



CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS (“BOARD”) OF POH KONG HOLDINGS BERHAD (“PKHB” OR “THE COMPANY” OR “POH KONG”), I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”) FOR THE FINANCIAL YEAR ENDED 31 JULY 2024 (FYE 2024)

My colleagues, friends and family who know me well, understand that I am generally cautious in my approach and circumspect in my views. Who would have thought that post-pandemic, PKHB's performance would dramatically morph from cautiously optimistic to one that can only be described as excellent. I am therefore delighted to roll out good news to all our stakeholders. From the onset PKHB has focussed on delivering excellence. In our products, in our designs, in our services and most importantly in our corporate ethics. Overarchingly, we aspire to shape the future of Malaysia's precious metals industry through innovation, expertise and our values. The beneficiaries of all our efforts are our stakeholders.



CHAIRMAN'S STATEMENT



THE YEAR IN REVIEW

During the year, shares in gold-related counters surged. Investor demand soared across the broader metals market amid increasing optimism that the US will cut interest rates this year.



Financial experts have predicted that we will see a benchmark policy rate within the 4.50%-4.75% range by the end of 2024. The price of gold has hit several new record highs so far this year. Beginning March 2024, the price of gold climbed to \$2,160 per troy ounce. Gold's value has achieved a few more milestones since that point, including another all-time high of \$2,472.46 per ounce in August with the price of gold at \$2,441 per ounce. This is up USD 500 per ounce compared to the previous year.

PKHB led the gainers among local gold-related counters as it jumped by as much as 12.5% to RM1.33, its highest since August 7, 2020. Poh Kong shares were at RM1.29, up 7.5%, giving it a market capitalisation of RM529.4 million. Year to date (YTD), Poh Kong has climbed 49.13%.

Bearing in mind market corrections and global uncertainties, we are poised to maintain our leadership position not just as Malaysia's largest jewellery retail chain owner but as a corporate entity that has all the fundamentals for an optimistic operating outlook ahead.

PKHB turned in a creditable overall performance leading to higher revenues of 36.5% to RM519.6 million in 3QFY2024 from RM380.7 million in the previous corresponding quarter, mainly due to increased demand for gold jewellery and gold investment products. Our overall performance was enhanced by the uptrend in gold prices. Earnings per share grew to 11.61 sen from 7.66 sen.

Poh Kong's inventories expanded to RM863.07 million as of the end of April compared with RM755.15 million nine-month ago.

Going forward, Poh Kong is expected to benefit from stronger and more dynamic trade activities, which are anticipated to translate into greater demand for gold and gold products.

I have always maintained that an optimistic outlook must take cognisance of market corrections and global uncertainties. The group will continuously monitor the impact of the current uncertainties on our operations, uphold and honour our financial obligations, and evaluate our performance on a continuous basis.

REVENUE ROSE

For the nine-month period (9MFY2024), Poh Kong's net profit rose 30.4% year-on-year (y-o-y) to RM94.9 million from RM72.8 million, as revenue increased 12.5% y-o-y to RM1.3 billion from RM1.15 billion.





CHAIRMAN'S STATEMENT (CONT'D)

THE POH KONG X-FACTOR

What distinguishes Poh Kong from its competition? Beyond the margins of enviable products and services is the Poh Kong presence. The magnitude and impact of the brand is deeply embedded in the psyche of loyal Poh Kong customers. It is not unusual for us to serve the needs of three and sometimes four generations of Poh Kong customers. I am very proud to be personally in touch with an intergenerational following of clients and customers many of whom have come to rely on the integrity of our products and are with us for the long term.

While some businesses set themselves apart by their image either as part of a differentiation avenue or as a separate strategic path, our point of differentiation is straightforward. It is our high levels of service, superior product quality and the consistent profitability of the company, even during the most challenging of economic circumstances.

I am pleased that the efficacy of our informal mentor-mentee relationships has improved the quality of our people and made experiential learning an organisational reality.

We keep open active lines of communication and remain flexible in the way we approach our business. I believe this has enabled us to bring out the best in all our people from senior management to our front liners.

Poh Kong Holdings Bhd's net profit for financial year ended July 31, 2024 (FY24) was RM116.92 million from RM78.44 million a year prior. Earnings per share was 28.49 sen from 19.12 sen in 2023.



FINANCIAL PERFORMANCE

Poh Kong Holdings Bhd's net profit for financial year ended July 31, 2024 (FY24) was RM116.92 million from RM78.44 million a year prior. Earnings per share was 28.49 sen from 19.12 sen in 2023.

Revenue was higher at RM1.64 billion compared with RM1.47 billion last year. And gold jewellery demand remained viable.

As a Group we continuously monitor the impact of current uncertainties of our operations, uphold and honour our financial obligations and evaluate our performance.

However, external factors are largely beyond our control. Barring unforeseen circumstances, the Board of Directors is confident that the Group has put in place adequate measures to ensure that PKHB remains financial strong and resilient.

As at 8 November 2024, PKHB's share price closed at RM1.02, valuing the group at RM418.56 million.



CHAIRMAN'S STATEMENT (CONT'D)



DIVIDEND

The Board of Directors recommend a final single tier dividend of 3 sen per ordinary share in respect of FYE 2024 for shareholders' approval at the forthcoming Annual General Meeting.

SUSTAINABILITY STATEMENT

The Group's economic, environmental and social performance during the reporting period is presented in accordance with the Sustainability Reporting Guidelines and Enhanced Reporting Framework issued by Bursa

Malaysia and the United Nation's Sustainable Development Goals set out in our comprehensive Sustainability Statement.

BUSINESS PROSPECTS

PKHB's strategy is one that is performance-driven based on five pillars- good governance, safety and sustainability, people and culture, operational excellence, and maximising value.

I have long avoided 'chest thumping'. However, let us look at how we stand when assessed by third-parties. Their endorsement of Poh Kong and appraisal of our performance makes us a front runner. Simply Wall St says "The most you can lose on any stock (assuming you don't use leverage) is 100% of your money. But on the bright side, if you buy shares in a high-quality company at the right price, you can gain well over 100%. For instance, the

price of Poh Kong Holdings Berhad (stock is up an impressive 115% over the last five years. On top of that, the share price is up 19% in about a quarter" (KLSE PohKong).

We know that PKHB's earnings have been growing at an average annual rate of 49 percent, contrary to the Luxury industry which saw earnings declining at 9.7 percent annually. Revenues have been growing at an average rate of 11.65 percent per year. Recent past performance shows that in FYE2024 earnings released (EPS) were RM0.28 (versus RM0.19 in FYE2023). Price-to-Earnings vs Peers declared Poh Kong as good value based on its Price-to-Earnings Ratio (4.7X) compared to the peer average of (12.1 X).

GDP in Malaysia is expected to reach 418.83 USD Billion by the end of 2024, according to Trading Economics, global macro models and analysts' expectations. In the long-term, the Malaysian GDP is projected to trend around 440.19 USD Billion in 2025 and 462.64 USD Billion in 2026, according to econometric models.

Additionally, the current outlook gives us every reason to ramp up our marketing and promotion efforts and 'strike when the iron is hot'.



CHAIRMAN'S STATEMENT (CONT'D)

Since time immemorial gold has been recognised as the only true storehouse of value and riches. As a result, families buy more gold as their financial situation improves. In 2024, research revealed that female investors have increased significantly.

An interesting trend observed is that the number of financial advisors, coaching websites, influencers, online communities and podcasts specifically addressing female investors has also increased significantly. Some countries reported a rise of 67 per cent in female investors in just one year. This is not surprising. Gold has been rated as a safe and a value-enhancing investment.

The recent upward price trajectory has also helped spur renewed interest in investing in gold. The higher price will enhance PKHB's profit margin. We do not see a direct impact of inflation on our performance.

On 18 October 2024, Prime Minister Datuk Seri Anwar Ibrahim tabled the third MADANI Budget 2025, highlighting five important aspects. These were focused on implementing reforms more decisively, eliminating bureaucratic red tape, increasing wages and income, and addressing cost of living issues. These focus areas were strung thematically together as the clarion call of the MADANI government. "Reinvigorating The Economy, Driving Reforms, And Prospering The Rakyat".

PKHB applauds the Government for taking decisive measures to stabilise and indeed increase household income and the well-being of the people. Under Budget 2025, "Prospering the Rakyat" is a strategic tenet that underpins all public policy and programme interventions. The increase in effective demand as a result of these socio-economic responses works in favour of PKHB. With increased household incomes, demand for Gold and Gold products is expected to increase. The aspirational aims of people for long-term stable investments to hedge against inflation and deflation is well known.

Against this backdrop we have The International Monetary Fund (IMF) forecast with regards Malaysia's economic growth. It is expected that Malaysia's economy will remain resilient this year and through 2025. Increased consumer spending will fuel this growth, driven by withdrawals from the Employees Provident Fund's (EPF) Akaun Fleksibel and heightened government expenditure. PKHB is encouraged by this trend.

**Under Budget 2025,
"Prospering the Rakyat" is a
strategic tenet that underpins
all public policy and
programme interventions. The
increase in effective demand
as a result of these socio-
economic responses works in
favour of PKHB.**

However, despite this rosy economic skyline, we are cautioned by experts that challenges remain as global economic headwinds are expected to persist, influenced by US economic performance and interest rates, as well as regional issues, particularly the pace of growth in China.

Malaysia is gearing up to take full advantage of the current strong economic momentum to carry over into the second half of 2024 and 2025. Published on 18 September 2024, RAM Ratings maintains its projection for Malaysia's GDP growth in 2024 at 4.5%-5.5% as compared to the modest 2023 figure of 3.6% growth. The stronger and more sustained economic momentum in the first half of 2024 provides a clear indication of Malaysia's economic recovery.

However, stronger and more dynamic trade activities will certainly translate into a greater demand for gold and gold products.

The ringgit has been performing well since February 2024 which has been due to the Malaysian Government encouraging GLCs (government linked companies) to repatriate earnings. PKHB is taking full cognisance of all the socio-economic indicators and planning for a successful year ahead.

CHAIRMAN'S STATEMENT (CONT'D)

ACKNOWLEDGEMENTS

My heartfelt thanks and deep appreciation goes out to our shareholders, customers, strategic partners, financiers and suppliers. You are the cogs in the Poh Kong wheel that keeps us spinning right. I am grateful to our Government authorities for creating a regulatory environment that encourages entrepreneurship and business growth.

To my fellow Board members, I say thank you. You are not just my right and left hands but my wisdom and knowledge keepers. I have come to depend on your collective counsel and expertise. You have your fingers on the pulse of all micro and macro developments that impact our industry. This gives me great confidence to steer PKHB through uncharted waters. My thanks also goes out to our Management Team. You get down to brass tacks on a daily basis and you lead by example, encouraging staff to give their best. To all the staff of PKHB, your excellent work ethic, discipline and loyalty is valued and appreciated. Congratulations for yet another year of Shining Success.

Dato' Choon Yee Seiong

Executive Chairman and Group Managing Director

Date: 26 November 2024

