

No.	Questions	Answers from the Directors/Management
1	What is the update on tariff rebalancing and the expected financial impact?	<ol style="list-style-type: none"> 1. Tariff rebalancing is crucial and has been implemented on 1 February 2020 and is expected to contribute additional revenue of RM10 million to RM15 million monthly. 2. The revision allows Pos Malaysia to better support the costs of serving over nine (9) million addresses nationwide under the Universal Service Obligation (USO). The timely postage rate revision is imperative, as it allows Pos Malaysia to mitigate the rising cost of operations and inflation, as it continues to invest in service enhancements. 3. Key components of the tariff rebalancing include: - <ul style="list-style-type: none"> • Deregulation of parcels, small packets, periodicals, transmission in bulk, locked bags, money order and postal orders; and • Increased in rates for international mail, international and domestics registered mail and international postcard.
2	Why did we group Postal Services, Courier and International as one segment this year?	<ol style="list-style-type: none"> 1. Within Pos Malaysia organisation, there is no head of division for postal service, courier and international, instead senior management of POS are being assigned on a functional basis. 2. Each of the Operational Group Heads looks after their divisions which cover all the products within POS regardless of postal service, courier and international. 3. All these Operational Group Heads report to the Chief Executive Officer (CEO) in totality and there is no separation between

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		<p>postal services, courier and international products where resources are being allocated to the respective products.</p> <p>4. Despite the three (3) main product lines being offered by POS, the operating costs are not maintained and monitored based on individual products, instead, they are being monitored on a collective basis.</p> <p>5. The Group Heads are mostly responsible on a functional basis while the Group Head Operations is the main senior personnel that monitors the operating costs collectively instead of on an individual basis for efficiency purposes.</p> <p>This alignment is in line with Pos Refresh, to ensure that Pos Malaysia splits the conventional silo organisational framework and puts all the strength of Pos Malaysia together.</p>
3	What is the goodwill amount remaining, after impairment in Financial Year Ended ("FYE") December 2019?	<p>The goodwill amount remaining was RM185 million for the Financial Period Ended ("FPE") December 2019 compared to RM279 million in FYE March 2019.</p> <p>This goodwill is allocated to each cash-generating unit with RM153 million to Aviation, RM23 million to Logistics, RM5 million to Digital Certificate and RM4 million to Courier.</p>
4	What were the reasons for the financial loss in FYE December 2019?	<p>51% of the loss in the FPE December 2019 are contributed by the impairment of goodwill of RM94 million and additional provision for aircraft redelivery of RM29 million. Other factors include the lower revenue from postal due to decline in traditional Mail and Courier as a result of the malware attack in October 2019 and the overall decline in consumer spending.</p> <p>On top of that, the revenue from Aviation business was lower due to</p>

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		lower cargo handled. Despite the drop in revenue, the cost remains flat as most of the costs are fixed. Finance cost increased due to higher loan withdrawal during the period.
5	What was the impact of Covid-19 to your operations?	<ol style="list-style-type: none"> 1. Courier daily volume in Apr 2020 was at 590k, a 70% increase compared to Mar 2020. We expect this trend to continue as more consumers adopt online shopping as the new norm. 2. For Postal services the recent reopening of businesses, primarily bulk mail operators and higher footfall into Pos Malaysia outlets, are expected to provide some improvements to the group's mail and retail business. 3. April 2020 saw signs of recovery with transshipment revenue increasing by 84% compared to March 2020, due to the resumption of businesses in China. We expect situations improve going forward as more countries lift the Covid-19 related restrictions. 4. Aviation segment suffered greatly due to disruption on passenger movements and inflight meal production. However, cargo handling is expected to be resilient. 5. Logistics segment negatively impacted by the Covid-19, with subdued demand from customers affected by the restricted movement order imposed by the Government. 6. Other subsidiaries such as Datapos, Pos Digicert and Pos ArRahnu were not directly impacted by Covid-19.
6	What are your initiatives to improve delivery's service level?	There was a challenging moment in the delivery service level due to the increased number of parcels. Therefore, we are focusing on three (3) particular items to improve the delivery service level, as

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		<p>follows:</p> <ol style="list-style-type: none"> <li data-bbox="1167 336 2065 603">1. In improving the mid-mile efficiency, we have deployed semi-automated parcel processing systems in over 20 distribution centres. It helps to reduce the number of man-hours as well as increase the speed and capacity on parcel processing. Moving forward, we will extend our automation journey by introducing more regional automated processing centres for courier operations across the country, which is expected to increase the parcel processing capacity and speed. <li data-bbox="1167 639 2065 938">2. On the last mile delivery, our greatest challenge was sending items from Peninsular to Sabah and Sarawak following the reduction in the number of flight to Sabah and Sarawak due to Covid-19. Therefore, to support the higher capacity for the last mile delivery, especially in Sabah and Sarawak, our current delivery team will be complemented by a new crowdsourcing programme known as Pos Rider, which aims at scaling up more delivery riders during peak periods, which was successfully piloted in 2019. <li data-bbox="1167 975 2065 1107">3. Additionally, we have also expanded our retail touchpoints via collaboration with major partners and convenience store chains. Apart from that, we will be engaging into mobile touchpoint for the transactions with postmen instead of at the counter services.
7	What are your plans on digitalisation post-Covid-19?	<p>Digitalisation underpins the Transformation Plan of Pos Malaysia and we are in the midst of implementing the digitalisation across the value and supply chain of the Company.</p> <p>By having digitalisation, it will bring cost-efficiency into Pos Malaysia's operations. The plans on digitalisation were as follows:</p>

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		<ol style="list-style-type: none"> 1. Replacing the Track & Trace System which has been used for the last 15 years into a new system that allows room for expansion. The new system should be completed by the end of 2020. 2. Robotic Process Automation (RPA) – a scaled-process standardisation that accelerates the processing of back-office work and streamlining the processing internally across the board. 3. AskPos ChatBot and Live Chat - web-based real-time customer support features that offer customers with new interaction, which reduce contact centre operations cost. 4. Cashless Payment, through Pos Automated Machines (PAM) - accept bill settlements via Touch 'n Go, Boost and Maybank QRPay eWallets. 5. Pos Malaysia has launched Pos Laju SendParcel, which will allow 24/7 access and fast order placement, for customers to enjoy the best parcel rates, free pick-up service and automated email notifications for visibility and tracking purposes. 6. Pos Malaysia's Mobile App is refreshed with new functions such as Track and Trace, location finder, eConsignment note generator, bill payment and selected SendParcel features.
8	How does the Board of Directors ("Board") decide the Directors' remuneration package of the Company?	The Directors' fees structure of the Company is benchmarked against other Public Listed Companies. The Company has not revised the Directors' fees since 2012. The last revision in the Directors' fees was approved by the Shareholders at the 20th AGM of the Company held on 9 August 2012 and the remuneration

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		<p>structure has remained unchanged.</p> <p>In determining the estimated total amount of Directors' benefits, 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 the Directors.</p> <p>On average, Pos Malaysia's Directors' remuneration is among the lowest compared to the others.</p> <p>The Board is focusing on transforming and bringing success to the Company.</p>
9	<p>Since Pos Malaysia did not make any profit for last four (4) Quarters, does the top Management volunteer to implement salary cut such as the Board, CEO, Chief Financial Officer (CFO) and others. However, there should be no salary cut for the frontliners.</p>	<p>We are looking into various initiatives to increase the benefit/wealth of the frontliners, such as the Entrepreneurship Programme, which offers a commission-based incentive. Under this programme, the remuneration packages of the frontliners have increased by three to four-fold and simultaneously it also improves the bottom line of the Company.</p> <p>As a gesture of solidarity, the Board and the Senior Management team have volunteered to take a cut on their remuneration payment during this critical situation. However, the above gesture undertaken by the Board and the Senior Management would not have much impact on the bottom line of the Company. Therefore, the Management would continue to take more prudent approaches or introduce initiatives to manage and reduce the operational costs, to further improve the bottom line of the Company.</p>