

CORPORATE OVERVIEW

POH KONG HOLDINGS BERHAD (“PKHB,” OR “THE COMPANY,” OR “POH KONG”) IS AN INVESTMENT HOLDING COMPANY. THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”) ARE ORGANISED INTO AN INTEGRATED ONE-STOP JEWELLERY BUSINESS WITH OPERATIONS IN RETAILING AND MANUFACTURING OF GOLD JEWELLERY AND RELATED GOLD INVESTMENT PRODUCTS. THE RETAIL AND MANUFACTURING OPERATIONS ARE CARRIED OUT THROUGH POH KONG JEWELLERS SDN BHD, POH KONG BULLION SDN BHD, POH KONG JEWELLERY MANUFACTURER SDN BHD AND POH KONG WHOLESALE SDN BHD.



MANAGEMENT DISCUSSION & ANALYSIS



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS OVERVIEW

Poh Kong turned in an exceptional financial performance in FYE 2024, despite a challenging year marked by fluctuating economic conditions. This success was primarily driven by a strong demand for both gold jewellery and gold investment products, underscoring the company’s resilience and adaptability.

Poh Kong’s relentless focus on delivering an outstanding customer experience and maintaining a strong competitive edge, solidified its position as a leader in Malaysia’s gold jewellery industry.

The Group capitalised on the momentum created by Malaysia’s economic growth and a stable domestic economic environment, through strategic initiatives. Sustainable growth remained at the forefront of Poh Kong’s strategy, supported by financial discipline, a clear vision, and robust brand awareness.

Driven by an unwavering commitment to superior design and artistry, Poh Kong’s designers and craftsmen stayed attuned to market trends, ensuring their products reflected the latest styles, while maintaining the brand’s signature craftsmanship.

The Company strengthened its market presence by utilising technology to integrate physical and online business models to expand marketing and retail capabilities. It continued to enhance customer loyalty through reward programs and social media engagement.



Sustainability is embedded into all operations across Poh Kong, reflecting its commitment to environmental responsibility, social inclusion and sound governance. In FYE 2024 the Company sharpened its focus on responsible sourcing, ethical business practices and reducing its environmental footprint. It has developed a comprehensive Sustainability Report that provides a clear and concise account of what sustainability means to us and how Poh Kong will strive to deliver long-term value to our shareholders and stakeholders, especially customers, suppliers, regulatory authorities, employees and communities.

These efforts will enable Poh Kong to maintain its leadership in the industry, while ensuring a consistent focus on delivering exceptional quality and service.

Exclusive and Comprehensive Product Range

Poh Kong is renowned for its wide range of jewellery products across various price points. These include gold, diamonds, jade, pearls and coloured gemstones catering to diverse customer styles and preferences in Malaysia’s unique multi-ethnic and multi-generational market. In-house designers and craftsmen produce jewellery that is a perfect combination of creativity, precision and functionality. These, including many exquisite timeless pieces, are made available exclusively at Poh Kong’s retail outlets. Some are manufactured at our Shah Alam plant while the rest are sourced from approved external suppliers.

The Company’s well established and popular brands include Anggun, Happy Love, Tranz and the Art of Auspicious. The Bunga Raya gold bars and wafers carry a strong Malaysian endorsement. Its in-house diamond collections are retailed under the Hemera and D’First brand names. Poh Kong is a licensee of Disney, the renowned global brand, and fine jewellery brands Luca Carati and Moraglionne 1922 from Italy.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Reputation and Market Leadership

The importance of reputation is a key parameter for success in Malaysia's highly competitive jewellery industry. Over its 48 years, Poh Kong has built an enviable track record and established a nationwide retail footprint. The Group, and the Executive Chairman have won numerous awards for outstanding and visionary leadership and the development of the retail chain industry.

Manufacturing

The Group established its manufacturing facility in 2001. This RM30 million plant brings to the Group a strong competitive advantage in respect of quality control, design excellence, cost control and sustainable production. Its precision technology equipment is capable of mass produced designs as well as bespoke jewellery.

Ongoing measures to upgrade technology, machinery and IT systems are seen as strategic investments to maintain product excellence.

A dedicated floor for training purposes within this 4,000 sq ft facility, ensures that all employees have easy and convenient access to training and development that upgrades skills, builds knowledge and creates a highly productive and efficient workforce. The cessation of sales activities meant more time for training, skills upgrading and knowledge enhancement. During the year the Company ran 28 training courses, interactive sessions and webinars and incurred training costs of more than RM265,000 for FYE 2024.

Retail

An incisive retail strategy underpins the Group's success in building enduring relationships with its customers and other stakeholders. Considerable

attention and resources are invested into creating lasting impressions in an effort to make Poh Kong Malaysia's most loved and visited jewellery store.

Our staff are rigorously trained to not only meet but anticipate customer needs, honing a deep understanding of individual tastes and preferences. By continuously enhancing their product knowledge and communication skills, they engage more meaningfully with customers, ensuring every interaction is insightful and personalised. Their feedback is invaluable, shaping our continuous improvement initiatives and driving better service outcomes. To further enhance the customer experience, we have also introduced extended operating hours, flexible payment options and impactful loyalty programmes tailored to meet the diverse needs of our clients.

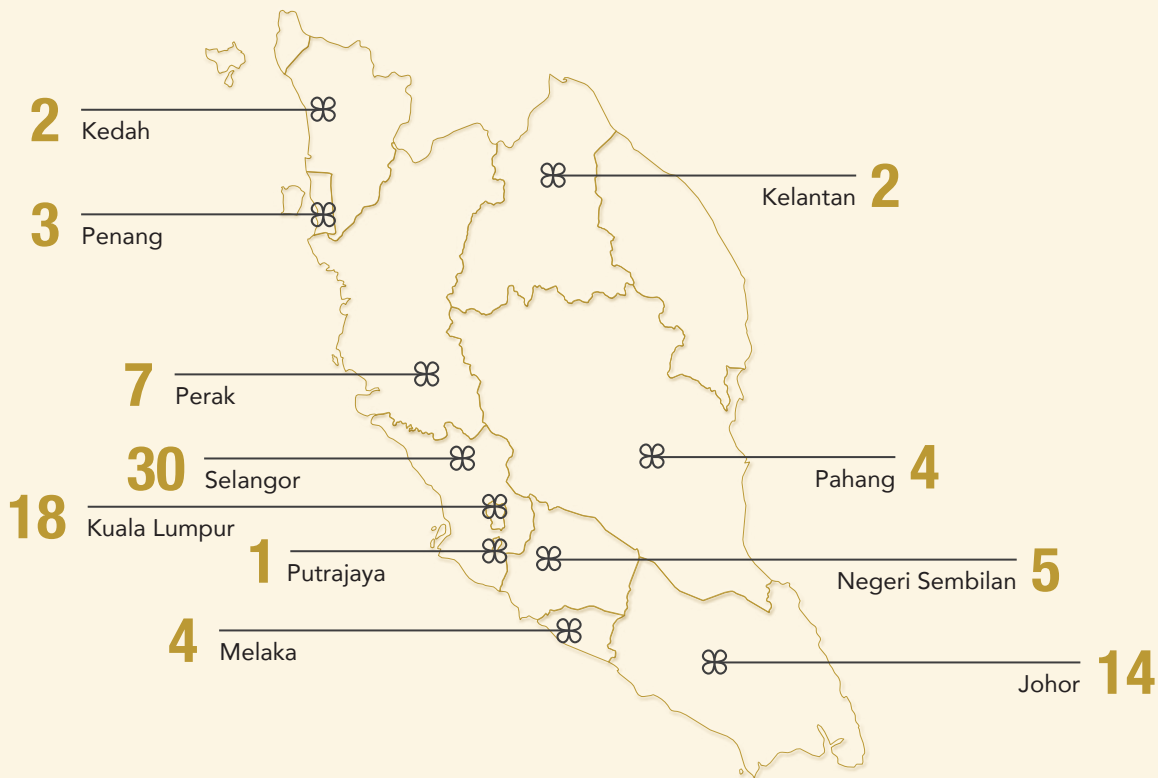




MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RETAIL STORES

Poh Kong's outlets by locations as at 31 July 2024.



Poh Kong's retail concept stores nationwide occupy a total retail space of approximately 119,000 square feet. Retail outlets located within Kuala Lumpur and Selangor accounted for 54% of the total outlets and contributed 71% of the total revenue for FYE 2024.

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Poh Kong's policy of investing in store locations that are most accessible to our customers, consistently helps to ensure higher productivity and better sales performance. Efforts are perpetually ongoing to upgrade and renovate our retail space to create a conducive environment for our customers.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Marketing and Branding

Poh Kong has focused on continually elevating its in-house brands of gold and diamond jewellery through precision-targeted marketing campaigns and customer engagement initiatives. In FYE 2024, we ramped up efforts to improve brand visibility and deepen customer loyalty. A series of high-profile events and strategic partnerships not only amplified product awareness, but also fostered meaningful, lasting connections with our customers.

During the year, we proudly unveiled the new Anggun collection, a stunning fusion of culture, harmony and nature, brought to life through intricate floral designs that capture the essence of Asian grace and beauty. This revitalised series offers a fresh and modern aesthetic, setting the tone for the future of timeless elegance. Every piece in the collection radiates sophistication, adding a captivating sparkle to any ensemble, and appealing to those who seek refined and understated luxury.

Poh Kong's exquisite Tranz collection took pride of place at Kuala Lumpur Fashion Week (KLFW) 2024, one of the year's most anticipated fashion events. The showcase, themed "Black & Gold," highlighted a stunning array of new pieces, including a ready-to-wear collection designed in collaboration with renowned Malaysian fashion designer ARUNSAYFULLDESIREE. This collaboration emphasised the fusion of modern fashion and fine jewellery, further establishing Tranz as a trendsetter in the luxury jewellery scene.



To mark the 22nd anniversary of fashion designer Keith Kee, Poh Kong showcased its dazzling array of diamond and gemstone jewellery, perfectly complementing Keith Kee Couture's latest creations. Together, the two brands crafted a mesmerising fusion of artistry and style, seamlessly blending the elegance of fine jewellery with the sophistication of couture, resulting in a stunning showcase of glamour and luxury that delighted the audience.

Poh Kong embraced new creative horizons by acquiring the intellectual property of *Yuurei Neko Sama*, a whimsical character brought to life by local artist Michael Chuah. This exciting collaboration adds a bold artistic layer to Poh Kong's jewellery collections, featuring exclusive gold pendants and collectible coins inspired by the popular character. By partnering with home-grown talent, Poh Kong continues

to push the envelope of design innovation, crafting distinctive pieces that appeal to both art lovers and jewellery collectors, while celebrating Malaysian creativity and craftsmanship.

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MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RETAIL STORES (CONT'D)

Marketing and Branding (Cont'd)

In celebration of Chap Goh Meh, the festival where singles traditionally toss mandarin oranges for luck in love, Poh Kong proudly sponsored an array of vibrant activities at Kwan Yin Tong in Ipoh and the Nine Emperor Gods Temple in Penang. The events were filled with excitement, featuring lively games like fortune pools and interactive stage contests, where participants eagerly competed for attractive prizes. Poh Kong’s involvement added a festive flair, enhancing the community experience and connecting with audiences through fun and fortune-filled traditions.

Poh Kong supported the MRCA Women Division Breast Cancer Awareness 2024 campaign, "Think Pink, Think Life 3.0", by sponsoring an exquisite diamond and gemstone jewellery piece. This thoughtful contribution underscores Poh Kong's commitment to community welfare and its active role in raising awareness about breast cancer. Through this initiative, the Company emphasised the critical importance of early detection and reinforced its dedication to making a meaningful difference in the lives of women.

Poh Kong is deeply committed to community engagement, demonstrating this by donating RM10,000 to Persatuan Dialysis Touch. This generous sponsorship aimed to enhance the well-being of the community, reflecting Poh Kong’s dedication to making a positive impact and supporting vital health initiatives.

In partnership with the Malaysian Golf Association (MGA) Women in Golf Charter (WIGC), Poh Kong proudly presented the Poh Kong Ladies Golf Series 2.0, celebrating its second successful edition. This initiative championed women’s empowerment in sports, with a strong emphasis on promoting and increasing women’s participation in golf across Malaysia. By blending the elegance of jewellery with the precision of golf, the event continues to make a meaningful impact, encouraging more women to engage in the sport.

In a move to enhance user experience, Poh Kong has revamped its website, merging e-commerce capabilities with informative content. This new platform offers both online shopping convenience and detailed product insights in one streamlined interface.

Poh Kong's online shop experienced remarkable growth, with a sales increase of 191%. By offering convenient access to a diverse range of exquisite jewellery and exceptional shopping experiences, Poh Kong has effectively met the demands of today's digital-savvy consumers, reinforcing its prominence in the online marketplace.

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MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



FINANCIAL REVIEW

In FYE 2024, Poh Kong's cumulative revenue rose 11.6% to RM1.64 billion from RM1.47 billion in the previous year. The Group closed the financial year with record annual earnings of RM116.9 million, up over 49% from RM78.4 million in the previous year.

The Group expects a strong rebound in consumption to drive further expansion in the Malaysian economy in the current year. To sustain recovery, the Government is gradually rebuilding fiscal buffers through increased revenue collection and greater spending efficiency.

Given the macroeconomic environment and global uncertainties, we have exercised caution during the year and anticipated the adverse impact on Malaysian households and businesses. We will continue to closely monitor the implications of the current uncertainties of our operations, uphold and honour our financial obligations and evaluate our performance on an ongoing basis.

Barring unforeseen circumstances, the Board of Directors is confident that the Group has put adequate measures in place and is well positioned to meet the challenges in the year ahead.





MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

5-Year Group Financial Highlights (2020 – 2024)

FYE 31 JULY (RM'000)	2020	2021	2022	2023	2024
Revenue	748,802	903,100	1,362,609	1,470,569	1,641,878
Profit before tax	38,976	52,817	116,609	108,214	156,573
Income tax expense	(14,542)	(16,056)	(24,418)	(29,773)	(39,649)
Profit for the financial year	24,434	36,761	92,191	78,441	116,924
Basic earnings per share (sen)	5.95	8.96	22.47	19.12	28.49

The Group's financial profile is summarised below:

Profit Attributable to Owners of the Company/Earnings Per Share

	2023	2024
Average number of ordinary shares in issue (million)	410.35	410.35
Profit attributable to owners of the Company (RM'million)	78.44	116.92
Basic earnings per share (sen)	19.12	28.49

The profit attributable to owners of the Company increased by RM38.48 million or 49%.



Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	2023	2024
EBITDA (RM' million)	147.82	196.92

The Group's EBITDA increased by RM49.10 million or 33% as compared to the previous financial year. This was due mainly to the increase in profit during the financial year.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



FINANCIAL REVIEW (CONT'D)

Financial Position

Property, plant and equipment (PPE)

	2023	2024
PPE (net carrying amount) (RM' million)	89.80	92.16

The Group's PPE increased by RM2.36 million or 3% as compared to the previous financial year.



Cash and cash equivalents

	2023	2024
Cash and cash equivalents (RM' million)	26.84	33.92

The Group is in a healthy financial position with a cash reserve of RM33.92 million



Gearing

	2023	2024
Total net debts (RM' million)	147.43	118.36
Total equity (RM' million)	761.93	871.83
Gearing ratio (times)	0.19	0.14

The net debts level decreased to RM118.36 million, resulting in the decrease in gearing ratio to 0.14.



Consolidated Net Assets Per Share

	2023	2024
Share capital (RM' million)	205.18	205.18
Retained earnings (RM' million)	511.52	620.23
Revaluation reserve (RM' million)	45.23	46.42
Total Equity attributable to owners of the Company (RM' million)	761.93	871.83
Number of outstanding ordinary shares in issue (million)	410.35	410.35
Consolidated net assets per share attributable to owners of the Company (RM)	1.86	2.12

The increase in the equity attributable to owners of the Company was due mainly to the increase in retained earnings as compared to the previous financial year.





MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

RISKS MANAGEMENT AND MITIGATION

The Board is fully committed to a strong risk management framework. It faces numerous key risks that are generally related to business, financial, security and operational, as well as political, economic and regulatory issues. The management has developed plans and strategies to mitigate such risks

Today's fast changing world is creating uncertainties, complexities and unprecedented stresses, and making it difficult to decide how to manage and control the emerging risks. Poh Kong's top management team is constantly mapping out the current risk landscape to collect risk data in order to fully understand the issues they face and determine ways to address and mitigate business disruptions.

The Group maintains a sharp focus on effective growth strategies and is proactively looking at new priorities and opportunities in the jewellery industry.

BUSINESS & FINANCIAL RISKS



Competition Risk

The jewellery industry in Malaysia faces intense competition with approximately 3,500 jewellery retailers. The Group mitigates the competitive pressure through enforcing the following measures:



Strengthening and reinforcing its reputation and market position



Offering a comprehensive product range



Creating an exclusive in-house product range



Maintaining an extensive distribution network



Operating a dedicated manufacturing plant to respond to changing market demands

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



BUSINESS & FINANCIAL RISKS (CONT'D)

Fluctuations in Gold Price 2023-2024

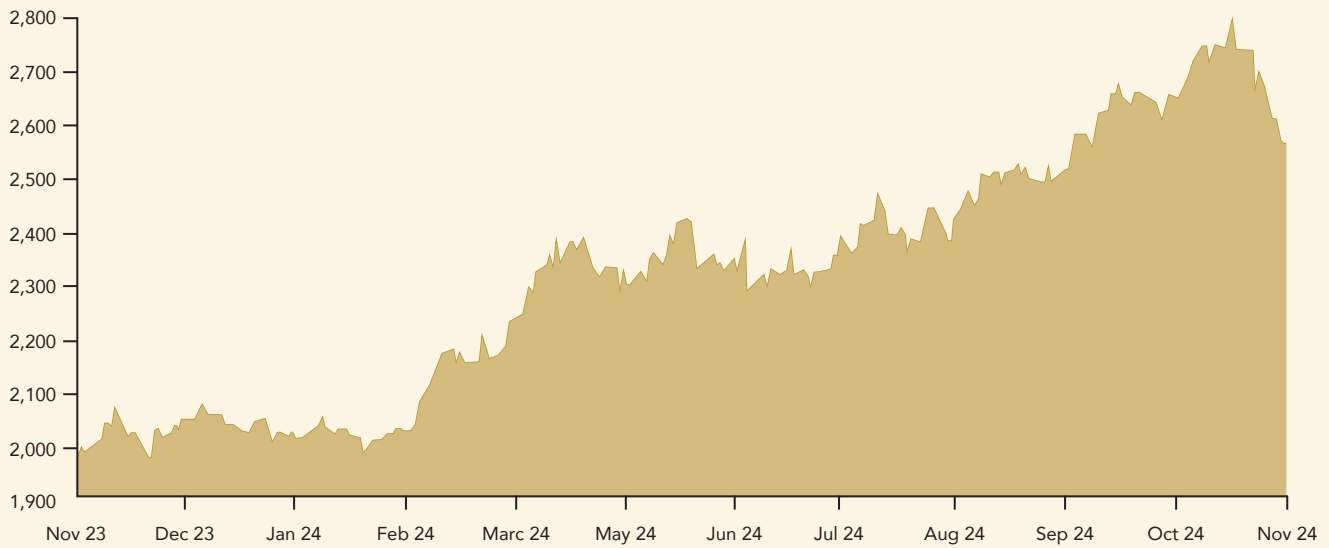


Chart shows the 1 year gold prices.
Source: goldprice.org

Fluctuations in Gold Price 2019-2024

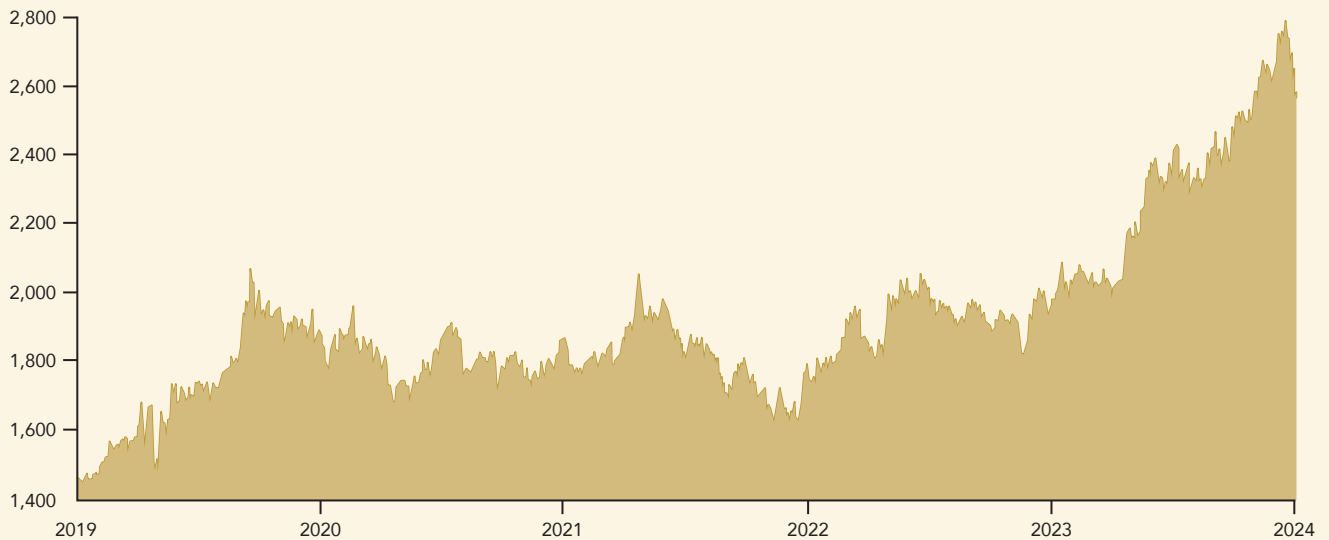


Chart shows the 5 years gold prices.
Source: goldprice.org



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS & FINANCIAL RISKS (CONT'D)

As gold is a major raw material for the manufacturing of gold jewellery, the Group is exposed to volatility in global gold prices. Gold prices are affected by many factors and the precious metal is regarded as a safe haven to hedge against global uncertainties.

The changes in gold prices are passed on to the consumer at the point of purchase. In order to reduce the impact of gold price fluctuation on the margins, the Group exercises a natural hedge and employs an inventory replenishment system where products are stocked as soon as they are sold.

Foreign Exchange Fluctuation 2023 - 2024



Chart shows foreign exchange for 1 year.

Source: www.bloomberg.com

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



BUSINESS & FINANCIAL RISKS (CONT'D)

Foreign Exchange Fluctuation 2019 - 2024

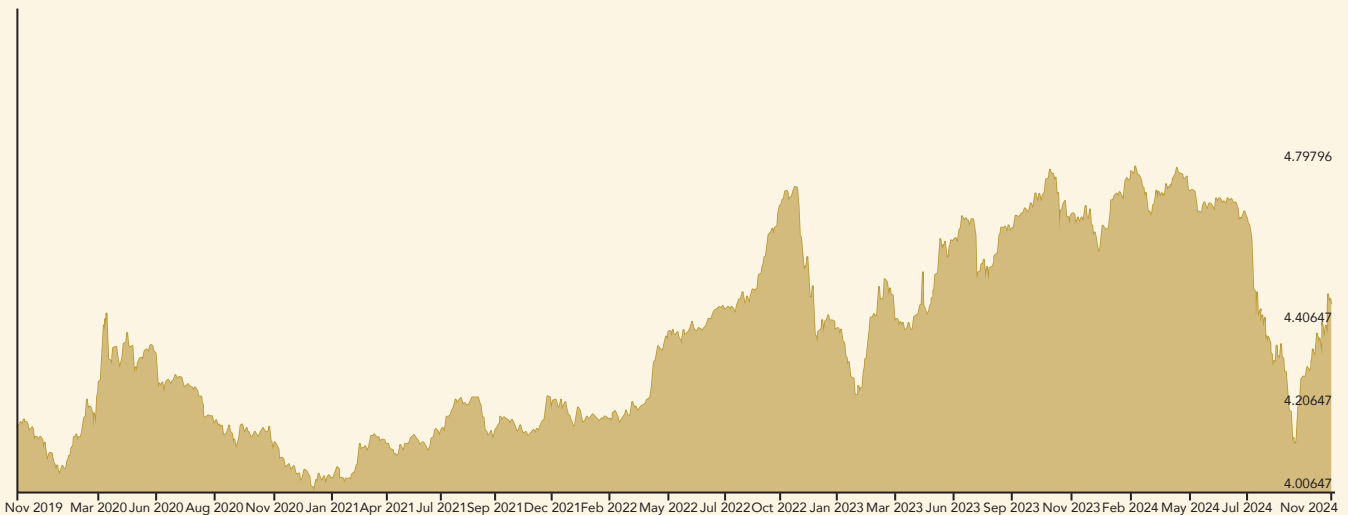


Chart shows foreign exchange for 5 years.

Source: www.bloomberg.com

The Ringgit depreciation against USD in the past year had a significant impact on the gold price in Ringgit terms. This is because purchases of raw materials such as gold bars, diamonds and loose stones are transacted in USD.

The Group has mitigated this with financial instruments in place to reduce the impact of foreign exchange fluctuations on its margins.

Security Risk

Security and operational risks involve the identification and assessment of risks to protect the Group's business' assets and inventories, mainly consisting of gold and gemstones from loss due to theft or robbery and other potential disasters.

The Group has taken preventive and precautionary steps to implement security and surveillance measures, such as closed circuit television, grills on jewellery counters, security guard services, central monitoring system, strong rooms and safes, and insurance coverage of its assets.

The Company has invested in strengthening its IT infrastructure to strictly manage data processing. Employees undergo training on data privacy and protection of personal data which can be considered as sensitive information under the Personal Data Protection Act 2010 (PDPA). During the year, the Group began implementing Data Leak Preventive measures in phases to further tighten data protection.



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

BUSINESS & FINANCIAL RISKS (CONT'D)

Economic and Regulatory Considerations

Poh Kong is also broadly exposed to adverse developments in the economic, business and consumer markets in a variety of risks. These range from economic cycles, consumer sentiments, rising cost-of-living, competition, proprietary rights against unauthorised third party copying, regulatory changes, such as compliance, labour shortage and approvals for financing of new ventures.

This is mitigated by the Group’s constant surveillance and re-evaluation of its operations.

We have engaged legal consultants to guide us in formulating our human resource policy. Staff are continuously familiarised with requirements outlined in the Employment Handbook to protect the interests of both the Company and its employees.

The AMLA (Anti-Money Laundering Act 2001) compliance, MACC (S17A Corporate Liability) compliance and other statutory compliances are regulatory changes that have been widely discussed in the public domain. The Group’s Certified Integrity Officer ensures that the Integrity Policy is enforced, employees are properly trained and there is strict adherence to zero tolerance of corruption throughout the Group. Ongoing training and information updates ensure that employees keep abreast of the latest developments in compliance matters at all times. The Group strongly believes that ethical leadership plays a critical role in preventing fraud, corruption and unethical practices. It has zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

The Group is therefore diligent in working to enhance statutory and non-statutory compliance by implementing internal programmes, putting in place policies, procedures and controls to guard against any offence under AMLA. Programmes include employee training to enhance awareness and adopt digitalisation in its operations to improve compliance and internal controls.



IT Risk

The Group is committed to investing in Information System Security to meet operational and developmental challenges. It continuously enhances its policies, procedures and technologies to mitigate malicious threats and reduce information technology vulnerabilities. To safeguard data confidentiality and maintain a high level of IT security, the Group regularly upgrades its IT capacity and capabilities to prevent breaches. Efforts are also underway to implement AI-driven solutions aimed at enhancing branch compliance in a cost-effective manner.

PKHB’s Disaster Recovery Centre is equipped to respond quickly to data loss incidents, ensuring business continuity. The Group has a robust monitoring system to assess the effectiveness of its IT security measures, enabling swift adjustments as needed. With the rising use of social and digital media and the growth of online retail, cybersecurity demands have increased significantly. During the year, the Group strengthened its cyber security protection and initiated an insurance cover against this risk. Various measures have also been introduced to address online fraud, malware and viruses by further enhancing the overall IT risk management framework.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



BUSINESS & FINANCIAL RISKS (CONT'D)

Reputation Risk

Reputation risk is a threat or danger to the good name or standing of any business as a result of publicity that affects its image and reputation. The Group sees reputational risk as a key priority and has taken preventive action to guard against adverse effects or damage, data loss or failure, product recall or boycott, social media backlash, including crisis and issues management.

It has engaged professionals for consultation and hired reputation management training experts including public relations, legal, personal data protection and safety risk specialists to ensure all customer information is managed on a strictly confidential basis.

Our ability to meet customers' needs and demand can be attributed to the review and audit of our standard operating procedures, personal and skills development, training, the upgrading of IT systems and infrastructure, all of which ensure consistent and excellent customer service standards.



DIVIDEND POLICY

The Group's dividend payout policy is to distribute a minimum of 10% of its annual net profit after income tax expense as dividends to shareholders, provided it would not be detrimental to its cash flow and business expansion.

The Board of Directors recommended a final single-tier dividend of 3.00 sen per ordinary share (FYE 2023: 2.00 sen) in respect of FYE 2024 for shareholders' approval at the upcoming Annual General Meeting.

If approved, the payout for the total dividends is RM12.31 million (FYE 2023: RM8.21 million) that will allow shareholders to participate in the profits or approximately 10% from the profit attributable to the owners of the Company

Dividend Track Record

Financial Year	Profit After Tax (PAT) (RM'million)	Category Dividend	Dividend Distribution (RM'million)	% Dividend on Profit AfterTax(PAT)
2020	24.43	1.20 sen single-tier	4.92	20%
2021	36.76	1.20 sen single-tier	4.92	13%
2022	92.19	1.00 sen single-tier interim; and 1.30 sen single-tier final	9.44	10%
2023	78.44	2.00 sen single-tier	8.21	10%
2024	116.92	3.00 sen single-tier	12.31	11%



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Outlook and Prospects in 2025

Malaysia's gold jewellery industry showed strong growth and resilience in 2024, driven by both local and international demand. Its jewellery market is poised for continuous growth, with projections estimating it will reach a market size of US\$4 billion by 2029.

Poh Kong is well positioned as a major player in Malaysia's gold jewellery industry, with its strong focus on innovation, craftsmanship, and integrating modern business models, including digital platforms to support growth. It adapts quickly to new consumer behaviours and will continue to leverage favourable gold prices to maintain profitability.

In the year ahead, we anticipate gold's bull trend will persist into 2025. Despite factors such as inflation and currency fluctuations, we believe that strong central bank buying, consumer spending and safe haven inflows amid global geopolitical uncertainties will continue to fuel demand for both jewellery and gold investment products.

While mindful of the prevailing macroeconomic environment, Poh Kong is targeting continued growth and profitability by leveraging our strengths and capabilities, exercising cost discipline and mitigating business risks.

We recognise that our people are the driving force behind our strong business growth and progress. Exceptional business outcomes begin with a healthy, inclusive and diverse workplace and talented people. Moving forward, we are committed to foster a well-trained, high-performance team and maintain an attractive and stimulating work environment.

Poh Kong will continue to build on the strong growth momentum achieved through investments in product innovation, upscaling consumer awareness, elevating both the in-store and online customer experience and expanding our loyal customer base.

