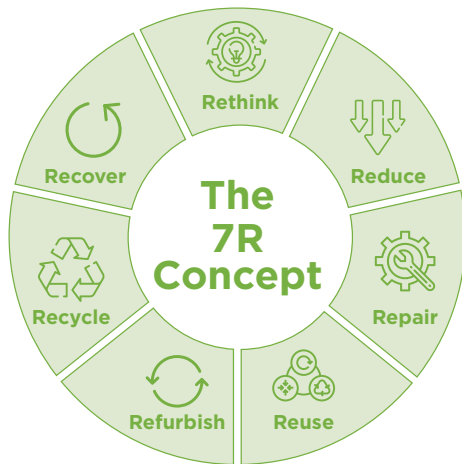
Environmental Disclosure

WASTE MANAGEMENT

The Group has identified that much of our operational waste is not segregated due to infrastructure limitations and cultural factors. With Malaysia's growing circular economy, we see the potential to recycle and repurpose this waste as well as generate some revenue from it instead of sending it to landfills. In FY2023, our waste management initiative was expanded to 57 operational sites nationwide. Group-wide awareness programmes, including Trash-to-Cash and World Environment Day activations, are instrumental in fostering a robust waste management culture among our employees.

The 7R Concept

At Pos Malaysia, we have implemented the 7R Concept as a cornerstone of our waste management strategy. This concept is aimed at significantly reducing the volume of waste we generate, with a focused intent to minimise our environmental footprint and prevent the accumulation of waste in landfills.



Targets and Goals

Short-Term Target	Long-Term Target
30% recycling rate by 2025	80% recycling rate by 2030

Our strategy to meet the targets and goals of the Waste Management Initiative involves executing the actions outlined in our Sustainability Commitment which mandates the following:

- Adopt responsible consumption of valuable resources and materials, and ethical sourcing for our procurement; and
- Minimise waste generation by adopting the 7R concept and eliminating single-use plastics.

Waste Generation

Breakdown by Waste Category FY2023

Category	Recycled (tonnes)	Disposed (tonnes)	Total (tonnes)
Hazardous			80.05
• Scheduled wastes and E-wastes	80.05	-	
Non-Hazardous			591.92
• General wastes	-	473.37	
• Food wastes	1.50	-	
• Recyclables	117.10	-	
	Total waste diverted from disposal (tonnes)	Total waste directed to disposal (tonnes)	Total waste generation (tonnes)
TOTAL	198.60	473.37	671.97

Environmental Disclosure

Breakdown by Waste Category 2021–2023

Category	2021		2022		2023	
	Recycled	Disposed	Recycled	Disposed	Recycled	Disposed
Hazardous (tonnes)	No data	5.00	No data	No data	0.05	80.00
Non-Hazardous (tonnes)	No data	0.08	19.74	No data	118.55	108.00
TOTAL	-	5.08	19.74	-	118.60	188.00

Coverage:

2021: The data includes Pos Malaysia Berhad, Pos Digicert, Datapos, and Pos Ar-Rahnu, focusing solely on general waste for January, with no reported data on recyclables.

2022: The data comprises Pos Malaysia Berhad, Pos Digicert, Datapos, and Pos Ar-Rahnu, with measurements limited to recycled waste for the entire year.

2023: The data encompasses Pos Malaysia Berhad, Pos Digicert, Datapos, and Pos Ar-Rahnu, with broader data collection; however, only certain branches reported on hazardous and general waste disposal.

The Company acknowledges limitations and commits to enhancing data collection for comprehensive waste management understanding, focusing on all waste categories and branches in the future.

Harnessing Waste Streams through Collaborative Recycling Initiatives

In 2024, we will collaborate with local recycling vendors to implement a recycling programme for courier waste. By the end of the first quarter, we aim to install courier waste bins in more locations around the country. Working with plastic manufacturers and recycling centres that sorts, shreds and processes plastic waste into its resin form. Joining forces with these vendors to reduce plastic pollution, minimise waste and optimise resource usage through industrial ecology practices.

Nationwide Waste Management Campaign

In March 2023, in conjunction with Global Recycling Day, we launched a campaign aimed at enhancing waste management practices and advocating eco-conscious consumerism among our staff, aligning with the principles of the 7R concept. Throughout the campaign, various initiatives were undertaken, including a visit to Alam Flora's recycling facility in Putrajaya, a green corner competition, an upcycling workshop, Trash-to-Cash programmes, and physical seminars held across all 13 states.



Recycling corner set up as part of our Nationwide Waste Management Campaign 2023



OSHE officers visiting Alam Flora's recycling facility

Environmental Disclosure

RESPONSIBLE CONSUMPTION OF MATERIALS AND RESOURCES

Targets and Goals

Short-Term Target

All packaging products consisting of at least 80% renewable/recycled inputs by 2025.



Our B2B packaging are now of 80% recycled material

Eco Consumerism

In 2023, we launched a campaign to enable Malaysians to exchange accumulated courier packaging for prizes, coinciding with World Environment Day. The campaign sought to foster circular economy practices by sorting collected packaging for reuse or recycling, with unusable materials properly disposed of, thus closing the loop for the plastic materials and ensuring it can become raw material again for further production.

This pilot project exemplifies our commitment to incorporating circular economy principles and adhering to an extended producer responsibility policy. Furthermore, our initial procurement of 80% recycled content flyers packaging and the pilot of the Take Back Programme in June 2023 underscores our dedication to sustainable material use and circular economy initiatives, aligning with the 7R concept.

Looking ahead to FY2024, we plan to continue our efforts by integrating sustainable practices, including repurposing uniforms into merchandise, across all our products, further demonstrating our commitment to environmental sustainability.

In 2022, we launched the Less Paper Project to curb paper usage and enhance environmental awareness. We began by introducing a Printing Management System to monitor printing activities, resulting in a 28% reduction in paper consumption by the end of FY2023. As we continue into FY2024, we remain focused on extending Phase 2 of the rollout to state offices, underscoring our commitment to sustainable practices and digital transformation.

Water Consumption

The Group utilises water primarily for domestic purposes, encompassing amenities such as washroom facilities, as well as the cleaning of vehicles and equipment. In FY2023, the Group's total water usage reached 817 megalitres, reflecting an 8% increase from the previous year.

This increase in water consumption can be traced back to heightened operational activities and expansion efforts undertaken by the Group. While water effluent discharge primarily results from domestic usage and is not individually metered, it is estimated to correspond with the overall consumption levels for the purpose of accurate reporting and environmental accountability.

	2021	2022	2023
Water Consumption (megalitres)	610	752	817
Year-on-year consumption	-12%	19%	8%

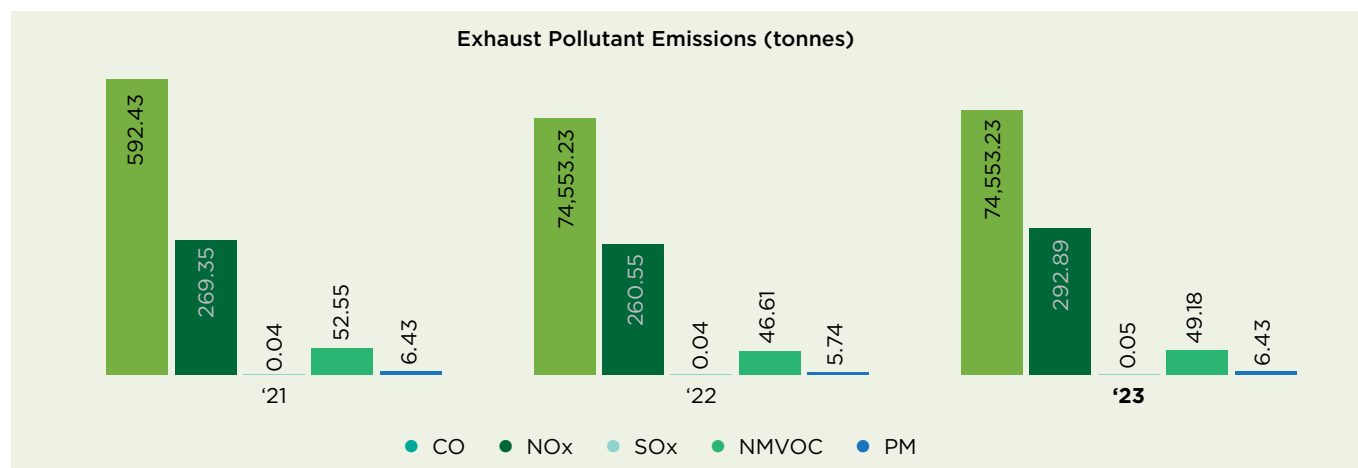
Coverage: The table, which includes data from Pos Malaysia Berhad, Datapos, and Pos Ar-Rahnu, Pos Aviation Berhad, and Pos Logistics Berhad, now also discloses Pos Digicert data for three years, including the current year.

Environmental Disclosure

POLLUTION AND RESOURCES

Air Pollution

As an organisation operating predominantly in the delivery sector, Pos Malaysia recognises the significance of monitoring emitted air pollutants. Over the past three years, we have been tracking emissions of CO, NOx, SOx, NMVOC, and PM from our entire road transportation fleet as displayed in the following graph.



Type of Transport	Type of Pollutant Emission	Unit	2021 (Base year)	2022	2023
Road Transport	Carbon Monoxide, CO	tonne	592.43	512.49	528.91
	Nitrogen Oxides, NOx	tonne	269.35	260.55	292.89
	Sulphur Oxides, SOx	tonne	0.04	0.04	0.05
	Non-Methane Volatile Organic Compound, NMVOC	tonne	52.55	46.61	49.18
		kg	52,554.66	46,612.16	49,178.12
	Particulate Matter, PM	tonne	6.43	5.74	6.43

Total Pollutant Emissions	tonne	920.82	825.43	877.46
Overall Pollutant Emissions	%	N/A	-11.56%	5.93%
Current Year vs Base Year	%			-5%

Coverage: The table encompasses data from the entire road transport fleet of Pos Malaysia Berhad, DigiCert, Datapos, and Pos Ar-Rahnu, Pos Aviation Berhad and Pos Logistics Berhad. Water transport has been omitted from the table above.

Revised methodologies have brought about a notable change, reflecting pollutant emissions at roughly 40% higher than what was previously reported. The Group saw a 5.93% increase in pollutant emissions in FY2023 as compared to FY2022, with a notable decrease of 5% against the base year 2021.

Moving forward, Pos Malaysia Berhad aims to achieve further reductions in pollutant emissions through the expansion of fleet upgrade and optimisation initiatives outlined in the Carbon Management: Fleet Upgrade section.

Social Disclosure

KEY SOCIAL HIGHLIGHTS

Our People

TALENT DEVELOPMENT



1,156

Programmes for employee skills development and culture change



RM6.62 MILLION

Total investment for learning and development culture change



229,862

Total hours of learning and development training



13.37

Average hours for learning and development per year per employee



RM385

Average training investment per employee



88%

Employees trained with a minimum of one development opportunity



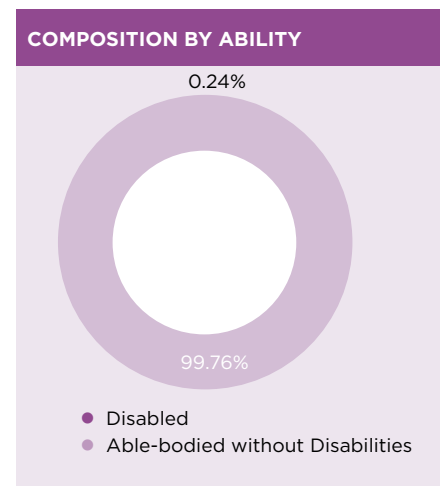
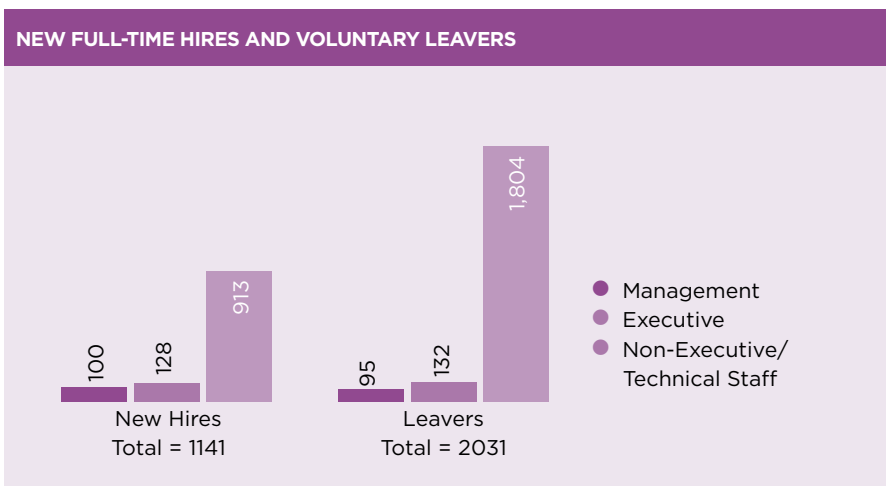
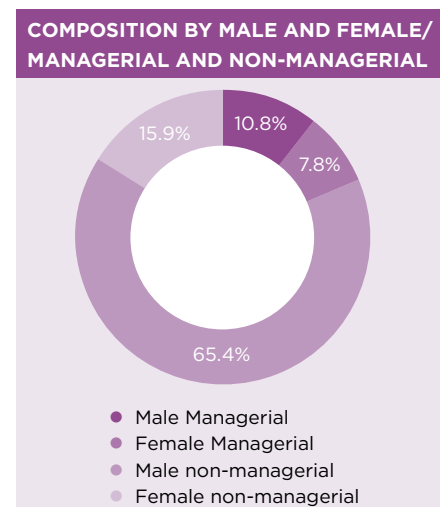
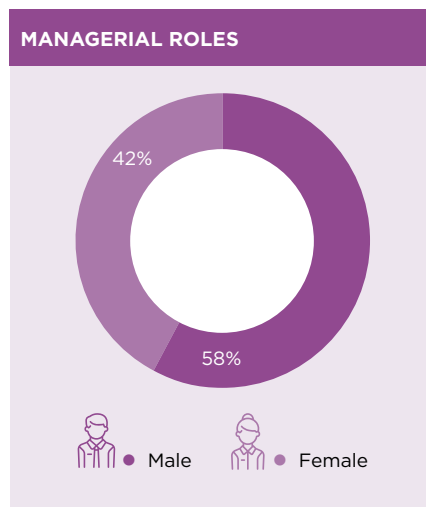
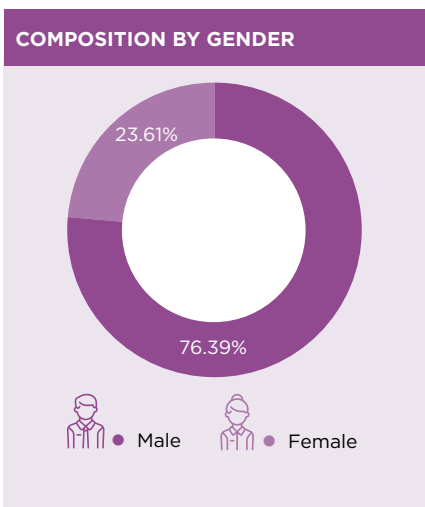
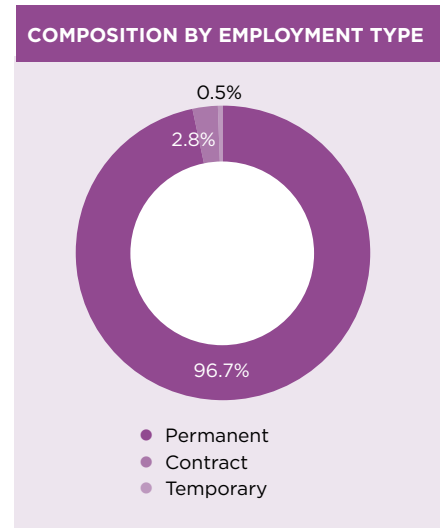
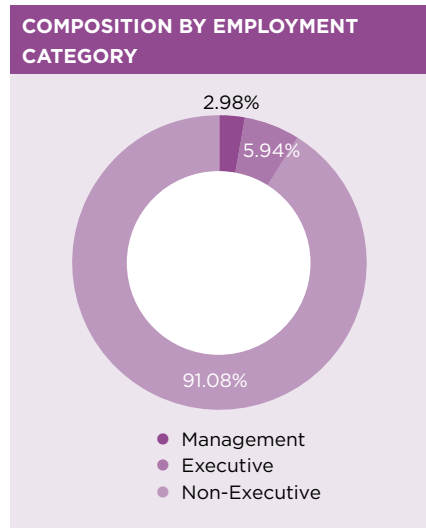
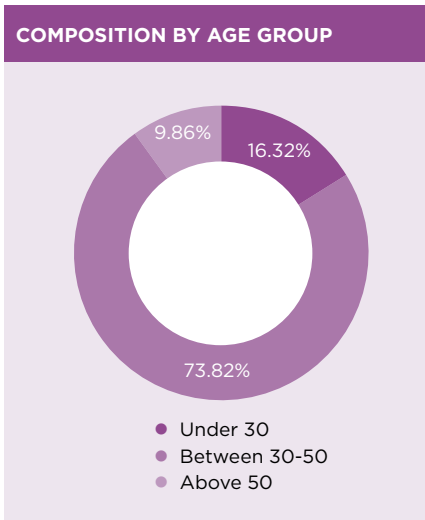
Zero Fatality

in FY2023

* Data covers all 17,194 employees in the Group.

Social Disclosure

TALENT DEMOGRAPHICS



* Data covers all employees in the Group (17,194).

Social Disclosure

SAFETY AND HEALTH

Our Approach

Pos Malaysia's first Strategic Pillar mandates the nurturing of Highly Motivated, Engaged, and Safe Employees. As such, we are deeply committed to cultivating a workplace where safety and health are paramount, ensuring that every member of our team is both protected and empowered. At the same time, we not only prioritise the well-being and safety of our employees but also our customers, and the broader community.

Our safety-centric approach extends beyond mere compliance; it encompasses a proactive approach and investment to safety through rigorous work protocols, continuous education and training programmes. We adhere strictly to relevant safety and health regulations, including the Occupational Safety & Health Act 1994 and the Factories and Machinery Act 196, to reinforce our safety-first culture.

The Group's Occupational Safety and Health team is vigilant in its oversight, regularly evaluating our safety performance against established benchmarks and generating comprehensive quarterly accident reports. These reports are meticulously reviewed during the RSCC meetings, where safety and health risks are thoroughly examined, including risk assessments and due diligence for new operations or projects. To ensure governance and transparency, the Board receives monthly updates on the Group's safety and health performance, maintaining a clear view of associated risks.


As part of our commitment to continual improvement, we aim to lower incident rates such as the Lost Time Incident Rate ("LTIR") and Total Recordable Incident Frequency Rate ("TRIFR") by 5% by the end of FY2024. Through benchmarking sessions, we actively seek and incorporate industry best practices into our safety protocols. While currently, no Pos Malaysia sites hold OHSAS 18001 certification, our commitment to safety and health excellence remains steadfast, where we continuously strive to improve employee safety, reduce workplace risks, and create better, safer working condition.

Our Performance


Accident Data Year-On-Year

Type of Data	Data		
	2021	2022	2023
*LTIFR	0.57	0.59	0.63
No. of Accidents	107	102	115
No. of work-related fatalities	0	1	0


Remarks: *LTIFR is calculated based on the international benchmark of 200,000 hours, covering our entire workforce of 17,194 employees. LTIFR quantifies the impact of workplace injuries that result in employees being unable to perform their duties during regular working hours, reflecting on both productivity and employee safety.



Number of staff trained on health and safety standards
12,528
(information covers employees only)



Accident rate
Increased by 13%
year-on-year



Loss Time Incident Rate
Increased 6.8%
year-on-year

Safety and Health Initiatives

Parcel delivery involves continuous physical challenges. Not only is constant lifting required but driving takes place around the clock and in all weather conditions. This is why the health and safety of our workforce are non-negotiable. In FY2023, we conducted several initiatives to reinforce our strict safety standards to be practiced among our employees:

Innovative Defensive Driving Training for Heavy Vehicles

At Pos Malaysia, driving is a fundamental duty for our postmen and postwomen. Recognising the importance of safety, our Occupational Safety and Health team implemented a robust Defensive Driving Training initiative, specifically designed for 232 lorry drivers nationwide in FY2023. This programme, comprising 16 comprehensive modules aims to equip our drivers with advanced skills and adaptive behaviours for navigating a variety of challenging driving conditions, including heavy traffic and severe weather.

The training curriculum, which incorporates updated standard operating procedures ("SOPs") and defensive driving techniques, has been developed and approved by the Road Transport Department ("JPJ") and Pos Malaysia, ensuring that it meets the highest standards of safety and effectiveness. Our commitment to the success of this training is underscored by our efforts to secure highly qualified instructors in every state, ensuring that all participating employees have the opportunity to enhance their driving knowledge and skills. This initiative attests to Pos Malaysia's dedication to maintaining a safe working environment and continually improving our operational standards.

Social Disclosure

Revolutionising Defensive Driving Training with E-Learning

Pos Malaysia has embraced a transformative shift in employee training and development through the adoption of e-learning, a strategy poised to significantly bolster our organisational capabilities and competitive edge. In the face of the dynamic changes characterising today's business environment, e-learning has become an efficient and effective solution, offering substantial advantages in terms of scalability and accessibility.

Since the inception of our digital learning platform, the Group has successfully completed 3,249 defensive driving training modules. Our investment in e-learning shows our dedication to the professional advancement and success of our employees, fostering a work environment marked by higher levels of job satisfaction, retention, and productivity. This strategic initiative reflects our commitment to nurturing a skilled, adaptable and future-ready workforce.



Defensive driving training module on our digital learning platform

Championing the Zero Harm Rules

The Zero Harm Rules, which stand as a fundamental component of our comprehensive strategy to minimise safety, health, and environmental ("SHE") incidents, play a pivotal role in fostering a robust safety culture across Pos Malaysia. Achieving this goal necessitates the adoption and consistent application of the 12 Zero Harm Rules, which encapsulate essential safety practices and guidelines specifically designed for high-risk activities. Non-compliance in these areas carries a significant risk of severe injuries or fatalities.

It is imperative that all employees adhere strictly to the Zero Harm Rules. This mandatory compliance underscores our collective commitment to maintaining the highest standards of safety and well-being within our workplace, ensuring that every member of our team can operate in a secure and protected environment.

Elevating Safety Awareness with the Safety Month Campaign

Under the banner "Drive To Stay Alive", the Safety Month Campaign stands as Pos Malaysia's main platform for bolstering safety awareness, disseminating crucial information, and deepening employees' understanding of workplace safety.

A series of meticulously planned activities aims to heighten awareness of safety protocols among employees, reinforcing the importance of adhering to safety practices in the workplace.



Social Disclosure

PEOPLE AND EMPLOYEE JOURNEY



At Pos Malaysia, our commitment to Strategic Pillar #1 – Highly Motivated, Engaged, and Safe Employees – is unwavering, with a focus on elevating employee experiences beyond mere operational procedures. We are dedicated to crafting fulfilling experiences that not only meet the needs of our employees but also resonate with our overarching business objectives. Recognising employee experience as a continuous journey, we are steadfast in enhancing engagement at every interaction, from attracting top talent and the right fit for our organisation to nurturing their career growth and rewarding them for their achievements.

Pos Malaysia's Employee Experience Cycle



Talent Attraction

We recognise the importance of standing out as an employer of choice in order to attract the best talent. We are committed to building a purpose-driven organisation, fostering an inclusive culture, and providing our employees with meaningful and impactful career opportunities.



University Teknologi Petronas students visiting our Dayabumi headquarters

Hiring

We believe in the value every employee brings to our organisation, irrespective of position, age, gender, educational background, work experience, or ethnicity. At Pos Malaysia, we uphold equity by embedding fair and respectful practices into every stage of our hiring process, ensuring equal access to opportunities for all candidates. Our commitment to diversity, equity, and inclusion ("DEI") extends beyond recruitment, as we aspire to cultivate an inclusive culture that fosters innovation and progress. Here, everyone is valued and respected, fostering a sense of belonging and enabling individuals to embrace their authenticity and excel as their best selves.

Onboarding

We accord all newly onboarded employees an extensive New Employee Orientation programme designed to ensure a seamless integration into our corporate culture from the onset. All new hires will receive a tailored Happiness Package, comprising Pos Malaysia merchandise, meticulously delivered through our postmen directly to their doorstep, setting a tone for a positive and welcoming start to their journey with us.

In their first week onboard, new hires are given the opportunity to immerse themselves in the heart of our operations, starting with the privilege of accompanying our dedicated postmen on their delivery routes, gaining invaluable insights into the parcel sorting processes and experiencing first-hand our commitment to excellence in service delivery.

To complement this hands-on experience, new employees also have the opportunity to engage directly with our leadership team during dedicated sessions as part of our Culture Transformation Programme. These sessions provide a platform for open dialogue and understanding of our organisational objectives, fostering alignment and enthusiasm for the Group's vision.



Employees completing their Employee Delivery Experience at our Integrated Parcel Centre, Shah Alam

Social Disclosure

Employee Engagement

Employee engagement, which is encapsulated within our Strategic Pillar #1, stands as a foundational pillar to Pos Malaysia's organisational success. Central to our approach is the cultivation of a workplace culture that nurtures the well-being, learning, and development of our employees, ensuring they are recognised, valued and empowered to excel.

Employee well-being is paramount to us. To this end, we have rolled out a broad spectrum of initiatives designed to bolster the physical, mental, and emotional well-being of our staff. Through a variety of wellness programmes and the provision of flexible working conditions, our aim is to foster a nurturing atmosphere that empowers our employees to maintain a healthy work-life balance, thereby enhancing their overall job satisfaction and productivity.

Introducing Kyzense: A New Era of Employee Feedback



The year in review saw us embarking on a transformative journey by replacing traditional annual surveys with the innovative Kyzense application, designed to capture real-time employee feedback. Kyzense revolutionises the feedback process by providing instant insights, fostering higher engagement, and streamlining operations through automation. The application is enriched with features such as gamification, mobile accessibility, and forthcoming wellness modules, making it an engaging platform for our employees.

The insights garnered from Kyzense, complemented by targeted focus groups, have facilitated a deeper understanding of our workforce dynamics, enhancing collaboration and efficiency. This move marks a significant step in improving feedback mechanisms and nurturing a connected, efficient workplace culture within Pos Malaysia.

Human Rights and Diversity, Equity and Inclusion

Our commitment to DEI extends beyond recruitment to encompassing our organisational culture and practices. We understand the importance of actively fostering an inclusive environment where diverse perspectives are valued and where everyone feels a sense of belonging. The following are some of the human rights and DEI elements that we uphold at Pos Malaysia:



We champion conducive working conditions

We comply with all legal requirements related to labour standards, including minimum wage, working hours, and benefits. We provide a positive working environment free of discrimination, harassment, and bullying. We also ensure a safe working environment by complying with all statutory regulations related to Occupational Safety and Health, providing the necessary tools, training, procedures, and preventive measures to avoid the accidental loss of life or bodily injury of our employees and surrounding public.



We are against child labour

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



We uphold diversity and inclusion

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



We stand against 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.



We support freedom of association and collective bargaining

We uphold our employees' rights to join trade unions or employee representation of their choice as well as respect the right to collective bargaining in line with applicable laws and regulations.

Social Disclosure

Empowering women in the workplace

We prevent gender bias and occupational segregation in our workplace by closely monitoring and reviewing our gender perspective policies and practices.

To demonstrate our commitment to empowering women and promoting gender equality in the workplace, the Group has endorsed the Women's Empowerment Principles ("WEPs") as outlined by the United Nations Global Compact ("UNGC"). Additionally, we are also leveraging the WEPs Gender Gap Analysis Tool to identify areas of improvement within our organisation to aid in the acceleration of gender equality. We are also committed to developing opportunities for our female talents across all levels of the Group.

Currently, our leadership team comprises of 35% women. In addition, we acknowledge that there is still a persistent wage gap between men and women in Malaysia.

International Women's Day 2023

In FY2023, we proudly marked our inaugural celebration of International Women's Day, orchestrating a week-long series of events that underscored our commitment to gender equality and women's empowerment. The festivities encompassed a diverse array of activities, including an ambassador contest, an innovative idea challenge, a photo contest, and a series of enlightening webinars and seminars held nationwide. A highlight of the celebration was the creation of a palm stamp banner, a powerful emblem of unity and support for gender equality and the rights of women. Commemorating International Women's Day was not only essential for acknowledging and celebrating the significant achievements and contributions of women within Pos Malaysia but also for honouring the pivotal role of women across the globe.



Pos Malaysia employees pledging to uphold gender equality during IWD 2023

Embracing Digital Learning

In the spirit of embracing the digital age, Pos Malaysia has become a forerunner in digital learning, curating an extensive array of online resources and engaging platforms for our employees. In FY2023, we proudly launched our proprietary digital learning hub, Virtual PosCODE, which serves as a gateway for our team members to access a rich repository of educational content and interactive learning tools at their convenience.

Further amplifying our commitment to innovative learning solutions, our subsidiary, Pos Aviation, has embarked on pioneering virtual reality ("VR") learning programmes. These initiatives leverage the power of immersive technology to significantly enrich the training and development experiences of our employees, setting new standards in digital learning within the industry.

Our digital learning initiatives empower employees to upskill and stay abreast of industry advancements conveniently from any location. Through personalised learning pathways and engaging content, we cultivate a culture of continuous development, ensuring our workforce remains agile and equipped for success in an ever-evolving landscape.

Innovative Training with Airside Driving Simulator System

In its pursuit of operational excellence and staff proficiency, Pos Aviation, our subsidiary specialising in airport services, has embraced the cutting-edge Airside Driving Simulator. This state-of-the-art simulator leverages VR technology to immerse employees in realistic training environments, allowing them to gain hands-on experience with ground support equipment in a variety of simulated conditions. This VR-based training transcends conventional learning methods by offering a safe, controlled environment where employees can learn from their mistakes without real-world repercussions. The introduction of the Airside Driving Simulator marks a significant leap forward in digital learning, equipping our workforce with the skills and confidence needed to excel in their roles through engaging, experiential training methods.



Social Disclosure

Certified Wira – Our Journey to #BeBetter

At Pos Malaysia, we developed Certified Wira, our unique culture transformation programme, to inspire and enable all Pos Malaysia employees to be better and achieve our purpose by changing how we “think, feel, say and do”. Certified Wira Programme immerses and develops all Pos Malaysia “Wira” in the strategy and the part they play through leadership, functional and organisation wide programmes in an engaging holistic approach of interactive learning sessions, impactful experiences, engagement driving tools and mechanisms to live and breathe our values of Own It, Build Trust, One Team, Drive Innovation, Move Fast, and Delight Customers, each day.

Furthermore, we are deeply committed to continuous learning and development. Through various training programmes, and access to educational resources that create opportunities for growth and quality, we empower our employees to enhance their skills, expand their knowledge, and grow both personally and professionally. By investing in their development, we are not only equipping our employees with the tools they need to succeed but also fostering a culture of innovation and adaptability.



Photos taken from our Wira programme

Championing Good Conduct and Business Ethics

Pos Malaysia's Code of Conduct and Business Ethics sets out the standards and values that guide employees to achieve and retain a high standard of business ethics as well as display professional conduct while performing their workplace duties. This dedication to ethical excellence is further reinforced by key policies, including our Sustainability Commitment Policy Statement and our Safety, Health, and Environment Policy, which collectively embody our pledge to responsible and sustainable business practices.

To support transparency and accountability, we offer a secure and confidential platform for both employees and the public to report any instances of misconduct. This is facilitated through our robust Whistleblowing Policy, ensuring that every concern is addressed with the utmost seriousness and discretion. In FY2023, we received and promptly responded to 10 complaints via this channel, demonstrating our unwavering commitment to fostering an ethical, transparent, and accountable workplace.

Ensuring Fair Performance Appraisals

In our performance appraisal process at Pos Malaysia, we prioritise fairness and impartiality to ensure equitable evaluations, promotions, and talent recognition. Our approach to performance appraisal is rooted in empowering employees to reach their fullest potential within our organisation. Our robust system is designed to align individual job responsibilities with Pos Malaysia's overarching business objectives, without inherent gender bias and fostering a work environment that focuses on meritocracy.

We are proud to report that 100% of our employees have undergone thorough performance appraisals, reflecting our commitment to accountability and continuous improvement. Through this rigorous and transparent process, we are committed to maintaining the highest standards of transparency in talent management, and nurturing a workplace that celebrates diversity, inclusivity, and equal opportunities for all members of the Pos Malaysia family.

Social Disclosure

CORPORATE RESPONSIBILITY AND PARTNERSHIPS

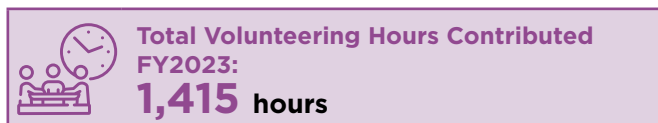
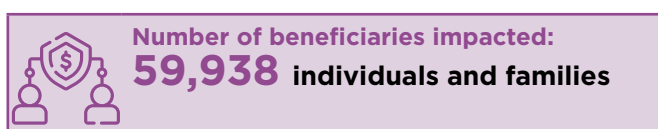
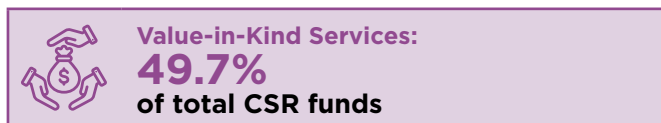
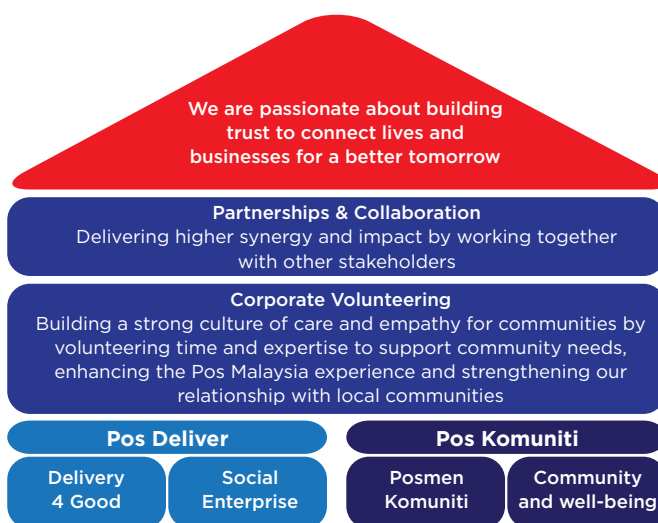
Championing Corporate Social Responsibility

Corporate Social Responsibility (“CSR”) is fundamental to Pos Malaysia, reflecting our commitment to upholding ethical practices, sustainability, and societal well-being. Our commitment to CSR is deeply integrated into our organisational purpose and strategic values, emphasising our role in connecting lives, empowering businesses, and encouraging our workforce to engage in meaningful activities beyond their daily responsibilities. For us, CSR is about creating a sustainable future, building trust, and making a positive impact on communities – an integral part of our business identity and values.



Pos Care, the corporate responsibility arm of Pos Malaysia, is committed to forging meaningful and lasting impact on the communities we serve through comprehensive and synergistic collaborations.

Our CSR Framework is guided by our organisational mission and core values of delivering great service and delighting our audiences (i.e., the individual beneficiaries and organisations which are impacted). Meanwhile, our strategic approach to CSR leverages our extensive expertise in logistics, along with our widespread touchpoints and accessibility, to create targeted, effective programmes that align with our business strengths and community needs.



Social Disclosure

Partnerships and Collaborations

For Pos Malaysia, forging partnerships and engaging in collaborations are crucial elements of our sustainability strategy. We are committed to nurturing relationships that enhance the collective impact and synergy of our projects. Our strategy is focused on establishing enduring connections with partners where our contributions can have a substantial and lasting effect. We identify and collaborate with organisations whose sustainability objectives align with our own, thereby underscoring our commitment to upholding the principles of a circular economy and creating a sustainable future, fostering innovation, and enhancing community well-being.

Partnership with Malaysia's Ministry of Health

In collaboration with Malaysia's Ministry of Health ("MOH"), Pos Malaysia supports the Ubat Melalui Pos ("UMP") service which offers convenience by reducing patient waiting time at government hospital pharmacies or health clinics as well as ensures the continuity of patients' monthly prescriptions.

A portion of the proceeds from the UMP initiative is channelled to *Tabung Akaun Amanah Pembiayaan Kos Rawatan, Ubat-ubatan dan Peralatan bagi Rawatan Pesakit Kanser*. In FY2023, our total contribution was RM173,414.

Since 2012, Pos Malaysia has also contributed over RM600,000 to help purchase medical devices for up to 75 cancer patients annually who are unable to afford medical supplies.

As of December 2023, there are a total of 416 registered facilities across the country to offer this service while Pos Malaysia has completed 692,520 deliveries benefitting over 100,000 individuals.



Donation to Tabung Akaun Amanah Kanser

Partnership with TRAFFIC

The partnership between Pos Malaysia and TRAFFIC, known as the "Out of the Box: Removing the Risk of Wildlife Smuggling from Malaysia's International Mail Service Project", has been instrumental in combating wildlife smuggling through the mail. This biodiversity collaboration which began in 2016, leverages Pos Malaysia's extensive logistics network and nationwide presence to enhance the monitoring and enforcement of wildlife trafficking.

The project has seen significant progress, with the detection rate of wildlife smuggling through the post increasing from three parcels in 2019 to 32 parcels by July 2023. The intercepted wildlife included a variety of animals such as tortoises, lizards, snakes, butterflies, and tropical fish, which were destined for various international locations.

Corporate Volunteering

Volunteerism and Corporate Partnerships

A pivotal aspect of our sustainability efforts involves mobilising employee volunteers through corporate volunteering programmes. This strategic initiative not only aligns with our corporate values but also serves as a catalyst for building highly motivated, engaged, and safe employees. Our commitment to social responsibility is embedded in these programmes, fostering a sense of purpose among our staff while contributing meaningfully to the communities we serve.

Zurich Malaysia Epic Home Project: Pos Wiras Build a Home for the Orang Asli Community

From 24 to 26 November 2023, a team of volunteers, including 11 of our passionate employees took part in Zurich Malaysia's home-building project for the Orang Asli in Batang Kali, Selangor. The initiative was organised in collaboration with EPIC Homes. Together, they built and completed the home from scratch in just three days for a family. In addition, our Pos Wiras had an internal donation drive, whereby four boxes of essential items were donated to the village surau. Collectively, our volunteers have contributed 352 hours on this volunteering initiative.



Social Disclosure

Pos Deliver

Delivery4Good

Delivery4Good is one of our CSR programmes by leveraging our expertise to address challenges and gaps in logistics, effectively mobilising resources for positive change. We are dedicated to meeting the needs of both communities and NGOs, with a focus on achieving tangible social impact and strengthening community resilience through sustainable practices.

In 2023, Pos Malaysia's Delivery4Good initiative forged strategic partnerships with the Malaysian Red Crescent Society ("MRCS"), The Lost Food Project ("TLFP"), the Ministry of Youth and Sports, Malaysia ("KBS") and the Football Association of Malaysia ("FAM"), serving as a pivotal logistics facilitator. Our collaboration aimed to expedite the delivery of dry goods and essential items to victims of floods and earthquakes, and to combat food waste by ensuring the redistribution of surplus food to local communities in need.

Partnership with the MRCS

- **Flood Relief Efforts:** We successfully executed four delivery operations, transporting a total of 7.3 tonnes of dry goods and daily essentials to Kedah, Kelantan, and Terengganu. These items, donated by corporations and the public, aided approximately 2,000 households affected by the monsoon floods.
- **Turkey Earthquake Relief:** In a collaborative effort with MRCS and the Turkish Embassy, we engaged in emergency relief operations for the earthquake in Turkey. MRCS volunteers managed the logistics of unloading, loading, and packing shipments for the embassy, with Pos Malaysia acting as the strategic logistics partner. We completed two local deliveries, amounting to 13 tonnes of secondary priority items such as clothing and baby essentials, benefiting around 1,000 earthquake victims in February 2023.



Collaboration with TLFP

- This initiative mobilised four 8-tonne trucks, rescuing 64 pallets of food from a third-party donor warehouse and transporting it to TLFP's facility. TLFP then redistributed these food items to 32 NGOs and local communities, positively impacting approximately 50,000 individuals.



Collaboration with TLFP

Social Enterprises ("SEs")

The Social Enterprise Programme is a programme to support social enterprises ("SEs") to achieve business goals by offering highly competitive shipping rates through our comprehensive logistics solutions, empowering them to extend the horizons of their business outreach. By offering preferential shipping rates and providing access to our extensive network of spaces and retail services, we aim to empower these enterprises, thereby accelerating their contributions in social impact. This strategic support is designed to create a multiplier effect, significantly expanding the positive social impact these enterprises can achieve.

Zero Waste Earth Store ("ZWES") is a SE on a mission to "send zero waste to the landfill" through Refill, Reuse, Recycle and Repurpose initiatives. ZWES has partnered with Pos Malaysia to ensure safe and efficient deliveries to selected areas across the country, thereby enhancing its reach and accessibility. This collaboration aligns with both Pos Malaysia's sustainability goals and ZWES' commitment to reducing environmental impact and promoting sustainable practices, ultimately contributing to a more circular economy.

Electronic Recycling Through Heroes ("ERTH") is a SE that specialises in collecting and recycling electronic waste from households and businesses. By leveraging our extensive reach and established infrastructure, Pos Malaysia aims to simplify the transportation of e-waste from collection points to ERTH's recycling facilities seamlessly.

Social Disclosure

Pos Komuniti

Posmen Komuniti

Posmen Komuniti ("PK"), established in 2010 through a collaboration between Pos Malaysia and the Malaysian Communications & Multimedia Commission ("MCMC"), aims to enhance connectivity in the rural regions of Sabah and Sarawak by expanding mail and parcel delivery services. This initiative is a key part of Pos Malaysia's commitment to national development, focusing on improving the socio-economic status and quality of life for rural inhabitants while also providing local employment opportunities.

Through the Posmen Komuniti initiative, we have significantly enhanced the connectivity landscape in Sabah and Sarawak by 32% and 24% respectively, by integrating 160,000 locations across 1,792 villages into our delivery network through the Address-For-All programme, ensuring efficient door-to-door delivery services.

The progress in expanding connectivity has been made possible by the dedicated efforts of 500 appointed Posmen Komuniti and 179 Wakil Posmen Komuniti. These individuals not only provide essential door-to-door delivery services but also act as vital community touchpoints in strategically selected areas, further solidifying Pos Malaysia's commitment to enhancing accessibility and service quality in these regions.

Pos Rider: Enhancing Service and Empowering Posmen Komuniti

In alignment with Pos Malaysia's ongoing commitment to fostering innovation and empowering our workforce, the Pos Rider initiative was launched in 2022 with the objectives to:

- Provide an increased income and revenue stream for PKs for delivery of parcels;
- Optimising cost of delivery and expansion of network coverage;
- A succession plan of PKs for sustainability; and
- Increase digital adoption of PK to improve their livelihoods.

The Pos Rider scheme serves as a strategic expansion of the existing Posmen Komuniti programme, offering PKs the option to transition into Pos Riders. This role involves a committed effort to dispatch Pos Laju items efficiently across designated areas for five days a week, an expansion from the initial three-day schedule within their specific delivery zones. This expansion not only increases the operational capacity but also enhances our ability to meet community needs more effectively.

In FY2023, our PKs successfully delivered a total of 963,951 and 2,281,473 mail and parcels in Sabah and Sarawak respectively, marking a significant achievement in our efforts to enhance service delivery and create a lasting impact on the community. This success underlines our commitment to continuous improvement and excellence in our logistical operations.



Our Posmen Komuniti at work

Community and Well-Being

Empowering Change: The 'We Support' You Initiative

We Support You is Pos Malaysia's annual internal initiative to encourage story submissions from Pos Malaysia's employees to share their personal journey of how they have contributed to their local community in their personal capacity.

Its objective is to encourage, highlight and acknowledge the social causes by our employees and to inspire and cultivate the spirit of giving back and doing good among our employees.

In FY2023, three remarkable individuals were honoured for their dedication and significant contributions to societal betterment:

- **En. Kadir bin Brahim (Sarawak):** Founder of WeCare4u, a self-initiated programme offering monthly food assistance to an average of 10 families;
- **En. Adnan bin Amat (Negeri Sembilan):** Leads Pertubuhan Geng Ngaji Negeri Sembilan, offering free Islamic education to 70 individuals monthly and extending aid to the underprivileged; and
- **Mr. Gabriel Savarimuthu Moses (Selangor):** Part of Positive Living Community, providing shelter, care, and support to 12 homeless men affected by HIV, AIDS, and/or substance dependencies.

Collectively, these local heroes dedicate approximately 168 hours each month to their initiatives, making a difference in their communities. With Pos Malaysia's support, the abovementioned initiatives were able to extend their reach and enhance their services:

- **WeCare4u:** Expanded its provision of food and household necessities to 10 additional families;
- **Pertubuhan Geng Ngaji Negeri Sembilan:** Invested in essential materials and undertook repair and maintenance work to sustain its operations; and
- **Positive Living Community:** Improved living conditions by constructing and installing two new bathrooms for its residents, enhancing their quality of life.

STATEMENT OF ASSURANCE



KPMG PLT
(LLP0010081-LCA & AF 0756)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

The Board of Directors
Pos Malaysia Berhad
Tingkat 8, Ibu Pejabat Pos.
Kompleks Dayabumi,
50670, Kuala Lumpur.

Dear Sirs,

Independent Limited Assurance Report on Selected Sustainability Information of Pos Malaysia Berhad ("Pos Malaysia") and its subsidiaries (the "Group") for the financial year ended 31 December 2023

We, KPMG PLT ("KPMG"), were engaged to provide limited assurance on the Group's Selected Sustainability Information (the "Subject Matter"), published in Pos Malaysia's Annual Report for the financial year ended 31 December 2023 (the "Annual Report"), in the form of an independent limited assurance conclusion as to whether anything has come to our attention that would cause us to believe that the Subject Matter, in all material respects, has not been prepared in accordance with Pos Malaysia's definition and calculation methodologies, including any significant inherent limitations (the "Applicable Criteria").

Subject Matter

The Selected Sustainability Information covered by our limited assurance engagement for the financial year ended 31 December 2023 are as follows:

- (i) Confirmed incidents of corruption and action taken (No.);
- (ii) Number of work-related fatalities (No.); and
- (iii) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data (No.)

The boundary of the limited assurance engagement by KPMG on the Selected Sustainability Information represents the Group's operations in Malaysia only.

Board of Directors and Management's Responsibilities

The Board of Directors of Pos Malaysia (the "Directors") and the management of Pos Malaysia (the "Management") are responsible for the preparation and presentation of the Subject Matter in accordance with the Applicable Criteria, and the information and assertions contained within it; for determining that the criteria is appropriate to meet their needs; and for establishing and maintaining appropriate performance management and internal control systems from which the Subject Matter is derived.

The Directors and the Management are responsible for the prevention and detection of fraud and error mainly through the implementation and continued operation of an adequate system of internal control.

KPMG PLT, a limited liability partnership under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Statement of Assurance



*Pos Malaysia Berhad ("Pos Malaysia") and its subsidiaries (the "Group")
Independent Limited Assurance Report on Selected Sustainability Information
of Pos Malaysia for the financial year ended 31 December 2023
3 April 2024*

Board of Directors and Management's Responsibilities (continued)

The Directors and the Management are also responsible for ensuring that staff involved with the preparation and presentation of the description of the Subject Matter in the Integrated Annual Report are properly trained, ensuring that information systems are properly updated and that any changes in reporting encompass all significant business units.

The Directors and the Management are responsible for disclosing to us their knowledge of: (i) known, actual or possible non-compliance with laws or regulations that have or may have a material effect on the Subject Matter; and (ii) allegations of or suspected fraud or dishonesty committed against Pos Malaysia.

The Directors and the Management are responsible to make available to us the Subject Matter and any other information timely to facilitate the completion of the engagement within the required time frame.

The Directors and the Management are responsible for disclosing to us facts that may affect the Subject Matter, of which they may become aware up to the date of the independent limited assurance report.

Our Responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance opinion based on the work performed and evidence obtained.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform procedures to obtain limited assurance that nothing has come to our attention to cause us to believe that the Subject Matter is not prepared, in all material respects, in accordance with the Applicable Criteria.

Procedures Performed

Our limited assurance engagement on the Subject Matter consists of making enquiries, primarily of persons responsible for the preparation of the Subject Matter, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Enquired Management to gain an understanding of the processes established from which the Subject Matter is derived;
- Interviewed with relevant staff responsible for preparing and presenting the Subject Matter in the Annual Report;
- Compared the Subject Matter presented in the Annual Report to underlying sources on a sample basis to determine whether all the relevant information has been appropriately disclosed; and
- Read the Subject Matter presented in the Annual Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of Pos Malaysia.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Statement of Assurance



*Pos Malaysia Berhad ("Pos Malaysia") and its subsidiaries (the "Group")
Independent Limited Assurance Report on Selected Sustainability Information
of Pos Malaysia for the financial year ended 31 December 2023
3 April 2024*

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Annual Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Annual Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the limited assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Subject Matter for the financial year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction on distribution and use of our report

In accordance with the terms of our engagement, this report on the Subject Matter has been prepared for the Directors for the purpose as described in the first paragraph of this report and for no other purpose. Our report should also not be regarded as suitable to be used or relied on by any party.

We consent to the inclusion of this report in Pos Malaysia's Annual Report in respect of the financial year ended 31 December 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter. We will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

KPMG
KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 3 April 2024

GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

Statement of use	Pos Malaysia has reported the information cited in this GRI content index for the period 1 January to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	AR 4, 6-7,10-11
	2-2 Entities included in the organisation's sustainability reporting	AR 110
	2-3 Reporting period, frequency, and contact point	AR 110
	2-4 Restatements of information	AR 110
	2-5 External assurance	AR 110
	2-6 Activities, value chain and other business relationships	AR 6, 112, 116-117
	2-7 Employees	AR 133
	2-9 Governance structure and composition	AR 71
	2-10 Nomination and selection of the highest governance body	AR 74-80
	2-11 Chair of the highest governance body	AR 74
	2-12 Role of the highest governance body in overseeing the management of impacts	AR 75
	2-13 Delegation of responsibility for managing impacts	AR 95-96
	2-14 Role of the highest governance body in sustainability reporting	AR 82-83
	2-15 Conflicts of interest	AR 80
	2-16 Communication of critical concerns	AR 40, 87
	2-17 Collective knowledge of the highest governance body	AR 72-74, 80
	2-18 Evaluation of the performance of the highest governance body	AR 80
	2-19 Remuneration policies	AR 83
	2-20 Process to determine remuneration	AR 83-84
	2-21 Annual total compensation ratio	N/A
	2-22 Statement on sustainable development strategy	AR 82-83
	2-23 Policy commitments	AR 84-87, 97
	2-24 Embedding policy commitments	AR 84-87, 97
	2-25 Processes to remediate negative impacts	AR 94
	2-26 Mechanisms for seeking advice and raising concerns	AR 85
	2-27 Compliance with laws and regulations	AR 1, 92
	2-28 Membership associations	AR 112
	2-29 Approach to stakeholder engagement	AR 111
	2-30 Collective bargaining agreements	AR 112, 137
GRI 3: Material Topics 2021	3-1 Process to determine material topics	AR 113
	3-2 List of material topics	AR 113
	3-3 Management of material topics	AR 113

Global Reporting Initiative (“GRI”) Content Index

GRI STANDARD	DISCLOSURE		LOCATION
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	AR 6, 12, 38, 117
	201-2	Financial implications and other risks and opportunities due to climate change	AR 113
	201-3	Defined benefit plan obligations and other retirement plans	AR 216
	201-4	Financial assistance received from government	AR 219
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	AR 42-49
	203-2	Significant indirect economic impacts	AR 42-49
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	AR 118
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	AR 119
	205-2	Communication and training about anti-corruption policies and procedures	AR 118-119
GRI 207: Tax 2019	207-1	Approach to tax	AR 172
	207-2	Tax governance, control, and risk management	AR 172, 178
	207-3	Stakeholder engagement and management of concerns related to tax	N/A
GRI 302: Energy 2016	3-3	Management of material topics	AR 126-127
	302-1	Energy consumption within the organisation	AR 123
	302-4	Reduction of energy consumption	AR 123
	302-5	Reductions in energy requirements of products and services	AR 123
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	AR 130
	303-2	Management of water discharge-related impacts	AR 130
	303-5	Water consumption	AR 130
GRI 305: Emissions 2016	3-3	Management of material topics	AR 121-122
	305-1	Direct (Scope 1) GHG emissions	AR 122
	305-2	Energy indirect (Scope 2) GHG emissions	AR 122
	305-4	GHG emissions intensity	AR 122
	305-5	Reduction of GHG emissions	AR 122
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	AR 131
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	AR 128-129
	306-2	Management of significant waste-related impacts	AR 128
	306-4	Waste diverted from disposal	AR 128
GRI 401: Employment 2016	3-3	Management of material topics	AR 136
	401-1	New employee hires and employee turnover	AR 133
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	AR 134-135
	403-2	Hazard identification, risk assessment, and incident investigation	AR 134-135
	403-3	Occupational health services	AR 134-135
	403-4	Worker participation, consultation, and communication on occupational health and safety	AR 134-135
	403-5	Worker training on occupational health and safety	AR 134-135
	403-6	Promotion of worker health	AR 134-135

Global Reporting Initiative (“GRI”) Content Index

GRI STANDARD	DISCLOSURE		LOCATION
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	AR 134-135
	403-8	Workers covered by an occupational health and safety management system	AR 134-135
	403-9	Work-related injuries	AR 134-135
	403-10	Work-related ill health	AR 134-135
GRI 404: Training and Education 2016	3-3	Management of material topics	AR 113
	404-1	Average hours of training per year per employee	AR 132
	404-2	Programmes for upgrading employee skills and transition assistance programmes	AR 139
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	AR 138
	405-1	Diversity of governance bodies and employees	AR 138
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	AR 112
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	AR 112
GRI 408: Child Labor 2016	3-3	Management of material topics	AR 113
	408-1	Operations and suppliers at significant risk for incidents of child labour	N/A
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	AR 113
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	N/A
GRI 413: Local Communities 2016	3-3	Management of material topics	AR 140-143
	413-1	Operations with local community engagement, impact assessments, and development programmes	AR 140-143
	413-2	Operations with significant actual and potential negative impacts on local communities	AR 140-143
GRI 417: Marketing and Labeling 2016	3-3	Management of material topics	N/A
	417-1	Requirements for product and service information and labeling	N/A
GRI 418: Customer Privacy 2016	3-3	Management of material topics	AR 112
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	AR 118

Glossary

N/A	Not applicable
AR	Annual report

PERFORMANCE

DATA TABLE

from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2023
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	538,859.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	59,938
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	89.00
Executive	Percentage	81.00
Non-executive/Technical Staff	Percentage	90.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.06
Management Between 30-50	Percentage	2.30
Management Above 50	Percentage	0.62
Executive Under 30	Percentage	0.84
Executive Between 30-50	Percentage	4.50
Executive Above 50	Percentage	0.59
Non-executive/Technical Staff Under 30	Percentage	15.42
Non-executive/Technical Staff Between 30-50	Percentage	67.02
Non-executive/Technical Staff Above 50	Percentage	8.64
Gender Group by Employee Category		
Management Male	Percentage	1.82
Management Female	Percentage	1.16
Executive Male	Percentage	3.38
Executive Female	Percentage	2.81
Non-executive/Technical Staff Male	Percentage	71.19
Non-executive/Technical Staff Female	Percentage	19.64
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	54,881.81
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.63
Bursa C5(c) Number of employees trained on health and safety standards	Number	12,528

Internal assurance External assurance No assurance

(*)Restated

Performance Data Table

from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	23,995
Executive	Hours	25,478
Non-executive/Technical Staff	Hours	180,389
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.30
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	95
Executive	Number	132
Non-executive/Technical Staff	Number	1,804
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	95.09
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	1
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	816.540500

Internal assurance External assurance No assurance

(*)Restated



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FINANCIAL STATEMENTS

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An abstract 3D rendering featuring several metallic, curved, and angular shapes in a monochromatic red environment. The shapes have a reflective, polished surface and are arranged in a way that suggests depth and movement. The lighting creates strong highlights and shadows, emphasizing the three-dimensional nature of the objects.

FINANCIAL RESILIENCE IN TRANSFORMATION

This segment reaffirms our commitment to operational integrity and increasing value for our stakeholders. It outlines the financial health of the company, emphasising key metrics and our strategic endeavors to pave the way for a sustainable tomorrow.

DIRECTORS' REPORT

for the financial year ended 31 December 2023

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 2023.

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.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	158,644	136,573
Attributable to:		
Owners of the Company	157,853	136,573
Non-controlling interest	791	-
	158,644	136,573

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 2023.

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES

Directors who served during the financial year until the date of this report are:

Pos Malaysia Berhad

Tan Sri Syed Faisal Albar bin Syed A.R Albar	(Chairman)
Datuk Idris bin Abdullah @ Das Murthy	
Dato' Dr. Mohd Ali bin Mohamad Nor	
Dato' Jezilee bin Mohamad Ramli	
Dato' Mohamed Sharil bin Mohamed Tarmizi	
Sabarina Laila binti Mohd Hashim	(Appointed on 1 June 2023)
Roshidah binti Abdullah	(Appointed on 1 January 2024)
Ahmed Fairuz bin Abdul Aziz	(Resigned on 1 November 2023)
Dato' Ahmad Suhaimi bin Endut	(Resigned on 15 February 2024)

Subsidiaries

Dato' Jezilee bin Mohamad Ramli	
Charles Robertson Brewer	
PeerMohamed bin Ibramsha	
Roslina binti Ismail	
Zaini bin Yahman	
Raja Ahmad Hidzir bin Raja Muhamad	
Saravanan A/L Ramasamy	(Appointed on 10 August 2023)
Wong Yue Jeen	(Appointed on 10 August 2023)
Quek Cher Heong, Philip	(Appointed on 18 September 2023)
Uthayan s/o Sritaran	(Appointed on 10 August 2023, resigned on 18 September 2023; Appointed as Alternate Director to Quek Cher Heong, Philip and Wong Yue Jeen on 18 September 2023)
Christopher Chong Ban Lee	(Appointed as Alternate Director to Wong Yue Jeen and Uthayan s/o Sritaran on 10 August 2023, resigned on 18 September 2023)

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2023 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.

Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' BENEFITS (CONTINUED)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	Group 2023 RM'000	Company 2023 RM'000
Directors		
- Fees	739	739
- Remuneration	165	165
	904	904

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

The Directors' and Officers' liability insurance is in place to protect the Directors and Officers of the Group and the Company for any liability incurred in the discharge of their duties provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. During the financial year, the amount of insurance premium effected for the Directors and Officers was RM43,990 limited to a coverage of RM30,000,000. There is no indemnity and insurance purchased for the auditors of the Group and 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.

Directors' Report

for the financial year ended 31 December 2023

OTHER STATUTORY INFORMATION (CONTINUED)

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 impairment of investment in a subsidiary of the Company of RM24,700,000, the financial performance of the Group or of the Company for the financial year ended 31 December 2023 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 is 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 RM1,365,000 and RM642,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Syed Faisal Albar bin Syed A.R Albar
Director

Kuala Lumpur
Date: 3 April 2024

Roshidah binti Abdullah
Director

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	1,870,747	1,960,807	1,085,530	1,230,276
Cost of sales		(1,672,970)	(1,738,674)	(998,388)	(1,146,879)
Gross profit		197,777	222,133	87,142	83,397
Other income		34,512	40,745	43,095	59,052
Selling and distribution expenses		(29,716)	(17,204)	(12,406)	(6,516)
Administrative expenses		(296,076)	(316,301)	(211,920)	(223,534)
Other expenses		(15,921)	(58,427)	(34,176)	(181,416)
Net gain/(loss) on impairment of financial instruments and contract assets	5	11,457	(3,664)	9,412	9,151
Results from operating activities		(97,967)	(132,718)	(118,853)	(259,866)
Finance income	5	2,335	1,725	11,451	10,263
Finance costs	5	(44,145)	(37,218)	(29,282)	(26,775)
Net finance costs		(41,810)	(35,493)	(17,831)	(16,512)
Share of profit/(loss) of an equity-accounted associate, net of tax		87	(556)	-	-
Zakat		(1,030)	(1,021)	-	-
Loss before taxation	5	(140,720)	(169,788)	(136,684)	(276,378)
Taxation	7	(17,924)	2,118	111	-
Loss for the financial year		(158,644)	(167,670)	(136,573)	(276,378)
Other comprehensive income (net of tax):					
<u>Item that will not be subsequently reclassified to profit or loss</u>					
Remeasurement of post-employment benefit obligation	8	791	-	-	-
<u>Item that will be subsequently reclassified to profit or loss</u>					
Currency translation differences for foreign operations	8	728	2,320	-	-
Other comprehensive income for the financial year (net of tax)		1,519	2,320	-	-
Total comprehensive loss for the financial year (net of tax)		(157,125)	(165,350)	(136,573)	(276,378)

Statements of Comprehensive Income for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss for the financial year attributable to:					
Owners of the Company		(157,853)	(167,670)	(136,573)	(276,378)
Non-controlling interest		(791)	-	-	-
		(158,644)	(167,670)	(136,573)	(276,378)
Total comprehensive loss for the financial year attributable to:					
Owners of the Company		(156,334)	(165,350)	(136,573)	(276,378)
Non-controlling interest		(791)	-	-	-
		(157,125)	(165,350)	(136,573)	(276,378)
Basic and diluted loss per share (sen)	9	(20.2)	(21.4)		

The notes on pages 168 to 244 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	11	673,357	737,026	234,039	265,719
Investment properties	12	40,450	40,450	-	-
Right-of-use assets	13	289,682	321,944	145,810	161,416
Intangible assets	14	122,370	125,022	-	-
Deferred tax assets	15	385	2,779	36	36
Investments in subsidiaries	16	-	-	505,780	530,480
Investments in associates	17	40,867	40,780	-	-
Other investments	18	6,723	6,723	-	-
Derivative financial asset	19	1,626	1,626	-	-
Total non-current assets		1,175,460	1,276,350	885,665	957,651
Contract assets	20	914	-	-	-
Trade and other receivables	21	733,499	748,885	469,794	561,513
Other investments	18	8,475	36,789	611	596
Inventories	22	6,850	5,039	991	1,240
Prepayment	23	37,850	96,293	22,213	75,924
Current tax assets		2,449	8,088	144	2,109
Cash and bank balances	24	208,589	192,959	119,433	97,613
Assets classified as held for sale	25	998,626 -	1,088,053 11,110	613,186 -	738,995 -
Total current assets		998,626	1,099,163	613,186	738,995
Total assets		2,174,086	2,375,513	1,498,851	1,696,646
Equity					
Share capital	26	1,071,392	1,071,392	1,071,392	1,071,392
Reserves	26	(576,185)	(425,133)	(862,372)	(725,799)
Equity attributable to Owners of the Company		495,207	646,259	209,020	345,593
Non-controlling interest		4,297	-	-	-
Total equity		499,504	646,259	209,020	345,593

Statements of Financial Position as at 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities					
Loans and borrowings	28	113,583	208,075	96,000	172,000
Lease liabilities		70,561	86,898	49,308	60,007
Post-employment benefit obligations	29	548	1,218	-	-
Deferred tax liabilities	15	26,576	28,103	-	-
Total non-current liabilities		211,268	324,294	145,308	232,007
Contract liabilities	27	-	395	-	-
Loans and borrowings	28	391,420	477,179	76,000	147,750
Lease liabilities		43,158	47,301	31,392	33,841
Current tax liabilities		6,360	1,880	-	-
Trade and other payables	30	1,022,376	874,738	1,037,131	937,455
Liabilities classified as held for sale	25	1,463,314	1,401,493	1,144,523	1,119,046
		-	3,467	-	-
Total current liabilities		1,463,314	1,404,960	1,144,523	1,119,046
Total liabilities		1,674,582	1,729,254	1,289,831	1,351,053
Total equity and liabilities		2,174,086	2,375,513	1,498,851	1,696,646

The notes on pages 168 to 244 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2023

Group	Note	Attributable to owners of the Company					Total equity RM'000
		Non-distributable		Post-employment benefits reserve	Foreign currency translation reserve	Accumulated losses	
		Share capital* (Note 26) RM'000	Revaluation reserve RM'000	RM'000	RM'000	RM'000	
At 1 January 2022		1,071,392	1,144	(1,225)	2,177	(261,879)	811,609
Loss for the financial year		-	-	-	-	(167,670)	(167,670)
Other comprehensive income for the financial year	8	-	-	-	2,320	-	2,320
Total comprehensive income/(loss) 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

		Attributable to owners of the Company							
		Non-distributable							
Group	Note	Share capital* (Note 26) RM'000	Revaluation reserve RM'000	Post-employment benefits reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2023		1,071,392	1,144	(1,225)	4,497	(429,549)	646,259	-	646,259
Loss for the financial year		-	-	-	-	(157,853)	(157,853)	(791)	(158,644)
Other comprehensive income for the financial year	8	-	-	791	728	-	1,519	-	1,519
Total comprehensive income/(loss) for the financial year		-	-	791	728	(157,853)	(156,334)	(791)	(157,125)
Transfer of a subsidiary company's reserve		-	-	(9)	-	9	-	-	-
Changes in ownership interests in a subsidiary		-	-	-	-	5,282	5,282	5,088	10,370
At 31 December 2023		1,071,392	1,144	(443)	5,225	(582,111)	495,207	4,297	499,504

* Share capital includes the Special Rights Redeemable Preference Share ("SRRPS") of RM1.00. Refer to Note 26(a) of the financial statements for details of the terms and rights attached to the SRRPS.

The notes on pages 168 to 244 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2023

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 2022	1,071,392	(449,421)	621,971
Total comprehensive loss for the financial year	-	(276,378)	(276,378)
At 31 December 2022/1 January 2023	1,071,392	(725,799)	345,593
Total comprehensive loss for the financial year	-	(136,573)	(136,573)
At 31 December 2023	1,071,392	(862,372)	209,020

* Share capital includes the SRRPS of RM1.00. Refer to Note 26(a) of the financial statements for details of the terms and rights attached to the SRRPS.

The notes on pages 168 to 244 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Loss before tax		(140,720)	(169,788)	(136,684)	(276,378)
Adjustments for:					
Amortisation of:					
- Government grant		(1,279)	(1,510)	(1,279)	(1,510)
- Intangible assets	14	2,652	2,652	-	-
Defined benefit obligations	29	159	206	-	-
Depreciation of property, plant and equipment	11	107,162	123,332	41,874	90,631
Depreciation of right-of-use assets	13	60,464	76,502	41,007	51,267
Recognition of expired postal orders	30(f)	(2,660)	(15,807)	(2,660)	(15,807)
Net (gain)/loss on impairment of financial instruments:					
- Financial assets at amortised cost	5	(11,457)	3,664	(9,412)	(9,151)
Net fair value gain of other investments:					
- Financial assets at fair value through profit or loss	5	(686)	(566)	(7)	(2)
Finance costs		44,145	37,218	29,282	26,775
Finance income		(2,335)	(1,725)	(11,451)	(10,263)
Net (gain)/loss on disposal of property, plant, and equipment		(2,565)	88	(801)	74
Change in fair value of investment properties	12	-	360	-	-
Net inventories written down/(back)	22	93	(2,013)	96	159
Impairment loss of:					
- Property, plant and equipment	11	-	40,033	-	147,098
- Investments in subsidiaries		-	-	24,700	25,556
Reversal of impairment loss of:					
- Property, plant and equipment	11	-	(80)	-	-
Property, plant and equipment written off		412	416	360	272
Gain from derecognition of right-of-use assets		(483)	(267)	(457)	(68)
Loss on remeasurement of lease liabilities		-	139	-	-
Zakat		1,030	1,021	-	-
Net unrealised foreign exchange (gain)/loss		(4,500)	2,910	(317)	4,635
Share of (profit)/loss of an equity-accounted associate, net of tax		(87)	556	-	-
Operating profit/(loss) before changes in working capital		49,345	97,341	(25,749)	33,288
Change in inventories		(1,885)	18	153	521
Change in trade and other receivables and prepayment		89,637	60,935	154,842	114,904
Change in trade and other payables		143,478	(113,868)	97,274	(112,931)
Change in contract assets/liabilities		(1,309)	1,676	-	-
Cash generated from operations		279,266	46,102	226,520	35,782
Defined benefits paid	29	(38)	(182)	-	-
Tax paid		(12,550)	(11,281)	(143)	(403)
Tax refund		5,520	14,507	2,219	7,780
Interest paid		(6,148)	(8,050)	(3,753)	(4,817)
Zakat paid		(783)	(674)	-	-
Net cash from operating activities		265,267	40,422	224,843	38,342

Statements of Cash Flows

for the financial year ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Finance income of financial assets calculated using the effective interest method that are at amortised cost		2,335	1,725	11,451	10,263
Proceeds from disposal of property, plant and equipment		5,685	199	803	71
Acquisition of property, plant and equipment		(29,189)	(31,130)	(10,556)	(9,844)
Net decrease in deposits pledged		(10)	(9)	-	-
Proceeds from redemption of fund investments		29,000	2,669	(8)	(7)
Proceeds from disposal of partial interest in a subsidiary company	25, 38	4,000	-	-	-
Net cash from/(used in) investing activities		11,821	(26,546)	1,690	483
Cash flows from financing activities					
Drawdown on Islamic term loans		-	62,000	-	62,000
Drawdown on invoice financing		88,555	81,778	-	-
Interest paid		(37,997)	(29,168)	(25,529)	(21,958)
Repayment of hire purchase liabilities		(1,065)	(1,003)	-	-
Repayment of Islamic term loans		(166,032)	(45,667)	(147,750)	(29,000)
Repayment of revolving credits		(10,300)	(4,500)	-	-
Repayment of invoice financing		(93,737)	(75,569)	-	-
Repayment of lease liabilities		(52,132)	(72,131)	(38,772)	(45,871)
Movement in restricted cash		(16,149)	1,452	(16,886)	1,423
Share subscription in a subsidiary company by non-controlling interest shareholder	38	6,370	-	-	-
Net cash used in financing activities		(282,487)	(82,808)	(228,937)	(33,406)
Net (decrease)/increase in cash and cash equivalents		(5,399)	(68,932)	(2,404)	5,419
Effects of foreign currency translation		(3,786)	(302)	-	-
Cash and cash equivalents at beginning of year		168,973	238,207	75,895	70,476
Cash and cash equivalents at end of year	24	159,788	168,973	73,491	75,895

Cash outflows for leases as a lessee

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	5	21,286	18,634	12,284	12,153
Payment relating to low-value assets	5	13,471	15,000	10,879	11,765
Interest paid in relation to lease liabilities	5	6,148	8,050	3,753	4,817
Included in net cash from financing activities:					
Repayment of lease liabilities		52,132	72,131	38,772	45,871
Total cash outflows for leases		93,037	113,815	65,688	74,606

Statements of Cash Flows

for the financial year ended 31 December 2023

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 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
At 1 January 2023	134,199	2,124	372,275	286,800	23,093	818,491
Net changes from financing cash flows:						
Acquisition of new leases	15,680	-	-	-	-	15,680
Remeasurement of lease liabilities	20,507	-	-	-	-	20,507
Termination of leases	(4,684)	-	-	-	-	(4,684)
Drawdown	-	-	-	-	88,555	88,555
Repayment	(52,132)	(1,065)	(166,032)	(10,300)	(93,737)	(323,266)
Reclassified from liabilities held for sale	149	-	-	-	-	149
Total net changes from financing cash flows	(20,480)	(1,065)	(166,032)	(10,300)	(5,182)	(203,059)
Effects of foreign currency translation	-	-	2,385	-	-	2,385
At 31 December 2023	113,719	1,059	208,628	276,500	17,911	617,817

Statements of Cash Flows

for the financial year ended 31 December 2023

Reconciliation of liabilities arising from financing activities

Company	Lease liabilities RM'000	Islamic term loan RM'000	Interest bearing debt from a subsidiary RM'000	Total RM'000
At 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 2022/1 January 2023	93,848	319,750	107,000	520,598
Net changes from financing cash flows:				
Acquisition of new leases	12,023	-	-	12,023
Remeasurement of lease liabilities	17,651	-	-	17,651
Termination of leases	(4,050)	-	-	(4,050)
Repayment	(38,772)	(147,750)	-	(186,522)
Total net changes from financing cash flows	(13,148)	(147,750)	-	(160,898)
At 31 December 2023	80,700	172,000	107,000	359,700

The notes on pages 168 to 244 are an integral part of these financial statements.

NOTES TO THE 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

Tingkat 2, Ibu Pejabat Pos
Kompleks Dayabumi
50670 Kuala Lumpur

Registered office

Tingkat 8, Ibu Pejabat Pos
Kompleks Dayabumi
50670 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 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 2023 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 3 April 2024.

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”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting 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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned amendments, where applicable:

- 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; and
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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.

(b) Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as disclosed in the notes to the financial statements, and on the assumption that the Group and the Company will continue on a going concern basis despite the Group's and the Company's net losses of RM158,644,000 and RM136,573,000 respectively incurred during the financial year ended 31 December 2023 and as of that date, recorded net current liabilities of RM464,688,000 and RM531,337,000 respectively.

The Directors have prepared cash flow projections for the next 12 months from the date of the financial statements in assessing whether it is appropriate to prepare the financial statements of the Group and the Company for the year ended 31 December 2023 on a going concern basis, taking into consideration the following:

- i. the Group's and the Company's ability to generate operating cash flows from their operations;
- ii. available credit facilities to the Group and the Company; and
- iii. financial support from a key stakeholder to manage the cash flows requirements of the Group and of the Company.

Accordingly, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate to enable the Group and the Company 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.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with 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.

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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.

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 or 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.

(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.

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(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.

Notes to the Financial Statements

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. CHANGES IN MATERIAL ACCOUNTING POLICIES

2.1 Global minimum top-up tax

The Group has adopted the amendments to MFRS 112, *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2023. Also, the Group has assessed that there is no top-up tax charge as the effective tax rate for each tax jurisdiction is above 15%.

2.2 Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

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.

Notes to the Financial Statements

4. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	1,803,202	1,902,664	1,085,530	1,230,276
Other revenue				
Ar-Rahnu financing	54,438	45,035	-	-
Rental income	13,107	13,108	-	-
	1,870,747	1,960,807	1,085,530	1,230,276

4.1 Disaggregation of revenue

Revenue by service:

Postal	1,086,113	1,238,212	1,085,530	1,230,276
Aviation	291,248	242,641	-	-
Logistics	312,309	335,573	-	-
Other services	113,532	86,238	-	-
	1,803,202	1,902,664	1,085,530	1,230,276

Revenue by major products:

Mail, courier and international products	951,714	1,089,362	951,131	1,081,426
Retail business	134,399	148,850	134,399	148,850
Digital products and services	33,655	31,828	-	-
Ar-Rahnu business	65,798	41,662	-	-
Printing, insertion and office solutions	14,079	12,748	-	-
Automotive and project logistics	268,650	282,692	-	-
Haulage and freight forwarding	33,542	40,291	-	-
Agent for port customs clearance	10,117	12,590	-	-
In-flight catering and cargo handling	183,145	156,596	-	-
Airport services	108,103	86,045	-	-
	1,803,202	1,902,664	1,085,530	1,230,276

Timing of recognition

At a point in time	1,485,112	1,574,566	1,085,530	1,230,276
Over time	318,090	328,098	-	-
	1,803,202	1,902,664	1,085,530	1,230,276

Notes to the Financial Statements

4. REVENUE (CONTINUED)

4.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Mail, courier and international products	Revenue is recognised as and when the services are rendered and goods are delivered to customers.	Payment for the products sold and services rendered should be made by cash or within the stipulated credit term of 30 to 60 days.
Digital products		
Printing, insertion and office solutions		
In-flight catering and cargo handling and airport services		
Agent for port customs clearance		
Retail business	Revenue is recognised as and when the services are rendered and goods are delivered to customers.	Payment for the products sold and services rendered should be made by cash.
Ar-Rahnu business	Revenue is recognised at predetermined rates upon sale of gold items to customers.	
Digital services	Revenue is recognised over time when services are rendered to customers.	Payment for the services rendered should be made by cash or within the stipulated credit term of 30 to 60 days.
Automotive and project logistics	Revenue is recognised over time as and when the logistics services, storage and inventory solutions services are rendered over the performance of the service.	
Haulage and freight forwarding	Revenue is recognised over time as and when the transportation services are rendered using the cost incurred method.	

The revenue derived for the sales of goods and services are predominantly from the operations in Malaysia.

Notes to the Financial Statements

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) as at the previous reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group 2022	2023 RM'000
Haulage and freight forwarding	610

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	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before taxation is arrived at after charging/ (crediting):					
Auditors' remuneration					
- Statutory audit fees					
- KPMG Malaysia		1,090	1,179	392	410
- KPMG Overseas		25	-	-	-
- Other auditor		-	5	-	-
- Other audit fees					
- KPMG Malaysia		250	550	250	550
- Non-audit fees					
- KPMG Malaysia		319	239	102	39
Material expenses/(income)					
Depreciation of property, plant and equipment	11	107,162	123,332	41,874	90,631
Depreciation of right-of-use assets	13	60,464	76,502	41,007	51,267
Amortisation of intangible assets	14	2,652	2,652	-	-
Defined benefits obligation	29	159	206	-	-
Finance costs	5.2	44,145	37,218	29,282	26,775
Impairment loss of:					
- property, plant and equipment	11	-	40,033	-	147,098
- investments in subsidiaries		-	-	24,700	25,556

Notes to the Financial Statements

5. LOSS BEFORE TAXATION (CONTINUED)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before taxation is arrived at after charging/ (crediting) (continued):					
Material expenses/(income) (continued)					
Recognition of expired postal orders	30(f)	(2,660)	(15,807)	(2,660)	(15,807)
Net inventories written down/(back)	22	93	(2,013)	96	159
Net realised foreign exchange loss		5,457	4,262	5,371	4,241
Operating licence fee		5,472	7,020	5,422	6,179
Property, plant and equipment written off		412	416	360	272
Staff costs (excluding key management personnel):					
- Salaries, bonuses and allowances		853,100	771,257	617,146	571,774
- Contributions to Employees' Provident Fund		95,370	90,158	73,905	70,315
- Mutual separation scheme		6,154	-	-	-
Net unrealised foreign exchange (gain)/loss		(4,500)	2,910	(317)	4,635
Amortisation of government grants:					
- related to operating expense	30(g)	-	(18)	-	(18)
- related to assets	30(g)	(1,279)	(1,492)	(1,279)	(1,492)
Change in fair value of investment properties	12	-	360	-	-
Gain from derecognition of right-of-use assets		(483)	(267)	(457)	(68)
Loss/(Gain) on remeasurement of lease liabilities		-	139	-	-
Finance income of financial assets calculated using the effective interest method that are at amortised cost		(2,335)	(1,725)	(11,451)	(10,263)
Net fair value gain of other investments:					
- Financial assets at fair value through profit or loss		(686)	(566)	(7)	(2)
Net (gain)/loss on disposal of property, plant and equipment		(2,565)	88	(801)	74
Rental income:					
- Investment properties	12	(858)	(1,031)	-	-
Operating lease other than those relating to investment properties	11.3	(13,376)	(16,878)	(787)	(2,186)
Reversal of impairment loss of property, plant and equipment	11	-	(80)	-	-
Reversal of provision of claims and liabilities	30(h)	-	(5,480)	-	-
Share of (profit)/loss of an equity-accounted associate, net of tax	17	(87)	556	-	-
Expenses arising from leases					
Expenses relating to short-term leases	5.3	21,286	18,634	12,284	12,153
Expenses relating to low-value assets	5.3	13,471	15,000	10,879	11,765
Net (gain)/loss on impairment of financial instruments and contract assets:					
- Trade receivables and contract assets		(8,252)	8,881	(6,207)	(3,934)
- Other receivables		(161)	204	(161)	204
- Write back of trade receivables		(3,044)	(5,421)	(3,044)	(5,421)
		(11,457)	3,664	(9,412)	(9,151)

Notes to the Financial Statements

5. LOSS BEFORE TAXATION (CONTINUED)

5.1 Included in loss for the year is zakat assessment as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Zakat assessment based on net current assets	1,030	1,021	-	-

5.2 Included in loss for the year is finance costs as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance costs of financial liabilities that are measured at amortised cost	37,997	29,168	25,529	21,958
Interest expense on lease liabilities	6,148	8,050	3,753	4,817
	44,145	37,218	29,282	26,775

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	739	835	739	835
- Remuneration	165	178	165	178
	904	1,013	904	1,013
Other key management personnel				
- Remuneration	9,468	8,066	7,436	6,097

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 Officers of subsidiaries, Group heads and heads of division.

Notes to the Financial Statements

7. TAXATION

Recognised in profit or loss

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income taxation				
Malaysian - current year	16,352	10,198	-	-
- prior years	806	(86)	(111)	-
Total income tax recognised in profit or loss	17,158	10,112	(111)	-
Deferred taxation				
Origination/(Reversal) of temporary differences	298	(10,452)	-	-
Under/(Over) provision in prior years	468	(1,778)	-	-
Total deferred tax recognised in profit or loss	766	(12,230)	-	-
Total taxation	17,924	(2,118)	(111)	-
Reconciliation of taxation				
Loss before taxation	(140,720)	(169,788)	(136,684)	(276,378)
Income tax calculated using Malaysian tax rate of 24%	(33,773)	(40,749)	(32,804)	(66,331)
Non-deductible expenses	17,069	6,890	10,887	50,826
Non-taxable income	(2,588)	(1,734)	(5,330)	(7,543)
Net effect of unrecognised deferred tax assets	35,942	35,339	27,247	23,048
Under/(Over) provision in prior years	16,650	(254)	-	-
	1,274	(1,864)	(111)	-
	17,924	(2,118)	(111)	-

Notes to the Financial Statements

8. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
2023			
Item that will not be subsequently reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	791	-	791
Item that will be subsequently reclassified to profit or loss			
Currency translation differences for foreign operations	728	-	728
	1,519	-	1,519
2022			
Item that will be subsequently reclassified to profit or loss			
Currency translation differences for foreign operations	2,320	-	2,320

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	
	2023	2022
Loss for the year attributable to ordinary shareholders (RM'000)	(157,853)	(167,670)
Weighted average number of ordinary shares at year end ('000)	782,777	782,777
Basic and diluted loss per ordinary share (sen)	(20.2)	(21.4)

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 2023.

Notes to the Financial Statements

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 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)
Write 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/ 1 January 2023	129,750	270,516	616,631	282,733	477,770	633,022	179,615	3,726	2,593,763
Additions	-	-	11,213	3,285	659	2,627	6,948	4,457	29,189
Disposals	-	-	(556)	(78)	(52,714)	(1,004)	-	-	(54,352)
Write off	-	-	(1,207)	(16,973)	(44,143)	(9,031)	-	-	(71,354)
Reclassification	4,849	(6,233)	(2,025)	(2,740)	(1,646)	7,040	-	(1,862)	(2,617)
Reclassified from right-of-use assets	-	442	-	-	-	-	-	-	442
Reclassified from assets held for sale	-	-	302	35,694	169	582	-	-	36,747
Effect of movements in exchange rates	844	1,103	7	-	9	21	8,231	-	10,215
At 31 December 2023	135,443	265,828	624,365	301,921	380,104	633,257	194,794	6,321	2,542,033

Notes to the Financial Statements

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									
At 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
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
	-	414	3	-	3	11	1,830	-	2,261
At 31 December 2022/ 1 January 2023									
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

Notes to the Financial Statements

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	-	4,509	31,718	20,661	7,963	32,887	9,424	-	107,162
Disposals	-	-	(556)	(78)	(49,472)	(1,001)	-	-	(51,107)
Write off	-	-	(881)	(16,934)	(44,143)	(8,984)	-	-	(70,942)
Reclassification	-	(5,901)	9,442	1,431	(8,749)	2,323	(3)	-	(1,457)
Reclassified to right-of-use assets	-	(3,213)	-	-	-	-	-	-	(3,213)
Reclassified from assets held for sale	-	-	250	28,785	165	458	-	-	29,658
Impairment loss reclassification	-	-	(305)	(1,006)	(29)	180	-	-	(1,160)
Disposal of impairment loss	-	-	-	-	(125)	-	-	-	(125)
Effect of movements in exchange rates:									
Accumulated depreciation	-	1,101	3	-	9	21	1,955	-	3,089
Accumulated impairment loss	-	-	-	-	-	-	34	-	34
At 31 December 2023	-	1,101	3	-	9	21	1,989	-	3,123
Accumulated depreciation	-	128,434	515,892	190,574	341,447	551,953	52,890	-	1,781,190
Accumulated impairment loss	34,133	12,916	3,444	17,555	6,694	11,726	780	238	87,486
	34,133	141,350	519,336	208,129	348,141	563,679	53,670	238	1,868,676
Carrying amounts									
At 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/ 1 January 2023	95,617	125,662	136,966	107,463	35,248	95,227	137,355	3,488	737,026
At 31 December 2023	101,310	124,478	105,029	93,792	31,963	69,578	141,124	6,083	673,357

Certain buildings had been reclassified from right-of-use assets to property, plant and equipment in the current and previous financial year.

Notes to the Financial Statements

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 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 2022/1 January 2023	72,528	67,017	543,954	163,716	267,295	535,289	643	1,650,442
Additions	-	-	7,446	-	-	1,066	2,044	10,556
Disposals	-	-	-	-	(8,440)	(139)	-	(8,579)
Write off	-	-	(767)	(6,998)	(43,970)	(7,839)	-	(59,574)
Transfers	-	-	-	-	-	282	(282)	-
At 31 December 2023	72,528	67,017	550,633	156,718	214,885	528,659	2,405	1,592,845
Depreciation and impairment loss								
At 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
Depreciation for the year	-	17,105	395,254	84,583	259,541	415,322	22,511	1,194,316
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
Depreciation for the year	-	19,993	480,331	125,410	264,296	494,455	238	1,384,723
Disposals	-	-	-	-	(8,441)	(136)	-	(8,577)
Write off	-	-	(442)	(7,001)	(43,970)	(7,801)	-	(59,214)
At 31 December 2023								
Accumulated depreciation	-	17,540	435,670	70,311	214,287	446,868	-	1,184,676
Accumulated impairment loss	-	3,692	58,690	54,845	-	56,665	238	174,130
	-	21,232	494,360	125,156	214,287	503,533	238	1,358,806

Notes to the Financial Statements

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
Carrying amounts								
At 1 January 2022	72,528	49,912	145,335	95,083	15,002	117,372	450	495,682
At 31 December 2022/1 January 2023	72,528	47,024	63,623	38,306	2,999	40,834	405	265,719
At 31 December 2023	72,528	45,785	56,273	31,562	598	25,126	2,167	234,039

Certain buildings had been reclassified from right-of-use assets to property, plant and equipment in the previous financial year.

Depreciation for the financial year has been allocated as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment	105,883	121,822	40,595	89,121
Other income*	1,279	1,510	1,279	1,510
	107,162	123,332	41,874	90,631

* 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Motor vehicles	2,246	2,577	-	-
Vessels	123,202	121,627	-	-

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.2 Pledged as banking facilities

The net carrying amounts of property, 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Land and buildings	97,548	98,149	97,548	98,149
Plant and machinery	1,190	1,607	-	-
Vessels	123,202	121,627	-	-

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Lease income	13,376	16,878	787	2,186

The operating lease payments to be received are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Less than one year	10,768	10,263	39	692
One to two years	10,326	6,153	28	-
Two to three years	4,558	141	6	-
Total undiscounted lease payments	25,652	16,557	73	692

The net book value of the buildings subject to operating leases are RM23,575,000 (2022: RM23,986,000).

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.4 Impairment of property, plant and equipment

As at 31 December 2023, the property, plant and equipment of postal, logistics and aviation segments are 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
<p>The Group estimates the fair value of all properties and motor vehicles based on the following key assumptions:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Market price of property in vicinity compared; and • Market value of comparable motor vehicles which includes the model, manufacturing year and specification. 	<ul style="list-style-type: none"> • The estimated fair value would increase/(decrease) if market price of property was higher/(lower); or • The estimated fair value would increase/(decrease) if market value of motor vehicles was higher/(lower).

Notes to the Financial Statements

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 the Company's Postal segment CGU and Logistics segment CGU of which impairment losses amounting to RM145,073,000 and RM34,133,000 were recognised based on its respective recoverable amounts in the previous 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 (2022: 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 10.5%) (2022: approximately 11%) – 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%) (2022: 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 is higher than its carrying amounts.

Notes to the Financial Statements

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)	10,649
Decrease in terminal growth rate (1% movement)	7,178

Other impairment losses

In the previous financial year, management had carried out a review on the conditions of property, plant and equipment, and specific impairment loss 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 on certain buildings, building improvements, plant and machinery and computer equipment were recognised mainly due to the conditions of those assets.
- (ii) Logistics segment
Management had carried out a review on the conditions of property, plant and equipment, and specific impairment loss of RM3,710,000 was recognised.
- (iii) Other segment
Impairment loss of RM85,000 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 of property, plant and equipment were recognised in other expense.

11.5 Change in residual value

In the previous financial 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
Increase in depreciation expense	4,883	479	448	2

11.6 Land and buildings

The title deeds for certain landed properties with net carrying amounts of RM1,148,000 (2022: RM1,172,000) have yet to be issued in the name of the Company as at 31 December 2023 by the relevant authorities.

Notes to the Financial Statements

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.7 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

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

12. INVESTMENT PROPERTIES

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	40,450	40,810
Change in fair value recognised in profit or loss	-	(360)
At end of year	40,450	40,450
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	24,530
	40,450	40,450

Investment properties comprise a number of commercial properties that are leased to third parties and several pieces of vacant land. The Group does not charge variable lease payments that do not depend on an index or rate.

Notes to the Financial Statements

12. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM'000	2022 RM'000
Lease income	858	1,031
Direct operating expenses:		
- income generating investment properties	(523)	(499)

12.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group	
	2023 RM'000	2022 RM'000
Less than one year	640	520
One to two years	133	128
Total undiscounted lease payments	773	648

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
<p>The Group estimates the fair value of all investment properties based on the following key assumptions:</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Market price of property in vicinity compared. 	<ul style="list-style-type: none"> • The estimated fair value would increase/ (decrease) if market prices of property was higher/(lower).

Notes to the Financial Statements

12. INVESTMENT PROPERTIES (CONTINUED)

12.2 Fair value information (continued)

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.

12.3 Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

13. RIGHT-OF-USE ASSETS

The Group have leases for land, buildings, office equipment, plant and machinery and motor vehicles. The Group hold the land titles of the leasehold lands with certain buildings with lease term of ranging from 27 to 99 years (2022: 27 to 99 years). The other lease contracts are typically made for fixed years of 1 to 50 years (2022: 1 to 50 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					
1 January 2023	295,272	614	9,548	16,510	321,944
Additions	12,260	2,573	-	847	15,680
Remeasurement of lease liabilities	11,526	-	-	8,981	20,507
Depreciation	(40,501)	(2,544)	(3,999)	(13,420)	(60,464)
Derecognition*	(4,881)	-	-	-	(4,881)
Reclassified from property, plant and equipment	(3,655)	-	-	-	(3,655)
Reclassified from assets held for sale	551	-	-	-	551
At 31 December 2023	270,572	643	5,549	12,918	289,682
Cost	526,913	2,592	21,958	103,042	654,505
Accumulated depreciation	(254,590)	(1,949)	(16,409)	(90,124)	(363,072)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	270,572	643	5,549	12,918	289,682

* Derecognition includes RM680,000 (2022: RM Nil) reversal of provision of decommission which is included in other payables.

Notes to the Financial Statements

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
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
Company					
At 1 January 2023	146,907	614	1,575	12,320	161,416
Additions	8,603	2,573	-	847	12,023
Remeasurement of lease liabilities	8,692	-	-	8,959	17,651
Depreciation	(24,488)	(2,544)	(911)	(13,064)	(41,007)
Derecognition*	(4,273)	-	-	-	(4,273)
At 31 December 2023	135,441	643	664	9,062	145,810
Cost	285,243	2,592	3,109	97,202	388,146
Accumulated depreciation	(148,051)	(1,949)	(2,445)	(88,140)	(240,585)
Accumulated impairment loss	(1,751)	-	-	-	(1,751)
Net book value	135,441	643	664	9,062	145,810

* Derecognition includes RM680,000 (2022: RM Nil) reversal of provision of decommission which is included in other payables.

Notes to the Financial Statements

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

* Derecognition includes RM680,000 (2022: RM Nil) reversal of provision of decommission which is included in other payables.

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.
- (ii) During the previous 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.

13.2 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.

Notes to the Financial Statements

13. RIGHT-OF-USE ASSETS (CONTINUED)

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 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. Refer to Note 11.4 for further details of impairment loss.

13.5 Material accounting policy information

(a) Lease and non-lease components

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.

(b) Recognition exemption

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

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.

Notes to the Financial Statements

14. INTANGIBLE ASSETS

	Goodwill RM'000	Contracts RM'000	Total RM'000
Group			
Cost			
At 1 January 2022/31 December 2022/ 1 January 2023/31 December 2023	314,509	120,227	434,736
Amortisation and impairment loss			
At 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 2022/1 January 2023			
Accumulated amortisation	-	(41,430)	(41,430)
Accumulated impairment loss	(256,731)	(11,553)	(268,284)
	(256,731)	(52,983)	(309,714)
Amortisation charge for the financial year	-	(2,652)	(2,652)
At 31 December 2023			
Accumulated amortisation	-	(44,082)	(44,082)
Accumulated impairment loss	(256,731)	(11,553)	(268,284)
	(256,731)	(55,635)	(312,366)
Carrying amount			
At 1 January 2022	57,778	69,896	127,674
At 31 December 2022/1 January 2023	57,778	67,244	125,022
At 31 December 2023	57,778	64,592	122,370

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Licensed digital certificate authority	4,630	4,630	-	-
Aviation	53,148	53,148	64,592	67,244
	57,778	57,778	64,592	67,244

Notes to the Financial Statements

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 (2022: 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.

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. Refer to 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 RM18,064,000; or
- (ii) A decrease of 1 percentage point in the terminal growth rate used would have decreased the value-in-use by RM11,402,000.

14.1 Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful live for the current and comparative periods is as follows:

Aviation	29 years
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Notes to the Financial Statements

15. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	-	-	(86,970)	(108,915)	(86,970)	(108,915)
Investment properties	-	-	(1,133)	(1,111)	(1,133)	(1,111)
Right-of-use assets	7,369	-	(62)	(1,702)	7,307	(1,702)
Intangible assets	-	-	(15,499)	(16,139)	(15,499)	(16,139)
Provisions	3,071	6,006	-	-	3,071	6,006
Tax loss carry-forwards	3,499	3,499	-	-	3,499	3,499
Unabsorbed capital allowances	58,997	90,139	-	-	58,997	90,139
Other temporary differences	4,537	2,899	-	-	4,537	2,899
Tax assets/(liabilities)	77,473	102,543	(103,664)	(127,867)	(26,191)	(25,324)
Set-off	(77,088)	(99,764)	77,088	99,764	-	-
Net tax assets/(liabilities)	385	2,779	(26,576)	(28,103)	(26,191)	(25,324)
Company						
Property, plant and equipment	-	-	(38,551)	(38,551)	(38,551)	(38,551)
Right-of-use assets	1,407	1,407	-	-	1,407	1,407
Unabsorbed capital allowances	34,026	34,026	-	-	34,026	34,026
Other temporary differences	3,154	3,154	-	-	3,154	3,154
Tax assets/(liabilities)	38,587	38,587	(38,551)	(38,551)	36	36
Set-off	(38,551)	(38,551)	38,551	38,551	-	-
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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	(18,402)	2,771	-	-
Right-of-use assets	275	295	-	-
Provisions	81,371	72,526	56,612	67,415
Tax loss carry-forwards	453,332	331,743	330,649	239,452
Unabsorbed capital allowances	495,294	454,777	417,623	384,488
	1,011,870	862,112	804,884	691,355

Notes to the Financial Statements

15. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (continued)

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.

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Expiry of utilisation period				
Indefinite	558,538	530,369	474,235	451,903
YA2027	-	-	-	-
YA2028	-	-	-	-
YA2029	34,145	34,329	-	-
YA2030	4,555	4,801	-	-
YA2031	21,280	25,826	-	4,531
YA2032	137,645	154,776	113,953	131,084
YA2033	120,914	112,011	114,145	103,837
YA2034	134,793	-	102,551	-
	1,011,870	862,112	804,884	691,355

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.

Notes to the Financial Statements

15. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	At 1.1.2022 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	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 7) RM'000	At 31.12.2023 RM'000
Group							
Property, plant and equipment	(118,187)	-	9,272	(108,915)	(101)	22,046	(86,970)
Investment properties	(1,147)	-	36	(1,111)	-	(22)	(1,133)
Right-of-use assets	940	-	(2,642)	(1,702)	-	9,009	7,307
Intangible assets	(19,548)	-	3,409	(16,139)	-	640	(15,499)
Provisions	6,138	-	(132)	6,006	-	(2,935)	3,071
Tax loss carry-forwards	2,920	-	579	3,499	-	-	3,499
Unabsorbed capital allowances	92,316	-	(2,177)	90,139	-	(31,142)	58,997
Other temporary differences	(898)	(88)	3,885	2,899	-	1,638	4,537
	(37,466)	(88)	12,230	(25,324)	(101)	(766)	(26,191)
Company							
Property, plant and equipment	(60,769)	-	22,218	(38,551)	-	-	(38,551)
Right-of-use assets	774	-	633	1,407	-	-	1,407
Unabsorbed capital allowances	60,198	-	(26,172)	34,026	-	-	34,026
Other temporary differences	(167)	-	3,321	3,154	-	-	3,154
	36	-	-	36	-	-	36

15.1 Material accounting policy information

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values 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.

Notes to the Financial Statements

16. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2023 RM'000	2022 RM'000
Ordinary shares			
Unquoted shares, at cost		760,723	760,723
Less: Accumulated impairment losses		(456,089)	(431,389)
		304,634	329,334
Redeemable preference shares, at cost	a	155,674	155,674
Redeemable convertible preference shares, at cost	b	45,472	45,472
		505,780	530,480

- (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	
			2023 %	2022 %
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.	Malaysia	Retail business	100	100

Notes to the Financial Statements

16. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Posmen Sdn. Bhd.	Malaysia	Investment holding	100	100
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 Pos Shop 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	51	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
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	Dormant	100	100

Notes to the Financial Statements

16. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows (continued):

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Subsidiaries of Pos Logistics Berhad (continued):				
Malaysian Shipping Agencies Sdn. Bhd.	Malaysia	Shipping agency services, freight forwarding and other related services	100	100
PNSL Berhad	Malaysia	Shipping agency and chartering services	100	100
Westport Distripark (M) Sdn. Bhd.	Malaysia	Business of a distribution park	100	100
Kaypi Southern Terminal Sdn. Bhd.	Malaysia	Property investment	100	100
K.P.B. Sadao I.C.D Company Limited #	Thailand	Dormant	49##	49##
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

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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.

Notes to the Financial Statements

16. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

16.1 Impairment testing for investments in subsidiaries

At 31 December 2023, 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 (2022: 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 10% - 11% (2022: 11%) per annum.

Key assumptions used in value-in-use

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 10% - 11%) (2022: approximately 11%) – 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%) (2022: 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) 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 impairment loss of RM24,700,000 (2022: RM25,556,000) was recorded.

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 RM33,470,000; or
- (ii) A decrease of 1 percentage point in the terminal growth rate used would have decreased the value-in-use by RM21,132,000.

16.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

17. INVESTMENTS IN ASSOCIATES

	Group	
	2023 RM'000	2022 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	2,867	2,780
	40,867	40,780

	Company	
	2023 RM'000	2022 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	
			2023 %	2022 %
World Cargo Airline Sdn. Bhd. ("WCA")	Malaysia	Provision of air cargo transport	49.0	49.0
Elpos Print Sdn. Bhd.	Malaysia	Dormant	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

Notes to the Financial Statements

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.

	2023 RM'000	2022 RM'000
Non-current assets	1,475	246
Current assets	54,529	47,196
Non-current liabilities	(1,300)	(123)
Current liabilities	(47,007)	(39,799)
Net assets	7,697	7,520
Profit/(Loss) and total comprehensive income	177	(1,134)
<i>Included in the total comprehensive income is:</i>		
Revenue	90,564	100,812
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	2,867	2,780
Fair value of consideration	38,000	38,000
Carrying amount in the financial statements	40,867	40,780
Group's share of results		
Group's share of profit/(loss)	87	(556)

17.1 Elpos Print Sdn. Bhd. ("Elpos")

On 30 June 2020, Elpos an inactive associate of Pos Malaysia Berhad with 40% shareholding, was under winding up. 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 an inactive associate of Pos Malaysia Berhad with 42.5% shareholding, was under member's voluntary winding up. 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, Elpos 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 (2022: RM Nil) in the current financial year and losses of RM39,684,000 (2022: RM39,684,000) cumulatively, since the Group has no obligation in respect of these losses.

17.4 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

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
2023					
Non-current					
Fair value through profit or loss	-	344	6,379	-	6,723
Current					
Fair value through profit or loss	8,475	-	-	-	8,475
	8,475	344	6,379	-	15,198
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
Company					
				Fund investments RM'000	Total RM'000
2023					
Current					
Fair value through profit or loss				611	611
2022					
Current					
Fair value through profit or loss				596	596

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.

Notes to the Financial Statements

18. OTHER INVESTMENTS (CONTINUED)

Membership in clubs, unquoted

Investments made in club memberships meet the requirement of financial assets measured at 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 FVTPL as the holder of the capital contribution does not seek to collect contractual cash flow and relevant interest.

Shares, unquoted in Malaysia

There is an investment in unquoted shares in Malaysia with cost amounting to RM150,000 (2022: RM150,000) carried at nil value at the end of the financial year.

18.1 Material accounting policy information

(a) Equity investments not held for trading

At initial recognition, the Group irrevocably elect to present subsequent changes in the fair value of the investments in profit or loss. This election is made on an investment-by-investment basis.

(b) Deposits with licensed banks

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

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.

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables	a	126,313	169,862	78,621	71,831
Ar-Rahnu financing	b	443,278	392,423	-	-
Amount due from an associate	c	2,841	3,139	-	-
Amounts due from subsidiaries	d	-	-	90,387	137,767
Amounts due from related companies	e	18,708	42,520	604	553
		591,140	607,944	169,612	210,151
Accrued receivables	f	98,053	98,477	65,991	90,444
		689,193	706,421	235,603	300,595
Non-trade					
Other receivables		3,551	2,713	1,749	1,081
Amounts due from associates	c	2,979	2,156	1,273	773
Amounts due from subsidiaries	d	-	-	204,914	234,398
Amounts due from related companies	e	3,017	-	-	-
Deposits	g	31,727	34,731	23,525	22,262
Staff advances		3,032	2,864	2,730	2,404
		44,306	42,464	234,191	260,918
		733,499	748,885	469,794	561,513

(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 RM11,326,000 (2022: RM14,428,000) and RM228,000 (2022: RM436,000) 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 RM14,054,000 (2022: RM12,651,000) and RM428,021,000 (2022: RM379,637,000) in relation to storage fee receivables and collateral value receivables from customers respectively.

Notes to the Financial Statements

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amounts due from associates

Trade

The trade amount due from an associate is unsecured, interest free and subject to normal trade terms.

Non-trade

The non-trade amounts due from associates are 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 RM169,329,000 (2022: RM159,199,000) which are unsecured, bears interest at range of 4.43% to 6.25% (2022: 4.35% to 5.63%) per annum and repayable on demand.

The remaining non-trade amounts due from subsidiaries of RM35,585,000 (2022: RM75,199,000) are unsecured, interest free and repayable on demand.

(e) Amounts due from related companies

Trade

The trade amounts due from related companies are unsecured, interest free and subject to normal trade terms.

Non-trade

The amounts due from related companies are unsecured, interest free and have credit terms that vary from 30 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 (2022: RM5,550,000).

Notes to the Financial Statements

22. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Postal uniforms and consumables	6,227	4,066	991	1,240
Insertion and mailing materials	345	854	-	-
Digital certificates, CD ROM and smart cards	278	119	-	-
	6,850	5,039	991	1,240
Recognised in profit or loss:				
Inventories recognised as cost of sales	81,843	28,536	15,315	13,287
Net inventories written down/(back)	93	(2,013)	96	159

22.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

23. PREPAYMENT

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Advance payment – terminal dues	a	22,213	75,924	22,213	75,924
Others		15,637	20,369	-	-
		37,850	96,293	22,213	75,924

(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.

Notes to the Financial Statements

24. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	a	38,408	29,516	21,490	9,756
Cash and bank balances		170,181	163,443	97,943	87,857
Total cash and bank balances		208,589	192,959	119,433	97,613
Cash attributable to assets classified as held for sale	25	-	1,356	-	-
Bank overdrafts	28(d)	(905)	(962)	-	-
Collections on behalf of agency payables and money order payables		(24,747)	(17,390)	(24,700)	(17,362)
Restricted cash	a	(22,601)	(6,452)	(21,242)	(4,356)
Deposits pledged		(548)	(538)	-	-
Cash and cash equivalents in the statements of cash flows		159,788	168,973	73,491	75,895

(a) Deposits placed with licensed banks

Included in the deposits placed with licensed banks of the Group and the Company is RM19,242,000 (2022: RM4,356,000) 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 (Refer to Note 28(b)), RM2,000,000 (2022: RM Nil) required to be maintained with Bank Simpanan Nasional for the use of banking facility and RM1,359,000 (2022: RM2,096,000) 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 RM19,242,000 (2022: RM4,356,000) 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		Company	
	2023 %	2022 %	2023 %	2022 %
Deposits placed with licensed banks	2.5	2.5	2.4	2.0

Notes to the Financial Statements

25. DISPOSAL GROUP HELD FOR SALE

	Group 2022 RM'000
Assets classified as held for sale	
Property, plant and equipment	7,089
Right-of-use assets	551
Inventories	19
Trade and other receivables	2,095
Cash and cash equivalents	1,356
	11,110
Liabilities classified as held for sale	
Lease liabilities	149
Current tax liabilities	74
Trade and other payables	3,244
	3,467

Dilution of shareholding in Pos Aviation Engineering Services Sdn. Bhd. ("PAESSB")

On 10 August 2023, Pos Aviation Sdn. Bhd. ("PASB") a wholly-owned subsidiary company of the Group, completed the proposed divestment of its 49% equity interest in PAESSB to SIA Engineering Company Limited ("SIA") with a final cash consideration of RM4,000,000. As a result, PASB's equity interest in PAESSB reduced to 51%.

Based on the initial Shareholders Agreement ("SHA"), PAESSB is expected to be classified as Joint Venture to the Group subsequent to the dilution and assets and liabilities of PAESSB were then classified under MFRS 5, *Non-Current Asset Held for Sale*.

There were amendments to the SHA before the completion of the divestment during the financial year. Management has reassessed that the dilution of equity interest in PAESSB will not result in loss of control in PAESSB. Accordingly, the held for sales has been reclassified as a subsidiary. The impact of reclassification is not material to the presentation of the current and previous years financial statements.

Notes to the Financial Statements

26. SHARE CAPITAL AND RESERVES

			Group and Company		
	Note	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Issued and fully paid:					
Ordinary shares		1,071,392	782,777	1,071,392	782,777
SRRPS	a	*	*	*	*
		1,071,392	782,777	1,071,392	782,777

* Share capital includes the SRRPS of RM1.00.

(a) The SRRPS confers the following rights:

- (i) The SRRPS 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 SRRPS 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 SRRPS 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 SRRPS 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 SRRPS shareholder; and
- (iii) In a distribution of capital or a winding-up of the Company, the SRRPS shareholder is entitled to the repayment of the capital paid-up on the SRRPS in priority to any repayment of capital to any other member. The SRRPS 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.

Notes to the Financial Statements

28. LOANS AND BORROWINGS

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Secured					
Hire purchase liabilities	a	-	1,061	-	-
Islamic term loans	b	113,583	207,014	96,000	172,000
		113,583	208,075	96,000	172,000
<hr/>					
Current					
Secured					
Hire purchase liabilities	a	1,059	1,063	-	-
Islamic term loans	b	95,045	165,261	76,000	147,750
Revolving credits	c	276,500	285,500	-	-
Bank overdraft	d	905	962	-	-
Invoice financing	e	17,911	23,093	-	-
		391,420	475,879	76,000	147,750
<hr/>					
Unsecured					
Revolving credits	c	-	1,300	-	-
		391,420	477,179	76,000	147,750
		505,003	685,254	172,000	319,750

(a) Hire purchase liabilities

Group	2023			2022		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	1,089	(30)	1,059	1,153	(90)	1,063
Between one and five years	-	-	-	1,090	(29)	1,061
	1,089	(30)	1,059	2,243	(119)	2,124

Notes to the Financial Statements

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 RM36,628,000/ USD7,966,000 (2022: RM52,525,000/ USD11,943,000). Term Loan 1 is secured by way of assignment over the contracts and all its charter proceeds executed or to be executed 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% (2022: 4.00%) per annum.

- (ii) The Commodity Murabahah Term Financing-i of RM172,000,000 (2022: RM319,750,000) ("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 5.15% (2022: 5.31%) per annum.

(c) Revolving credits

Secured

- (i) The secured revolving credits 1 ("RC 1") of the Group of RM238,000,000 (2022: RM238,000,000) bear interest at rates ranging from 4.52% to 5.05% (2022: 4.07% to 4.45%) 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 RM38,500,000 (2022: RM47,500,000) bear interest at rates ranging from 6.12% to 6.52% (2022: 5.76% to 6.16%) 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 RM21,500,000 (2022: RM30,500,000) is secured by the Company and RM17,000,000 (2022: RM17,000,000) is secured by the subsidiaries of the Company.

Unsecured

- (iii) During the financial year, the unsecured revolving credits 3 ("RC 3") of RM1,300,000 has been fully settled. The RC 3 bore interest at 5.74% (2022: 5.55%) per annum.

(d) Bank overdraft

Secured

The secured bank overdraft of the Group in respect of overdraft facilities granted bear interest at 8.35% (2022: 8.10%) per annum and secured by a corporate guarantee by the Company.

(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 (2022: 100 days) with interest rates ranging from 5.46% to 5.94% (2022: 3.44% to 5.58%) per annum. In addition, invoice financing is secured by a corporate guarantee whereby RM9,144,000 (2022: RM4,203,000) is secured by the Company and RM8,767,000 (2022: RM18,890,000) is secured by a subsidiary of the Company.

Notes to the Financial Statements

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 5 January 2024.

The amount recognised in the statement of financial position is determined as follows:

	Group	
	2023 RM'000	2022 RM'000
Present value of unfunded obligations	548	1,218

The total expenses recognised in profit or loss are analysed as follows:

		Group	
	Note	2023 RM'000	2022 RM'000
Current service cost		159	206
Expenses recognised in profit or loss	5	159	206

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	
	2023 RM'000	2022 RM'000
At beginning of year	1,218	1,194
Included in profit or loss		
Current service cost	75	36
Interest cost	84	170
	159	206
Included in other comprehensive income		
Remeasurement (gain)/loss		
Actuarial (gain)/loss arising from:		
- Demographic assumptions	5	-
- Financial assumptions	(176)	-
- Experience adjustments	(620)	-
	(791)	-
Other		
Benefits paid	(38)	(182)
At end of year	548	1,218

Notes to the Financial Statements

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Actuarial assumptions

The principal actuarial assumptions used in respect of the subsidiary's defined benefit plans were as follows (expressed as weighted averages):

	2023 %	2022 %
Discount rate	3.8	2.9 – 3.2
Future salary growth	3.0	6.0

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	2023		2022	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Unfunded defined benefit obligation				
Discount rate (1% movement)	(27)	27	(29)	29
Future salary growth (1% movement)	3	(3)	4	(4)

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.

Notes to the Financial Statements

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity analysis (continued)

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	
	2023 RM'000	2022 RM'000
Less than one year	47	10
Between 1 and 5 years	159	772
Between 5 and 10 years	229	246
	435	1,028

30. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade					
Trade payables	a	374,207	422,989	287,569	337,636
Non-trade					
Amount due to immediate holding company	b	224,073	30,842	224,055	30,824
Amounts due to related companies	c	34,428	26,364	22,026	13,614
Amounts due to an associate	d	1,060	1,678	488	714
Amounts due to subsidiaries	e	-	-	215,754	277,814
Other payables and accruals:					
Unpresented money orders		7,009	6,737	7,009	6,737
Unpresented postal orders	f	949	3,497	949	3,497
Agency payables		24,077	15,877	24,030	15,847
Money order payables		670	1,515	670	1,515
Service payables		56,821	39,407	39,792	23,821
Other accruals	g	238,511	259,357	167,367	171,387
Provision for mutual separation scheme		7,840	5,346	1,686	4,051
Provision for liabilities and claims	h	91	641	-	-
Deposits received		52,640	60,488	45,736	49,998
		648,169	451,749	749,562	599,819
		1,022,376	874,738	1,037,131	937,455

Notes to the Financial Statements

30. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

Included in trade payables of the Group and the Company are amounts due to companies subject to common significant influence of RM2,514,000 (2022: RM1,824,000) and RM523,000 (2022: RM482,000) 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 immediate holding company

Amount due to immediate holding company is unsecured, interest free and repayable on demand, except for RM214,250,000 (2022: RM29,000,000) which is unsecured, bears interest of 6.12% (2022: 5.72%) per annum and repayable on demand.

(c) Amounts due to related companies

Amounts due to related companies are unsecured, interest free and repayable on demand.

(d) Amount due to an associate

The amount due to an associate is unsecured, interest free and repayable on demand.

(e) Amounts due to subsidiaries

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 (2022: RM107,000,000) which is unsecured, bear interest at 5.00% (2022: 4.35%) 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 RM2,660,000 (2022: RM15,807,000) 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 RM10,686,000 (2022: RM11,964,000) and RM30,588,000 (2022: RM20,562,000) 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 RM1,279,000 (2022: RM1,492,000). During the previous 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.

(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 previous financial year, the Group had made reversal of provision for liabilities and claims which amounted to RM5,480,000.

Notes to the Financial Statements

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 logistic solutions by sea, air and land to both national and international destinations, direct entry and transshipment 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.

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 overseas 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. There is no significant concentration of revenue from any customers.

Notes to the Financial Statements

31. OPERATING SEGMENTS (CONTINUED)

2023

	Postal RM'000	Aviation RM'000	Logistics RM'000	Other operations RM'000	Elimination RM'000	Group RM'000
Revenue						
Total external revenue	1,086,113	303,497	312,309	168,828	-	1,870,747
Intersegment revenue	2,575	365	741	39,115	(42,796)	-
Total revenue for reportable segments	1,088,688	303,862	313,050	207,943	(42,796)	1,870,747
Reportable segment results	(163,007)	10,085	(34,757)	38,067	-	(149,612)
Share of results of an associated company	-	-	-	87	-	87
Amortisation of intangible assets	-	(2,652)	-	-	-	(2,652)
Net reversal/(loss) on impairment of financial instruments and contract assets	9,393	(52)	1,179	937	-	11,457
	(153,614)	7,381	(33,578)	39,091	-	(140,720)
Reportable segments assets	1,283,445	383,931	367,930	814,375	(675,595)	2,174,086
Reportable segments liabilities	1,427,591	96,864	325,033	500,689	(675,595)	1,674,582
Other information						
Capital expenditure of property, plant and equipment	10,560	8,945	8,166	1,518	-	29,189
Depreciation of property, plant and equipment	(72,976)	(15,405)	(16,743)	(2,038)	-	(107,162)
Depreciation of right-of-use assets	(41,914)	(9,487)	(8,641)	(422)	-	(60,464)
Amortisation of government grants	1,279	-	-	-	-	1,279
Net fair value gain of other investment	139	-	-	547	-	686
Finance income	1,718	232	13	372	-	2,335
Finance costs	(24,222)	(2,430)	(6,401)	(11,092)	-	(44,145)
Taxation	(1,665)	(6,767)	(958)	(8,534)	-	(17,924)

Notes to the Financial Statements

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 an 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

Notes to the Financial Statements

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").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2023			
Financial assets			
Group			
Contract assets	914	914	-
Other investments	15,198	-	15,198
Derivative financial asset	1,626	-	1,626
Trade and other receivables	733,499	733,499	-
Cash and bank balances	208,589	208,589	-
	959,826	943,002	16,824
Company			
Other investments	611	-	611
Trade and other receivables	469,794	469,794	-
Cash and bank balances	119,433	119,433	-
	589,838	589,227	611
Financial liabilities			
Group			
Loans and borrowings	505,003	505,003	-
Trade and other payables	981,102	981,102	-
	1,486,105	1,486,105	-
Company			
Loans and borrowings	172,000	172,000	-
Trade and other payables	995,857	995,857	-
	1,167,857	1,167,857	-

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

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 bank balances *	194,315	194,315	-
	990,432	945,294	45,138
Company			
Other investments	596	-	596
Trade and other receivables	561,513	561,513	-
Cash and bank balances	97,613	97,613	-
	659,722	659,126	596
Financial liabilities			
Group			
Loans and borrowings	685,254	685,254	-
Trade and other payables *	845,456	845,456	-
	1,530,710	1,530,710	-
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, cash and bank balances and trade and other payables classified as disposal group held for sale of RM2,095,000, RM1,356,000 and RM3,244,000 respectively.

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Financial assets at FVTPL	686	566	7	2
Financial assets at AC	12,836	(9,111)	15,809	10,538
Financial liabilities at AC	(35,337)	(13,361)	(22,869)	(6,151)
	(21,815)	(21,906)	(7,053)	4,389

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.

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Receivables (continued)

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 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.

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 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.

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

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
2023			
Current (not past due)	542,720	(1,027)	541,693
1 - 30 days past due	34,554	(428)	34,126
31 - 120 days past due	11,261	(187)	11,074
121 - 150 days past due	923	(13)	910
More than 150 days past due	18,480	(16,088)	2,392
	607,938	(17,743)	590,195
Credit impaired			
Individually impaired	125,601	(25,689)	99,912
	733,539	(43,432)	690,107
Trade receivables	289,347	(43,432)	245,915
Contract assets	914	-	914
Ar-Rahnu financing	443,278	-	443,278
	733,539	(43,432)	690,107

Notes to the Financial Statements

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
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

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

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
2023			
Current (not past due)	51,939	(307)	51,632
1 - 30 days past due	8,370	(158)	8,212
31 - 120 days past due	1,830	(130)	1,700
121 - 150 days past due	375	(10)	365
More than 150 days past due	77,328	(2,626)	74,702
	139,842	(3,231)	136,611
Credit impaired			
Individually impaired	104,932	(5,940)	98,992
	244,774	(9,171)	235,603

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

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

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 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 2022/1 January 2023	22,408	32,075	54,483
Amounts written off	(2,836)	-	(2,836)
Net remeasurement of loss allowance	(4,405)	(3,847)	(8,252)
Currency translation differences	37	-	37
Balance at 31 December 2023	15,204	28,228	43,432
Company			
Balance at 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 2022/1 January 2023	6,532	11,303	17,835
Amounts written off	(2,457)	-	(2,457)
Net remeasurement of loss allowance	(844)	(5,363)	(6,207)
Balance at 31 December 2023	3,231	5,940	9,171

Financial guarantees

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*.

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.

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM306,177,000 (2022: RM326,190,000) 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 bank balances

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.

Notes to the Financial Statements

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 2023, no impairment loss has been recognised in relation to the amounts due from associates.

Other receivables and deposits

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables and deposits are mainly arising from deposits paid for office buildings, fixtures, motor vehicles 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.

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Amounts due from subsidiaries and related companies

Risk management objectives, policies and processes for managing the risk

The Group and the Company transact with subsidiaries and related companies and monitors the results 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 their carrying amount in the statements of financial position.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider debts from subsidiaries and related companies have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when subsidiary's and related company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries' and related companies' debts when they are payable, the Group and the Company consider these debts to be in default when the subsidiaries and related companies are not able to pay when demanded. The Group and the Company consider subsidiary's and related company's debts to be credit impaired when:

- The subsidiary and related company is unlikely to repay its debts to the Company in full;
- The subsidiary's and related company's debt is overdue for more than 365 days; or
- The subsidiary and related company 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.

The following table provides information about the exposure to credit risk for subsidiaries' debts as at the end of the reporting period.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Low credit risk:				
Gross carrying amount	3,017	-	250,748	280,232
Impairment loss allowances	-	-	(45,834)	(45,834)
Net balance	3,017	-	204,914	234,398

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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
2023						
<i>Non-derivative financial liabilities</i>						
Hire purchase liabilities	1,059	3.08%	1,089	1,089	-	-
Islamic term loans	208,628	4.00% - 5.19%	219,069	102,555	116,514	-
Revolving credits	276,500	5.76% - 6.52%	276,500	276,500	-	-
Invoice financing	17,911	4.65% - 5.94%	17,911	17,911	-	-
Bank overdrafts	905	8.10% - 8.35%	905	905	-	-
Lease liabilities	113,719	5.11% - 7.65%	151,086	47,209	49,318	54,559
Trade and other payables						
- Interest bearing	214,250	6.12%	214,250	214,250	-	-
- Non-interest bearing	766,852	-	766,852	766,852	-	-
	1,599,824		1,647,662	1,427,271	165,832	54,559
2022						
<i>Non-derivative financial liabilities</i>						
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	816,456	-	816,456	816,456	-	-
	1,664,909		1,782,333	1,405,113	329,558	47,662

Notes to the Financial Statements

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
2023						
<i>Non-derivative financial liabilities</i>						
Islamic term loan	172,000	4.96% - 5.19%	180,800	82,324	98,476	-
Lease liabilities	80,700	5.11% - 5.89%	95,295	34,401	38,077	22,817
Amount due to a subsidiary - interest bearing	107,000	5.00%	107,000	107,000	-	-
Trade and other payables						
- Interest bearing	214,250	6.12%	214,250	214,250	-	-
- Non-interest bearing	674,607	-	674,607	674,607	-	-
Financial guarantees	-	-	306,177	306,177	-	-
	1,248,557		1,578,129	1,418,759	136,553	22,817
2022						
<i>Non-derivative financial liabilities</i>						
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	-	-	326,190	326,190	-	-
	1,318,526		1,718,170	1,433,518	267,388	17,264

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.

Notes to the Financial Statements

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	
	2023 RM'000	2022 RM'000
Trade and other receivables	113,464	192,591
Cash and bank balances	28,245	39,725
Trade and other payables	(286,413)	(378,613)
Exposure in the statement of financial position	(144,704)	(146,297)
Company		
Trade and other receivables	126,801	205,295
Cash and bank balances	27,227	39,693
Trade and other payables	(282,986)	(337,819)
Exposure in the statement of financial position	(128,958)	(92,831)

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% (2022: 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	
	2023 RM'000	2022 RM'000
Group	10,998	11,119
Company	9,801	7,055

A 10% (2022: 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.

Notes to the Financial Statements

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 4.43% to 6.25% (2022: 4.35% to 5.63%) per annum and are repayable on demand.

The Company obtains advances from a subsidiary at interest rate of 5.00% (2022: 4.35%) and is repayable on demand.

The Group and the Company obtain advances from immediate holding company at interest rate of 6.12% (2022: 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	38,408	29,516	21,490	9,756
Financial liabilities				
Hire purchase liabilities	(1,059)	(2,124)	-	-
Islamic term loans	(36,628)	(52,525)	-	-
Lease liabilities	(113,719)	(136,199)	(80,700)	(93,848)
	(112,998)	(161,332)	(59,210)	(84,092)

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 Market risk (continued)

32.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Financial assets				
Amounts due from subsidiaries	-	-	169,329	159,199
Financial liabilities				
Bank overdrafts	(905)	(962)	-	-
Invoice financing	(17,911)	(23,093)	-	-
Revolving credits	(276,500)	(286,800)	-	-
Islamic term loans	(172,000)	(319,750)	(172,000)	(319,750)
Amount due to a subsidiary	-	-	(107,000)	(107,000)
Amount due to a holding company	(214,250)	(29,000)	(214,250)	(29,000)
	(681,566)	(659,605)	(323,921)	(296,551)

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	
	2023	2022
	RM'000	RM'000
Group		
Floating rate instruments	5,180	5,013
Company		
Floating rate instruments	2,462	2,254

Notes to the Financial Statements

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 bank balances, 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.

Group 2023	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	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		
Financial assets										
Other investments	8,475	-	6,723	15,198	-	-	-	-	15,198	15,198
Derivative financial asset	-	-	1,626	1,626	-	-	-	-	1,626	1,626
	8,475	-	8,349	16,824	-	-	-	-	16,824	16,824
Financial liabilities										
Islamic term loans	-	-	-	-	-	-	203,360	203,360	203,360	208,628
Hire purchase liabilities	-	-	-	-	-	-	1,072	1,072	1,072	1,059
	-	-	-	-	-	-	204,432	204,432	204,432	209,687

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Fair value information (continued)

Group 2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000	
	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			
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	43,138	-	-	-	-	43,138	43,138	
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	
Company 2023	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000	
	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			
Financial assets											
Other investments	611	-	-	611	-	-	-	-	611	611	
Financial liabilities											
Islamic term loan	-	-	-	-	-	-	170,566	170,566	170,566	172,000	
2022											
Financial assets											
Other investments	596	-	-	596	-	-	-	-	596	596	
Financial liabilities											
Islamic term loan	-	-	-	-	-	-	316,752	316,752	316,752	319,750	

Notes to the Financial Statements

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Fair value information (continued)

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 (2022: no transfer in either directions).

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.

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 value of unquoted shares is based on market comparison technique
Derivative financial asset	The 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

32.8 Material accounting policy information

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

Notes to the Financial Statements

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	
	2023 RM'000	2022 RM'000
Total borrowings (Note 28)	505,003	685,254
Less: Cash and cash equivalents (net of pledged deposits, restricted cash and collections on behalf of agency payables and money order payables) (Note 24)	(159,788)	(168,973)
Less: Fund investments (Note 18)	(8,475)	(36,789)
Net debt	336,740	479,492
Total equity	499,504	646,259
Debt-to-equity ratio	0.67	0.74

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment				
Contracted but not provided for	13,249	5,270	6,201	2,939

35. MATERIAL LITIGATION

In the previous financial 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. However, the plaintiff filed for an appeal. The hearing is fixed in July 2024.

36. CONTINGENT LIABILITIES

(a) In the previous financial year, the flood incidents 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 adequately covered by insurance and the Group has submitted full claim to the insurance company.

During the financial year, the claims have been finalised by the insurance company and no further provision is required to be provided for.

Notes to the Financial Statements

36. CONTINGENT LIABILITIES (CONTINUED)

- (b) During the financial year, a subsidiary of the Group encountered a maritime incident involving its vessel's collision with another party's vessel. Based on preliminary assessment, the third-party claim for collision is covered by insurance whilst the excess has been adequately provided for. This matter is currently pending for the assessment of the insurance company.

The cost of repair of the Group's vessel has also been sufficiently provided for during the financial year.

Hence, the Directors are of the opinion that no further provision on the claims is required in respect of the matters as it is not probable that further future outflow of economic benefits will be required.

37. RELATED PARTIES

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 (Refer to 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Transactions				
A. Immediate holding company				
Sales of services	54	78	54	78
B. Subsidiaries				
Sales of services	-	-	40,448	53,491
Rental income	-	-	1,796	1,749
Purchase of services	-	-	(9,459)	(14,824)
Finance income	-	-	8,437	3,498
Rental expense *	-	-	(8,257)	(7,723)
C. Related companies				
Sales of services	132,243	162,096	6,638	6,967
Rental income	10	97	10	97
Purchase of services	(11,453)	(38,537)	(8,457)	(37,809)
Payment of lease liabilities	(14,056)	(20,291)	(13,653)	(19,794)
D. Associates				
Sales of services	5,364	3,999	-	83
Transportation cost	(88,867)	(100,747)	(88,846)	(100,676)
E. Companies subject to common significant influence				
Sales of services	42,266	41,066	1,930	1,726
Purchase of services	(14,575)	(16,271)	(3,704)	(8,646)
Rental expense *	(289)	(670)	(93)	(148)

* relates to short-term leases and low-value assets

Notes to the Financial Statements

37. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Balances				
Related companies				
Lease liabilities	9,181	16,836	8,737	16,153

38. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Dilution of shareholding in Pos Aviation Engineering Services Sdn. Bhd. ("PAESSB")

During the financial year, Pos Aviation Sdn. Bhd. ("PASB"), a wholly-owned subsidiary company of the Group, completed the proposed divestment of its 49% equity interest in PAESSB to SIA Engineering Company Limited ("SIA") with a final cash consideration of RM4,000,000. As a result, PASB's equity interest in PAESSB reduced to 51%.

Subsequently, PASB and SIA subscribed for additional ordinary shares in PAESSB at RM1 per ordinary share amounting to RM6,630,000 and RM6,370,000 respectively. The subscription for the additional shares was completed before the end of the financial year ended 31 December 2023.

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 158 to 244 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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:

.....
Tan Sri Syed Faisal Albar bin Syed A.R Albar
Director

.....
Roshidah binti Abdullah
Director

Kuala Lumpur

Date: 3 April 2024

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, PeerMohamed bin Ibrahim, 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 158 to 244 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 Ibrahim, NRIC: 651110-07-5679, MIA CA 7463, at Kuala Lumpur on 3 April 2024.

.....
PeerMohamed bin Ibrahim

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 2023 of the Group and of the Company, and the statements of 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 material accounting policy information, as set out on pages 158 to 244.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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.

Independent Auditors' Report

to the Members of Pos Malaysia Berhad

(Registration No. 199101019653 (229990-M)) (Incorporated in Malaysia)

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
<p>The Group has significant goodwill and intangible assets balances amounting to RM57,778,000 and RM64,592,000 respectively.</p> <p>The Group performs annual goodwill impairment assessment by comparing the aggregated carrying amount of the allocated goodwill of each cash-generating unit ("CGU") against the respective discounted cash flow projections to determine the amount of impairment loss which should be recognised, if any.</p> <p>We identified the potential impairment of goodwill and intangible assets as a key audit matter due to the following factors:</p> <ul style="list-style-type: none"> - 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. 	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • 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.

Independent Auditors' Report

to the Members of Pos Malaysia Berhad

(Registration No. 199101019653 (229990-M)) (Incorporated in Malaysia)

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
<p>The Group and the Company have significant property, plant and equipment and right-of-use assets amounting to RM963,039,000 and RM379,849,000 respectively.</p> <p>The Group and the Company perform 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.</p> <p>We identified the potential impairment of property, plant and equipment and right-of-use assets as a key audit matter due to the following factors:</p> <ul style="list-style-type: none"> - 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. 	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • 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 challenged the impairment model and assessed the significant assumptions used by the Group and the Company such as market price of property in vicinity compared and market value of comparable motor vehicles (considering the model, year of manufacturing and specification) to derive the fair value less cost of disposal; • We evaluated the competency, independence and qualification of the professional valuers used in determining fair value of properties; • 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.

Independent Auditors' Report

to the Members of Pos Malaysia Berhad

(Registration No. 199101019653 (229990-M)) (Incorporated in Malaysia)

Key Audit Matters (continued)

Group and Company level Going concern basis of measurement Refer to Note 1(b) to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Group and the Company incurred net losses of RM158,644,000 and RM136,573,000 respectively during the financial year ended 31 December 2023, and as of that date, the current liabilities of the Group and of the Company exceeded their current assets by RM464,688,000 and RM531,337,000 respectively.</p> <p>Notwithstanding the above conditions, management has assessed that the use of the going concern assumption is appropriate as:</p> <ul style="list-style-type: none"> - the Group and the Company would be able to generate sufficient operating cash flows from their operation; - the Group and the Company have available credit facilities to meet the Group's and the Company's operational and financial needs; and - the Group and the Company will be obtaining financial support from a key stakeholder to manage the cash flows requirements of the Group and the Company. <p>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 and the financial ability of key stakeholder that will be providing financial support to the Group and the Company.</p>	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • We evaluated the Group's and the Company's assessment of their ability to continue as going concern by performing an analysis of the cash flow forecasts 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 the stakeholder are able to provide financial support to the Group and the Company; and • We considered the adequacy of the disclosures made in the financial statements in relation to the Group's and the Company'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.

Independent Auditors' Report

to the Members of Pos Malaysia Berhad

(Registration No. 199101019653 (229990-M)) (Incorporated in Malaysia)

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
<p>The Company has significant investments in subsidiaries amounting to RM505,780,000.</p> <p>We identified the potential impairment of investments in subsidiaries as a key audit matter due to the following factors:</p> <ul style="list-style-type: none"> - 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. 	<p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • 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.

Independent Auditors' Report

to the Members of Pos Malaysia Berhad

(Registration No. 199101019653 (229990-M)) (Incorporated in Malaysia)

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.

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.

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 (continued)

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

Petaling Jaya, Selangor

Date: 3 April 2024

Tai Yoon Foo
Approval Number 02948/05/2024 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

As at 27 March 2024

Total number of issued shares : 782,776,836 ordinary shares and one 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 : 24,132

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

No.	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.	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	-	-	418,748,150 [#]	53.49
4.	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

Holdings	No. of Holders	%	No. of Shares	%
1 to 99	4,797	19.88	179,317	0.02
100 to 1,000	6,607	27.38	4,117,866	0.53
1,001 to 10,000	9,157	37.95	40,895,643	5.22
10,001 to 100,000	3,198	13.25	98,571,957	12.59
100,001 to 39,138,840 (Less than 5% of issued shares)	371	1.54	220,263,903	28.14
39,138,842 and above (5% and above of issued shares)	2	Negligible	418,748,150	53.50
Total	24,132	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	245,750,751	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)	31,038,500	3.97
4.	SHANTI KUMARI PATHMANATHAN	9,792,600	1.25
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHENG MOOI SOONG	8,552,100	1.09

Analysis of Shareholdings as at 27 March 2024

No.	Name of Shareholders	No. of Shares	%
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,470,501	0.83
7.	MAYBANK NOMINEES (ASING) SDN BHD EXEMPT AN FOR KENSINGTON TRUST LABUAN (AMAT CLASS-H)	6,000,000	0.77
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK CHIN SIANG	5,943,000	0.76
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (8041850)	4,864,900	0.62
10.	SHIRIN DEVI PATHMANATHAN	4,650,600	0.59
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (8061712)	4,529,900	0.58
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELINA SHARMALAR SOLOMON (8112136)	3,995,300	0.51
13.	LIM BOON LIAT	3,500,000	0.45
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HELINA SHANTI SOLOMON (7001761)	3,357,600	0.43
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	3,052,799	0.39
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT	3,050,100	0.39
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (E-SS2)	2,970,200	0.38
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEAH HUEY MEI	2,911,000	0.37
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ABDUL GHANI BIN ABDULLAH (PB)	2,800,000	0.36
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (E-SS2)	2,567,500	0.33
21.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (MY1091)	2,437,500	0.31
22.	JAROD CHOO CHEE CHEONG	2,204,100	0.28
23.	DEVA DASSAN SOLOMON	2,174,825	0.28
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TENG LUNG CHAI	2,146,200	0.27
25.	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (M)	2,106,000	0.27
26.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND J724 FOR SPDR PORTFOLIO EMERGING MARKETS ETF	2,074,100	0.26
27.	ZHUO YUE	2,000,000	0.26
28.	LEE JUN KIN	1,892,700	0.24
29.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,795,814	0.23
30.	LIM CHIN SEAN	1,794,600	0.23
	Total	549,420,589	70.19

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY AND ITS RELATED CORPORATION (Based on the Register of Directors' Shareholdings)

As at 27 March 2024, none of the Directors in office held any interest in shares in the Company and its related companies.

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 2023 (RM)	Date of Revaluation
1.	International Airport	Southern Support Zone, KL International Airport, 64000 Sepang, Selangor	Pos Aviation Sdn. Bhd. (Concessionaire)	189,550	67,607	73,161,612	-
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	N/A	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	44,620,462	-
4.	Pelabuhan Klang	HS(D) 116399, PT225, Town of Sultan Sulaiman, District of Klang, State of Selangor	Pos Logistics Berhad	135,257	7,526	42,780,383	-
5.	Greentown, Ipoh	PN 153721, Lot No. 2351N, Town of Ipoh (N), District of Kinta, State of Perak PN 155068, Lot 2436N, Town of Ipoh (N), District of Kinta, State of Perak PN 155069, Lot 2437N, Town of Ipoh (N), District of Kinta, State of Perak PN 155073, Lot No. 2740N, Town of Ipoh (N), District of Kinta, State of Perak PN 4738, Lot 31448, Town of Ipoh (S), District of Kinta, State of Perak GRN 55283, Lot 31449, Town of Ipoh (N), District of Kinta, State of Perak PN 153337, Lot 35120, Town of Ipoh (N), District of Kinta, State of Perak	Effivation Sdn. Bhd.	1,500 1,310 1,424 1,507 2,722 3,010 2,228	N/A	21,050,000	1.11.2023

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 2023 (RM)	Date of Revaluation
6.	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	17,464,293	-
7.	KLIA	HS (D) 7443, PT27, Town of Lapangan Terbang Antarabangsa Sepang, District of Sepang, State of Selangor	Pos Malaysia (Concessionaire)	36,950	18,729	13,710,768	-
8.	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	10,159,837	-
9.	Cyberjaya	Parent Title GRN 339485, Lot No. 111284, Bandar Cyberjaya, District of Sepang, State of Selangor	Pos Digicert Sdn. Bhd.	N/A	17,999	9,715,459	-
10.	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	9,125,640	-

NOTICE OF 32ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 32nd 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://investor.boardroomlimited.com> on Friday, 24 May 2024 at 10.00 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 2023, together with the Reports of the Directors and Auditors thereon.
(Please refer to Note A)
2. To re-elect the following Directors, who retire in accordance with Article 111(2) of the Company's Constitution and who being eligible, offer themselves for re-election:

(a) Sabarina Laila binti Mohd Hashim	<i>(Resolution 1)</i>
(b) Roshidah binti Abdullah	<i>(Resolution 2)</i>

(Please refer to Note B)
3. 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) Dato' Dr. Mohd Ali bin Mohamad Nor	<i>(Resolution 3)</i>
(b) Dato' Jezilee bin Mohamad Ramli	<i>(Resolution 4)</i>
(c) Dato' Mohamed Sharil bin Mohamed Tarmizi	<i>(Resolution 5)</i>

(Please refer to Note C)
4. To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM965,000.00 from 25 May 2024 until the next AGM of the Company.
(Please refer to Note D) *(Resolution 6)*
5. 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 2024 until the next AGM of the Company.
(Please refer to Note E) *(Resolution 7)*
6. 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 F) *(Resolution 8)*

Notice of 32nd Annual General Meeting

Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

7. **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 9)*

"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 2024, 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 G)

8. 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 2024

Notice of 32nd Annual General Meeting

NOTES:

1. Virtual 32nd AGM

- 1.1 The virtual 32nd AGM of the Company will be conducted online. Shareholders/proxy(ies) can attend, participate and vote remotely at the 32nd 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 32nd AGM shall be deposited or submitted in the following manner not less than 48 hours before the time for holding the 32nd AGM or no later than Wednesday, 22 May 2024 at 10.00 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 <https://investor.boardroomlimited.com>, 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 32nd 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 32nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2024. Only a depositor whose name appears therein shall be entitled to attend the 32nd AGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

Notice of 32nd Annual General Meeting

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 and C – Re-election of Directors (Resolutions 1, 2, 3, 4 and 5)

The Directors, who are subject to re-election at the 32nd AGM of the Company, are as follows:

(a) Article 111(2) – Retirement by casual vacancy

- (i) Sabarina Laila binti Mohd Hashim
- (ii) Roshidah binti Abdullah

Article 111(2) of the Company's Constitution provides that any newly appointed Director shall hold office only until the next AGM and shall then be eligible for re-election.

(b) Article 116 – Retirement by rotation

- (i) Dato' Dr. Mohd Ali bin Mohamad Nor
- (ii) Dato' Jezilee bin Mohamad Ramli
- (iii) Dato' Mohamed Sharil bin Mohamed Tarmizi

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 32nd 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, the nature and extent of any conflict of interest or potential conflict of interest, demonstrated independence and 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 also 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 111(2) of the Company's Constitution, namely Sabarina Laila binti Mohd Hashim and Roshidah binti Abdullah and Article 116 of the Company's Constitution, namely Dato' Dr. Mohd Ali bin Mohamad Nor, Dato' Jezilee bin Mohamad Ramli and Dato' Mohamed Sharil bin Mohamed Tarmizi, 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 32nd 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 57 to 61 of the Annual Report 2023.

Notice of 32nd Annual General Meeting

3. Explanatory Note D and E – Directors’ Fees and Benefits (Resolutions 6 and 7)

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 (“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 32nd AGM on the Directors’ fees and benefits payable with effect from 25 May 2024 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	RM8,000	RM6,000
Board Risk, Sustainability and Compliance Committee		
Board Tender Committee		
Board Digital - First Committee		

(b) Directors’ Benefits – Meeting allowance:

Type of Meeting	Meeting Allowance per Meeting (for Chairman and Members)
Board	RM1,000
BNRC	
Board Risk, Sustainability and Compliance Committee	
Board Tender Committee	
Board Digital - First Committee	
General Meeting	RM2,500
Board Audit Committee	

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 2024 to the next AGM in 2025, 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, 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 6 and 7, 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.

Notice of 32nd Annual General Meeting

4. Explanatory Note F – Re-appointment of Auditors (Resolution 8)

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 G – Proposed Shareholders' Mandate (Resolution 9)

The proposed Ordinary Resolution 9, 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 2024, 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 32nd AGM of the Company.

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PROXY FORM

32nd Annual General Meeting



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 32nd 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://investor.boardroomlimited.com> on Friday, 24 May 2024 at 10.00 a.m. and at any adjournment thereof, on the following resolutions as set out in the Notice of the 32nd AGM. My/our proxy is to vote as indicated below:

No.	ORDINARY RESOLUTION	For	Against
1.	Re-election of Sabarina Laila binti Mohd Hashim as Director		
2.	Re-election of Roshidah binti Abdullah as Director		
3.	Re-election of Dato' Dr. Mohd Ali bin Mohamad Nor as Director		
4.	Re-election of Dato' Jezilee bin Mohamad Ramli as Director		
5.	Re-election of Dato' Mohamed Sharil bin Mohamed Tarmizi as Director		
6.	Approval of Directors' fees from 25 May 2024 until the next AGM		
7.	Approval of Directors' benefits (excluding Directors' fees) from 25 May 2024 until the next AGM		
8.	Re-appointment of KPMG PLT as Auditors		
9.	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 _____ 2024

Signature(s)/Common Seal of Shareholder

NOTES:

- 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.
- 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.
- 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.
- 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 32nd AGM shall be deposited or submitted in the following manner not less than 48 hours before the time for holding the 32nd AGM or no later than Wednesday, 22 May 2024 at 10.00 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 <https://investor.boardroomlimited.com>, 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 32nd AGM – Lodgement of Proxy Form.

- (f) For the purpose of determining a member who shall be entitled to attend the 32nd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 16 May 2024. Only a depositor whose name appears therein shall be entitled to attend the 32nd AGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

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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

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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 32nd 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 32nd 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)

POS MALAYSIA BERHAD

199101019653 (229990-M)

Level 8, Pos Malaysia Headquarters,
Dayabumi Complex, 50670 Kuala Lumpur

Tel: +603 2267 2267

www.pos.com.my