

POH KONG®

POH KONG HOLDINGS BERHAD
(586139-K)



Annual Report 2017

**To achieve product
and service excellence**



Core Business

Philosophy

Quality

Product. Service. Excellence. Craftsmanship

Value

Preference. Profit. Worth. Return-On-Investment

Trust

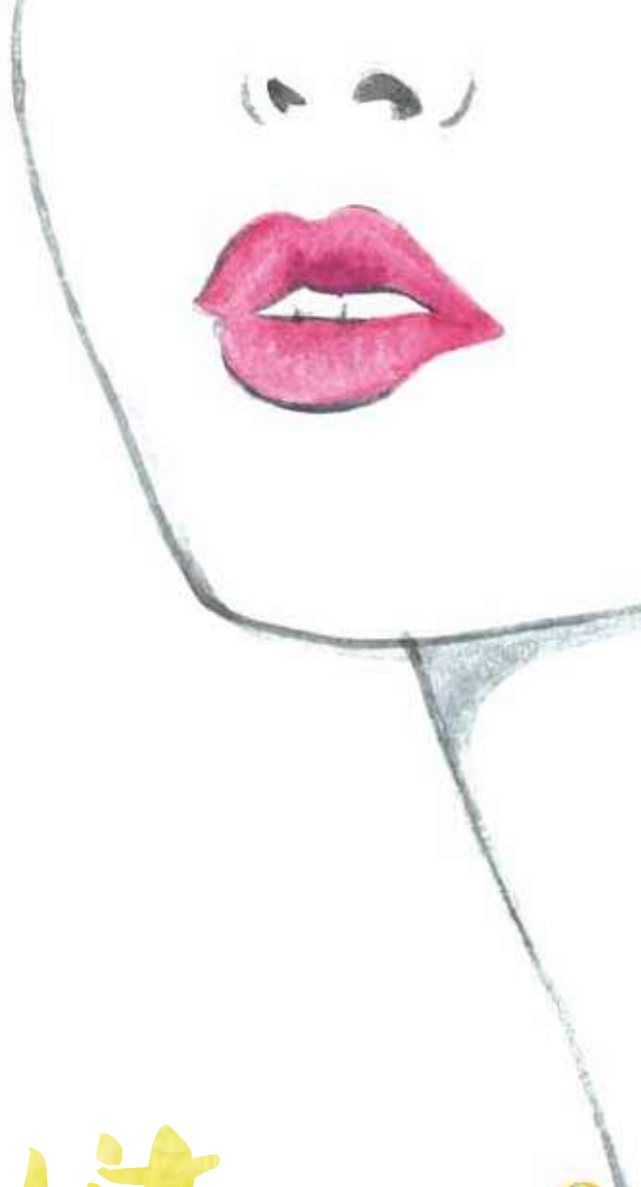
Reputation. Commitment. Honesty. Transparency

Choice

Design. Price. Location. Convenience

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Quality

Product.
Service.
Excellence.
Craftsmanship.



Corporate Information



AUDIT COMMITTEE

Dato' Dr Choong Tuck Yew, Chairman
 Encik Fazrin Azwar Bin Md Nor, Member
 Datin Shirley Yue Shou How, Member
 Dato' Esther Tan Choon Hwa, Member

RISK MANAGEMENT COMMITTEE

Dato' Esther Tan Choon Hwa, Chairperson
 Encik Fazrin Azwar Bin Md Nor, Member
 Dato' Choon Yee Seiong, Member
 Mr Cheong Teck Chong, Member
 Madam Choon Wan Joo, Member

NOMINATION COMMITTEE

Encik Fazrin Azwar Bin Md Nor, Chairman
 Dato' Dr Choong Tuck Yew, Member
 Datin Shirley Yue Shou How, Member

REMUNERATION COMMITTEE

Datin Shirley Yue Shou How, Chairperson
 Dato' Dr Choong Tuck Yew, Member
 Encik Fazrin Azwar Bin Md Nor, Member
 Dato' Choon Yee Seiong, Member

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)



REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7804 5929
Fax : 03-7805 2559

CORPORATE OFFICE

No. 16-20, Jalan 52/4
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7940 3333
Fax : 03-7957 2404, 7958 8398

AUDITORS

Messrs Baker Tilly Monteiro Heng
(Firm No. AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

SOLICITORS

Soo Thien Ming & Nashrah
No. 3, 1st Floor
Jalan SS23/15, Taman SEA
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7880 1212
Fax : 03-7880 9292

PRINCIPAL BANKERS

RHB Bank Berhad (6171-M)
Level 7, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-9280 8888

United Overseas Bank (Malaysia) Bhd (271809-K)
Level 7, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel : 03-2692 7722

Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : 03-2059 1888

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7849 0777
Fax : 03-7841 8151

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad (Bursa Securities)
Stock Code: 5080


POH KONG


Website:
www.pohkong.com.my
Facebook:
www.facebook.com/pohkongjewellers


Corporate Structure

100%
POH KONG®
 POH KONG HOLDINGS BERHAD
(586139-K)

 Poh Kong Jewellers (Ampang Point) S/B*

 Poh Kong Jewellers (Maluri) S/B*

 Poh Kong Jewellers (Wangsamaju) S/B*


 Poh Kong Jewellers (Bangsar) S/B*

 Poh Kong Jewellers (Old Klang Road) S/B*

 PK Jewellery Export S/B


 Poh Kong Jewellers (Banting) S/B*


 Poh Kong Jewellers (Permas Jaya) S/B*


 Poh Kong Bullion S/B

 Poh Kong Jewellers (Franchise) S/B


 Poh Kong Jewellers (Shah Alam) S/B*

 Poh Kong International S/B

 Poh Kong Jewellers (Ipoh) S/B*


 Poh Kong Jewellers (SS 2) S/B


 Poh Kong Jewellers S/B

 Poh Kong Jewellers (Jaya) S/B*

 Poh Kong Jewellers (Subang Parade) S/B*

 Poh Kong Jewellery Manufacturer S/B

 Poh Kong Jewellers (Klang) S/B

 Poh Kong Jewellers (The Mall) S/B*

 Poh Kong Properties S/B

 Poh Kong Wholesale S/B

* As a result of the restructuring exercise on internal reorganisation undertaken by the Group, the Subsidiaries are under members' voluntary winding up

5-year Group Financial Highlights



FYE 31 JULY (RM'000)	2013	2014	2015	2016	2017
Revenue	975,784	798,937	805,714	776,533	876,996
Profit before tax	40,575	21,867	26,131	17,480	37,485
Income tax expense	(6,606)	(8,557)	(11,647)	(6,473)	(7,957)
Profit for the financial year	33,969	13,310	14,484	11,007	29,528
Profit after tax attributable					
to owners of the Company (RM'000)	33,969	13,310	14,484	11,007	29,528
Total equity (RM'000)	442,516	448,881	454,775	461,678	504,045
Basic earnings per share (sen)	8.28	3.24	3.53	2.68	7.20
Net dividend per share (sen)	1.40	1.00	1.00	1.00	1.00
Gearing ratio	0.33	0.36	0.29	0.30	0.22

Corporate Milestones

The story begins...

1976

Poh Kong Jewellers (PKJ) commenced business on 26 March 1976 with its first outlet at Jalan 52/4, 46200 Petaling Jaya. Today, Poh Kong is a household name in Malaysia. The Company was co-founded 41 years ago by Dato' Eddie Choon, Poh Kong Holdings Berhad's (PKHB) Executive Chairman & Group Managing Director.

1982 - 1992

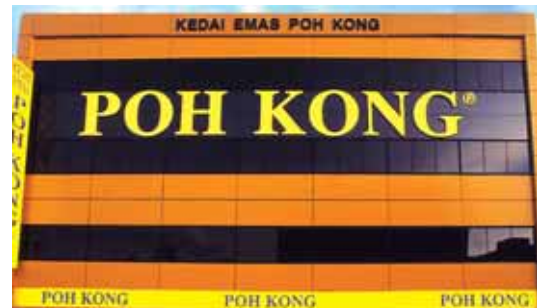
- PKJ opened its first branch in SS 2, Petaling Jaya, taking up retail space of 1,500 sq ft and hiring a workforce of 20 employees.
- PKJ opened another 13 branches.

1993 - 2003

- PKJ upgraded all outlets with fully computerised point-of-sales and inventory systems.
- PKJ was made the exclusive distributor of Disney characters in gold in Malaysia.
- PKJ designer team won a gold medal for the "Golden Design Awards 1996" organised by the World Gold Council Europe in Italy.
- PKJ listed in The Malaysia Book of Records as the Largest Jewellery Retail Chain Store.
- PKJ raised RM100,000 for the Nanyang Press Foundation for education and training of underprivileged youths, through a charity campaign launched in its 50 retail outlets nationwide.
- PKJ invested RM12 million to establish a 60,000 sq ft manufacturing facility in Shah Alam.
- Poh Kong launched its first in-house brand, Tranz in collaboration with the World Gold Council.
- PKJ celebrated its 25th Anniversary with the "Drive Home a Lotus Elise" Contest and a grand anniversary company dinner.
- Poh Kong was one of the sponsors in the Miss Tourism International Pageant under the patronage of the Ministry of Culture and Tourism.



Manufacturing plant in Shah Alam.



Poh Kong Headquarters in PJ NewTown.



2004

- Poh Kong was listed on the main board of Bursa Malaysia Securities Berhad on 9 March.
- Poh Kong opened its first Poh Kong Gallery, a stylish Italian Classic VIP lounge with 5,000 sq ft, on the 1st floor of its headquarters in Petaling Jaya.
- Poh Kong reached its 60th outlet in Peninsular Malaysia.

2005

- Poh Kong established a franchise division.
- Poh Kong launched its 30th Anniversary "Million Ringgit Reward" with diamonds and gems for consumers.

2006

- Poh Kong ventured into the diamond cutting and polishing, sales, import and export of precious stones in collaboration with Hong Kong companies.
- Poh Kong opened its first franchise outlet in Complex Karamuning, Kota Kinabalu in September as part of its retail expansion into East Malaysia.

2007

- Poh Kong was appointed as sole distributor for Schoeffel in Southeast Asia.
- Poh Kong Group participated in the International Trade Malaysia (INTRADE Malaysia 2007) exhibition organised by MATRADE and supported by the Ministry of International Trade and Industry.

2009

- Poh Kong and Luca Carati, one of Italy's oldest and most prestigious jewellers launched the brand in Malaysia. Poh Kong is commemorated as the sole distributor in Malaysia.

2010

- Poh Kong showcased in-house brands, *Tranz* and *Anggun* in the Malaysian Pavilion at the Shanghai World Expo 2010.
- Poh Kong launched its 35th Anniversary "Shining Years" Customers Rewards Campaign.

2011

- Poh Kong reached its 100th outlet in Peninsula Malaysia.



Corporate Milestones (cont'd)

2012

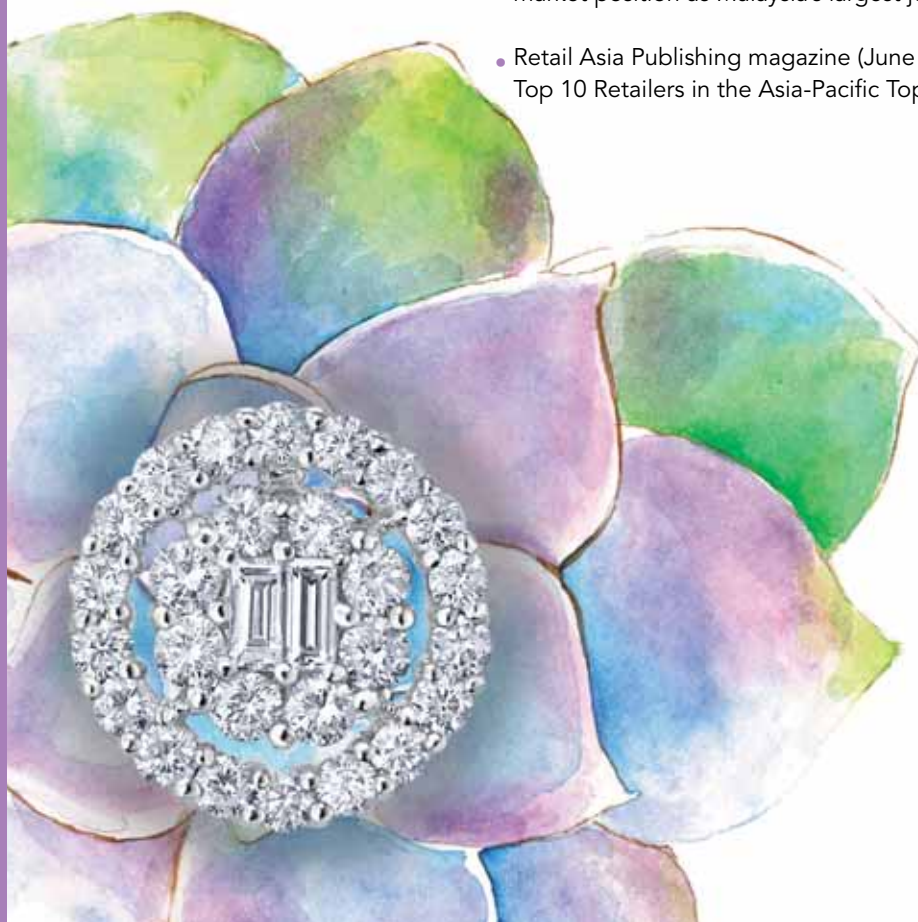
- Poh Kong announced its partnership with Moraglione 1922 of Italy, one of Europe's finest and notable jewellers.
- Poh Kong was one of the winners of the Malaysian Retailer Chain Association (MRCA) Elite Awards in recognition of its contributions towards the development of the retail chain industry.

2013

- Poh Kong launched the exclusive brand HEMERA™, the world's most brilliant 101 cut diamond, from Belgium.
- Poh Kong set up its first online store at Rakuten portal and re-launched its websites with more user-friendly interface.

2014

- Poh Kong Group registered 106 stores as at FYE2014.
- RAM Ratings Services Berhad (RAM) reaffirmed Poh Kong's reputation and strong market position as Malaysia's largest jewellery retail chain store.
- Retail Asia Publishing magazine (June issue) listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies.



2015

- Poh Kong won the People's Choice Gold Award in the "Putra Brand Awards 2015" in the Apparel and Accessories category, based on a nationwide annual survey of 6,000 consumers measured by brand preference.
- Poh Kong's in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia at a presentation ceremony held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.
- Retail Asia Publishing magazine (June issue) listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for the second year.
- Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director, was conferred "Outstanding Entrepreneur" in conjunction with the MRCA Crown Awards annual ceremony.



Putra Brand Awards 2015



Outstanding Entrepreneur MRCA Crown Awards 2015

2016

- Poh Kong launched its 40th Anniversary "Shop & Win Big" customers rewards campaign offering prizes of a total of RM4 million in jewellery and cash vouchers.
- Poh Kong was again named one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for three consecutive years.
- Poh Kong received the "Outstanding CSR Award" from the Malaysia Retailer Chain Association.
- Poh Kong was winner of the Malaysian Website Awards for July (e-commerce category) in recognition for its outstanding work in creating their website for jewellery gifts in Malaysia.



Malaysia Website Awards 2016 E-Commerce Category July

2017

- Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director, received the "Special Recognition Award 2016" from AEON for his dedication and contribution towards the AEON Group for all the past years.
- Grand prize winner Chloe Cheong, a young entrepreneur in the F&B industry, won a total of RM400,000 in jewellery and cash vouchers in the Poh Kong 40th Anniversary "Shop & Win Big" customers rewards campaign.
- Poh Kong held its 1st Warehouse Sale @ Atria Shopping Gallery, Damansara with over 1,000 jewellery items ranging from RM99 onwards.



Special Recognition Award 2016

... and our journey continues. »

Significant Highlights

CORPORATE EVENT

14TH ANNUAL GENERAL MEETING

Poh Kong Holdings Berhad held its Annual General Meeting for shareholders at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Kuala Lumpur.

MARKETING EVENTS

40TH ANNIVERSARY "SHOP & WIN" WINDFALL

F&B industry entrepreneur Chloe Cheong from Kuala Lumpur won a total jackpot of RM400,000 in jewellery and cash vouchers in the Poh Kong 40th Anniversary "Shop & Win Big" customers rewards campaign.

Ms Cheong, a first time lucky draw winner and Hemera diamond fan, walked away with 4 pieces of 100g of Bunga Raya gold bars, 40 pieces of RM400 worth of cash vouchers and multi-coloured gem sets at Poh Kong headquarters in PJ.

ASTRO SPONSORSHIPS

Poh Kong is the sponsor of gold bars for Astro 'Vizhuthugal', a Tamil language talk show which gives viewers a chance to win the coveted prizes in the 'Vizhutugal 10 Parisu Potti' contest shown on Astro Vaanavil, Astro Vinmeen HD and Astro Go channels.

The question and answer contest currently offers monthly winners with correct answers and creative slogans, attractive 999.9 fine gold bars weighing approximately 2 grams for their winning entries.

AUSPICIOUS MEDIA LAUNCH

Poh Kong hosted a media launch to introduce its latest collections of jewellery and to enable the press have a better understanding of the Company's contributions to an improved quality of life through the world of gold and beautiful gem stones.

ROADSHOWS

Roadshows were organised to promote Poh Kong's shopping campaigns and its latest jewellery collections, with offers and activities to engage and delight shoppers at major malls understand more about our products designs and innovation.





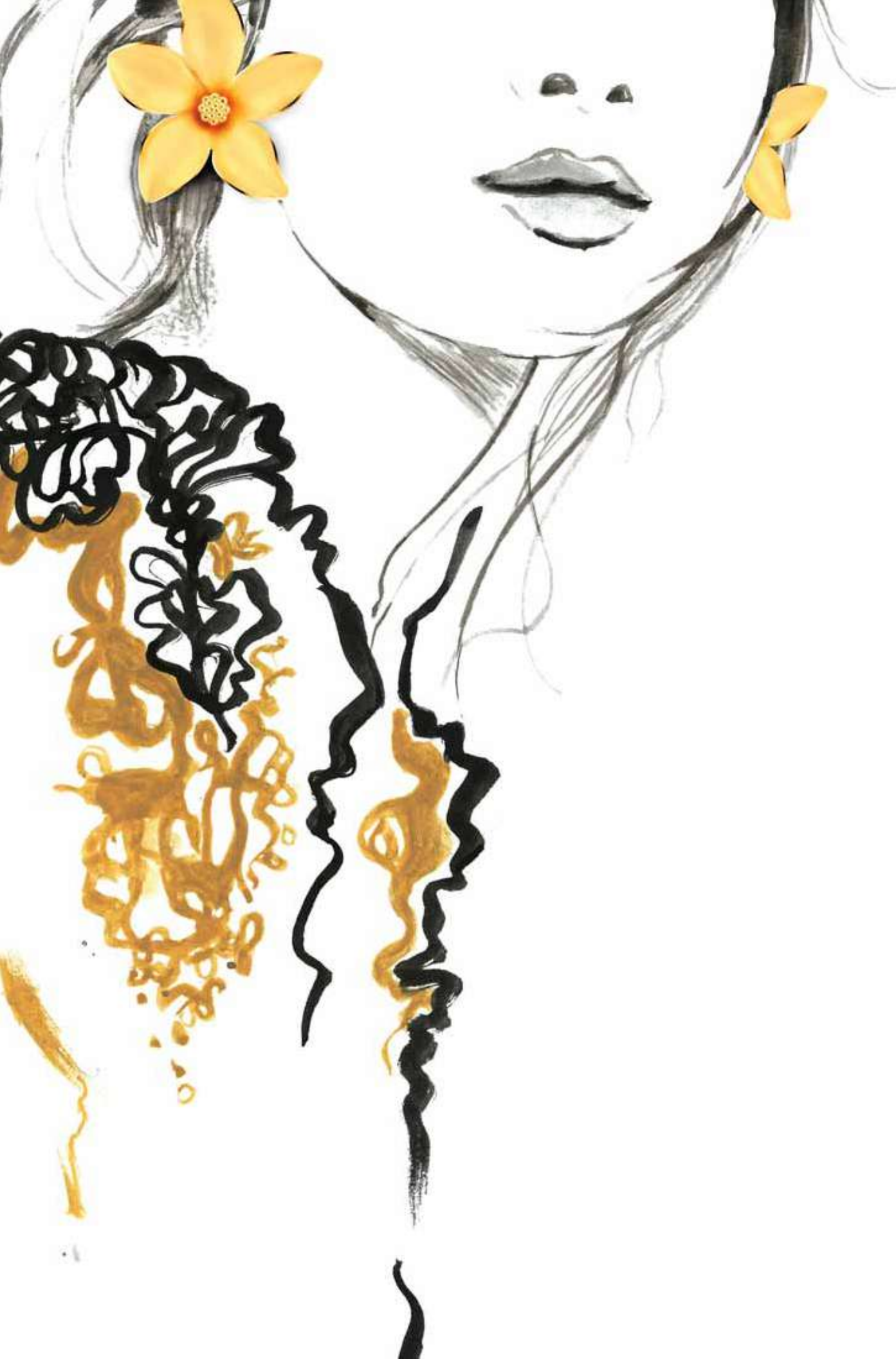
PHOTO CAPTIONS:

1. The 14th Annual General Meeting.
2. Chloe Cheong (right) posing with Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director and Dato' Choon Yoke Ying, PKHB's Executive Director.
3. Poh Kong sponsors Astro 'Vizhuthugal' Tamil language talk show.
4. Poh Kong commemorates the 10th year of Astro's 'Vizhuthugal' talk show to mark their celebrations.
5. Prize winner (second from left) receiving her fine gold bar from Poh Kong sales personnel.
6. Poh Kong sales personnel presenting a fine gold bar to a winner.
7. Introducing the Auspicious Collection to the media.
8. Poh Kong personnel explaining some finer points of gold jewellery.
9. 1 Utama Roadshow, PJ.
10. Close up display of Poh Kong's roadshow at 1 Utama Shopping Centre.

Value

Preference.
Profit.
Worth.
Return-On-Investment.





Board of Directors

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

Mr Cheong Teck Chong

Executive Director

Madam Choon Nee Siew

Executive Director

Dato' Choon Yoke Ying

Executive Director

Datin Hon Wee Fong

Executive Director

Madam Choon Wan Joo

Executive Director

Mr Choon Yee Bin

Executive Director

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

Dato' Esther Tan Choon Hwa

Independent Non-Executive Director



Profile of Board of Directors & Key Senior Management Group

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

Dato' Choon Yee Seiong, age 63 years, a Malaysian, was appointed to the Board of Directors of Poh Kong Holdings Berhad (PKHB) as Executive Chairman & Group Managing Director on 13 January 2004. A visionary and influential leader, Dato' Choon was one of the founders of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when he started a modest jewellery store in Petaling Jaya at the age of 22. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 94 outlets nationwide. He holds several directorships in the companies within the Group. He is the Chairman of the Executive Committee and also serves as a member of the Remuneration Committee and Risk Management Committee of PKHB.

Dato' Choon is responsible for the Group's overall direction and strategy, marketing and management policies, business expansion and operations. His ability to direct and manage his teams has seen Poh Kong's massive expansion in setting up retail stores in almost all major shopping malls in the country to serve their customers better. Under his leadership, a manufacturing facility in Shah Alam was established in 2001 to produce fine jewellery and gem sets exclusively for Poh Kong outlets which cater to the mass market segments of Malaysians from middle incomes to high net worth individuals. His commitment to run the business with discipline, sincerity, loyalty, prudence and intelligence has been demonstrated to his managers and staff consistently. Over the years, he has proven that jewellery retailing is a meticulous hands-on business which requires resilience, focus, hard work, observation, perseverance and a positive mental attitude to succeed.

He has been a first-mover in the acquisition of brands and companies, the successful development of a portfolio of international and speciality brands, and pioneering retail concept stores. He was mainly responsible in developing sole distributorship for world-renowned international jewellery brands, such as the Disney Collection, Schoeffel luxury pearls from Germany, Angel Diamond from Belgium, Luca Carati and Moragione 1922 diamonds and coloured gems jewellery from Italy. In 2013, the exclusive brand Hemera™, the world's most brilliant 101 cut diamond, was successfully launched.

He has won several domestic acclaim for his outstanding achievements as a leading jeweller. These include the "19 Years At The Top Award" given by Malaysia Tatler in 2008, "Super Star Of The Year 2008" by the Malaysia Retailer Chain Association (MRCA) and recognition in the "MRCA Achievers Book 2010" for being one of the outstanding and leading entrepreneurs in the development of the retail chains industry for over two decades. In 2014, he received Poh Kong's award as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies ranking by Retail Asia Publishing and Euromonitor



International. Poh Kong has won this award three consecutive years from 2014 to 2016.

In 2015, Poh Kong won the gold award in the prestigious Putra Brand Awards in the Apparel and Accessories category, while its in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia. The MRCA honoured Dato' Choon's leadership in 2015 by conferring him the "Outstanding Entrepreneur" in the MRCA Crown Awards category at its annual anniversary celebrations and in 2016 the "Visionary Retailer Award," as well as "Exemplary Top Retailer Award." He also received the "Special Recognition Award 2016" from AEON for his dedication and contribution towards the AEON Group for all the past years.

Dato' Choon was Founder President of the MRCA in 1992, that has provided an avenue for retail businesses networking among members to promote the healthy expansion of the retail industry, both locally and internationally. He was also former president of goldsmith and jewellers association in the country.

He is the spouse of Datin Hon Wee Fong who is also a PKHB Executive Director. His sibilings Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company. His son Mr Choon King Han and daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are shareholders of the Company.

Profile of Board of Directors & Key Senior Management Group (cont'd)

Mr Cheong Teck Chong

Executive Director

Mr Cheong Teck Chong, age 68 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

A veteran in the jewellery industry, he was a co-founder of PKJ in 1976. Mr Cheong began his career in the gold jewellery industry in 1967 and rose to the rank of General Manager in Lian Sin Pawnshop. He became a Partner of Lian Yik Goldsmith in 1972 until 1980. In 1982, he was appointed Managing Director of PKJ (SS 2) Sdn Bhd, Petaling Jaya. Mr Cheong assists in the growth, development and expansion of the Group. He is a member of the Executive Committee and a member of the Risk Management Committee of PKHB.

He also sits as a Director of other companies within the Group and is a Director and shareholder of Lian Sin Tang Sdn Bhd, Heng Seng Sdn Bhd and a Director of Pajak Gadai Rakyat Sdn Bhd.

Mr Cheong is the spouse of Madam Pang Cheow Moi. Mr Cheong's sibling Madam Cheong Siew Loi @ Chong Kim Looi is also a shareholder of the Company. His children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

Madam Choon Nee Siew

Executive Director

Madam Choon Nee Siew, age 62 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

She brings with her more than 40 years of experience in the jewellery industry having held several portfolios over the years. She started her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she left the company to join PKJ as a Sales Manager. Two years later, she was appointed Director of PKJ (SS 2) Sdn Bhd and in 1991 was promoted to Managing Director of PKJ (Subang Parade) Sdn Bhd.

Her main responsibilities are in overseeing the daily retail operations and development of the Group. She also holds directorships of several other companies within the Group and with her vast experience in the jewellery retail trade has contributed to the Group's growth and development. She is a member of Executive Committee of PKHB.

Madam Choon Nee Siew's siblings Dato' Choon Yee Seiong, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. Her brothers-in-law Mr Siow Der Ming, Mr Chang Kwong Him and sister-in-law Datin Hon Wee Fong are also shareholders of the Company. Her children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

Dato' Choon Yoke Ying

Executive Director

Dato' Choon Yoke Ying, age 60 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 23 March 2016. She last served as Executive Director of PKHB from 2008 to 2011.

She is the Assistant Managing Director of Poh Kong Jewellers Sdn Bhd and began her career in the gold jewellery industry in 1977 when she joined PKJ as a retail Sales Representative. In 1979, she became a Partner in PKJ. In 1993, she was appointed Director of PKJ.

Her current responsibilities are marketing and merchandising for the Group. In addition, she is also in charge of research and development of the Group. She attends trade fairs regularly to constantly keep up-to-date on the latest technology, development and trends in the jewellery industry. She is also a Director of various companies within the Group.

Dato' Choon Yoke Ying is the spouse of Mr Chang Kwong Him. Her siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. Her brother-in-law Mr Siow Der Ming and sister-in-law Datin Hon Wee Fong are also shareholders of the Company.



Madam Choon Wan Joo

Executive Director

Madam Choon Wan Joo, age 56 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 23 March 2016. She last served as Executive Director of PKHB from 2008 to 2011.

She was appointed as Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd (PKJM) since 1991. Her main responsibilities are in overseeing the daily operations and decision making policies of PKJM.

Madam Choon Wan Joo's career in the gold jewellery industry started in 1980 when she joined Precious Jewellery Sdn Bhd (Precious) as a retail Sales Representative. In 1981, she was promoted to Production Supervisor cum Designer at Precious and was with the company until 1990. She was responsible for the initial set-up of the manufacturing plant and has successfully steered the plant to become fully operational with a workforce strength of about 140.

She participates in trade exhibitions to keep abreast of the latest trends in product designs and development and advanced manufacturing technologies. She also oversees in the production, quality control, manufacturing techniques, marketing, design and administration. In addition, her responsibilities also cover human resources, accounts and finance functions of the manufacturing facility. She also heads the Group's research and development team and provides support in new products development and enhancing the manufacturing capabilities of the Group.

She is a Director of several other companies within the Group and is also a member of the Risk Management Committee of PKHB.

Madam Choon Wan Joo is the spouse of Mr Siow Der Ming. Her siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. Her brother-in-law Mr Chang Kwong Him and sister-in-law Datin Hon Wee Fong are also shareholders of the Company.

Mr Choon Yee Bin

Executive Director

Mr Choon Yee Bin, age 49 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012.

He started his career as a goldsmith with Precious Jewellery Sdn Bhd in 1984 and a year later, was promoted to Production Supervisor. In 1991, Mr Choon was appointed Assistant Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd (PKJM). In 1994, he set up the wholesale division that sources a wide range of products for all the retail outlets under the Poh Kong Group.

Mr Choon has made significant contributions to the techniques used in the production of gold ornaments and the setting of precious and semi-precious stones. He oversees the marketing, wholesale, production and human resources departments of PKJM. He also holds directorships in other companies within the Group.

Mr Choon Yee Bin's sibilings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming, Mr Chang Kwong Him and sister-in-law Datin Hon Wee Fong are shareholders of the Company.



Profile of Board of Directors & Key Senior Management Group (cont'd)

Datin Hon Wee Fong

Executive Director

Datin Hon Wee Fong, age 57 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 11 April 2014.

Datin Hon has 36 years experience in the jewellery business and has been actively involved in the financial matters of Poh Kong Jewellers Sdn Bhd. She joined Poh Kong Jewellers in 1980 as a partner before being appointed as Finance Director of Poh Kong Jewellers Sdn Bhd in 1993. Her main responsibilities are primarily in treasury, finance and administrative matters of the Company. She is a Director of other companies within the Group.

She is also a substantial shareholder and a Director of Choon Yee Seiong Sdn Bhd which is an investment holding company. She is also a member of the Executive Committee of PKHB.

Datin Hon holds a LCCI Higher Level qualification from the London Chambers of Commerce & Industry in the United Kingdom.

She is the spouse of Dato' Choon Yee Seiong and the sister-in-law of Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin, Madam Choon Ching Yih, Mr Siow Der Ming and Mr Chang Kwong Him, who are shareholders of the Company. Her son Mr Choon King Han and daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are also shareholders of the Company.

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Dato' Dr Choong Tuck Yew, age 79 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 13 January 2004. He was promoted to Senior Independent Non-Executive Director in 2005.

He possesses a DComSc, an MBA and is a Chartered Member of the Malaysian Institute of Accountants (MIA), and a member of the Malaysian Institute of Certified Public Accountants. He is also a Fellow of the CPA Australia, a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators, a Fellow of the Chartered Taxation Institute of Malaysia, and a Chartered Fellow, as well as a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

In the early years of his career, Dato' Dr Choong worked as an accountant in several companies. In 1968, he joined Bank Negara Malaysia (Central Bank of Malaysia) and in 1987, he was appointed as the Chief Manager of the Central Bank of Malaysia. In 1990, he was seconded as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dato' Dr Choong is the Deputy Chairman of C & C Investigation Services Sdn Bhd, a licensed private investigation company.

His other business interests include directorships at UOB Asset Management (Malaysia) Berhad, and SCC Holdings Bhd.

Dato' Dr Choong was a Council Member of the World Association of Detectives and a life member of the International Professional Security Association and Asian Professional Security Association. He has been a guest speaker at various conferences in Malaysia, as well as abroad.

He is the Chairman of the Audit Committee, a member of the Remuneration and Nomination Committee of PKHB.



Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 51 years, a Malaysian, was appointed to the Board of Directors of PKHB as a Non-Independent Non-Executive Director on 13 January 2004. He was later re-designated as an Independent Non-Executive Director in 2005.

An advocate and solicitor, Encik Fazrin Azwar was called to the Malaysian BAR in 1991 following his graduation with a Bachelor of Laws (LLB) Honours from University of Malaya in 1990. He is currently the Managing Partner of Messrs Azwar & Associates.

In listed companies, he holds the following positions: as an Independent Non-Executive Chairman of Mercury Industries Berhad and Daya Materials Berhad. He is also an Independent Non-Executive Director of Tong Herr Resources Berhad.

In non-listed companies, he holds the position as an Independent Non-Executive Director of Times Offset (M) Sdn Bhd. He is also a Non-Independent Non-Executive Director of Kuchinta Holdings Sdn Bhd.

He is also a member of the Malaysian Institute of Directors and the Institute of Internal Auditors, Malaysia.

Encik Fazrin Azwar is the Chairman of the Nomination Committee, a member of the Remuneration Committee, the Audit Committee and the Risk Management Committee of PKHB.

Datin Shirley Yue Shou How

Independent Non-Executive Director

Datin Shirley Yue Shou How, age 68 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

She has 26 years experience in the local and foreign luxury fashion retail, business development and consulting, and investment banking industry.

She was Managing Director/General Manager of Fine Lines, a company dealing with imported lady apparels and high-end bespoke orders from 1985 to 1993. Subsequently, she served as Investment Advisor of Credit Lyonnaisse Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker of Soloman Smith Barney, and Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager of Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

Datin Shirley Yue holds a Graduate Diploma in Business Administration (post graduate degree) from the University of Western Sydney, Australia, a member of the Malaysian Institute of Management and a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

She is also the Chairperson of the Remuneration Committee, and a Member of the Nomination Committee and the Audit Committee of PKHB.



Profile of Board of Directors & Key Senior Management Group (cont'd)

Dato' Esther Tan Choon Hwa

Independent Non-Executive Director

Dato' Esther Tan Choon Hwa, age 67 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 11 April 2014.

She is a Fellow Member of the Institute of Chartered Accountants in England and Wales (FCA), a Member of the Malaysian Institute of Accountants (CA) and a Fellow Member of the Chartered Tax Institute of Malaysia.

Dato' Esther Tan began her career as an auditor with Grant Thornton in UK and later with Kingston Smith in UK before coming back to Malaysia. In 1984, she started her practice which eventually merged to be what is known as GEP Associates. The Firm is a member firm of an International Organisation called AGN International with its headquarters in the United Kingdom boasting of 465 offices worldwide. In 2008 and 2009, Dato' Esther Tan became its first lady Chairperson who led the international organisation and is today still an active International Board member representing the Asia Pacific region.

She is an auditor of various companies with activities ranging from manufacturing, associations, retailing, constructions, developers, trusts, and multinationals etc; and is well exposed to the requirements of regulatory bodies, as well as Public Listed Companies compliance matters. She has conducted several due diligence and fund raising exercises as Reporting Accountant for clients. She was previously the auditor of several Public Listed Companies.

In 2006, Dato' Esther Tan received the award from the National Association of Women Entrepreneur Malaysia as "The Woman Entrepreneur of the Year" under the Finance section.

She is also a Tax Director of GEP Tax Services Sdn Bhd and was previously a Finance Director of a manufacturing company before setting up the practice. Currently, she also manages the AGN Asia Pacific region as one of the four Directors.

She is the Chairperson of the Risk Management Committee and a member of the Audit Committee of PKHB.

Encik Mohd Annuar Choon Bin Abdullah

Key Senior Management of Group (Director of Subsidiaries)

Encik Mohd Annuar Choon Bin Abdullah, age 59, a Malaysian was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004 and served in the same capacity until 2007.

He joined PKJ in 1977 and in 1984, he became a Sales Representative in the PKJ (SS 2) Sdn Bhd. In 1985, he was appointed Managing Director of PKJ (Great Wall) Sdn Bhd in Klang.

His main responsibilities are in managing the daily operations of several retail outlets including those in AEON Bukit Tinggi, AEON Shah Alam, AEON Anggun Rawang Shopping Centre, AEON Sri Manjung, Sungai Buloh Complex, Queensbay Mall Penang, Mydin Kompleks Bukit Jambul and AEON Mall, Bukit Mertajam. He also holds directorships of several other companies within the Group.

Encik Mohd Annuar Choon's sibilings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. His brothers-in-law Mr Siow Der Ming, Mr Chang Kwong Him and sister-in-law Datin Hon Wee Fong are shareholders of the Company.



Mr Chang Kwong Him

Key Senior Management of Group (Director of Subsidiaries)

Mr Chang Kwong Him, age 67 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director from 15 March 2012 to 27 January 2016. He last served as Executive Director of PKHB from 2004 to 2007.

He joined Chang Kam Yee Sawmill in 1969 as Factory Manager. In 1982, he became a Director of PKJ (SS 2) Sdn Bhd and returned as a Factory Manager at Chang Kam Yee Sawmill in 1985. He was appointed Managing Director of PKJ (The Mall) Sdn Bhd in 1987. His main responsibility is managing several retail outlets at Sunway Putra Mall, Kompleks Pemas Sogo and AEON Cheras Selatan Shopping Centre. Besides The Mall, he holds directorships of other companies within the Group.

In addition, he is also a Director of Chang Kam Yee & Sons Sdn Bhd which is involved in sawmilling, a Director of Ketyoh Sdn Bhd, a wood moulding works company, a Director of Rancang Duta Sdn Bhd, a Director of Superior Valve Development Sdn Bhd, and a Director of Pakatan Ladang Mulia Sdn Bhd, Etomo Sdn Bhd, Julong Hormat Sdn Bhd and Jungmax Property Sdn Bhd.

Mr Chang is the spouse of Dato' Choon Yoke Ying whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Siow Der Ming and Datin Hon Wee Fong who are shareholders of the Company.

Mr Siow Der Ming

Key Senior Management of Group (Director of Subsidiaries)

Mr Siow Der Ming, age 60 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012 to 27 January 2016. He last served as Executive Director of PKHB from 2004 to 2007.

Mr Siow graduated with a Bachelor of Science (Hons) degree majoring in chemistry from the University of Malaya in 1981. Soon after, he worked as a Chemist and Quality Control Executive with Kee Huat Industry Sdn Bhd in Shah Alam, a manufacturer of gas cookers and washing machines. In 1983, he left to join Metatrade Sdn Bhd as a Sales Marketing Executive in charge of the marketing of speciality and industrial chemicals. In 1986, he was promoted to Technical Manager at Metachem Sdn Bhd and was responsible for quality control, research and development in rubber chemicals.

He is a veteran in the jewellery industry with over 20 years experience. He joined Poh Kong in 1989 and was appointed Managing Director of Poh Kong Jewellers (Maluri) Sdn Bhd. In 2002, he was appointed Director of Poh Kong Jewellers (Franchise) Sdn Bhd in charge of the overall strategic management and operation of the Franchise Division. His main responsibility is managing daily operations at several retails, such as AEON Maluri, Leisure Mall and Giant Kinrara. He also holds directorships of other companies within the Poh Kong Group.

He is the President of the Federation of Goldsmiths and Jewellers Associations of Malaysia (FGJAM) since April 2014 and committee member of the Goldsmith and Jewellers Association of Wilayah Persekutuan, Selangor, Negri Sembilan and Pahang. He is also Chairman of Fedmas Assay Office Sdn Bhd since 2014.

Mr Siow is the spouse of Madam Choon Wan Joo whose siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders of the Company. He is also the brother-in-law of Mr Chang Kwong Him and Datin Hon Wee Fong who are shareholders of the Company.

Save as disclosed above, none of the Directors and Key Senior Management of Group has:

- any family relationship with any Directors and/or major shareholders of the Company.
- any conflict of interest with the Company.
- any conviction for offences within the past 10 years other than traffic offences, if any.



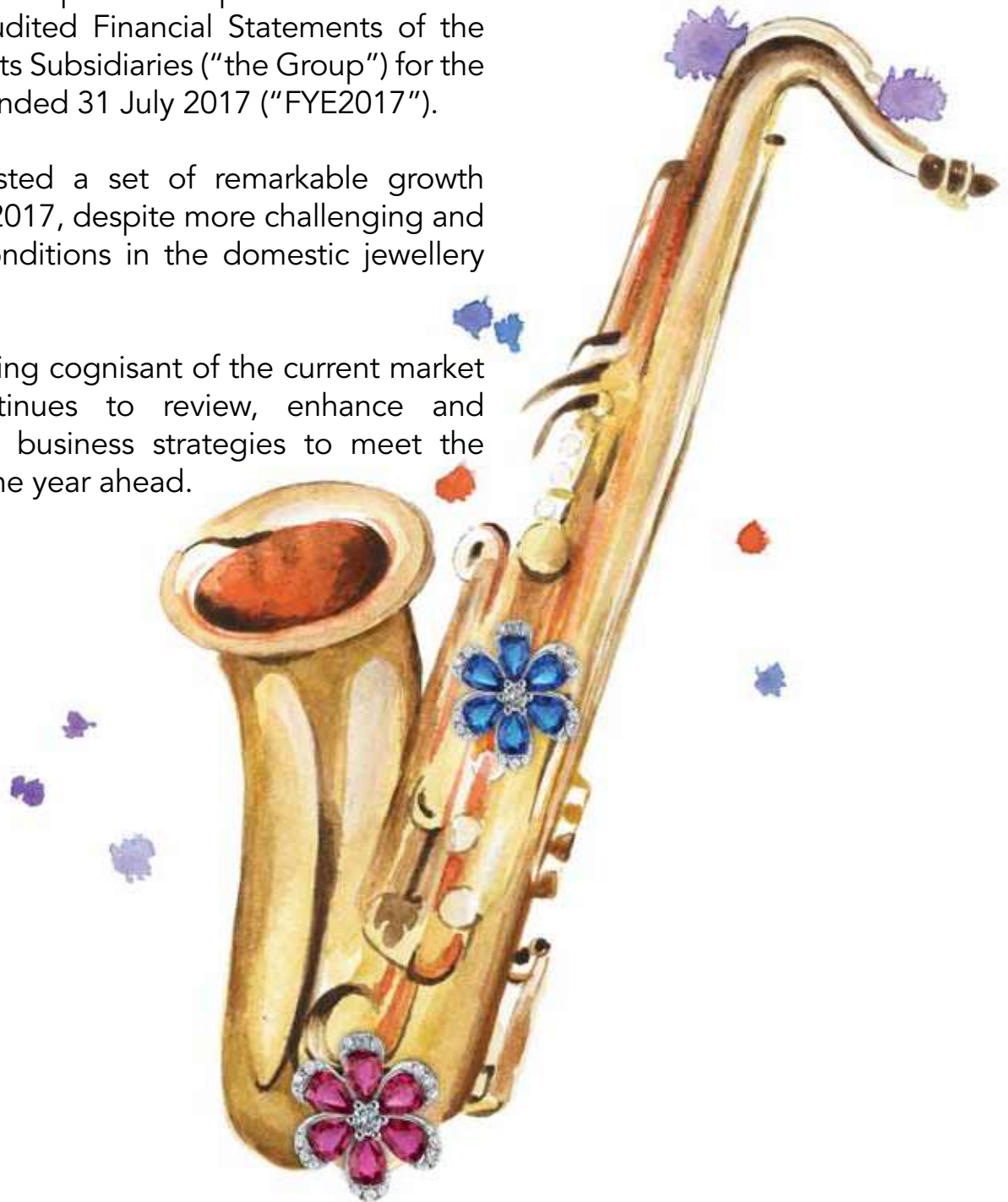
Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of Poh Kong Holdings Berhad ("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 2017 ("FYE2017").

Poh Kong posted a set of remarkable growth results for FYE2017, despite more challenging and competitive conditions in the domestic jewellery market.

The Group, being cognisant of the current market situation, continues to review, enhance and consolidate its business strategies to meet the challenges in the year ahead.



GROUP FINANCIAL PERFORMANCE

The Group registered higher sales revenue of RM876.99 million for FYE2017 as compared to RM776.53 million for the financial year ended 2016 ("FYE2016"). The increase in group revenue of RM100.46 million or 13% was attributed to the increased consumer demand for jewellery, gold related investment products and contributions from new and existing outlets.

Profit before tax recorded RM37.48 million compared to RM17.48 million in the preceding year in FYE2016. This was higher by RM20.00 million or a 114% increase. The increase was mainly due to a rise in consumer demand. Profit for the financial year was RM29.53 million for FYE2017 compared to RM11.01 million in FYE2016, representing an increase of RM18.52 million or 168%.

The Group's net assets stood at RM504.04 million over the previous year of RM461.68 million.

GROUP FINANCIAL REVIEW

A further review of the Group's financial operations is presented in the Management Discussion and Analysis ("MD&A") section of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's MD&A are covered separately on pages 30 to 41 in this Annual Report.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Sustainability and CSR initiatives undertaken by the Group as engagement programmes were focused in the workplace, marketplace, community relations and environment.

Poh Kong continues to build sustainable practices in every aspect of the Group's business in achieving high levels of integrity and excellence in its activities. The Group's sustainability and CSR initiatives are set out separately on pages 42 to 43 in this Annual Report.

EARNINGS PER SHARE

The basic earnings per share for FYE2017 stands at 7.20 sen (FYE2016: 2.68 sen).

DIVIDEND POLICY

The Group's dividend policy is to distribute a minimum of 10% of its annual net profit after income tax expense as dividends which would allow shareholders to participate in the profits of the Company.

The Board of Directors has recommended a first and final single-tier dividend of 1 sen per ordinary share in respect of FYE2017 for shareholders' approval at the upcoming Annual General Meeting. (FYE2016: 1 sen single-tier dividend per ordinary share).

Based on the outstanding issued and paid-up capital as at FYE2017 of 410,351,752 ordinary shares, the final dividend, if approved, would amount to a payout of RM4,103,518 to shareholders or approximately 14% from the profit attributable to owners of the Company.

BUSINESS PROSPECTS

The Government's GDP (gross domestic product) is forecast to grow at a slower pace of 5.0% to 5.5% in 2018 compared with 5.2% to 5.7% in 2017 due to a slight decline in manufacturing and services, the major components of the economy. (Source: Economic Report 2017/2018 in Budget 2018).

Resilient domestic demand is expected to underpin the GDP growth arising from an anticipated increase in private sector spending. The inflation rate is forecast to be lower at 2.5% to 3.5% in 2018 from 3.0% to 4.0% in 2017, amidst increased fuel prices, higher cost-of-living and weaker Ringgit which will continue to dampen consumer's sentiment and affect spending.

Notwithstanding this, the Group is optimistic in maintaining its growth and leading position in Malaysia despite the more challenging and competitive market.

Poh Kong is committed to improve its performance by strengthening its business model, consolidating and improving operational efficiencies, placing higher emphasis on product innovation and design, and cost control initiatives to reduce the cost of borrowing and gearing.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's resilience to weather the challenges ahead for financial year ending 31 July 2018.

ACKNOWLEDGEMENTS

I would like to convey my gratitude to all our valued shareholders, customers, strategic partners, financiers, suppliers, Government authorities and regulatory authorities for their guidance and assistance extended to the Group.

I also like to thank my Board Directors for their effective contribution and leadership, the Management and Staff for their dedication and determination shown in the face of continued global, regional and domestic challenges.

Dato' Choon Yee Seiong
Executive Chairman &
Group Managing Director

Petaling Jaya
 28 November 2017

Penyata Pengerusi



Pemegang-pemegang Saham yang Dihargai,

Bagi pihak Lembaga Pengarah ("Lembaga") Poh Kong Holdings Berhad ("Syarikat" atau "Poh Kong"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat dan anak-anak syarikatnya ("Kumpulan") bagi tahun kewangan berakhir 31 Julai 2017 ("FYE2017").

Poh Kong mencatat satu set keputusan pertumbuhan yang luar biasa bagi FYE2017, di sebalik keadaan yang lebih mencabar dan persaingan dalam pasaran barang kemas domestik. Kumpulan, dengan menyedari keadaan pasaran semasa, terus mengkaji, meningkatkan dan mengukuhkan strategi perniagaannya untuk memenuhi cabaran pada tahun mendatang.



PRESTASI KEWANGAN KUMPULAN

Kumpulan mencatat hasil jualan yang lebih tinggi sebanyak RM876.99 juta bagi FYE2017 berbanding dengan RM776.53 juta bagi tahun kewangan berakhir 2016 ("FYE2016"). Peningkatan dalam hasil kumpulan sebanyak RM100.46 juta atau 13% adalah akibat daripada peningkatan permintaan pengguna bagi barang kemas, produk pelaburan emas dan sumbangan daripada kedai-kedai baru dan sedia ada.

Keuntungan sebelum cukai direkodkan pada RM37.48 juta berbanding dengan RM17.48 juta dalam tahun sebelumnya dalam FYE2016. Ini adalah lebih tinggi sebanyak RM20.00 juta atau peningkatan sebanyak 114%. Peningkatan ini adalah terutamanya akibat daripada peningkatan dalam permintaan pengguna. Keuntungan bagi tahun kewangan adalah RM29.53 juta bagi FYE2017 berbanding dengan RM11.01 juta pada FYE2016, mewakili peningkatan sebanyak RM18.52 juta atau 168%.

Aset bersih Kumpulan berjumlah RM504.04 juta berbanding dengan tahun sebelumnya sebanyak RM461.68 juta.

ULASAN KEWANGAN KUMPULAN

Ulasan selanjutnya mengenai operasi kewangan Kumpulan dibentangkan dalam seksyen Perbincangan dan Analisis Pengurusan ("MD&A") Laporan Tahunan ini.

PERBINCANGAN DAN ANALISIS PENGURUSAN ("MD&A")

MD&A Kumpulan diliputi secara berasingan pada muka surat 30 hingga 41 dalam Laporan Tahunan ini.

KEMAPANAN DAN TANGGUNGJAWAB SOSIAL KORPORAT ("CSR")

Inisiatif kemapanan dan CSR yang dilaksanakan oleh Kumpulan sebagai program penglibatan tertumpu di tempat kerja, tempat pasaran, hubungan masyarakat dan alam sekitar.

Poh Kong terus memupuk amalan mapan dalam setiap aspek perniagaan Kumpulan dalam mencapai tahap integriti dan kecemerlangan yang tinggi dalam kegiatannya. Inisiatif kemapanan dan CSR Kumpulan dinyatakan secara berasingan pada muka surat 42 hingga 43 dalam Laporan Tahunan ini.

PEROLEHAN SETIAP SAHAM

Perolehan asas setiap saham bagi FYE 2017 adalah 7.20 sen (FYE2016: 2.68 sen).

POLISI DIVIDEN

Polisi dividen Kumpulan adalah untuk mengagihkan minimum sebanyak 10% daripada keuntungan bersih tahunannya selepas perbelanjaan cukai pendapatan sebagai dividen yang akan membolehkan pemegang-pemegang saham untuk turut serta dalam keuntungan Syarikat.

Lembaga Pengarah telah mencadangkan dividen satu tier pertama dan akhir sebanyak 1 sen setiap saham biasa bagi FYE2017 untuk kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. (FYE2016: dividen satu tier 1 sen setiap saham biasa).

Berdasarkan modal diterbitkan dan berbayar yang ada pada FYE2017 sebanyak 410,351,752 saham biasa, dividen akhir, sekiranya diluluskan, akan menjadi jumlah pembayaran sebanyak RM4,103,518 kepada pemegang-pemegang saham atau lebih kurang 14% daripada keuntungan boleh diagih kepada pemilik-pemilik Syarikat.

PROSPEK PERNIAGAAN

KDNK (keluaran dalam negara kasar) Kerajaan diramalkan berkembang pada kadar yang lebih perlahan sebanyak 5.0% hingga 5.5% pada 2018 berbanding dengan 5.2% hingga 5.7% pada 2017 akibat daripada kemerosotan kecil dalam pengilangan dan perkhidmatan, komponen utama ekonomi. (Sumber: Laporan Ekonomi 2017/2018 dalam Bajet 2018).

Permintaan dalam negeri yang berdaya tahan dijangka menyokong pertumbuhan KDNK timbul daripada peningkatan

yang dijangka dalam perbelanjaan sektor swasta. Kadar inflasi diramal menjadi lebih rendah pada 2.5% hingga 3.5% pada 2018 daripada 3.0% hingga 4.0% pada 2017, di tengah-tengah kenaikan harga bahan api, kos sara hidup lebih tinggi dan Ringgit yang lebih lemah yang akan terus melemahkan sentimen pengguna dan menjejaskan perbelanjaan.

Namun begitu, Kumpulan optimistik dalam mengekalkan pertumbuhan dan kedudukan terunggulnya di Malaysia di sebalik pasaran yang lebih mencabar dan bersaing.

Poh Kong komited untuk meningkatkan prestasinya dengan memperkukuhkan model perniagaannya, menyepadu dan menambah baik kecekapan operasi, meletakkan penekanan lebih tinggi ke atas inovasi dan reka bentuk produk, dan inisiatif kawalan kos untuk mengurangkan kos pinjaman dan penggearan.

Dalam ketiadaan keadaan di luar jangkaan, Lembaga Pengarah yakin dengan daya tahan Kumpulan untuk menghadapi cabaran pada masa hadapan bagi tahun kewangan akan berakhir 31 Julai 2018.

PENGHARGAAN

Saya ingin mengucapkan terima kasih kepada semua pemegang saham, pelanggan, rakan-rakan strategik, pembiaya, pembekal, pihak berkuasa Kerajaan dan pihak berkuasa berperaturan yang disanjung atas bimbingan dan bantuan mereka yang diberikan kepada Kumpulan.

Saya juga ingin mengucapkan terima kasih kepada Lembaga Pengarah saya bagi sumbangan dan kepimpinan mereka yang berkesan, Pengurusan dan Kakitangan bagi dedikasi dan keazaman mereka yang ditunjukkan dalam menghadapi cabaran global, serantau dan domestik yang berterusan.

Dato' Choon Yee Seiong
Pengerusi Eksekutif & Pengarah Urusan Kumpulan

Petaling Jaya
28hb November 2017

主席 报告



致尊敬的股东，

我谨代表宝光控股有限公司(“本公司”或“宝光”)董事会(“董事会”)欣然提呈本公司及各子公司(“本集团”)截至2017年7月31日之财政年(“2017财政年”)的年度报告和已审计财务报告。尽管在国内珠宝市场面对更多挑战和竞争状况，宝光依然在2017财政年发布一系列优异的成长业绩。本集团已确认当今的市场状况，并将继续检讨，提升和巩固其经营战略以应对来年的各项挑战。

集团财务表现

本集团在2017财政年取得更高的RM8亿7千6百99万营业额，相较于截至2016之财政年(“2016财政年”)的RM7亿7千6百53万。集团的营业额增长了RM1亿零46万或13%，可归功于消费人对珠宝，黄金相关投资产品的需求增加和现有及新分店的贡献。

扣税前盈利为RM3千7百48万，相较于2016财政年的RM1千7百48万。也就是增长了RM2千万或114%。扣税前盈利增长主要是因为消费人的需求上扬。2017财政年的扣税后盈利是RM2千9百53万，相较于2016财政年的RM1千1百零1万，即增长了RM1千8百52万或168%。

本集团的净资产则已由前一年的RM4亿6千1百68万增至RM5亿零4百零4万。

集团财务检讨

本集团财务营运检讨已列于本年度报告的管理层讨论及分析(“MD&A”)章。

管理层讨论及分析

本集团的管理层讨论及分析章已分别列于本年度报告的第30至41页。

永续性和企业社会责任(“CSR”)

本集团通过接触社区计划而推行的各项永续性和企业社会责任倡议皆专注于职场，市场，社区关系和环境。

宝光继续在本集团业务的每一方面打造永续性做法，以确保其各项活动具有崇高威望和卓越成就。本集团的各项永续性和企业社会责任倡议已分别列于本年度报告的第42至43页。

每股收益

2017财政年的基本每股收益是7.20分(2016财政年:2.68分)。

股息政策

本集团的股息政策是派发至少10%其扣除所得税后之年度净盈利为股息，让股东们得以分享本公司的盈利。

董事会建议在2017财政年派发每一普通股1分的首期和终期单层次股息，并须在即将举行的股东年度大会上获得股东通过。(2016财政年:每一普通股1分的单层次股息)。

根据截至2017财政年之410,351,752普通股的尚存已发行和缴足资本，若获通过，占可归本公司拥有者盈利之大约14%或总数RM4,103,518将派发给股东们。

业务展望

在2018年，我国的国内生产总值成长率预料将放缓至5.0%到5.5%，相较于2017年的5.2%至5.7%，这是作为经济之主要组成部分的制造和服务业皆稍微下降导致。(资料来源:2018财政预算案的2017/2018年经济报告。)

预期中的私人领域开销增长预料将使国内需求具有弹性而带动国内生产总值成长。通货膨胀率预料将从2017年的3.0%至4.0%下降到至2018年的2.5%到3.5%，即使油价涨升，更高的生活成本和令吉疲弱将继续影响消费人的购兴和消费。

尽管市场显得更具挑战性和竞争，本集团依然对维持我们在马来西亚的成长率和领先地位感到乐观。

宝光致力于推高表现，即通过强化我们的营业模式，巩固和提升营运效率，更加重视产品创新和设计，以及推行成本控制倡议以降低借贷和资产负债成本。

若无出现不可预见的情况，董事会有信心本集团具有弹力以在截至2018年7月31日的财政年应对未来挑战。

鸣谢

我谨此衷心感谢本公司所有尊敬的股东，顾客，策略伙伴，融资机构，供应商，政府当局和监管当局给予本集团的指导和援助。

我也要感谢诸位董事的实际贡献和领导，管理层和员工们在面对持续的全球，区域和国内挑战之际，继续表现出献身精神和坚强意志。

拿督锺义翔
执行主席兼集团董事经理

2017年11月28日
于八打灵再也

Management Discussion And Analysis

1. OVERVIEW OF GROUP'S OPERATIONS

Poh Kong Holdings Berhad ("PKHB," "the Company," "the Group," or "Poh Kong") is an investment holding company with subsidiaries involved in the manufacturing and retailing of jewellery in gold, precious stones and gem sets.

The Company was listed on Bursa Malaysia in 2004 with its corporate head office in Petaling Jaya New Town and a manufacturing facility, set up in 2001 in Shah Alam, Selangor Darul Ehsan.

Poh Kong began operations in 1976 and has transformed from a small outlet into the largest jewellery retail chain store in Malaysia with an established brand name.

POH KONG®

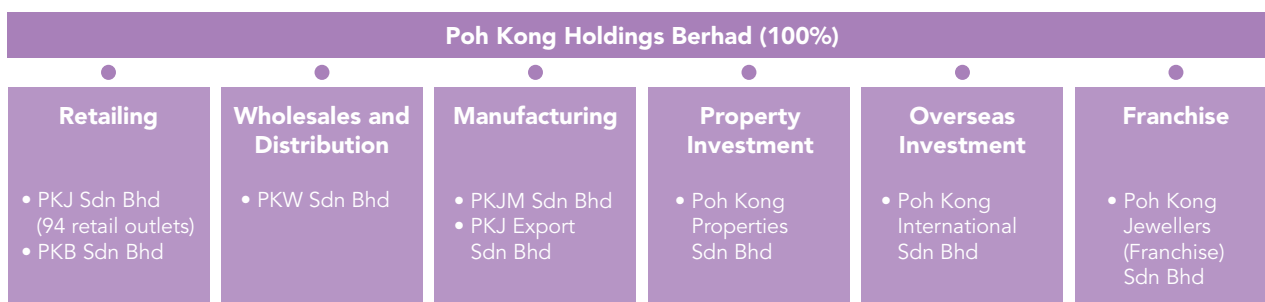
Malaysia's established brand name.

With a wide market reach and economies of scale, the Group's extensive network reinforces its branding in the jewellery industry. It caters for both mass and exclusive markets, leverages on image differentiation of its specialty brands and retail concept stores via new product designs, product lines and enhanced customer services.

The Group's vision is "to achieve product and service excellence." Its mission statements, among others, are "to provide wide distribution network for customers' convenience and easy accessibility" and "to offer an extensive range of local and international renowned jewellery brands to cater to customers' diverse preferences and needs".

Poh Kong's corporate structure involves six key areas in retailing, manufacturing, wholesale and distribution, property investment, overseas investment, and franchise.

Poh Kong Corporate Structure



Key:

- PKJ – Poh Kong Jewellers Sdn Bhd
- PKB – Poh Kong Bullion Sdn Bhd
- PKW – Poh Kong Wholesale Sdn Bhd
- PKJM – Poh Kong Jewellery Manufacturer Sdn Bhd
- PKJ Export – PK Jewellery Export Sdn Bhd

2. INTEGRATED BUSINESS MODEL

The Group is an integrated one-stop jeweller with operations in the retailing and fabricating of gold jewellery, diamonds, gems, precious stones and gold investment products. The business operations are conducted through the retail segment Poh Kong Jewellers Sdn Bhd, Poh Kong Bullion Sdn Bhd, and manufacturing segment Poh Kong Jewellery Manufacturer Sdn Bhd, PK Jewellery Export Sdn Bhd.

2. INTEGRATED BUSINESS MODEL (CONT'D)

The retail and manufacturing segments work synergistically to meet market expectation and demands across a wide range of customers in terms of their acceptability of products, brand experience and consumer preference.

Poh Kong's business model centres around its established reputation; strong market position and network, product and service excellence; a healthy balance sheet; adequate debt coverage; and gold inventories that can be liquidated to support its financial needs, if required.

3. BUSINESS OBJECTIVES & STRATEGIES

3.1 OPERATIONS OVERVIEW

The Group's primary objective is to increase market share in Malaysia for gold products which has been the main contributor to its revenue, as well as leveraging on its in-house brands and gems to a larger customer base.

The Group's major strategies are to strengthen its position as a leader in the retailing of gold, and gem sets collections.

Poh Kong's key business successes can be attributed to the following:

(i) Established Reputation and Strong Market Position

Poh Kong has over 41 years of history with an established reputation, a nationwide network and is the market leader in the jewellery segment in Malaysia.

The importance of reputation is a key parameter for success in the competitive and fragmented jewellery industry populated by an estimated 3,500 retailers.

The Group's reputation is reflected in the top sales revenue in the industry. In addition, the Group's wide network reinforces its brand.

(ii) Comprehensive Range of Products

The Group offers a range of jewellery that includes gold, diamonds, jade, pearls and gemstones that cater to various preferences.

It has its own team of researchers, designers and craftsmen working in tandem with the retailing team to keep abreast of industry and fashion trends, and to meet the needs of different segments of the market. The plant manufactures and supplies the majority of the finished gold jewellery to its stores while the rest are sourced from approved external suppliers.

This two-prong supply approach enables the Group to provide a comprehensive and wider range of gold and gem sets jewellery.

(iii) Exclusively Designed In-house Products

The factory in Shah Alam supplies about 50% of the gold jewellery to the Group and in-house products fabricated at its manufacturing plant is distributed exclusively to retail outlets nationwide.

The competitive advantage of having in-house brands is that these range of products are only available at all Poh Kong outlets, thereby providing consumers with exclusivity.

(iv) Largest Jewellery Retail Chain Store

The Group has 94 outlets across nine states and territories in Malaysia under the retail concept stores of Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Gold Boutique and Oro Bianco.

The Group's retail network and extensive coverage dominates over its competitors and continues to expand its footprint across the industry.

Poh Kong continued to open new outlets to capture new customers and refurbished existing ones to refresh and differentiate our stores from competitors, providing patrons the ultimate retail shopping experience.

Management Discussion And Analysis (cont'd)

3. BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

(v) Retail Concept Stores

Speciality jewellery are distributed through retail concept stores via our professional sales team who offer exemplary service standards.

The following page features a portfolio of our retail concept stores, some of which were recently opened or re-opened after refurbishment.

(vi) Poh Kong's Outlets by Locations

Location	Number of Outlets
Selangor / Kuala Lumpur	55
Johor	12
Malacca	4
Negeri Sembilan	4
Perak	8
Kedah	3
Pahang	3
Penang	3
Kelantan	2
Total	94

Poh Kong's various brands and retail concept stores nationwide occupy a total retail space of approximately 123,000 square feet. Retail outlets located within Kuala Lumpur and Selangor account for 60% of the total outlets and contribute 71% of the total revenue for FYE2017.

The opening of new outlets located mostly in large shopping malls is to facilitate accessibility, provide convenience and to enhance visibility of its brands.

Besides its market reach and economies of scale, the Group's large and extensive network also reinforces Poh Kong's brand as the largest jewellery retail chain store in the country.

(vii) Retail Sales the Key Revenue Driver

The Group's gold jewellery and gold investment products are the key revenue driver for the Group. Gold investment products consist of gold bars, bullions, wafers and coins.

Retail outlets serve customers from all walks of life and caters to various taste and preferences of different races by offering a comprehensive range of jewellery and exclusive designed products that meet our business principles of quality, value, trust and choice.

In FYE2017, the Group opened two outlets in Genting Sky Avenue Mall, Genting Highlands Resort, Pahang and Sunway Velocity Shopping Mall, Cheras, Kuala Lumpur which contributed a total of RM17.35 million in revenue or a 2% growth for the financial year.

In FYE2018, it plans to open another 3 stores in potential locations with an estimated total capital expenditure including inventories of about RM3.0 to RM5.0 million per store or an estimated capital expenditure of between RM9.0 million to RM15.0 million.

At the same time, the Group has been adopting proactive business strategies to streamline its operations.

(viii) In-house and International Brands

Poh Kong's in-house brands include Anggun, Happy Love, Tranz, The Art of Auspicious Jewellery, Bunga Raya gold bars and wafers. Anggun features modern Asian-styled designs of floral motifs that reflect the beauty of nature's flora, while Happy Love is inspired by traditional designs, and has a selection of elegant oriental gold jewellery. Tranz offers contemporary gold jewellery in four collections – Classic, Love, Nature and Duet. The Art of Auspicious Jewellery is a showcase of well-crafted masterpieces designed with fengshui elements.

3. BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)



Retail Concept Stores:

1. Poh Kong Gallery at its head office in PJ
2. Dazzling diamond collections displayed at Poh Kong Gallery
3. Poh Kong Gallery at KL Pavilion
4. Diamond and Gold at 1 Utama
5. Gold Boutique at Sunway
6. Diamond Boutique at AEON Bukit Indah, JB
7. Oro Bianco at AEON Bukit Indah, JB
8. Poh Kong opening at AEON, Bandar Dato' Onn, Johor
9. Genting Sky Avenue Mall, Genting Highlands Resort, Pahang
10. Sunway Velocity Shopping Mall, Cheras, Kuala Lumpur



Management Discussion And Analysis (cont'd)

3. BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

(ix) International Luxury Brands



Moraglione



Schoeffel



Luca Carati

We are the licensee for Disney Collection, sole distributor for Schoeffel luxury pearls from Germany, Luca Carati and Moraglione 1922 from Italy, Angel Diamond, the world's most brilliant and ideal square diamond, Hemera Diamond with 101 facets, and carrier of many more exquisite jewellery pieces from all over the world.

(x) Prestigious Diamond Brands



Angel Diamond



Hemera Ring

(xi) In-house Products

The Group continuously launches new exclusive designs, and new fine jewellery pieces of European brands to enhance product variety. It has also GST exempted gold bars, namely LBMA gold bars with iconic Bunga Raya motifs, ranging from 5 grams to 100 grams, at attractive prices to cater for various consumer segments.



Poh Kong 5 gram Bunga Raya gold bar



Poh Kong 100 gram Bunga Raya gold bar

3. BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

(xi) In-house Products (Cont'd)



In-house Tranz design gold jewellery



In-house design gold jewellery

(xii) Marketing Campaigns

Poh Kong’s products are extensively promoted through corporate image and brand building campaigns. These include advertising and promotion activities, road shows and ground events held with strategic partners to reinforce awareness of the Poh Kong brand name in the marketplace.

The Company’s branding and product advertising unfolds a compelling story to build meaningful connections with consumers through innovative campaigns on traditional and social media, and to engage with the next generation of consumers. These include road shows and promotional activities organised during the year.

In view of changing consumer buying pattern, especially trend-conscious young customers, Poh Kong introduced alternative channels and various interactive platforms in delivering sales to customers on e-commerce portals, such as Lazada, Superbuy, 11street and Wedding.com.



Roadshows organised

Management Discussion And Analysis (cont'd)

3. BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

(xiii) Manufacturing Plant

In spite of higher production costs, as well as manpower costs under the minimum wages law, the Group's manufacturing operations continued to increase productivity and operational efficiency to facilitate business sustenance and growth.

The RM23.6 million manufacturing plant and offices with a staff force of approximately 120 people, is equipped with a modern technology facility. This plant is home to designers and craftsmen who create new in-house designs, seasonal jewellery, including exclusive and mass products. Advanced IT systems and key innovative technologies are also continuously improved to reduce labour intensive operations.



Poh Kong Jewellery Manufacturer Sdn Bhd refinery system in Shah Alam

4. FINANCIAL REVIEW

The Group recorded higher sales revenue of RM876.99 million for FYE2017 as compared to RM776.53 million in FYE2016, an increase of RM100.46 million or a 13% growth.

Profit before tax registered RM37.48 million compared to RM17.48 million in the preceding year was higher by RM20.00 million over FYE2016. The increase in profitability was mainly due to increased consumer demand for gold jewellery, gold investment products and higher gold prices. Profit after tax was RM29.53 million for FYE2017 compared to RM11.01 million in FYE2016.

Generally, gold prices rose in FYE2017 compared to FYE2016 mainly due to favourable consumer sentiment for gold caused by regional geopolitical conditions and uncertainties in global economies which resulted in the Group's higher revenues and gross profit margin.

The improvement in the Group's revenue was also attributed to additional contributions from new and existing stores.

In addition, the Group continued to improve profit margins through a reduction in its operating expenses. The weaker Ringgit against the USD, had also pushed the gold price higher in Ringgit terms, therefore making it more attractive to investors.

4.1. FINANCIAL SUMMARY

5-Year Group Financial Highlights (2013 – 2017)

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	975,784	789,937	805,714	776,533	876,996
Profit before tax	40,575	21,867	26,131	17,480	37,485
Income tax expense	(6,606)	(8,557)	(11,647)	(6,473)	(7,957)
Profit for the financial year	33,969	13,310	14,484	11,007	29,528
Basic earnings per share (sen)	8.28	3.24	3.53	2.68	7.20

4. FINANCIAL REVIEW (CONT'D)

4.2 The Group's financial profile is summarised below:-

(i) Profit to Owners of the Company / Earnings Per Share

	2017	2016
Average number of ordinary shares in issue (million)	410.35	410.35
Profit attributable to owners of the Company (RM'million)	29.53	11.01
Basic earnings per share (sen)	7.20	2.68

The profit attributable to owners of the Company increased by RM18.52 million or 168%.

(ii) Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

	2017	2016
EBITDA (RM' million)	57.32	39.91

The Group's EBITDA increased by RM17.41million or 44% as compared to the previous financial year.

(iii) Financial Position

Property, plant and equipment (PPE)

	2017	2016
PPE (net carrying amount) (RM' million)	126.78	100.42

The increase in PPE was mainly attributable to new assets acquisition. Additionally, the Group's land and buildings have been revalued during the financial year by a registered independent valuer.

Cash and cash equivalents

	2017	2016
Cash and cash equivalents (RM' million)	39.35	27.41

The Group is in a healthy financial position with cash reserve of RM39.35 million which was largely generated from operating activities during the financial year. The cash reserve was also attributable to the consolidation of unprofitable stores and stringent inventories management.

Gearing

	2017	2016
Total net debts (RM' million)	138.08	194.58
Total capital plus net debts (RM' million)	642.12	656.26
Gearing ratio (times)	0.22	0.30

The improvement in gearing ratio was mainly due to the repayment of term loans, as well as reduced in utilisation of banking facilities during the financial year. Its net debt level was reduced by RM56.50 million to RM138.08 million as at FYE 2017.

Management Discussion And Analysis (cont'd)

4. FINANCIAL REVIEW (CONT'D)

4.2 The Group's financial profile is summarised below:- (Cont'd)

(iii) Financial Position (Cont'd)

Net Assets per Share

	2017	2016
Share capital (RM' million)	205.18	205.18
Retained profits (RM' million)	256.20	230.78
Revaluation reserve (RM' million)	42.66	25.72
Total Equity attributable to owners of the Company (RM' million)	504.04	461.68
Number of outstanding ordinary shares in issue (million)	410.35	410.35
Net assets per share attributable to owners of the Company (RM)	1.23	1.13

The increase in the equity attributable to owners of the Company was mainly due to an increase in retained profits and revaluation reserve.

5. RISKS MANAGEMENT AND MITIGATION

The Group faces numerous key risks that are generally related to business, financial, security and operational, as well as political, economic and regulatory issues which the management has developed plans and strategies to mitigate such risks.

5.1 BUSINESS & FINANCIAL RISKS

(i) Competition Risk

The jewellery industry has approximately 3,500 jewellery retailers in Malaysia which places significant pressure on the Group's business. However, the Group mitigates the competitive pressure with the following measures:-

- establishing its reputation and strong market position;
- retailing a comprehensive product range;
- fabricating exclusive designed in-house products;
- building a network of distribution channels; and
- setting up its own manufacturing plant to respond to spontaneous changes in market demands.

(ii) Fluctuations in Gold Price



Chart shows the 1 year gold prices.
Source: www.kitco.com

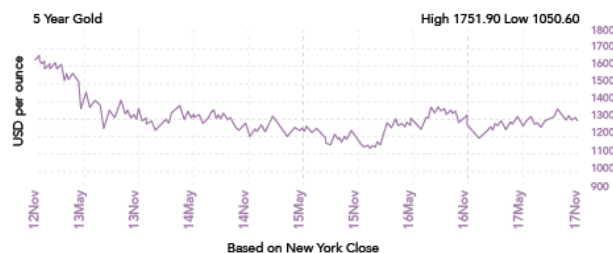


Chart shows the 5 year gold prices.

As gold is a major raw material for the manufacturing in gold jewellery, the Group is exposed to volatility in global gold prices. Prices of gold are affected by many factors and the commodity 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 exercise a natural hedge whereby it replenishes stocks as soon as they are sold.

5. RISKS MANAGEMENT AND MITIGATION (CONT'D)

5.1 BUSINESS & FINANCIAL RISKS (CONT'D)

(iii) Foreign Exchange Fluctuation



Chart shows the foreign exchange for 1 year.
Source: www.bloomberg.com

Chart shows the foreign exchange for 5 years.

The Ringgit depreciation against USD in the past year had 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.

(iv) 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 jewellery from loss due to theft or robbery and other potential disasters.

These risks affect the Group's businesses and operations including revenue and profitability performance. The Group had taken preventive and precautionary measures by implementing security and surveillance measures, such as the installation of closed circuit television, grilles on jewellery counters, engagement of internal and external security guards, use of a central monitoring system, strong rooms and safes, and having adequate insurance coverage of its assets.

(v) Political, Economic and Regulatory Considerations

Poh Kong is also broadly exposed to the political, 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 to financing of new ventures.

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

(vi) IT Risk

The Group has invested in IT infrastructure and system, in both hardware and software, to meet operational challenges in the business environment. Managing IT risk include updating anti-virus software, customer records, upgrading data servers, streamlining point-of-sales system for better customer experience and communication, updated accounting package for efficient tracking of financials and back-up servers are to ensure integrity of records in the event of disruptions to its network.

Our Disaster Recovery Centre is also in place to mitigate loss of data and ensure uninterrupted business continuity. The Group takes IT risks seriously and carries out regular reviews of its IT system to ensure preparedness in such an unlikely event.

We are of the opinion that in the current age of information technology various new risks have emerged through the use of social and digital media with innovative capabilities that are predicted to possibly and likely disrupt the future of business.

Management Discussion And Analysis (cont'd)

5. RISKS MANAGEMENT AND MITIGATION (CONT'D)

5.1 BUSINESS & FINANCIAL RISKS (CONT'D)

(vii) Reputation Risk

Like any other retailer and manufacturer of jewellery, negative publicity may adversely affect our image and reputation, reducing customer confidence in our products and result in reduced patronage to our stores.

Social networking and mobile computing concerns are considered very risky to reputational loss, primarily due to a potential loss of control of data, threats of authorised access to confidential and proprietary data and escalation of viral attacks via social media.

However, the Group believes reputational risk is relatively low as the Company have successfully developed brand equity for all its brands and proactive public relations which provide consumers with assurance of quality of its products.

Overall, Poh Kong has been constantly identifying, monitoring and putting in place measures to mitigate the above major risks through prudent management policies, internal control, review and evaluation of the Group's operations and strategies.

6. DIVIDEND POLICY

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

The Board has recommended a first and final single-tier dividend of 1.00 sen per ordinary share in respect of FYE2017, subject to shareholders' approval at the upcoming Annual General Meeting. (FYE2016: 1.00 sen single-tier dividend per ordinary share).

If approved, this would amount to a payout of RM4.10 million to shareholders or approximately 14% from the profit attributable to the owners of the Company.

Dividend Track Record

Financial Year	Profit After Tax (PAT) (RM'million)	Category of Dividend	Dividend Distribution (RM'million)	% Dividend on PAT
2013	33.97	1.40 sen single-tier	5.74	17%
2014	13.31	1.00 sen single-tier	4.10	31%
2015	14.48	1.00 sen single-tier	4.10	28%
2016	11.01	1.00 sen single-tier	4.10	37%
2017	29.53	1.00 sen single-tier	4.10	14%

7. OUTLOOK & PROSPECTS

FORWARD LOOKING STATEMENT

Malaysia's economy will remain resilient in 2018, though real GDP (gross domestic product) will expand at a slower pace due to eternal challenges, such as rising protectionism and policy uncertainties in the advance economies.

The GDP is expected to grow between 5.0% to 5.5% in 2018 compared with 5.2% to 5.7% in 2017 according to the Government's recent Budget 2018. Domestic inflation is forecasted at 2.5% to 3.5% in 2018 as against 3.0% to 4.0% in 2017 amidst increased fuel prices, a higher cost-of-living and weaker Ringgit.

However, the consumer sector which includes retailing is likely to see higher sales due to several measures, such as lower income tax, higher income for civil servants, cash handouts and other incentives introduced under Budget 2018.

The budget is a consumer-friendly initiative that would increase household spending and have a positive impact on the consumer sector.

Poh Kong is therefore optimistic that Malaysia's overall economic growth will improve progressively to turn around the subdued retail sentiment and instill consumer's confidence in the marketplace.

The Group is of the view that the demand for gold and gold related products will stay resilient and provide investors with a complementary investment option while at the same time, remain a liquid asset.

Overall, the Group is confident of scaling greater heights, and achieving product and service excellence by constantly creating consistent customer experiences that meet the challenges of the present and future.

Sustainability and Corporate Social Responsibility

The Poh Kong Group is committed to uphold sound corporate social responsibility (CSR) policies and practices in our daily operations to ensure sustainability and long-term growth. Our CSR initiatives were focused in our workplace, marketplace, community and the environment during the year.

WORKPLACE



Training and Development

To promote and develop our human capital to meet challenges, the Company continues to build and upgrade our human resources to ensure they realise their full potential and talents by conducting staff training programmes to increase their career advancement.

MARKETPLACE



Investor and Customer Relation

The Group carries out activities in a sustainable manner and promotes responsible practices among our investors and customers. These include efforts to engage with its shareholders and investors through various channels of communications, such as quarterly financial reports, analyst briefings and annual general meeting.

Customers are at the focus point of everything the Company does in developing and providing innovative, top notch quality products and services that meet the expectations of a wide base of customers' demands and earns their trust.

COMMUNITY



Poh Kong has contributed sponsorships and provided monetary support to charitable organisations, healthcare-related societies, associations and schools, underscoring the Company's commitment to corporate citizenship.

MCRA Charity Golf 2017

Malaysia Retailer Chain Association (MRCA) organised their exclusive VIP Charity Golf 2017 in association with Malaysian SME's to promote health and wellness and raise funds for a host of charities in the country. Poh Kong was one of the Hole-in-One sponsors along with other corporate patrons in the tournament held at the Tropicana Golf & Country Resort.

ENVIRONMENT



The Group has embedded environmental sustainability principles into its business operations and practices. It is committed in upholding responsible practices in promoting green awareness activities, such as reducing and recycling paper, the usage of energy efficient appliances or LED lighting and encouraging environment-friendly lifestyles.

Our on-going green campaign includes protecting the environment through green awareness and eco-friendly activities that reduces carbon footprint and waste in the manufacturing processes.



PHOTO CAPTIONS:

1. Employees at an in-house training course in their head office.
2. Customers previewing jewellery at a Poh Kong store.
3. Dato' Choon Yee Seiong (third from left) Poh Kong's Executive Chairman Director and his fellow golfers preparing to tee off.
4. MRCA Founder President Dato' Choon Yee Seiong (back row, fifth from left) with representatives of various community charities receiving cheques in the MRCA Charity Golf 2017 tournament.

Statement on Corporate Governance

INTRODUCTION

The Board of Poh Kong Holdings Berhad ("the Company") fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or "the Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Securities") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendations of the MCCG 2012 in ensuring and maintaining that good corporate governance is practised throughout the Company and its subsidiaries ("the Group") to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

The Board of Directors is pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for the financial year ended 31 July 2017. Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed with explanations.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear function of The Board and Management

The Board is the ultimate decision-making body of the Company, and is responsible for oversight and overall management of the Group.

It sets the strategic direction and vision of the Company and takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Group. It enforces standards of accountability, with a view to enabling Management to execute its responsibilities effectively and efficiently to meet the long term goals of the business. The Board has overall responsibility for putting in place a framework of good corporate governance within the Group, including the processes for financial reporting, risk management, internal control and compliance.

Board Committees

The following diagram shows an overview of the four (4) main Board Committees of the Group, each of which is listed with its major responsibilities below:-

Board of Directors	Major Responsibilities
Audit Committee	Internal Audit · External Audit · Financial Reporting · Audit Reports · Related party transactions
Risk Management Committee	Identify key risks · Action to mitigate risks · Policies & procedures · Reviews & assesses risk framework
Executive Committee	Develop Group's strategy & business plans · Manage operational activities · Manage manpower requirements & succession planning
Nomination Committee	Board size & composition · Board diversity · Selection & recruitment of Directors · Evaluation of Board performance
Remuneration Committee	Directors' remuneration policy · Directors' fees · Directors' incentives

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.1 Clear function of The Board and Management (Cont'd)

The Board Committees are established to assist the Board in discharging its responsibilities. The Board appoints the members and the Chairman of each committee. The Board delegates specific responsibilities to four (4) Committees, namely the Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). All committees have written terms of references and operating procedures approved by the Board and are reviewed periodically. The Board receives reports on the Committees' proceedings and deliberations. The Chairmen of the respective Committees report the outcome of their meetings to the Board, which are then incorporated into the minutes of the Board meetings. Members of the Board are given the minutes of the meetings of the respective Committees. The various committees perform certain of the Board's functions and to provide it with recommendations and advice.

The Board retains full responsibility for guiding, monitoring and directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. Roles of the Board as a whole include:-

- (1) Determining and establishing vision, mission and values of the Company;
- (2) Determining and setting Company's business and corporate strategy, goals, policies and Company's structure;
- (3) Delegating authority to management, monitoring and evaluating the implementation of policies, strategies and business plans; and
- (4) Exercising accountability to shareholders and stakeholders.

Board meetings are held regularly so that directors can discharge their responsibility to manage and control the Company's overall performance, strategy and policy, and to monitor closely on the exercise of any delegated authority, and for individual directors to report on their areas of responsibility and duties. In addition to operational and financial issues, Board of Directors must also deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

For day-to-day operations, the Board has delegated authority and power to senior Management including the Group Managing Director ("GMD") and Executive Directors ("EDs").

Role of Chairman and Group Managing Director

The Chairman's role includes managing the Board's business and acting as its facilitator. This can include:-

- Determining Board composition and organisation;
- Clarifying Board and management responsibilities;
- Planning and managing Board and Board Committee meetings; and
- Developing and evaluating the effectiveness of the Board.

The Chairman has to ensure that the Agenda of meetings are convened and properly attended to and that all Directors are given the opportunity to express their views and that decisions made during all meetings adequately reflect the views of the meeting as a whole.

The role of GMD however, ensures the smooth running of the Company's operations, monitors and evaluates the implementation of policies, strategies and business plans, to guide and set the pace for its current operations and future development including constant and continuous review of Company's goal.

Statement on Corporate Governance (cont'd)

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.1 Clear function of The Board and Management (Cont'd)

Role of EC

The role of the EC is to act as a steering committee and to collaborate with the Management in articulating the Group's vision, mission, values and strategies. It develops the Group's strategy, direction and business plan for the Board's approval, to manage and drive the daily operational activities, important critical matters and set priorities to achieve the business objectives, including looking into manpower requirements, compliance with and amendments of the Standard Operation Procedures and succession planning. The EC comprises Executive Directors and is led by the Group Managing Director. Executive Directors take on the primary responsibilities for implementing the Group's business plans and managing the business activities.

Role of Independent Directors

The role of the Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgment, and plays a pivotal role in decision making and corporate accountability. Independent Non-Executive Directors ensure that the business plans proposed by the Management are fully deliberated and examined objectively, taking into perspective the long term interests of the Company, its shareholders, other stakeholders and the community at large.

Role of Senior Independent Director

In compliance with the best practice in corporate governance, Dato' Dr Choong Tuck Yew was appointed as the Company's Senior Independent Director ("SID") in 2005. The SID is the main channel between the Independent Non-Executive Directors and the Chairman on matters that may be deemed sensitive and provide an alternative avenue for shareholders and stakeholders to convey their concerns and to raise issues pertaining to the Company.

All queries relating to the Group can be addressed at the Company's corporate website www.pohkong.com.my.

For the financial period under review, no shareholder has asked or communicated with the SID.

1.2 Clear Roles and Responsibilities

In fulfilling its fiduciary, stewardship and leadership functions, the Board meets regularly to perform its functions, amongst others, as follows:-

a. Reviewing and Adopting the Company's Strategy and Business Plans

The Board approves the strategy and business plans presented by the Management, which incorporate a realistic view of the expectations and the objectives of the Company. The business plans are vital as it is a comprehensive document that outlines key operational elements, market assessments, competition, operating budget and the Company's business goals.

Upon adopting the business plans approved by the Board, the Management will monitor and review the business plans on a regular basis, and aligning timelines as outlined in the original business plans and to conduct a comparative analysis.

A fully integrated set of projections incorporating monthly profit and loss accounts, cash flows and balance sheets are setup to efficiently update and reflect changes of these projections on a monthly or quarterly basis against actual performance.

The management will use these reports against its annual operational plans to review progress towards meeting the strategic aims and objectives by ensuring:-

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Clear Roles and Responsibilities (Cont'd)

a. Reviewing and Adopting the Company's Strategy and Business Plan (Cont'd)

- activities are in line with the Company's strategic aims and objectives and remain flexible to withstand unforeseen internal and external challenges, and
- activities are consistent with organisation's vision, mission and values.

b. Overseeing the Conduct of the Company's Business

To ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management. The GMD is responsible for the implementation of the Board's decisions, and the day-to-day operations of the Group's business and operational efficiency. The GMD is also the Chairman of the Executive Committee and drives the daily business activities of the Group.

c. Identifying Principal Risks and Ensuring the Implementation of Appropriate Systems to Manage them

The Risk Management Committee ("RMC") headed by an Independent Non-Executive Director, reviews the risks identified by the management and advises the Board on areas of risk faced by the Group and the adequacy of compliance and control throughout the Group. The risk management working group ("RMWG") comprising of senior managers and heads of departments was formed to actively review and identify business and other risks, and recommending control measures to mitigate these risks. The RMWG's findings relating thereto are reported to the RMC, and after deliberation, to the Board on a quarterly basis.

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks. Details of the RMC and the Company's ERM are set out in the Statement on Risk Management and Internal Control in this Annual Report on pages 71 to 75.

The members of the RMC are:-

Dato' Esther Tan Choon Hwa

Chairperson, Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

Mr Cheong Teck Chong

Executive Director

Madam Choon Wan Joo

Executive Director

The Terms of Reference of the Risk Management Committee is located at www.pohkong.com.my.

Statement on Corporate Governance (cont'd)

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Clear Roles and Responsibilities (Cont'd)

d. Succession Planning

The Board recognises the importance of succession planning in building long-term sustainable performance excellence and has established a Succession Planning Framework for key management positions. It has identified potential candidates for senior managerial positions to ensure continuity.

Succession planning for key management staff includes various programs, such as talent pools, senior management development and individual development plans. Experienced and key senior management staff contribute to the pool of potential talents for Executive Directorship appointments.

Succession planning for the Board and key management staff comes under the purview of the Nomination Committee, and for the Management, is under the Group Human Resource. A talent pool management committee formed by the Board, is a sub-committee of the NC which reports to the NC. It includes four Independent Non-Executive Directors which identifies the critical positions, assess potential candidates and develop required competencies through planned learning and development initiatives.

e. Overseeing the Development and Implementation of a Communication Policy for the Company

The Board recognises the importance of keeping shareholders and investors informed of its latest business and corporate developments. The Board believes that an effective investor relationship is essential in enhancing value to its shareholders.

The dissemination of information about the Group, its businesses and its activities is conducted via the timely release of quarterly financial results, press releases and announcements. The Company arranges informal meetings and dialogues with fund managers, analysts, potential shareholders and research houses periodically. The Company is aware of the legal and regulatory framework governing the release of material and price sensitive information, and it will endeavour to provide as much information as possible.

The Company's website at www.pohkong.com.my provides easy access to corporate and financial information of the Group. Poh Kong's Investor Relations ("IR") updates and information on financial results are uploaded on the website immediately where shareholders and the public can access the latest corporate information of the Group including annual reports, quarterly reports, corporate governance information, such as the Corporate Governance Statement, Board Charter, Corporate Disclosure Policy and announcements made to Bursa Securities and Securities Commission.

During the financial period under review, the Company has been involved in investor relations activities, such as media briefings, dialogue with analysts, fund managers, investor relations and interviews were held to keep shareholders duly informed on the performance, development and operational activities of the Group.

f. Matters Reserved for the Board's Decisions

The responsibility for matters material to the Group is in the hands of the Board, with no individual Director having unfettered powers to make decisions. Matters reserved for the Board include discussions on matters of significance, such as, change of direction in strategy, changes related to structure and capital, changes in Board members, disposal and procurement of assets, Executive and Non-Executive Directors' remuneration packages, approval of preliminary announcement of interim and final results, declaration of dividends that need authorisation from time to time.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.3 Formalised Ethical Standards through Code of Conduct

The Board has adopted a Code of Ethics and Conduct for Directors and employees towards their customers, business partners, communities and shareholders. It sets out the ethical standards and underlying core ethical values to guide actions and behaviors of all Directors and employees in conducting the day-to-day duties and operations of the Group.

Management and employees are expected to observe high standards of integrity and fair dealing in relation to customers, business partners, staff and regulators in the network locations where the Company operates.

In order to strengthen corporate governance practices across the Group, a Whistle-Blowing Policy was established to provide employees with an accessible avenue to report fraud, corruption, dishonest practices or other similar matters.

The aim of this policy is to promote and encourage the reporting of such matters in good faith with the confidence that the staff making such reports will be protected from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistle blower to the regulators.

The Code of Ethics and Conduct is published on the Company's website at www.pohkong.com.my. The Board will review the Code when necessary to ensure it remains relevant and appropriate.

1.4 Strategies Promoting Sustainability

The Board has adopted a Sustainability and Corporate Responsibility Framework ("the Framework") for the Group. The Framework reinforces the Group's commitment to integrate sustainability and corporate responsibility strategies into daily operations. The ultimate objective is to achieve greater efficiency, better performance of the Group and improved quality of life to the society at large.

The Group's activities on sustainability are included in the Sustainability and Corporate Responsibility report on pages 42 to 43 of this Annual Report and in the Company's website.

Poh Kong's Sustainability Policy is based on promoting a cleaner environment, development without excessive waste and pollution, usage of energy efficient appliances or items and improvement in sustainability performance. Our on-going green campaign includes protecting the environment through green awareness and eco-friendly activities that reduces carbon footprint and waste generated in manufacturing processes.

1.5 Supply and Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance of this, every Director has access to all information within the Company through the following means:-

- Members of Senior Management attend Board and Board Committee meetings by invitation to report on areas of their responsibility including financial, marketing, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities. Meetings with the External Auditors are also held without the presence of Management and Executive Directors. There were two meetings held for this purpose in the financial year under review.
- The Board and Board Committee papers are prepared and circulated to the Directors or Board Committee Members at least seven (7) days before the Board and Board Committee meetings.
- The Audit Committee meets with the Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on internal control system and financial reporting matters.

Statement on Corporate Governance (cont'd)

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.6 Qualified and Competent Company Secretary

The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and knowledgeable on statutory and regulatory requirements relating to the Companies Act 2016, and updates on provisions of the forthcoming new Companies Bill, amendments to the Main Market Listing Requirements of Bursa Securities ("MMLR") and Corporate Governance practices and guidelines, and the implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary facilitates the flow of information to the Board and its committees.

The Directors have ready and unrestricted access to the advice and services of the Company Secretary pertaining to Board policies, procedures, the Companies Act 2016, the MMLR, the MCCG 2012, and timing of material announcements, to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for trading in the Company's shares.

Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if deemed necessary.

The Company Secretary maintains all secretarial and statutory records of the Company.

1.7 Board Charter

The Directors are expected to act in a professional manner and discharge their duties with high ethical values, honesty and accountability with strong commitment to good corporate governance practices. The Board Charter was formalised and adopted in 2014 by the Board which sets out the roles, responsibilities, authorities and operation of the Board and Board Committees. All Board members are aware of their duties and responsibilities.

The Board Charter also outlines:-

- The division of responsibilities and powers between the Board and management, the different committees established by the Board, and position of the Chairman and the Group Managing Director;
- The processes and procedures for convening Board meetings;
- The Board's commitment in upholding integrity in financial reporting, conflict of interest situations and related party transactions;
- The list of matters reserved for decision by the Board;
- The Board's access to information and independent advice; and
- The role of the Company Secretary.

The Board Charter serves as a reference providing guidance to prospective and existing Board members and Management on the fiduciary and stewardship functions of the Company's Directors. It also entrusts Board members and employees to apply the principles and practices of good Corporate Governance in all their dealings in respect of and on behalf of the Company; to help foster a culture of honesty and accountability and uphold the core values of integrity when dealing with ethical issues.

Poh Kong's Board Charter is available on the Company's website and will be reviewed annually to ensure the Charter remains consistent with the Board's objectives, current law and practices.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

2.1 The Board Composition and Management

The control environment sets the tone for the Group and is driven by an effective Board consisting of competent individuals with appropriate specialised skills and knowledge to ensure capable management of the Group. The appointment of Independent and Non-Independent Directors is carefully considered to ensure that the Board is well balanced on views, advice, judgment and decision making.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

2.1 The Board Composition and Management (Cont'd)

The Board comprises eleven (11) members, of whom seven (7) are Executive Directors and four (4) are Independent Non-Executive Directors. It is a balanced Board and comprises professionals from various backgrounds, with the relevant experience and expertise that would add value to the Group. The mix of experience and talent is vital for the strategic success of the Group.

The Board has met the requirement of at least one third of the number of Directors shall be Independent Non-Executive Directors. It has also exceeded the gender requirement that 30 % of its Board Members should be women, as it has six women Board Directors, thus meeting the gender diversity of 54.5%. The Board has also met the diversity in age and ethnicity in varying degrees.

The Board delegates the implementation of its strategy to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company and performance of the Group.

2.2 Nomination Committee

The Nomination Committee ("NC") comprises three (3) Non-Executive Directors, who are Independent Directors. The members of NC are as follows:-

Encik Fazrin Azwar Bin Md Nor

Chairman, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

The Terms of Reference of the NC can be found in the Company's Corporate Governance in the investors' section of the website at www.pohkong.com.my. The NC reviews training needs for incoming Directors with respect to their roles and responsibilities, as well as to the expectation of the stakeholders with regard to their contributions to the Board and the Group.

The NC also assists the Board in its annual review of the required mix of skills and experience and other qualities including core competencies which Directors should bring to the Board and to assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity and training courses.

The NC met twice (2) during the financial year on 20 October 2016 and 14 June 2017 to deliberate on the above matters.

2.3 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Appointment, Selection and Assessment of Directors

The NC is responsible for reviewing recommendations of any new appointments to the Board. In reviewing these recommendations, the NC considers the required mix of skills and experiences which the Directors would bring to the Board and his or her time commitment. Any new nomination received is reviewed by the talent pool management committee and recommended to the NC and subsequently, to the full Board for assessment and endorsement.

The key task of the NC is to ensure that the Company recruits and retains the best available Executive and Non-Executive Directors who are competent and are able to guide the Company to meet its strategy and business plan.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

2.3 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

Appointment, Selection and Assessment of Directors (Cont'd)

The NC is responsible for making recommendations to the Board on the most appropriate Board size and composition. In discharging its responsibilities, the NC has developed a set of criteria used in the recruitment process and annual assessment of Directors. In evaluating the suitability of candidates, the NC considers the following factors, as detailed in the Terms of Reference of the NC which is available for reference at the Company's website, www.pohkong.com.my.

Specific responsibilities sought by the NC include:-

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- commitment (including time commitment) and contribution;
- background, character and competence;
- boardroom diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities and functions as are expected from Independent Non-Executive Directors.

This responsibility includes making recommendations on the desirable competencies, experience and attributes of the Board members and strategies to address Board diversity. The NC may recommend to the Board to appoint an individual to be Director by following a set of processes for the new appointee who will stand for election at the next Annual General Meeting ("AGM") in accordance with the Articles of Association ("the Articles") of the Company.

The Committee will seek nomination of suitable candidates from the Directors, Management and shareholders of the Company for their assessment before recommending to the Board based on the criteria set.

Re-election of Directors

The Articles of the Company provides that one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by Shareholders at every AGM at least once in every three (3) years.

The NC has noted the contribution of each the following Directors who will be retiring by rotation under Article 80 and being eligible, have consented to be re-elected. The NC has recommended to the Board for their re-election at the forthcoming AGM of the Company.

Retiring Directors:-

Dato' Choon Yee Seiong
Datin Shirley Yue Shou How
Datin Hon Wee Fong
Dato' Esther Tan Choon Hwa

Diversity Policy

The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, ethnicity throughout the organisation.

The Board practices gender diversity and has six (6) female Directors that represents 54.5% of seats at Board level, out of a total of eleven (11) Directors, even though it does not have a formalized policy on setting targets for female candidates.

The Group will continue to identify suitable candidates for appointment to the Board based on merit, competence and contribution that each potential candidate can bring to further strengthen the Board. The evaluation of the suitability of candidates as Board members is solely based on the candidates' competency, character, time commitment, knowledge and experience in meeting the needs of the Group.

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

2.3 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

Annual Assessment

The NC adopts and conducts on an annual basis the following evaluation:-

- Board and Board Committee Evaluation Forms
- Internal Audit Function Evaluation Form;
- External Auditor Performance and Independence Form;
- The Independent Directors' self-assessment;
- Directors and Key officers' evaluation;
- The AC's financial literacy and evaluation;
- The AC members' self evaluation;
- The Internal Audit function evaluation; and
- Assessment form on Private Sessions with the External Auditors.

All assessments and evaluations carried out by the NC are properly documented. The Company Secretary summarized and compiled the assessments with comments by the Directors. The summaries are tabled at the NC meeting for the NC's assessment and evaluation. The NC Chairman will then report to the Board on the results of the Directors' assessment and evaluation.

2.4 Remuneration Committee

In compliance with the Code, the Remuneration Committee ("RC") was established on 8 March 2004.

With the authority delegated to it by the Board to assist and advice them, the RC has its own terms of reference and guidelines structured to align and complement the strategic direction and objectives of the Company to ensure its long term success.

The RC is responsible for setting up a remuneration policy for the Chairman, CEO and Executive Directors.

Also within this policy stipulated are policies on compensation payments, rewards and retirement benefits based on several criterias, such as seniority, their competencies, experience, responsibilities, business acumen and performance. In determining the balance between fixed and performance related packages, the RC further plays a crucial role in ensuring these packages are compatible with HR policies within Poh Kong, at the same time striking an appropriate balance between the interests of shareholders, the Board, senior executives, employees and Poh Kong's culture and values.

The RC, in discharging its duties ensures all recommendations and decisions made regarding remuneration and incentive packages are conducted in a transparent, fair and responsible manner and in accordance with the guidelines as stipulated in the remuneration policy.

The RC also makes certain that no Directors, both executive and non-executive take part in the discussion and decision making of his or her own remuneration or salary to avoid potential conflict of interest.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2 – STRENGTHEN COMPOSITION (CONT'D)

2.4 Remuneration Committee (Cont'd)

Non-Executive Directors receive fees that are not linked to profits and performance of the Company but in consideration of their crucial roles in corporate governance, fiduciary duties, responsibilities and time commitments.

Non-Executive Directors' fees are subjected to the approval of shareholders at the AGM.

In Poh Kong, it is imperative that the RC must continuously review the appropriateness and relevance of its Remuneration Policies and Guidelines to meet challenges both within the organisation and the external environment.

The RC comprises four (4) Directors, the majority of whom are Independent Non-Executive Directors. The members of the RC are as follows:-

Datin Shirley Yue Shou How

Chairperson, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

The table below shows the remuneration for Directors of the Company during the financial year ended 31 July 2017 is as follows:-

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	27	192
Non-fees	3,589	156
Salaries	6,063	-
Bonuses	1,277	-
Benefits-in-kind	283	-
Total	11,239	348

The number of Directors of the Company in each remuneration band is as follows:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	4
RM750,001 to RM800,000	1	-
RM900,001 to RM950,000	1	-
RM1,350,001 to RM1,400,000	1	-
RM1,450,001 to RM1,500,000	1	-
RM1,500,001 to RM1,550,000	1	-
RM1,900,001 to RM1,950,000	1	-
RM3,200,001 to RM3,250,000	1	-
Total	7	4

The RC met twice (2) during the financial year on 6 January 2017 and 19 June 2017 to deliberate on the above matters.

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the independent directors are capable of exercising independent judgment and are not involved in any relationship with the Group, acting in the best interests of the Company.

The Independent Directors of the Company fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Securities. The Board, via the NC, has developed the criteria to assess independence and formalised the current independence assessment practice. In addition, the Independent Directors signed a confirmation of independence annually.

3.2 Tenure of Independent Directors

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative or consecutive term of a total of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the nine (9) years tenure.

However, if the Board intends to retain the Director as Independent after the Independent Director has served a cumulative or consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

3.3 Shareholders' Approval for the Appointment as an Independent Director after serving nine (9) years in that capacity

The Board based on the review and recommendation made by the NC, considers Dato' Dr Choong Tuck Yew, the Senior Independent Non-Executive Director, and Encik Fazrin Azwar Bin Md Nor, an Independent Non-Executive Director, to be independent and recommends that they should continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- The Group has benefited from these long serving Independent Directors who possesses detailed knowledge of the Group's business, standard operating procedures, internal controls and risk profile, and have proven commitment, integrity, experience, competence and wisdom to effectively advise the Board from time to time.
- Dato' Dr Choong and Encik Fazrin Azwar are independent in character and judgment, independent of management and free from any relationship or circumstances which are likely to affect or could affect their judgment or making of decisions in the best interest of the Company.
- Dato' Dr Choong and Encik Fazrin Azwar each have proven business acumen, academic qualifications, professional backgrounds and practice skills in the fields of accounting and law respectively. They have always been vocal and provided constructive feedback to promote effective decision making of the Board.

Dato' Dr Choong and Encik Fazrin Azwar have fulfilled the criteria under the definition of Independent Directors as stated in the MMLR, and hence they have provided a check and balance, and brought an element of objectivity to the Board. Both of them have served the Group for more than nine (9) years and have agreed to be retained as Independent Non-Executive Directors.

Statement on Corporate Governance (cont'd)

PRINCIPLE 3 - REINFORCE INDEPENDENCE (CONT'D)

3.4 Separation of positions of the Chairman and the Group Managing Director

To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of the Chairman and the Group Managing Director are distinct and separate with a clear division of responsibilities between the Chairman and the GMD.

However, it has been the practice of the Group to combine the responsibility of the Chairman and the GMD due to the vast experience and indepth industry knowledge that Executive Chairman Dato' Choon Yee Seiong ("Dato' Choon") has in the business. Dato' Choon's intensive wealth of expertise and goodwill generated over the years, his combined role has proven beneficial and appropriate for the Group. Hence, the two roles as the Chairman and the GMD remain vested in him for business efficiency and effectiveness.

As the Chairman, Dato' Choon is pivotal in creating the conditions for overall Board and individual Director's effectiveness. His responsibility is to run the Board and set its agenda taking into account the issues and concerns of all Board members. He ensures Board Members receive accurate, timely and clear information about the Company's performance to enable the Board to make sound decisions, and encourages active engagement by all Board Members. He is responsible for the approval of all Group policies, ensuring they adhere to and conform to the highest standards. He also ensures the orderly conduct and management of the Board, and Board Committees performance. Dato' Choon is an effective Chairman who upholds the highest standards of integrity and provides coherent leadership in representing the Company's vision and mission, and understanding the needs of various stakeholders.

As the GMD, he is responsible for developing the Group's objectives and strategies for approval by the Board having regard to the Group's responsibilities to its various stakeholders. He recommends to the Board an annual budget and three years' financial plan and ensures its achievements following the Board's approval. Dato' Choon also implements the Board's directions, managing the day-to-day business operations, including chairing the Executive Committee and communicating its decisions and recommendations to the Board. His duties include driving the Group's performance and reviewing its operational results and strategic directions of the Group's business. He undertakes the responsibility of identifying and executing new business opportunities. Dato' Choon ensures the Board that appropriate risks and internal controls are in place. In summary, Dato' Choon has upheld his duties as the Chairman and the GMD respectively as separate and distinct roles with clear division of responsibilities.

Although the Executive Chairman is also the GMD, all decisions of the Board are based on the decision of the majority of the Board Members and matters are deliberated with active participation of the four (4) Independent Non-Executive Directors. Therefore, no individual Director dominates the decision making process unless duly authorised by the Board.

Nevertheless, functionally and for all intent and purpose, the responsibilities of the GMD are executed by delegating authority to designated Senior Management to ensure that division of responsibility and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.

The MCCG 2012 recommends that the majority of the Board members must comprise of Independent Directors in the event that the Board Chairman is not an Independent Director. In spite of this, the Board is of the view that this recommendation is currently satisfied by the strong proactive participation of the Independent Non-Executive Directors expressing their impartial, independent opinions, without fear or favour on important issues that affect the Company and/or the interest of the various stakeholders.

PRINCIPLE 3 - REINFORCE INDEPENDENCE (CONT'D)

3.5 Composition of the Board

Presently, the Board comprises four (4) Independent Non-Executive Directors and seven (7) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. The profiles of the Directors are set out on pages 17 to 23 of this Annual Report.

The Executive Directors take on the primary responsibility of the day-to-day running of the Group's business, as well as implementing the policies and decisions of the Board. The Executive Directors have cumulatively, a wealth of knowledge and experience, gained insights from different fields and expertise that include retailing, merchandising, manufacturing, research and development functions in the industry. They each uphold different functions of the Company and contribute cohesively to the success and well being of the Group.

The Independent Non-Executive Directors act independently of management and do not participate in any business dealings and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making. They provide a broader view and independent assessment to the Board's decision making process by acting as an effective check and balance.

Together, the seven (7) Executive Directors and four (4) Independent Non-Executive Directors, is a balanced Board and comprises professionals from various backgrounds with depth and breadth of experience, expertise and perspectives which would add value to the Group. With their diverse backgrounds, professional experience and wide mix of skills, the Board oversees the Group's operations effectively and efficiently.

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Board Meetings and Time Commitments

The Board met five (5) times during the financial year ended 31 July 2017. Details of Directors' attendance are set out as follows:-

	← Dates of Meetings →					Total
	No 1/2016/2017 BODM 28/09/2016	No 2/2016/2017 BODM 20/10/2016	No 3/2016/2017 BODM 08/12/2016	No 4/2016/2017 BODM 16/03/2017	No 5/2016/2017 BODM 29/06/2017	
Board of Directors						
Executive Chairman, Group Managing Director:						
Dato' Choon Yee Seiong	√	√	√	√	√	5/5
Executive Directors:						
Choon Wan Joo	√	√	√	√	√	5/5
Dato' Choon Yoke Ying	√	√	√	√	√	5/5
Datin Hon Wee Fong	√	√	√	√	√	5/5
Choon Nee Siew	√	√	√	√	√	5/5
Cheong Teck Chong	√	√	√	√	√	5/5
Choon Yee Bin	√	√	√	√	√	5/5
Independent Non-Executive Directors:						
Dato' Dr Choong Tuck Yew	√	√	√	√	√	5/5
Dato' Esther Tan Choon Hwa	√	√	√	√	√	5/5
Datin Shirley Yue Shou How	√	√	√	√	√	5/5
Fazrin Anwar Bin Md Nor	√	√	√	√	√	5/5

Statement on Corporate Governance (cont'd)

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

4.1 Board Meetings and Time Commitments (Cont'd)

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, one of the criteria is that they must not hold directorships of more than five (5) public listed companies. The Directors are required to submit an update on their other directorships annually. The Directors are also required to notify the Chairman before accepting any new directorship.

The Board, via the Nomination Committee reviews annually the time commitment of the Directors and ensure that they are able to carry out their own responsibilities and contributions to the Board.

Furthermore, the Directors have from time to time made visits to existing stores and/or new locations to familiarise themselves, and meet with senior management periodically to actively discuss the Group's financial and operations matters.

It is also the Board's policy for Directors/Executive Directors to notify the Chairman before accepting any new directorship to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in board deliberations, Directors are provided with continuing education programmes and training. The Directors have devoted sufficient time to update their knowledge and enhance their skills by attending training as set out below.

4.2 Directors' Training

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, and development in the industry in order to further enhance their skills and knowledge.

During the year, the relevant external training programmes attended by the Directors are as follows:-

Dato' Choon Yee Seiong	2017	<ul style="list-style-type: none"> 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
Datin Hon Wee Fong	2016	<ul style="list-style-type: none"> 10 November 2016 - "Corporate Governance Education Programme/ Empowering Women Series," conducted by INSEAD and Bursa Malaysia.
	2017	<ul style="list-style-type: none"> 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
Mr Cheong Teck Chong	2017	<ul style="list-style-type: none"> 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)**4.2 Directors' Training (Cont'd)**

Madam Choon Nee Siew

2017

- 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.

Dato' Choon Yoke Ying

2017

- 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
- 29 August 2017 – "Annual Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017," conducted by Aram Global Sdn Bhd at Istana Hotel, Kuala Lumpur.

Madam Choon Wan Joo

2016

- November 2016 - "Corporate Governance Education Programme/Empowering Women Series," conducted by INSEAD and Bursa Malaysia.

2017

- 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
- 29 August 2017 - "Annual Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017," conducted by Aram Global Sdn Bhd at Istana Hotel, Kuala Lumpur.

Mr Choon Yee Bin

2017

- 29 June 2017 - "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.

Statement on Corporate Governance (cont'd)

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Dato' Dr Choong Tuck Yew

2016

- 16 August 2016 – “Advocacy Session on Management Discussion & Analysis for CEO and CFO,” held at Bursa Malaysia Conference Room, KL.
- 5 September 2016 – “Module 1: Directors as Gate Keeper of Market Participants,” in Capital Market Directors Programme.
- 6 September 2016 – “Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know,” Fund Management Programme.
- 6 September 2016 – “Module 3: Risk Oversight and Compliance – Action Plans for Board of Directors”.
- 7 September 2016 – “Module 4: “Current and Emerging Regulatory Issues in The Capital Market”.
- 15 & 16 November 2016 – “International Conference,” organised by Malaysian Institute of Accountants.
- 17 November 2016 – “Regulatory Updates on Audit Committee Seminar 2016,” organised by the Federation of Public Listed Companies Bhd.

2017

- 10 January 2017 – “The Velocity of Global Change and Sustainability – The New Business Model,” organised by Bursa Malaysia's Sustainability Forum for Directors/CEOs' at Sime Darby Convention Centre, KL.
- 2 March 2017 – “The Embrace Paradoxes,” organised by IMD and Security Industry Development Corporation at Security Commission Malaysia, KL.
- 22 March 2017 – “Remuneration Committee: Attracting and Retaining the Best Talents,” conducted by Bursatra Sdn Bhd at Seri Pacific Hotel, KL.
- 5 April 2017 – “Audit Committee Conference 2017: Making an Impact,” organised by Internal Auditors Institute Malaysia and the Malaysian Institute of Accountants in KL.
- 18 May 2017 – “How Smart Companies Are Harnessing the Power of the Stock Exchange,” organised by the Malaysian Institute of Certified Public Accountants at Concorde Hotel, KL.
- 19 May 2017 – “Breakfast Talk on Demonetisation – New India – The Architecture of Growth,” organised by Malaysian Institute of Accountants.
- 25 May 2017 – “SDG Business Summit 2017,” organised at Conference Hall 2, Securities Commission, KL.
- 29 June 2017 – “The Amendments to the Listing Requirements on Sustainability Reporting,” conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)**4.2 Directors' Training (Cont'd)**

Dato' Dr Choong Tuck Yew
(Cont'd)

2017

- 18 July 2017 – “Global Capital Markets - Entering a New Era,” organised by Malaysian Institute of Accountants at InterContinental Hotel, KL.
- 26 July 2017 – “Seminar on Implementing a Risk Management & Internal Control Framework Based on The Malaysian Code on Corporate Governance 2017,” conducted by Aram Global Sdn Bhd at Hotel Istana, KL.
- 7 & 8 November 2017 – “MIA International Accountants Conference 2017,” organised by Malaysian Institute of Accountants at Kuala Lumpur Convention Centre, KL.

Encik Fazrin Azwar Bin Md Nor

2017

- 22 March 2017 – “Remuneration Committee: Attracting and Retaining the Best Talents,” conducted by Bursatra Sdn Bhd at Seri Pacific Hotel, Kuala Lumpur.
- 5 April 2017 – “Audit Committee Conference 2017: Making an Impact,” organised by Internal Auditors Institute Malaysia and the Malaysian Institute of Accountants.
- 29 June 2017 – “The Amendments to the Listing Requirements on Sustainability Reporting,” conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
- 22 & 23 August 2017 – “Suruhanjaya Syarikat Malaysia (SSM) National Conference 2017: Implementing the Companies Act 2016,” organised by the Companies Commission of Malaysia Training Academy.

Datin Shirley Yue Shou How

2016

- 10 November 2016 – “Corporate Governance Education Programme/ Empowering Women Series,” conducted by INSEAD and Bursa Malaysia.

2017

- 15 February 2017 – “Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2017,” conducted by Aram Global Sdn Bhd at Istana Hotel, Kuala Lumpur.
- 22 March 2017 – “Remuneration Committee: Attracting and Retaining the Best Talents,” conducted by Bursatra Sdn Bhd at Seri Pacific Hotel, Kuala Lumpur.
- 29 June 2017 – “The Amendments to the Listing Requirements on Sustainability Reporting,” conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
- 20 October 2017 – “Effective Internal Audit Function for Audit Committee Workshop, a Programme for Audit Committee Members,” organised by the Institute of Internal Auditors Malaysia and Bursa Malaysia.

Statement on Corporate Governance (cont'd)

PRINCIPLE 4 – FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Dato' Esther Tan Choon Hwa

2016

- 16 November 2016 – "Amendments to Bursa Malaysia's Listing Requirements with latest cases on Director' Duties," organised by Bursatra Sdn Bhd.
- 17 November 2016 – "Regulatory Updates on Audit Committees Seminar," organised by FPLC.
- 18 November 2016 – "The Cybersecurity Threat and How Boards Should Mitigate the Risks," organised by Bursa Malaysia.
- 21 November 2016 – "The Evolving Role of Audit Committee in Governance, Risk & Control," organised by Malaysian Institute of Corporate Governance and Institute of Internal Auditors Malaysia.
- 22 November 2016 – "Budget Seminar 2017," organised by Chartered Tax Institute of Malaysia.

2017

- 15 February 2017 – "Corporate Governance, Director's Duties and Regulatory Updates Seminar 2017," organised by Aram Global Sdn Bhd, Kuala Lumpur.
- 29 June 2017 – "The Amendments to the Listing Requirements on Sustainability Reporting," conducted by Mr Patrick Francois, Manager, Governance & Sustainability of KPMG.
- 2 & 6 July 2017 – "Comparative Analysis of the PERS, MPERS and MFRS Frameworks and Selected New Topics in the MPERS Framework," organised by Malaysia Institute of Accountants.
- 25 & 26 July 2017 – "National Tax Conference 2017," organised by Lembaga Hasil Dalam Negeri and Chartered Tax Institute of Malaysia.
- 24 August 2017 – "The Changing Role of Company's Board & its Members in the Wake of the New CG Code & Companies Act," organised by Malaysian Institute of Corporate Governance and NAM Institute for the Empowerment of Women (NIEW).
- 30 August 2017 – "Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers," organised by Bursa Malaysia.

Directors are mindful that they must continue to enhance their skills and knowledge to maximise their effectiveness during their tenure. Throughout their year in office, the Directors are continually updated on the Group's business and the regulatory requirements.

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Accountability and Audit

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure that the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act 2016 and applicable approved accounting standards.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group, as well as the changes in these policies.

The AC also assists the Board in overseeing the financial reporting process and ensuring the quality of the financial reporting by the Group. The AC reviews and monitors the accuracy and integrity of the Group's annual and quarterly financial statements for announcement to the public within the stipulated time frame.

The activities of the AC in terms of financial reporting and how the AC has discharged its oversight role are contained as cross-referenced in section 4.1 and 4.2 of the AC Report.

Statement on Directors' Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2017, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. For this purpose the Directors are updated and briefed by the external auditors on the current accounting practices and applicable financial reporting standards and IC Interpretation, at least once a year.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 77 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors through the Audit Committee ("AC").

The criteria for the external auditors assessment include quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional skepticism. In determining the independence of the external auditors, the AC reviewed and assessed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and the external auditors relating to audit independence. The AC also reviewed and assessed the external auditor's performance and independence.

The Group's external auditors are invited to attend the AC meetings on a quarterly basis. Copies of the internal audit report are given to the external auditors at the meeting for their comments and notation. The AC meets the external auditors to review the scope and adequacy of the audit process, updates on the financial reporting standards, the financial statements and their audit findings.

In addition, the external auditors are invited to attend the Company's AGM so that they are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements.

The AC also met with the external auditors without the presence of the Executive Directors twice (2) on 26 Sept 2016 and 19 June 2017.

The Audit Oversight Board requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. The external auditors have declared their independence to the Group and their compliance with current By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants – Section 290.

Statement on Corporate Governance (cont'd)

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal controls in the Company and the Group. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Directors are responsible for the Group's system of internal controls. The internal control covers the financial and non-financial aspects including risks assessment. It also encompasses compliance and operational controls, as well as risks management matters. The Group has formalised Standard Operating Procedures which take into consideration the adequacy and integrity of the system of internal control, and is subject to review by the Executive Committee and endorsed by the AC and subsequent approval by the Board, when required.

In addition to Standard Operating Procedures, the Group also has in place a formalised Whistle Blowing Policy and has established a risk management framework to identify, evaluate and manage key risks that may affect the achievement of the business objectives of the Group.

6.2 Internal Audit Function

The Group's internal audit function on risks is carried out by the Company's in-house internal audit department using a risk-based approach and two (2) firms of outsourced external consultants to assist the AC and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

Details of the Company's internal control processes are set out in the Statement on Risk Management and Internal Control in this Annual Report. Total cost of the internal audit function for the financial year ended 31 July 2017 amounted to RM886,860.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board has ensured timely disclosure of material information pertaining to the Company's performance and operations to the public, in accordance with the disclosure requirements under the MMLR and other applicable laws. It has formalised a written Corporate Disclosure Policy for the Group, a copy of which is available in the Company's website.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board has established a dedicated section on the Company's website for corporate information on the Company's announcements, financial information, annual reports, quarterly reports, dividend paid, share prices and analysts' reports which can be assessed. The website is the key communication channel for the Company to reach its shareholders and general public.

The IT interactive Investor Relations section in the website www.pohkong.com.my enhances the investor relations function and includes a corporate newsroom investment calculator of stocks, as well as enquiries. Shareholders and the general public may direct their enquiries via "Information Request" and the Company's IR contact will endeavor to reply to these queries. Shareholders can also access historical data and stocks chart information by clicking on the subject matter in the website.

There is also a section focusing on corporate governance that includes the Company's Statement on Corporate Governance, Terms of Reference of the Board Committees, Board Charter that contains the Whistleblowing Policy, Code of Ethics and Conduct, Sustainability and Corporate Social Responsibility and various corporate governance initiatives.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

Annual General Meeting

The Company dispatches its notice of AGM and related papers to shareholders at least twenty one (21) days before the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

During the AGM, the Executive Chairman provides shareholders with a brief overview of the Company financial year's performance and operations.

The AGM serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the management. It also provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern.

Shareholders are encouraged to actively participate in the question and answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting.

A press conference is held after the AGM, briefing the media on the resolutions passed by shareholders, the operations, performance and financial results of the Group for the year under review, followed by a question and answer session to clarify issues posed. Copies of the press kit and Annual Report are also given to the media.

8.2 Poll Voting

MMLR requires any resolution set out in the notice of any general meeting (including any addendum, errata or amendment to the earlier notice of general meeting) or notice of resolution be voted by poll. Hence, all the resolutions as set out in the notice of the Company's forthcoming AGM will be voted by poll.

8.3 Effective Communication and Proactive Engagement

It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities's objectives of ensuring transparency and good corporate governance practices.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report, corporate announcements to Bursa Securities and press conferences. Further updates of the Company's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations and the media.

Besides highlighting retail business promotional activities, the Company's website www.pohkong.com.my also contains all announcements made to Bursa Securities, as well as the contact details of the designated contact to cater to any queries.

COMPLIANCE STATEMENT


The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial period under review, the non-observance has been explained and the reasons thereof have been included in this Statement.

This Statement was made in accordance with a resolution of the Board dated 25 October 2017.



Trust

Reputation.
Commitment.
Honesty.
Transparency.





Audit Committee Report

1. COMPOSITION

The Audit Committee ("AC") comprises four members, all of whom are Independent Non-Executive Directors appointed by the Board of Directors of Poh Kong Holdings Berhad. All members of the AC are financially literate and two are members of the Malaysian Institute of Accountants.

The AC comprises of the following:-

Dato' Dr Choong Tuck Yew

Chairman, Senior Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato' Esther Tan Choon Hwa

Independent Non-Executive Director

2. TERMS OF REFERENCE

The Terms of Reference of the AC are located at the Company's website at www.pohkong.com.my

3. INTERNAL AUDIT FUNCTION

The Internal Audit function is performed in-house by the Group Internal Audit Department and is also outsourced to two (2) other firms.

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2017 amounted to RM886,860 (FYE2016: RM932,573). The function is performed with impartiality, proficiency and due professional care.

The Internal Audit Department reports directly to the AC Chairman and regularly reviews and appraises the Group's key operations to ensure that key risks and control concerns are being effectively managed.

The AC determines the adequacy of the scope, functions, competency and resources of the Internal Audit department and ensures that it has the necessary authority to carry out its work.

The Internal audit department provides independent and reasonable assurance to improve the operations of the Company. Its scope encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the Company's overall system of internal control, risk management and governance. It also assists the Board of Directors and Management on compliance matters required by the Malaysia Code on Corporate Governance 2012. In order to maintain its independence and objectivity, the Internal Audit department has no operational responsibility and authority over the activities it audits.

Reviews are carried out based on the approved Audit Plan for 2017 which is assessed on an annual basis in alignment with the business and environmental risk.

The Internal Audit function also encompasses the review of related party transactions to ascertain that the review procedures established to monitor the related party transactions have complied with the Main Market Listing Requirements of Bursa Securities.

For each audit, a systematic methodology is adopted, which primarily includes performing risk assessment, developing audit planning memorandum, conducting audit, convening exit meeting and finalising the audit reports. The audit reports detail out the objectives, scope of audit work, findings, management responses and auditors recommendations outlined in an objective manner and are distributed to the responsible parties on a timely manner.

All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions as per recommendation by the Internal Auditors on reported weaknesses are taken within the required timeframe. Summary of the audit reports were issued to the AC quarterly incorporating findings and Management's remedial actions.

4. ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR

During the financial year, the activities of the AC included the following:-

4.1 FINANCIAL REPORTING

Reviewed and discussed the quarterly financial results of the Group particularly in relation to:-

- Compliance to accounting standards and regulatory requirement;
- Any major changes in accounting policies; and
- Significant and unusual items and events prior to recommending them to the Board of Directors for approval and releasing to the Bursa Securities and the Securities Commission.

4.2 INTERNAL AUDIT

- Reviewed the Internal Audit Reports, the recommendations of the auditors' findings, response from Management and the report of the follow-up audit in respect of compliances and actions taken to implement the recommendations.
- Reviewed and approved the Internal Audit Plan for the year 2016/2017 having taken into the account with the number of outlets, the nature of the Group's business and the Group's budget.
- Reviewed the related party transactions and reports to ascertain that the disclosure procedures established to monitor the related party transactions have complied with the Main Market Listing Requirements of Bursa Securities.

4.3 EXTERNAL AUDIT

Reviewed the audit strategy, scope of work and plan of the External Auditors particularly in relation to:-

- Independence of the External Auditors;
- Consideration of fraud in audited financial statements;
- Related party disclosures procedure;
- Audit process;
- Risk assessment and audit approach;
- Shortened time frame for issuance of the annual report;
- Engagement team;
- Proposed audit fee;
- Reviewed the External Auditors' reports in relation to audit and accounting issues arising from the audit (eg. impairment of assets and impact of the implementation of the Goods and Services Tax Act 2014), updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board and updates of the new auditing standard;
- Met with the External Auditors twice (2) during the Financial Year without the presence of the Executive Directors and the Management.; and
- Reviewed the audited financial statements of the Group and of the Company.

The internal audits conducted during the financial period did not reveal material weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

4.4 RELATED PARTY TRANSACTIONS

- Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the disclosure procedures established to monitor the related party transactions have been complied with in accordance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Audit Committee Report (cont'd)

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2017. Details of attendance were as follows:-

Audit Committees	← Dates of Meetings →					Total
	26.9.16	20.10.16	6.12.16	14.3.17	19.6.17	
Dato' Dr Choong Tuck Yew	√	√	√	√	√	5/5
Dato' Esther Tan Choon Hwa	√	√	√	√	√	5/5
Datin Shirley Yue Shou How	√	√	√	√	√	5/5
Fazrin Azwar Bin Md Nor	√	√	√	√	√	5/5

This Report was made in accordance with a resolution of the Board dated 25 October 2017.



Statement on Risk Management and Internal Control

1. INTRODUCTION

The MCCG 2012 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

Pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities, the Board of Directors ("the Board") of Poh Kong Holdings Berhad is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group's operations for the financial year ended 31 July 2017.

2. BOARD'S RESPONSIBILITIES

The Board recognises its responsibilities over the Group's system of internal controls, covering all its financial and operating activities to safeguard shareholders' investments and the Group's assets.

The Board has a current internal control system which identifies, evaluates and manages significant risks encountered by the Group.

In view of the limitations inherent in any system of internal controls, the system is designed to manage risks, rather than to eliminate them, to achieve the Group's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or irregularities.

The Audit Committee ("AC") and Risk Management Committee ("RMC") have been constituted to assist the Board in reviewing the adequacy and effectiveness of the system of internal controls and to ensure that a mix of techniques is used to obtain the level of assurance required by the Board.

The Board has received assurance from the Group Managing Director and the Group Accountant that the Group's risk management and internal control system will operate adequately and effectively, in all material aspects, based on the risk management and internal control system.

3. RISK MANAGEMENT FRAMEWORK

The Board has established the risk management framework to identify, measure and manage the Group's principal risks. It recognises that a sound risk management framework is essential to ensure proper management of the risks that may impede the achievement of the Group's objectives.

The Group continues to rely on the Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks and to form the basis of the internal audit plan.

The key features of the ERM framework are as follows:-

- It outlines the ERM methodology on the identification of key business risks through a structured approach and to determine if controls are in place in mitigating the risks identified.
- It establishes guidelines to enable the Management to prioritise the risks and allocation of resources to manage the risks.

The Board is supported by the RMC, headed by an Independent Non-Executive Director as Chairperson in reviewing the risk management efforts within the Group. The RMC comprises the Group Managing Director, Executive Directors and two Independent Non-Executive Directors to ensure that the risk management and control framework is embedded into the culture, processes and structures of the Group.

Statement on Risk Management and Internal Control (cont'd)

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

The key aspects of the risk management process are:-

- Business/Operations/Departmental Heads are accountable for all risks assumed under their respective areas of responsibility. They undertake to update their risk profiles on regular basis from the previous update and incorporate any new risk factor, review the risk profiles, ratings and update the management action plans;
- The RMC will review the updated Risk Register and evaluate the effectiveness of action plans in mitigating the risks identified;
- The RMC meets periodically to discuss principal business risks in critical areas, assess the likelihood and impact of material exposures and determine its corresponding risk mitigation measures; and
- The RMC Chairperson will update the Board on the key risk related issues and shall report on the status of the risk management and measures taken to mitigate all the risks.

The Board is fully responsible for the risk management of the Group and has carried out its duties by having regular Board meetings to review and approve business strategies, risk management policies and business performance of the Group.

The AC's key function is to review the adequacy and effectiveness of internal control and governance systems of the Group. The AC's main role is to review, on behalf of the Board, the system of internal controls necessary to manage the key risk inherent in the business and to present its findings to the Board. The AC assumes its roles and responsibilities via the internal audit function.

The RMC's key function is to review the adequacy and effectiveness of risk management of the Group. The RMC is responsible for identifying the key risks of all operating units within the Group and the management action plans to mitigate these risks for report to the Board to ensure that the risk policies and procedures are aligned to the business strategies. It also reviews, assesses and ensures there is adequate framework for risk identification, measurement, monitoring and control.

3.1 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board is responsible for managing the key business risks of the Group and implementing appropriate internal control system to manage those risks. The Board reviewed the adequacy and effectiveness of the system of internal control during the year under review.

Key elements of the Group's risk management and system of internal control are as follows:-

- The management structure of the Group formally defines lines of responsibility and delegation of authority for all aspects of the Group's affairs. Senior management and business units' managers reviews operational performance, as well as business plans and strategic measures in Divisional Heads and Branch Managers meetings;
- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Group's performance on a quarterly basis;
- The authorisation limits and approvals authority threshold of the Group encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The Audit Committee is responsible for reviewing the statutory annual financial statements and the quarterly announcements, and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad;
- The Internal Audit Department periodically audits the effectiveness and evaluates the proper functioning of the internal control system to ascertain compliance with the control procedures and policies of the Group. The Head of Internal Audit reports to the Audit Committee on quarterly basis;

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

3.1 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Group; and
- The Risk Management Working Group Committee has been established to review the risk management processes with the business operating units which include risk identification, assessment, mitigation and monitoring.

All the above-mentioned processes have been in place and provide reasonable assurance on the effectiveness of the risk management and internal control systems.

3.2 COMPOSITION OF RMC

The RMC comprises the following members:-

Dato' Esther Tan Choon Hwa

Chairperson, Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

Mr Cheong Teck Chong

Executive Director

Madam Choon Wan Joo

Executive Director

4. KEY INTERNAL CONTROL PROCESSES

The Board is committed to maintain a strong control structure whereby internal control is embedded in the business processes for the Group to pursue its objectives. The key features of the Group's internal control system are:-

4.1 Control Environment

(i) Organisation Structure and Authorisation Procedures

The Group maintains formal and structured lines of reporting that includes clear definition of responsibilities and delegation of authority. It sets out the roles and responsibilities, review and approval procedures to enhance the Internal Control system of the Group's various operations. Limits of authorities are imposed for capital expenditure for all operating units to keep potential exposure under control. Capital expenditure, acquisition and disposal of investments are duly approved by the Board before they are carried out.

(ii) Annual Budget

Budgetary control is applied to every Company in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held regularly between the Management and the Head of Operating Units to ensure the budgets are attainable and realistic.

(iii) Active Involvement by Executive Directors

The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

Statement on Risk Management and Internal Control (cont'd)

4. KEY INTERNAL CONTROL PROCESSES (CONT'D)

4.1 Control Environment (Cont'd)

(iv) Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include standard operating procedures, memorandum, manuals and handbooks that are periodically updated when the needs arise to meet the changing environment.

(v) Trained Personnel

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programmes and workshops to enhance their knowledge and expand the employees' competency level in executing daily functions. Relevant training and courses have been provided to employees across all functions to maintain a high level of competency.

(vi) Board Committees

Board Committees, such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the on-going monitoring processes on risk and control matters for areas within their scope of work.

(vii) Code of Conduct

A Code of Conduct has been established for all employees, outlining the acceptable business behaviour and conduct, and provides guidance on how to demonstrate a culture of excellence while performing their duties. The Code is published in the website of the Company at www.pohkong.com.my.

(viii) Insurance

Sufficient insurance coverage on major assets classes is in place to ensure the Group's assets are adequately covered against risks that can result in material losses. The assets are insured at "replacement cost" and it is reviewed regularly to ensure adequate insurance coverage to protect the Group from potential claims and loss.

(ix) Whistle Blowing Policy

The Whistle Blowing Policy was established to provide employees with an accessible avenue to report fraud, corruption, dishonest practices or other similar matters.

The aim of this policy is to promote and encourage the reporting of such matters in good faith with the confidence that the staff making such reports will be protected from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistle blower to the regulators.

4.2 Internal Audit Function

The Internal Audit Department independently reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Group faces, and reports to the AC on a quarterly basis.

The Internal Audit Department also carried out internal control reviews on key activities of the Group's business on the basis of an annual internal audit plan that was presented and approved by the AC.

The Group's internal audit function is carried out by both in-house internal audit department and outsourced external consultants to assist the AC and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

4. KEY INTERNAL CONTROL PROCESSES (CONT'D)

4.2 Internal Audit Function (Cont'd)

During the financial year ended 31 July 2017, 71 out of a total of 93 outlets were audited by the internal audit function which carried out audits in accordance with the internal audit plans approved by the AC. The results of the internal audit reviews and recommendations for improvement were presented to the AC at their quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

4.3 Information and Communication

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure matters require Board and the Senior Management's attention are highlighted for review, deliberation, decision and implementation on a timely basis.

4.4 Monitoring and Review

Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. The Senior Management Team meets regularly to review the reports, monitors the business development and resolves key operational and management issues. The quarterly financial statements containing key financial results and comparisons are presented to the Board for review.

5. WEAKNESSES IN INTERNAL CONTROLS

There were no major weaknesses in internal control which resulted in material losses during the current financial period.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised 2015) issued by Malaysian Institute of Accountants. Based on their procedures performed, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

7. CONCLUSION

The Board is of the view that the Group's systems of risk management and internal controls are adequate in achieving its business objectives. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board and the Management maintain an on-going commitment to continue taking appropriate measures to enhance and strengthen the risk management and internal controls of the Group.

The Board is aware of the need to have in place a formalised risk management and internal control framework to safeguard shareholders' investments, interest of the customers, regulators, employees and the Group's assets. The processes as outlined in the Statement on Risk Management and Internal Control for identifying, evaluating and managing risks have been in place for the year under review.

This Statement was made in accordance with a resolution of the Board dated 25 October 2017.

Other Compliance Information

in Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

1. Utilisation of Proceeds

No proceeds were raised by the Company during the financial ended 31 July 2017 ("financial year").

2. Share Buy-Back

There was no share buy-back of the Company's shares during the financial year.

3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued to any parties during the financial year.

4. Depository Receipt Programme

During the financial year, the Company did not sponsor any Depository Receipt Programme.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory authorities during the financial year.

6. Non-Audit Fees

Non-audit fees amounting to RM19,600 was paid to the External Auditors in respect of Agreed-Upon Procedures on the examination of the annual audit sales report and review of statements and other information during the financial year.

7. Variation in Results

There was no material variance between the results for the financial year and the unaudited results previously announced.

8. Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or major shareholders and/or related parties at the end of the financial year.

10. Recurrent Related-Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 35 to the Financial Statements.

Statement on Director's Responsibility

The Malaysian Company Law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the results of their operations, changes in equity and of the cash flows of the Company and of the Group for the period then ended. As required by the Companies Act 2016 ("the Act") and the Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Act.

In preparing the financial statements for the year ended 31 July 2017, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and of the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

This Statement was made in accordance with a resolution of the Board dated 25 October 2017.





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Financial Statements

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Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in business as investment holding and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. Other than as disclosed in Note 6 to the financial statements, there have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	29,528,410	12,708,834
Attributable to: Owners of the Company	29,528,410	12,708,834

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2016, paid on 9 March 2017	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares amounting to RM4,103,518 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2018.

RESERVES OR PROVISIONS

There were no material transfer to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off of bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

Directors' Report (cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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 which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

There has been no repurchase of the Company's issued ordinary shares during the financial year.

Directors' Report

(cont'd)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Choon Yee Seiong*
 Cheong Teck Chong*
 Choon Nee Siew*
 Choon Yee Bin*
 Datin Hon Wee Fong*
 Choon Wan Joo*
 Dato' Choon Yoke Ying*
 Dato' Dr. Choong Tuck Yew
 Fazrin Azwar Bin Md. Nor
 Datin Shirley Yue Shou How
 Dato' Esther Tan Choon Hwa

* *Directors of the Company and certain subsidiaries*

In accordance with Article 80 of the Company's Articles of Association, Dato' Choon Yee Seiong, Datin Shirley Yue Shou How, Datin Hon Wee Fong and Dato' Esther Tan Choon Hwa retired from the Board by rotation at the forthcoming annual general meeting and being eligible offers themselves for re-election at the forthcoming annual general meeting.

NAME OF DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

The names of the directors of the subsidiaries of the Company during the period from the end of the financial year to the date of the report are:

Dato' Choon Yee Seiong
 Cheong Teck Chong
 Choon Nee Siew
 Choon Yee Bin
 Datin Hon Wee Fong
 Choon Wan Joo
 Dato' Choon Yoke Ying
 Ong Han Woon
 Mohd Anuar Choon Bin Abdullah
 Siow Der Ming
 Chang Kwong Him
 Ho Cheong Chuen
 Saw Eng Hooi
 Ng Say Koon
 Leong Man Wah
 Hon Wei Sun
 Siow Dek Shyang
 Soh Beng Kiat

Directors' Report

(cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	At 1.8.2016	Number of ordinary shares		At 31.7.2017
		Bought	Sold	
The Company				
Poh Kong Holdings Berhad				
Direct interests				
Dato' Choon Yee Seiong	11,600,246	-	-	11,600,246
Cheong Teck Chong	2,273,928	-	-	2,273,928
Choon Nee Siew	4,706,742	-	-	4,706,742
Choon Yee Bin	400,030	-	-	400,030
Datin Hon Wee Fong	2,079,710	-	-	2,079,710
Choon Wan Joo	2,320,080	-	-	2,320,080
Dato' Choon Yoke Ying	1,395,072	-	-	1,395,072
Dato' Dr. Choong Tuck Yew	217,500	-	-	217,500
Fazrin Azwar Bin Md. Nor	35,000	-	-	35,000

	At 1.8.2016	Number of ordinary shares		At 31.7.2017
		Bought	Sold	
The Company				
Poh Kong Holdings Berhad				
Indirect interests				
Dato' Choon Yee Seiong	(i) 250,937,528	-	-	250,937,528
Cheong Teck Chong	(i) 239,769,648	-	-	239,769,648
Choon Nee Siew	(ii) 255,071,072	-	-	255,071,072
Choon Yee Bin	(i) 259,504,534	-	-	259,504,534
Datin Hon Wee Fong	(i) 251,634,544	-	-	251,634,544
Choon Wan Joo	(i) 258,029,102	-	-	258,029,102
Dato' Choon Yoke Ying	(i) 258,632,998	-	-	258,632,998
Dato' Dr. Choong Tuck Yew	(iii) 155,000	-	-	155,000

	At 1.8.2016	Number of ordinary shares		At 31.7.2017
		Bought	Sold	
Holding company				
Poh Kong Sdn. Bhd.				
Direct interests				
Dato' Choon Yee Seiong	37,258,691	1,152,078	-	38,410,769
Cheong Teck Chong	20,021,228	-	-	20,021,228
Choon Nee Siew	16,861,008	-	-	16,861,008
Choon Yee Bin	3,000,000	-	-	3,000,000
Datin Hon Wee Fong	3,808,850	-	-	3,808,850
Choon Wan Joo	5,705,574	-	-	5,705,574
Dato' Choon Yoke Ying	4,115,383	-	-	4,115,383

- (i) Held by spouse and persons connected to the director and holding company.
(ii) Held by persons connected to the director and holding company.
(iii) Held by spouse and persons connected to the director.

By virtue of their interests in shares in the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, these directors are deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest.

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

Other than as disclosed as above, none of the other directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 32 to the financial statements) 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

There were no indemnity given to or insurance effected for, any director and officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 6 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

HOLDING COMPANY

The directors regard Poh Kong Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the holding company.

INTEREST IN HOLDING COMPANY AND OTHER RELATED CORPORATION

The Company does not have any interests in shares in the holding company during the financial year except for the investment in subsidiaries as disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

Directors' Report (cont'd)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATO' CHOON YEE SEIONG
Director

CHOON NEE SIEW
Director

Petaling Jaya

Date : 25 October 2017

Consolidated Statement of Financial Position

as at 31 July 2017

	Note	2017 RM	2016 RM (Restated)	2015 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	126,777,409	100,425,487	111,469,429
Investment properties	7	8,757,114	8,919,037	-
Other investments	8	527,999	527,999	527,999
Goodwill on consolidation	9	1,485,140	1,485,140	1,485,140
Deferred tax assets	10	8,658,818	7,761,330	6,250,072
Total non-current assets		146,206,480	119,118,993	119,732,640
Current assets				
Inventories	11	540,127,902	574,678,167	553,548,265
Current tax assets		242,697	1,145,626	1,118,218
Trade and other receivables	12	7,710,886	4,900,035	9,178,299
Deposits and prepayments	13	14,401,122	12,358,199	12,669,543
Fixed deposits placed with licensed banks	15	11,179,685	15,124,421	7,610,000
Cash and bank balances	16	38,401,562	15,531,404	30,644,873
Total current assets		612,063,854	623,737,852	614,769,198
TOTAL ASSETS		758,270,334	742,856,845	734,501,838
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	205,175,876	205,175,876	205,175,876
Reserves	18	298,869,216	256,502,215	249,599,071
TOTAL EQUITY		504,045,092	461,678,091	454,774,947

Consolidated Statement of Financial Position

as at 31 July 2017 (cont'd)

	Note	2017 RM	2016 RM (Restated)	2015 RM (Restated)
Non-current liabilities				
Bank borrowings	19	62,749,451	82,319,837	103,914,103
Deferred tax liabilities	10	13,437,238	10,961,538	11,391,032
Total non-current liabilities		76,186,689	93,281,375	115,305,135
Current liabilities				
Bank borrowings	19	124,910,670	142,919,072	122,691,912
Current tax liabilities		6,689,284	6,881,720	7,628,928
Deferred income	20	6,758,413	4,971,205	3,631,166
Provision for restoration costs	21	200,000	100,000	-
Trade and other payables	22	19,287,085	16,933,353	11,719,824
Deposits and accruals	23	15,500,812	12,763,560	15,663,933
Amount due to holding company	24	1,279,040	1,231,190	1,239,386
Amount due to directors	25	3,413,249	2,097,279	1,846,607
Total current liabilities		178,038,553	187,897,379	164,421,756
TOTAL LIABILITIES		254,225,242	281,178,754	279,726,891
TOTAL EQUITY AND LIABILITIES		758,270,334	742,856,845	734,501,838

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

as at 31 July 2017

	Note	2017 RM	2016 RM (Restated)	2015 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	2,159,119	2,147,706	2,055,985
Investment in subsidiaries	6	168,083,406	171,023,681	158,253,567
Deferred tax assets	10	6,696,575	5,970,881	4,543,438
Total non-current assets		176,939,100	179,142,268	164,852,990
Current assets				
Trade and other receivables	12	11,949,635	6,512,787	6,516,942
Deposits and prepayments	13	2,683,444	1,304,576	1,592,829
Amount due by subsidiaries	14	347,868,802	394,525,520	451,486,244
Fixed deposits placed with licensed banks	15	30,000	30,000	30,000
Cash and bank balances	16	10,168,593	3,070,152	2,362,616
Total current assets		372,700,474	405,443,035	461,988,631
TOTAL ASSETS		549,639,574	584,585,303	626,841,621
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	205,175,876	205,175,876	205,175,876
Reserves	18	20,624,512	12,019,196	15,077,893
TOTAL EQUITY		225,800,388	217,195,072	220,253,769
Non-current liabilities				
Bank borrowings	19	50,006,145	70,088,864	90,458,100
Total non-current liabilities		50,006,145	70,088,864	90,458,100
Current liabilities				
Bank borrowings	19	20,082,720	30,489,147	50,624,809
Current tax liabilities		4,261,434	4,259,170	3,087,373
Trade and other payables	22	3,601,797	3,185,322	2,542,847
Deposits and accruals	23	427,687	429,538	436,725
Amount due to holding company	24	1,279,040	1,231,190	1,239,386
Amount due to subsidiaries	14	243,195,469	257,028,304	257,175,180
Amount due to directors	25	984,894	678,696	1,023,432
Total current liabilities		273,833,041	297,301,367	316,129,752
TOTAL LIABILITIES		323,839,186	367,390,231	406,587,852
TOTAL EQUITY AND LIABILITIES		549,639,574	584,585,303	626,841,621

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

for the Financial Year Ended 31 July 2017

	Note	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Revenue	26	876,995,940	776,533,230	30,525,040	28,659,473
Cost of sales		(670,561,077)	(588,192,862)	-	-
Gross profit		206,434,863	188,340,368	30,525,040	28,659,473
Other income		3,695,304	2,179,357	7,413,060	672,299
Administrative expenses		(58,550,477)	(61,420,899)	(20,508,957)	(21,474,232)
Selling and distribution expenses		(103,367,416)	(98,341,737)	-	-
Operating profit		48,212,274	30,757,089	17,429,143	7,857,540
Finance costs	27	(10,726,465)	(13,277,456)	(5,446,003)	(8,240,162)
Profit/(Loss) before tax	28	37,485,809	17,479,633	11,983,140	(382,622)
Income tax expense	29	(7,957,399)	(6,472,971)	725,694	1,427,443
Profit for the financial year		29,528,410	11,006,662	12,708,834	1,044,821
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		16,942,109	-	-	-
		16,942,109	-	-	-
Total comprehensive income for the financial year		46,470,519	11,006,662	12,708,834	1,044,821
Profit attributable to:					
Owners of the Company		29,528,410	11,006,662	12,708,834	1,044,821
Non-controlling interests		-	-	-	-
		29,528,410	11,006,662	12,708,834	1,044,821
Total comprehensive income attributable to:					
Owners of the Company		46,470,519	11,006,662	12,708,834	1,044,821
Non-controlling interests		-	-	-	-
		46,470,519	11,006,662	12,708,834	1,044,821
Earnings per share (sen)					
- Basic	30	7.20	2.68		
- Diluted	30	7.20	2.68		

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the Financial Year Ended 31 July 2017

		← Attributable to owners of the Company →			
	Note	Share capital RM	Revaluation reserve RM	Retained profits RM	Total equity RM
At 1 August 2015					
- As previously stated		205,175,876	25,722,240	228,205,601	459,103,717
- Retrospectively restatement	39	-	-	(4,328,770)	(4,328,770)
At 1 August 2015, restated		205,175,876	25,722,240	223,876,831	454,774,947
Total comprehensive income for the financial year		-	-	11,006,662	11,006,662
Transactions with owners					
Dividends	31	-	-	(4,103,518)	(4,103,518)
		-	-	(4,103,518)	(4,103,518)
At 31 July 2016, restated		205,175,876	25,722,240	230,779,975	461,678,091
Total comprehensive income for the financial year					
Profit for the financial year		-	-	29,528,410	29,528,410
Other comprehensive income for the financial year		-	16,942,109	-	16,942,109
Total comprehensive income		-	16,942,109	29,528,410	46,470,519
Transactions with owners					
Dividends	31	-	-	(4,103,518)	(4,103,518)
		-	-	(4,103,518)	(4,103,518)
At 31 July 2017		205,175,876	42,664,349	256,204,867	504,045,092

The accompanying notes form an integral part of these financial statements.

Statement of Changes In Equity

for the Financial Year Ended 31 July 2017

		← Attributable to owners of the Company →		
	Note	Share capital RM	Retained profits RM	Total equity RM
At 1 August 2015				
- As previously stated		205,175,876	19,406,663	224,582,539
- Retrospectively restatement	39	-	(4,328,770)	(4,328,770)
<hr/>				
At 1 August 2015, restated		205,175,876	15,077,893	220,253,769
Total comprehensive income for the financial year		-	1,044,821	1,044,821
Transactions with owners				
Dividends	31	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
<hr/>				
At 31 July 2016, restated				
Total comprehensive income for the financial year		205,175,876	12,019,196	217,195,072
		-	12,708,834	12,708,834
Transactions with owners				
Dividends	31	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
<hr/>				
At 31 July 2017		205,175,876	20,624,512	225,800,388

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

for the Financial Year Ended 31 July 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from operating activities					
Profit/(Loss) before tax		37,485,809	17,479,633	11,983,140	(382,622)
Adjustments for:					
Depreciation of:					
- property, plant and equipment		8,946,704	8,980,661	670,377	607,281
- investment properties		161,923	167,771	-	-
Bad debts written off		208	-	-	-
Dividend income		(1,049,993)	(599,996)	(11,708,000)	(8,747,000)
Loss/(Gain) on dissolution of subsidiaries		79,767	10,449	(7,396,314)	(36,831)
Net gain on disposal of property, plant and equipment		(324,965)	(58,000)	(5,660)	-
Impairment loss on trade receivables		471,512	38,200	-	-
Interest expense		10,726,465	13,277,456	5,446,003	8,240,162
Interest income		(611,017)	(233,509)	(2,630,013)	(5,416,643)
Property, plant and equipment written off		1,201,863	1,600,455	-	8,877
Reversal of impairment loss on trade receivables		(117,685)	(57,220)	-	-
Unrealised gain on foreign exchange		(5,729)	-	-	-
Operating profit/(loss) before changes in working capital		56,964,862	40,605,900	(3,640,467)	(5,726,776)
Changes in working capital:					
Inventories		34,550,265	(21,129,902)	-	-
Receivables		(5,207,809)	4,608,628	(6,815,716)	292,408
Payables		5,096,713	2,313,156	414,624	635,288
Deferred income		1,787,208	1,340,039	-	-
Directors		1,315,970	250,672	306,198	(344,736)
Net cash flows generated from/(used in) operations		94,507,209	27,988,493	(9,735,361)	(5,143,816)
Tax paid		(11,916,572)	(10,361,098)	-	-
Tax refunded		2,264	1,172,759	2,264	1,171,797
Net cash from/(used in) operating activities		82,592,901	18,800,154	(9,733,097)	(3,972,019)
Cash flows from investing activities					
Dividend received		1,049,993	599,996	8,747,000	13,568,000
Proceeds from disposal of property, plant and equipment		327,417	111,000	5,660	-
Final distribution to/(from) dissolution of subsidiaries		(79,767)	(10,449)	11,099,275	40,181
Purchase of investment properties		-	(460,550)	-	-
Purchase of property, plant and equipment	5(a)	(6,957,998)	(5,947,238)	(681,790)	(707,879)
Interest received		611,017	233,509	2,630,013	5,416,643
Net repayment from subsidiaries		-	-	48,855,032	39,366,260
Net cash (used in)/from investing activities		(5,049,338)	(5,473,732)	70,655,190	57,683,205

Statements of Cash Flows

for the Financial Year Ended 31 July 2017 (cont'd)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from financing activities					
Net (repayment)/drawdown of borrowings		(8,437,000)	33,354,000	-	-
Net repayment of term loans		(31,376,508)	(33,386,894)	(30,000,000)	(40,000,000)
Net repayment finance lease payables		(83,264)	(2,435,933)	(431,985)	(437,909)
Net repayment of hire purchase payables		(3,913,647)	(925,750)	(57,161)	(66,989)
Interest paid		(10,726,465)	(13,277,456)	(5,446,003)	(8,240,162)
Dividend paid		(4,103,518)	(4,103,518)	(4,103,518)	(4,103,518)
Advances from/(Repayment to) holding company		47,850	(8,196)	47,850	(8,196)
Repayment to subsidiaries		-	-	(13,832,835)	(146,876)
Placement of sinking funds		(7,000,000)	(1,000,000)	(7,000,000)	(1,000,000)
Placement of fixed deposits		(5,264)	(14,421)	-	-
Net cash used in financing activities		(65,597,816)	(21,798,168)	(60,823,652)	(54,003,650)
Net increase/(decrease) in cash and cash equivalents		11,945,747	(8,471,746)	98,441	(292,464)
Cash and cash equivalents at the beginning of the financial year		27,405,815	35,877,561	70,152	362,616
Cash and cash equivalents at the end of the financial year		39,351,562	27,405,815	168,593	70,152
Cash and cash equivalents including in Statements of Cash Flows comprise following amounts:					
Cash and bank balances		38,401,562	15,531,404	10,168,593	3,070,152
Fixed deposits placed with licensed banks		11,179,685	15,124,421	30,000	30,000
		49,581,247	30,655,825	10,198,593	3,100,152
Less: - fixed deposits pledged to licensed banks		(229,685)	(224,421)	(30,000)	(30,000)
- sinking funds		(10,000,000)	(3,000,000)	(10,000,000)	(3,000,000)
Bank overdrafts	19	-	(25,589)	-	-
		39,351,562	27,431,404	168,593	70,152
		39,351,562	27,405,815	168,593	70,152

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Poh Kong Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan.

The holding company, Poh Kong Sdn. Bhd. is incorporated and domiciled in Malaysia.

The Company is principally engaged in business as investment holding and the provision of management services whilst the principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. Other than as disclosed in Note 6 to the financial statements, there have been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 17	Insurance Contracts	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
<u>New IC Int</u>		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statements of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statements of financial position except for short-term and low value asset leases.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at:

- (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus
- (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

MFRS 17 Insurance Contracts (Cont'd)

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 Financial Instruments: Disclosure, MFRS 119 Employee Benefits and MFRS 10 Consolidated Financial Statements because they are no longer applicable.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

- (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
- (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is disclosed in Note 3.4 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets is disclosed in Note 3.7 to the financial statements.

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of the financial year, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions (Cont'd)

Translation of foreign currency transactions (Cont'd)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment in a foreign operation.

Where settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of the net investment in the foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Goodwill

Goodwill arises on business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.7 to the financial statements.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.7 to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land, leasehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on leasehold land and buildings and any accumulated impairment losses recognised after the date of valuation.

Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land, leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained profits on retirement or disposal of the asset.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(c) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land has an indefinite useful lives and therefore is not depreciated.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful lives, at the following principal annual rate:

Freehold building	2%
Leasehold land	remaining lease period ranges from 41 to 91 years
Leasehold building	remaining lease period ranges from 41 to 91 years
Equipment, furniture and fittings	10% – 33.33%
Plant and machinery	20%
Motor vehicles	20%

No depreciation is provided on freehold land as it has indefinite useful lives. Building-in-progress is stated at cost and not depreciated. Depreciation on building-in-progress commence when the assets are ready for their intended use.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties (Cont'd)

Depreciation of investment properties is provided for on a straight-line basis to write off the cost of each investment properties to their residual value over their estimated useful lives, at the following principal annual rates:

Freehold building	2%
Leasehold building	remaining lease period ranges from 41 to 91 years
Leasehold land	remaining lease period ranges from 41 to 91 years

Building-in-progress is stated at cost and not depreciated. Depreciation on building-in-progress commence when the assets are ready for their intended use.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.7 Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount. For goodwill, the recoverable amount is estimated at each reporting date.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

As at the end of the reporting period, there were no financial assets classified under this category.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

As at the end of the reporting period, there were no financial assets classified under this category.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9 to the financial statements.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

As at the end of the reporting period, there were no financial liabilities classified under this category.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (Cont'd)

(b) Financial guarantee contracts (Cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial statements

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of financial assets (Cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of financial assets (Cont'd)

(c) Available-for-sale financial assets (Cont'd)

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3.10 Inventories

Inventories are valued at the lower of the cost and net realisable value. The cost of raw materials and retail inventories is measured based on weighted average method and first-in first-out basis respectively.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits (other than deposits pledged with financial institutions), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Leases (Cont'd)

(b) Lessor accounting

If any entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(a) Site restoration

A provision for restoration is recognised when the Group has the obligation to return its rented premises to its original state upon expiry of the lease term.

(b) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

3.16 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due, the Group as issuer, is required to reimburse the holder for the associated loss and the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

3.18 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

- (a) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.
- (b) Revenue from service and repairs is recognised when services are rendered.
- (c) Dividend income is recognised in profit or loss when the right to receive payment is established.
- (d) Management fee is recognised in the profit or loss as it accrues.
- (e) Interest income is recognised using the effective interest method.
- (f) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (Cont'd)

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated inclusive of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.20 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.21 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

3.22 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Depreciation and useful lives of property, plant and equipment and investment properties (Note 5 and Note 7)

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and investment properties are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Property, plant and equipment and investment properties excluding freehold land are depreciated on a straight-line basis over the assets useful lives. The directors estimate the useful lives of these property, plant and equipment and investment properties to be within 3 to 91 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4.2 Valuation of property, plant and equipment (Note 5)

Freehold land, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional property valuers.

The independent professional property valuers may exercise judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

4.3 Measurement of income taxes (Note 29)

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.4 Deferred tax assets (Note 10)

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement 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.

Assumptions about generation of future taxable profits depend on directors' estimate of future cash flows. These depend on estimates of future fees receivable, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

4.5 Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the directors are required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.6 Impairment of goodwill (Note 9)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires directors to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying amount of goodwill.

4.7 Classification between property, plant and equipment and investment properties (Note 5 and Note 7)

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4.8 Net realisable values of inventories (Note 11)

Reviews are made periodically by directors on damaged and obsolete inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the directors of the Group are of the opinion that there is no adjustment required.

4.9 Impairment of loans and receivables (Note 12)

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Directors specifically review its loans and receivables and analyse historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying amount of receivables.

4.10 Impairment of available-for-sale financial assets (Note 8)

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4.11 Provision of restoration costs (Note 21)

The Group provides for an estimate of restoration costs at the lease inception date for retail stores under operating leases with requirements to remove the leasehold improvements at the end of the lease term. Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in- progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2017								
Cost/Valuation								
At 1 August 2016	20,245,000	17,990,000	31,963,462	427,951	80,336,987	7,397,625	11,486,929	169,847,954
Additions	-	-	-	-	10,032,842	76,788	3,205,588	13,315,218
Disposals	-	-	-	-	(2,700)	-	(2,558,421)	(2,561,121)
Written off	-	-	-	-	(6,165,888)	-	-	(6,165,888)
Revaluation	6,265,000	6,110,979	7,246,388	-	-	-	-	19,622,367
At 31 July 2017	26,510,000	24,100,979	39,209,850	427,951	84,201,241	7,474,413	12,134,096	194,058,530
Representing:								
- cost	-	-	-	427,951	84,201,241	7,474,413	12,134,096	104,237,701
- valuation	26,510,000	24,100,979	39,209,850	-	-	-	-	89,820,829
	26,510,000	24,100,979	39,209,850	427,951	84,201,241	7,474,413	12,134,096	194,058,530
Accumulated depreciation								
At 1 August 2016	-	916,822	1,670,097	-	49,975,322	5,724,687	10,496,609	68,783,537
Depreciation for the financial year	-	244,495	733,942	-	6,631,563	338,464	998,240	8,946,704
Disposals	-	-	-	-	(248)	-	(2,558,421)	(2,558,669)
Written off	-	-	-	-	(4,964,025)	-	-	(4,964,025)
Revaluation	-	(1,161,317)	(2,404,039)	-	-	-	-	(3,565,356)
At 31 July 2017	-	-	-	-	51,642,612	6,063,151	8,936,428	66,642,191
Accumulated impairment losses								
At 1 August 2016/ 31 July 2017	-	210,979	-	427,951	-	-	-	638,930
Carrying amount								
At 31 July 2017	26,510,000	23,890,000	39,209,850	-	32,558,629	1,411,262	3,197,668	126,777,409
Representing:								
- cost	-	-	-	-	32,558,629	1,411,262	3,197,668	37,167,559
- valuation	26,510,000	23,890,000	39,209,850	-	-	-	-	89,609,850
	26,510,000	23,890,000	39,209,850	-	32,558,629	1,411,262	3,197,668	126,777,409

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in-progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2016								
Cost/Valuation								
At 1 August 2015	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Additions	-	-	800,000	-	7,227,560	188,872	-	8,216,432
Disposals	-	-	-	-	-	(126,000)	(129,364)	(255,364)
Written off	-	-	-	-	(11,943,042)	-	-	(11,943,042)
Transfer to investment properties (Note 7)	-	(3,400,000)	(5,853,000)	-	-	-	-	(9,253,000)
At 31 July 2016	20,245,000	17,990,000	31,963,462	427,951	80,336,987	7,397,625	11,486,929	169,847,954
Representing:								
- cost	-	-	-	427,951	80,336,987	7,397,625	11,486,929	99,649,492
- valuation	20,245,000	17,990,000	31,963,462	-	-	-	-	70,198,462
	20,245,000	17,990,000	31,963,462	427,951	80,336,987	7,397,625	11,486,929	169,847,954
Accumulated depreciation								
At 1 August 2015	-	828,728	1,252,658	-	53,940,726	5,476,929	9,184,328	70,683,369
Depreciation for the financial year	-	244,494	596,581	-	6,377,183	373,758	1,388,645	8,980,661
Disposals	-	-	-	-	-	(126,000)	(76,364)	(202,364)
Written off	-	-	-	-	(10,342,587)	-	-	(10,342,587)
Transfer to investment properties (Note 7)	-	(156,400)	(179,142)	-	-	-	-	(335,542)
At 31 July 2016	-	916,822	1,670,097	-	49,975,322	5,724,687	10,496,609	68,783,537
Accumulated impairment losses								
At 1 August 2015	-	210,979	291,200	427,951	-	-	-	930,130
Transfer to investment properties (Note 7)	-	-	(291,200)	-	-	-	-	(291,200)
At 31 July 2016	-	210,979	-	427,951	-	-	-	638,930
Carrying amount								
At 31 July 2016	20,245,000	16,862,199	30,293,365	-	30,361,665	1,672,938	990,320	100,425,487
Representing:								
- cost	-	-	-	-	30,361,665	1,672,938	990,320	33,024,923
- valuation	20,245,000	16,862,199	30,293,365	-	-	-	-	67,400,564
	20,245,000	16,862,199	30,293,365	-	30,361,665	1,672,938	990,320	100,425,487

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings RM	Motor vehicles RM	Total RM
2017			
Cost			
At 1 August 2016	5,146,863	514,456	5,661,319
Additions	681,790	-	681,790
Disposal	-	(42,531)	(42,531)
At 31 July 2017	5,828,653	471,925	6,300,578
Accumulated depreciation			
At 1 August 2016	3,100,480	413,133	3,513,613
Depreciation for the financial year	610,222	60,155	670,377
Disposal	-	(42,531)	(42,531)
At 31 July 2017	3,710,702	430,757	4,141,459
Carrying amount At 31 July 2017	2,117,951	41,168	2,159,119
2016			
Cost			
At 1 August 2015	4,728,157	514,456	5,242,613
Additions	707,879	-	707,879
Written off	(289,173)	-	(289,173)
At 31 July 2016	5,146,863	514,456	5,661,319
Accumulated depreciation			
At 1 August 2015	2,845,596	341,032	3,186,628
Depreciation for the financial year	535,180	72,101	607,281
Written off	(280,296)	-	(280,296)
At 31 July 2016	3,100,480	413,133	3,513,613
Carrying amount At 31 July 2016	2,046,383	101,323	2,147,706

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM13,315,218 (2016: RM8,216,432) and RM681,790 (2016: RM707,879) respectively of which RM100,000 (2016: RM100,000) of the Group was provision for restoration costs.

The aggregate cost of property, plant and equipment acquired by means of:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Purchase of property, plant and equipment	13,215,218	8,116,432	681,790	707,879
Financed by:				
- hire purchase and finance lease	(6,257,220)	(2,169,194)	-	-
Cash payments on purchase of property, plant and equipment	6,957,998	5,947,238	681,790	707,879

- (b) The leasehold land and buildings of the Group have an unexpired lease period of more than 50 years, except for leasehold land and buildings with carrying amount of RM12,400,000 (2016: RM10,021,168) which has a lease period of less than 50 years.

- (c) Carrying amount of motor vehicles acquired under hire purchase arrangements of which instalments are still outstanding at the end of the reporting period is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Motor vehicles	3,063,840	855,430	41,168	101,323

- (d) Carrying amount of equipment, furniture and fittings acquired under finance lease arrangements of which instalments are still outstanding at the end of the reporting period is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Equipment, furniture and fittings	5,559,668	5,396,912	598,445	830,101

Leased assets are pledged as security for the related hire purchase and finance lease liabilities as disclosed in Note 19 to the financial statements.

- (e) Carrying amount of properties pledged as securities for bank borrowings as disclosed in Note 19 to the financial statements are as follows:

	Group	
	2017 RM	2016 RM
At valuation		
- Freehold land	25,500,000	19,500,000
- Leasehold land	14,100,000	9,974,226
- Buildings	27,138,954	19,808,081

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (f) Had the revalued lands and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the land and buildings that would have been included in the financial statements of the Group is as follows:

	2017 RM	Group 2016 RM
- Freehold land	4,353,093	4,353,093
- Leasehold land	5,781,954	5,904,084
- Buildings	23,378,524	25,582,444

- (g) Fair value information

Fair value of lands and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2017				
- Freehold land	-	26,510,000	-	26,510,000
- Leasehold land	-	23,890,000	-	23,890,000
- Buildings	-	39,209,850	-	39,209,850
	-	89,609,850	-	89,609,850
2016				
- Freehold land	-	20,245,000	-	20,245,000
- Leasehold land	-	17,990,000	-	17,990,000
- Buildings	-	31,963,462	-	31,963,462
	-	70,198,462	-	70,198,462

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 land and buildings, either directly or indirectly.

The fair value on freehold land, leasehold land and buildings of the Group were revalued on 31 July 2017 using the sales comparison and cost approach based on valuation performed by independent firms of professional valuers.

The most significant inputs into this valuation approach are location, size, age and condition of unit and building, tenure, title restrictions, if any.

Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(g) Fair value information (Cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2017 and 31 July 2016.

6. INVESTMENT IN SUBSIDIARIES

	2017 RM	Group 2016 RM
Unquoted shares - at cost	154,907,242	158,610,203
Less: Impairment loss	(359,986)	(359,986)
	154,547,256	158,250,217
Loans that are part of net investments	13,536,150	12,773,464
	168,083,406	171,023,681

Loans that are part of net investments represent amount owing by subsidiaries which is unsecured. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated loss, if any.

Details of the subsidiaries are as follows:

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2017 %	2016 %	
Poh Kong Jewellers Sdn. Bhd.	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	100	100	Manufacturer and dealers of Manufacturer jewellerys, precious stones and gold ornaments
Poh Kong Jewellery (Franchise) Sdn. Bhd.	100	100	Franchise management services
Poh Kong Properties Sdn. Bhd.	100	100	Property investment
Poh Kong Wholesale Sdn. Bhd.	100	100	Investment holding, suppliers and retailers of packing and utility products, wholesaler of jewellerys, precious stones and gold ornaments
PK Jewellery Export Sdn. Bhd.	100	100	Trading of bullion
Poh Kong International Sdn. Bhd.	100	100	Overseas investment holding

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2017 %	2016 %	
Poh Kong Bullion Sdn. Bhd.	100	100	Suppliers and retailers of gold bullion, gold coins, gold ingots and gold investment products
Poh Kong Jewellers (Klang) Sdn. Bhd.*	100	100	Ceased operation
Poh Kong Jewellers (SS2) Sdn. Bhd.*	100	100	Ceased operation
Poh Kong Jewellers (Jaya) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Maluri) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Shah Alam) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Subang Parade) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (The Mall) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Banting) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Ampang Point) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Bangsar) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Ipoh) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Wangsa Maju) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Old Klang Road) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Permas Jaya) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Gold Seremban) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Jln Taman Malacca) Sdn. Bhd.#	-	100	Dissolved during the financial year

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2017 %	2016 %	
Poh Kong Jewellers (Kajang) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Kuantan) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (M) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Malacca) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (MV) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Selayang) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Seremban) Sdn. Bhd.#	-	100	Dissolved during the financial year

All subsidiaries in the Group are incorporated in Malaysia.

As a result of the restructuring exercise on internal reorganisation undertaken by the Group and the Company, these subsidiaries ceased operations and are under members' voluntary winding up or has been dissolved during the financial year. The audited financial statements and auditors' report of the subsidiaries are not available. The management accounts have been used for the purpose of consolidation.

* As a result of the restructuring exercise on internal reorganisation undertaken by the Group and the Company, these subsidiaries ceased operations and will place under members' voluntary winding up.

(a) Dissolution of subsidiaries

During the financial year, 9 subsidiaries (2016: 1 subsidiary) have been dissolved. The Group has deconsolidated these former subsidiaries. The deconsolidation had the following effects on the financial position of the Group at the end of the financial year:

	2017 RM	2016 RM
Carrying amount, at the date of deconsolidation		
Assets		
Cash and bank balances	102,449	11,924
Net assets deconsolidated	102,449	11,924
Goodwill	-	-
	102,449	11,924
Non-controlling interests	-	-
Total final distribution	22,682	1,475
Loss on dissolution of subsidiaries	(79,767)	(10,449)

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Dissolution of subsidiaries (Cont'd)

During the financial year, 9 subsidiaries (2016: 1 subsidiary) have been dissolved. The Group has deconsolidated these former subsidiaries. The deconsolidation had the following effects on the financial position of the Group at the end of the financial year: (Cont'd)

	2017 RM	2016 RM
The effect of deconsolidation on cash flows is as follows:		
Final distribution	22,682	1,475
Less: Cash and cash equivalents of subsidiaries dissolved	(102,449)	(11,924)
Net cash outflows on deconsolidation	(79,767)	(10,449)

7. INVESTMENT PROPERTIES

Group	Leasehold lands RM	Buildings RM	Buildings-in- progress RM	Total RM
2017				
At cost				
At 1 August 2016/31 July 2017	3,400,000	5,853,000	460,550	9,713,550
Accumulated depreciation				
At 1 August 2016	234,600	268,713	-	503,313
Depreciation for the financial year	78,199	83,724	-	161,923
At 31 July 2017	312,799	352,437	-	665,236
Accumulated impairment losses				
At 1 August 2016/31 July 2017	-	291,200	-	291,200
Carrying amount				
At 31 July 2017	3,087,201	5,209,363	460,550	8,757,114
Fair value				
At 31 July 2017	3,450,000	6,050,000	1,080,000	10,580,000

Notes to the Financial Statements (cont'd)

7. INVESTMENT PROPERTIES (CONT'D)

Group	Leasehold lands RM	Buildings RM	Buildings-in-progress RM	Total RM
2016				
At cost				
At 1 August 2015	-	-	-	-
Additions	-	-	460,550	460,550
Transfer from property, plant and equipment (Note 5)	3,400,000	5,853,000	-	9,253,000
At 31 July 2016	3,400,000	5,853,000	460,550	9,713,550
Accumulated depreciation				
At 1 August 2015	-	-	-	-
Depreciation for the financial year	78,200	89,571	-	167,771
Transfer from property, plant and equipment (Note 5)	156,400	179,142	-	335,542
At 31 July 2016	234,600	268,713	-	503,313
Accumulated impairment losses				
At 1 August 2015	-	-	-	-
Transfer from property, plant and equipment (Note 5)	-	291,200	-	291,200
At 31 July 2016	-	291,200	-	291,200
Carrying amount				
At 31 July 2016	3,165,400	5,293,087	460,550	8,919,037
Fair value				
At 31 July 2017	3,400,000	5,900,000	460,550	9,760,550

- (a) The investment properties comprise of shop lots and condominium.
- (b) Investment properties with aggregate carrying amount of RM3,810,761 (2016: RM3,979,340) are pledged as securities for bank borrowings facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2017 RM	2016 RM
Rental income	287,304	198,190
Direct operating expenses from income generating investment properties	44,346	79,736

- (d) The leasehold buildings of the Group have an unexpired lease period of more than 50 years.

Notes to the Financial Statements (cont'd)

7. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information

Fair value of buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group 2017				
- Leasehold lands	-	3,400,000	-	3,400,000
- Buildings	-	5,900,000	-	5,900,000
2016				
- Leasehold lands	-	3,400,000	-	3,400,000
- Buildings	-	5,900,000	-	5,900,000

The investment properties under construction is being valued at cost as the directors are of the opinion that the fair value of the investment properties cannot be reliably and separately determined due to the nature and project risks involved in completing the investment properties.

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 land and buildings, either directly or indirectly.

The fair value on leasehold land and buildings of the Group is determined based on sales comparison approach based on valuation performed by independent firms of professional property valuers.

The most significant inputs into this valuation approach are location, size, age and condition of unit and building, tenure, title restrictions, if any.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2017 and 31 July 2016.

Notes to the Financial Statements (cont'd)

8. OTHER INVESTMENTS

	2017 RM	Group 2016 RM
At cost		
Unquoted shares in Malaysia	299,999	299,999
Transferable club memberships	233,000	233,000
Less: Accumulated impairment losses	(5,000)	(5,000)
	228,000	228,000
Total other investments	527,999	527,999

Investment in unquoted shares and transferable club memberships of the Group which were designated as available-for-sale financial assets are stated at cost.

9. GOODWILL ON CONSOLIDATION

	2017 RM	Group 2016 RM
Cost		
At 1 August/31 July	1,506,847	1,506,847
Accumulated impairment losses		
At 1 August/31 July	21,707	21,707
Carrying amount		
At 31 July	1,485,140	1,485,140

(a) The carrying amount of goodwill allocated to the cash-generating unit ("CGU") is as follows:

	2017 RM	Group 2016 RM
Trading	1,485,140	1,485,140

(b) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the CGU is determined using the value in use approach and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by directors covering a period of five years.

(c) The key assumptions used in the determination of the recoverable amount are as follows:

(i) Discount rate

The discount rates used are determined using a pre-tax discount rate of 17.38% (2016: 14.17%).

(ii) Growth rate

The average growth rate used of 9.00% (2016: 9.00%) over five-year projection period and it is based on average growth levels experienced over the past ten years.

The values assigned to the above key assumptions represent directors' assessment of future trends in the industry and are based on both external sources and internal source of information.

Notes to the Financial Statements (cont'd)

9. GOODWILL ON CONSOLIDATION (CONT'D)

- (d) With regard to the assessment of value in use of the trading unit, the directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 August	(3,200,208)	(5,140,960)	5,970,881	4,543,438
Recognised in profit or loss (Note 29)	4,673,347	1,940,752	725,694	1,427,443
Recognised in other comprehensive income	(6,251,559)	-	-	-
At 31 July	(4,778,420)	(3,200,208)	6,696,575	5,970,881
Presented after appropriate offsetting:				
Deferred tax assets	8,658,818	7,761,330	6,696,575	5,970,881
Deferred tax liabilities	(13,437,238)	(10,961,538)	-	-
	(4,778,420)	(3,200,208)	6,696,575	5,970,881

(a) Deferred tax assets

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 August	7,761,330	6,250,072	5,970,881	4,543,438
Recognised in profit or loss	897,488	1,511,258	725,694	1,427,443
At 31 July	8,658,818	7,761,330	6,696,575	5,970,881

The estimated deferred tax assets of the Group and of the Company arising from temporary differences recognised in the financial statements are as follows:

	At 1 August 2015 RM	Recognised in profit or loss RM	At 31 July 2016 RM	Recognised in profit or loss RM	At 31 July 2017 RM
Group					
Unrealised profits arising from intercompany transaction	1,706,634	83,815	1,790,449	171,795	1,962,244
Unutilised tax losses	3,400,923	1,824,136	5,225,059	464,837	5,689,896
Unabsorbed capital allowances	929,723	85,300	1,015,023	279,673	1,294,696
Excess of capital allowances over depreciation	212,792	(481,993)	(269,201)	(18,817)	(288,018)
	6,250,072	1,511,258	7,761,330	897,488	8,658,818

Notes to the Financial Statements (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(a) Deferred tax assets (Cont'd)

The estimated deferred tax assets of the Group and of the Company arising from temporary differences recognised in the financial statements are as follows: (Cont'd)

	At 1 August 2015 RM	Recognised in profit or loss RM	At 31 July 2016 RM	Recognised in profit or loss RM	At 31 July 2017 RM
Company					
Unutilised tax losses	3,400,923	1,824,136	5,225,059	464,837	5,689,896
Unabsorbed capital allowances	929,723	85,300	1,015,023	279,674	1,294,697
Excess of capital allowances over depreciation	2 12,792	(481,993)	(269,201)	(18,817)	(288,018)
	4,543,438	1,427,443	5,970,881	725,694	6,696,575

The recognition of the deferred tax assets of the Group and of the Company are based on the projection of financial budget approved by directors to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(b) Deferred tax liabilities

	Group	
	2017 RM	2016 RM
At 1 August	10,961,538	11,391,032
Recognised in profit or loss	(3,775,859)	(429,494)
Recognised in equity	6,251,559	-
At 31 July	13,437,238	10,961,538

The estimated deferred tax liabilities of the Group arising from temporary differences recognised in the financial statements are as follows:

	At 1 August 2015 RM	Recognised in profit or loss RM	At 31 July 2016 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 July 2017 RM
Group						
Property, plant and equipment	5,531,409	(429,494)	5,101,915	(3,775,859)	-	1,326,056
Revaluation	5,859,623	-	5,859,623	-	6,251,559	12,111,182
	11,391,032	(429,494)	10,961,538	(3,775,859)	6,251,559	13,437,238

Notes to the Financial Statements (cont'd)

11. INVENTORIES

	2017 RM	Group 2016 RM
At cost		
Raw material	10,323,108	16,616,054
Work-in-progress	22,072,532	14,466,021
Finished goods	507,732,262	543,596,092
	540,127,902	574,678,167

During the financial year, the cost of inventories recognised as cost of sales in the Group amounted to RM670,561,077 (2016: RM588,192,862).

12. TRADE AND OTHER RECEIVABLES

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Group				
Trade receivables	2,652,012	990,177	11,937,135	6,504,126
Less:				
Impairment for trade receivables	(458,256)	(104,429)	-	-
	2,193,756	885,748	11,937,135	6,504,126
Other receivables	5,517,130	4,014,287	12,500	8,661
Total trade and other receivables	7,710,886	4,900,035	11,949,635	6,512,787

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 30 to 85 days (2016: 30 to 85 days). Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables of the Company represents amount due by subsidiaries.

Ageing analysis of trade receivables

The Group and the Company maintain an ageing in respect of trade receivables only. The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	2017 RM	Group 2016 RM	2017 RM	Company 2016 RM
Neither past due nor impaired	1,763,137	645,225	11,937,135	2,255,382
1 to 30 days past due but not impaired	255,378	113,887	-	-
31 to 60 days past due but not impaired	4,500	-	-	-
61 to 90 days past due but not impaired	7,100	49,310	-	-
91 to 120 days past due but not impaired	3,158	-	-	-
More than 121 days past due but not impaired	160,483	77,326	-	4,248,744
	430,619	240,523	-	4,248,744
Impaired	458,256	104,429	-	-
	2,652,012	990,177	11,937,135	6,504,126

Notes to the Financial Statements (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM430,619 (2016: RM240,523) and Nil (2016: RM4,248,744) respectively that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or credit enhancements over these balances.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group	
	2017 RM	2016 RM
Individually impaired		
Trade receivables, nominal value	458,256	104,429
Less: Impairment loss	(458,256)	(104,429)
	-	-

The movement in the Group's impairment accounts are as follows:

	Group	
	2017 RM	2016 RM
At 1 August	104,429	123,449
Impaired during the financial year	471,512	38,200
Reversal of impairment	(117,685)	(57,220)
At 31 July	458,256	104,429

Trade receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Other receivables

The Group's and the Company's amounts owing by other receivables are unsecured, interest free and are repayable on demand.

Included in other receivables of the Group are amounts of RM498,615 (2016: RM498,217) due by fellow subsidiaries under the common control of holding company. The amounts due are unsecured, interest free, repayable on demand and is expected to be settled in cash.

Notes to the Financial Statements (cont'd)

13. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits	9,514,327	9,396,618	41,553	34,749
Prepayments	4,886,795	2,961,581	2,641,891	1,269,827
	14,401,122	12,358,199	2,683,444	1,304,576

(a) Deposits

Deposits are in relation to rental and utilities deposits for retail spaces and staff hostels.

(b) Prepayments

Included in prepayments of the Group and of the Company are amounts of Nil (2016: RM60,906) being guarantee fee paid in advance to Danajamin Nasional Berhad ("Danajamin") for its involvement as the guarantor on the Islamic Commercial Papers and Islamic Medium Term Loans programme ("ICP/IMTN") undertaken by the Company and RM2,169,265 (2016: RM660,103) being prepaid interest expense for the utilisation of ICP/IMTN programme as disclosed in Note 19.2 to the financial statements.

14. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are unsecured, interest free, repayable on demand and is expected to be settled in cash except for:

- (a) amount due by subsidiaries of RM19,195,000 (2016: RM66,991,619) which bears effective interest at rate of 6.00% (2016: 6.00%) per annum.
- (b) amount due to subsidiaries of RM5,600,000 (2016: RM5,600,000) which bears effective interest at rate of 6.00% (2016: 6.00%) per annum.

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group and of the Company earn weighted average effective interest rate ranging from 2.45% to 3.04% (2016: 2.00% to 3.15%) and 2.45% to 3.04% (2016: 2.00% to 3.15%) per annum respectively.

Included in fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM229,685 (2016: RM224,421) and RM30,000 (2016: RM30,000) respectively, which have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.

16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company is an amount of RM10,000,000 and RM10,000,000 (2016: RM3,000,000 and RM3,000,000) respectively deposited in Finance Interest Service Reserve Accounts, and is restricted for the redemption of the principal amount of ICP/IMTN as disclosed in Note 19 to the financial statements.

Notes to the Financial Statements (cont'd)

17. SHARE CAPITAL

	Number of shares Unit	Group and Company 2017		2016	
		RM	Number of shares Unit	RM	
Issued and fully paid:					
At 1 August/31 July	410,351,752	205,175,876	410,351,752	205,175,876	

The new Companies Act 2016 which come into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital.

18. RESERVES

	Group		Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM (Restated)
Revaluation reserve	42,664,349	25,722,240	-	-
Retained profits	256,204,867	230,779,975	20,624,512	12,019,196
	298,869,216	256,502,215	20,624,512	12,019,196

(a) Revaluation reserve

The revaluation reserve of the Group represents increases in the fair value of freehold land, leasehold land and buildings of the Group in years 2003, 2008, 2013 and 2017, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Retained profits

The Company will be able to distribute dividends out of its retained profits under the single tier system.

19. BANK BORROWINGS

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Non-current Secured					
Term loans	19.1	9,361,955	10,578,894	-	-
ICP/IMTN	19.2	50,000,000	70,000,000	50,000,000	70,000,000
Hire purchase payables	19.3	2,595,662	609,268	6,145	41,787
Finance lease payables	19.4	791,834	1,131,675	-	47,077
		62,749,451	82,319,837	50,006,145	70,088,864

Notes to the Financial Statements (cont'd)

19. BANK BORROWINGS (CONT'D)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Current Secured					
Bank overdrafts	19.5	-	25,589	-	-
Bankers' acceptance	19.6	84,423,000	89,860,000	-	-
Revolving credit	19.6	-	3,000,000	-	-
Term loans	19.1	16,713,396	16,872,965	-	-
ICP/IMTN	19.2	20,000,000	30,000,000	20,000,000	30,000,000
Hire purchase payables	19.3	1,058,945	701,766	35,642	57,161
Finance lease payables	19.4	2,715,329	2,458,752	47,078	431,986
		124,910,670	142,919,072	20,082,720	30,489,147
Total bank borrowings		187,660,121	225,238,909	70,088,865	100,578,011

19.1 Term loans

Term loan facilities of the Group are mature between year 2019 and year 2036 and denominated in RM.

Term loan 1 of a subsidiary of RM2,378,710 (2016: RM2,478,361) bears interest at BLR – 2.00% (2016: BLR – 2.00%) per annum and is repayable by monthly instalments of RM17,826 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A legal charge over properties of the subsidiary as disclosed in Note 5 and Note 7 to the financial statements; and
- (ii) Corporate guarantee and indemnity from the Company.

Term loan 2 and term loan 3 of a subsidiary of RM267,440 (2016: RM456,476) bears interest at 7.00% (2016: 7.00%) per annum and is repayable by monthly instalments of RM15,753 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (a) A legal charge over properties of the subsidiary as disclosed in Note 5 to the financial statements;
- (b) Legal assignment over Tenancy Agreement between the subsidiary and its related companies;
- (c) Irrecoverable letter of instruction from the subsidiary to a related company to remit all the rental proceeds from properties into Escrow Account maintained with bank;
- (d) Charge over Escrow Account;
- (e) Letter of undertaking from the Company to support any shortfall in the subsidiary's cash flow; and
- (f) Corporate guarantee from the Company.

Term loan 4 of a subsidiary of RM5,412,949 (2016: RM5,997,055) bears interest at BLR – 2.40% (2016: BLR – 2.40%) per annum and is repayable by monthly instalments of RM70,517 over ten years commencing from one month after the full release of the loan and is secured and supported as follows:

- (a) Principal instrument of a facilities agreement for the sum of RM6,900,000;
- (b) Equitable Assignment of rental proceeds is to be created over property as disclosed in Note 5 to the financial statements;
- (c) Corporate guarantee from the Company; and
- (d) Where security is taken over property without individual title:
 - a. A deed of assignment to be executed by the subsidiary in assigning all the rights and title, interests and benefits under the Sales and Purchase Agreement in respect of the property.
 - b. Irrevocable Power of Attorney from the subsidiary to enable the Bank to deal with the security offered.

Notes to the Financial Statements (cont'd)

19. BANK BORROWINGS (CONT'D)

19.1 Term loans (Cont'd)

Term loan 5 of a subsidiary of RM465,083 (2016: RM480,774) bears interest at BLR – 2.20% (2016: BLR – 2.20%) per annum and is repayable by monthly instalments of RM3,080 over twelve years commencing from the day of first drawdown and is secured and supported as follows:

- (a) Principal instrument of facilities agreement for the sum of RM480,000;
- (b) Corporate guarantee from the Company; and
- (c) Where security is taken over property without individual title:
 - a. A registered open all monies 1st party charge stamped nominally over the property.
 - b. A close charge over property created as security for facility granted as disclosed in Note 5.

Term loan 6 of a subsidiary of RM176,370 (2016: RM264,180) bears interest at BLR – 2.00% (2016: BLR – 2.00%) per annum and is repayable by monthly instalments of RM8,112 over fifteen years commencing from the day of first drawdown and is secured and supported as follows:

- (a) A first legal charge over the properties of the subsidiary as mentioned in Note 5 to the financial statements; and
- (b) A joint and several guarantee by all the directors of the subsidiary.

Term loan 7 of a subsidiary of RM1,532,205 (2016: RM1,584,517) bears interest at BLR – 2.00% (2016: BLR – 2.00%) per annum and is repayable by monthly instalments of RM11,651 over twenty years commencing from one month after the full release of the loan and is secured and supported as follows:

- (a) Facilities agreements for the sum of RM2.00 million as principal instruments;
- (b) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and
- (c) Corporate guarantee from the Company.

Term loan 8 of a subsidiary of RM479,644 (2016: RM754,466) bears interest at BLR – 1.50% (2016: BLR – 1.50%) per annum and is repayable by monthly instalments of RM25,536 over ten years commencing from one month after the full release of the loan and is secured and supported as follows:

- (a) Facilities agreements for the sum of RM2.38 million as principal instruments;
- (b) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and
- (c) Corporate guarantee from the Company.

Term loan 9 of subsidiaries of RM15,362,950 (2016: RM15,436,030) bears interest at 2.80% (2016: 2.80%) per annum is repayable on demand.

19.2 ICP/IMTN

The ICP/IMTN programme is a facility mature in year 2018, denominated in RM of up to RM150 million granted to the Group and to the Company and is based on Islamic financing principles in accordance with Syariah concept and principle of Al-Kafalah.

The proceeds of the ICP/IMTN programme shall be utilised for the following purposes:

- (a) To finance group wide restructuring programme; and
- (b) To finance capital expenditure.

Notes to the Financial Statements (cont'd)

19. BANK BORROWINGS (CONT'D)

19.2 ICP/IMTN (Cont'd)

The ICP/IMTN bears interest ranging from 4.20% to 4.75% (2016: 3.85% to 4.75%) per annum, with Danajamin to act as guarantor to guarantee the repayment obligations and is secured by way of third party first fixed legal charge over the following properties of the Group:

- (a) a four storey leasehold shop office (expiring in 2059) located at No.16, Jalan 52/4, 46200 Petaling Jaya;
- (b) a four storey leasehold shop office (expiring in 2060) located at No.18, Jalan 52/4, 46200 Petaling Jaya;
- (c) freehold commercial shophot located at G-19, Subang Parade, Selangor;
- (d) leasehold commercial shophot (expiring in 2090) located at G-14, Mahkota Parade, Melaka;
- (e) leasehold commercial shophot (expiring in 2090) located at G-29, Mahkota Parade, Melaka;
- (f) leasehold commercial shophot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang;
- (g) leasehold commercial shophot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang;
- (h) freehold commercial shophot located at G-13, Summit Parade, Batu Pahat, Johor;
- (i) unconditional and irrevocable corporate guarantee of Poh Kong Jewellers Sdn. Bhd. for the entire amount of the facility and any guarantee fee, profit accruing and other payment obligations thereon;
- (j) a legal assignment/charge over present and future rights, title, benefits and interest in and to the designated accounts and all monies from to time standing to the credit of the designated accounts; and
- (k) any other security/support as may be deemed applicable by Danajamin.

The ICP/IMTNs programme contained financial covenants which required the Group to maintain its debt to tangible net worth and finance service cover ratios.

19.3 Hire purchase payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum hire purchase payments:				
- not later than one year	1,192,227	792,861	41,011	64,907
- later than one year but not later than five years	2,915,164	688,693	6,145	47,316
	4,107,391	1,481,554	47,156	112,223
Less: Future finance charges	(452,784)	(170,520)	(5,369)	(13,275)
Present value of hire purchase payables	3,654,607	1,311,034	41,787	98,948

The Group's and the Company's hire purchase payables mature between year 2018 and year 2022, bear effective interest at rates range from 2.23% to 3.55% and 2.35% to 3.35% (2016: 2.25% to 3.85% and 2.35% to 3.35%) per annum respectively.

19.4 Finance lease payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum lease payments:				
- not later than one year	2,905,254	2,625,727	49,950	456,991
- later than one year but not later than five years	847,356	1,210,543	-	49,950
	3,752,610	3,836,270	49,950	506,941
Less: Future finance charges	(245,447)	(245,843)	(2,872)	(27,878)
Present value of lease payments	3,507,163	3,590,427	47,078	479,063

Notes to the Financial Statements (cont'd)

19. BANK BORROWINGS (CONT'D)

19.4 Finance lease payables (Cont'd)

The Group's and the Company's finance lease facilities mature in year 2018 to 2022, bear effective interest at rates at 3.50% to 4.75% and 3.50% (2016: 3.50% and 3.50%) per annum respectively.

19.5 Bank overdrafts

The bank overdrafts of the Group are denominated in RM and incur weighted average effective interest ranging from 7.71% to 8.71% (2016: 7.85% to 8.85%) per annum. The securities for bank overdrafts are as disclosed in Note 19.6 to the financial statements.

19.6 Bankers' acceptance, revolving credit and short-term loan

The bank overdrafts, bankers' acceptance, revolving credit and short-term loan facilities of the Group are denominated in RM and are secured by a combination of the following:

- (a) Corporate guarantees and indemnity from the Company;
- (b) A legal charge over properties of certain subsidiaries as disclosed in Note 5 to the financial statements;
- (c) A negative pledge on certain subsidiaries' assets; and
- (d) Fixed deposits place with licensed banks of the Group as disclosed in Note 15 to the financial statements.

The Group's weighted average effective interest rates at the reporting period for bankers' acceptance and revolving credit were as follows:

	2017 %	Group 2016 %
Bankers' acceptance	4.05 - 4.72	4.10 - 4.79
Revolving credit	-	5.55

20. DEFERRED INCOME

	2017 RM	Group 2016 RM
Deferred revenue from gift vouchers	6,758,413	4,971,205

21. PROVISION FOR RESTORATION COSTS

	2017 RM	Group 2016 RM
At 1 August	100,000	-
Provisions made for the financial year	100,000	100,000
At 31 July	200,000	100,000

The provision is in relation to restoration costs for the Group's rented premises and is made based on historical expenses incurred on restoration cost. The Group expects to incur the liability when the leases are terminated.

Notes to the Financial Statements (cont'd)

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	7,106,588	7,793,841	-	-
Other payables	9,838,387	6,415,210	3,601,797	3,185,322
GST payable	2,342,110	2,724,302	-	-
	19,287,085	16,933,353	3,601,797	3,185,322

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 1 to 180 days (2016: 1 to 180 days).

The currency profile of trade payables is as follows:

	Group	
	2017 RM	2016 RM
United States Dollar	336,834	1,017,282
Hong Kong Dollar	1,758,347	581,040
Euro	545,126	172,647
Ringgit Malaysia	4,059,293	6,022,872
Singapore Dollar	406,988	-
	7,106,588	7,793,841

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

Included in other payables of the Group are an amount of RM970,000 (2016: RM1,033,000) due to family members of a deceased director.

23. DEPOSITS AND ACCRUALS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits	2,029,839	229,045	-	-
Accruals	8,706,889	8,316,608	427,687	429,538
Customers' deposits	4,764,084	4,217,907	-	-
	15,500,812	12,763,560	427,687	429,538

(a) Accruals

Included in accruals of the Group is salary payable amounted to RM6,455,004 (2016: RM5,617,938).

Notes to the Financial Statements (cont'd)

24. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is non-trade in nature, unsecured, bears effective interest at rate of 6.00% (2016: 6.00%) per annum, repayable on demand and is expected to be settled in cash.

25. AMOUNT DUE TO DIRECTORS

The amount due to directors are trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

26. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of goods	876,995,940	776,533,230	-	-
Dividend income	-	-	11,708,000	8,747,000
Interest income	-	-	2,630,013	5,416,643
Management fee	-	-	16,187,027	14,495,830
	876,995,940	776,533,230	30,525,040	28,659,473

27. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on bank borrowings	10,403,730	12,983,445	5,413,091	8,194,168
Hire purchase and finance lease charges	322,735	294,011	32,912	45,994
	10,726,465	13,277,456	5,446,003	8,240,162

28. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- current year	295,000	280,000	52,000	33,000
- prior year	-	(9,680)	-	-
Bad debts written off	208	-	-	-
Depreciation of:				
- property, plant and equipment	8,946,704	8,980,661	670,377	607,281
- investment properties	161,923	167,771	-	-

Notes to the Financial Statements (cont'd)

28. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Direct operating expenses from income generating investment properties	44,346	79,736	-	-
Employee benefits expenses (Note 32)	82,366,294	85,030,350	9,965,449	9,217,557
Impairment loss on trade receivables	471,512	38,200	-	-
Rental of equipments	823,521	1,263,276	823,521	1,263,276
Loss/(Gain) on dissolution of subsidiaries (Note 6)	79,767	10,449	(7,396,314)	(36,831)
Property, plant and equipment written off	1,201,863	1,600,455	-	8,877
Realised gain on foreign exchange	(315,159)	(68,439)	-	-
Rental of retail spaces and staff hostels	27,845,426	28,314,275	411,682	435,682
Car rental income	(1,750)	-	(6,000)	(1,400)
Dividend income	(1,049,993)	(599,996)	-	-
Equipment rental income	-	-	(600)	(630,500)
Gain on disposal of property, plant and equipment	(324,965)	(58,000)	(5,660)	-
Interest income	(611,017)	(233,509)	-	-
Premises rental income	(287,304)	(198,190)	-	-
Reversal of impairment loss on trade receivables	(117,685)	(57,220)	-	-
Unrealised gain on foreign exchange	(5,729)	-	-	-

29. INCOME TAX EXPENSE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax				
- current year	12,161,892	8,328,110	-	-
- prior years	468,854	85,613	-	-
	12,630,746	8,413,723	-	-
Deferred tax (Note 10)				
- current year	(577,018)	(2,463,177)	(777,871)	(1,370,155)
- prior years	(4,096,329)	522,425	52,177	(57,288)
	(4,673,347)	(1,940,752)	(725,694)	(1,427,443)
	7,957,399	6,472,971	(725,694)	(1,427,443)

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the financial year.

Notes to the Financial Statements (cont'd)

29. INCOME TAX EXPENSE (CONT'D)

The reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before tax	37,485,809	17,479,633	11,983,140	(382,622)
Tax at applicable statutory tax rate of 24% (2016: 24%)	8,996,594	4,195,112	2,875,954	(91,829)
Tax effects arising from:				
- non-deductible expenses	2,609,796	1,851,947	932,569	829,794
- non-taxable income	(21,516)	(164,102)	(4,586,394)	(2,108,120)
- origination deferred tax assets not recognised	-	(18,024)	-	-
- prior years	(3,627,475)	608,038	52,177	(57,288)
Income tax expense for the financial year	7,957,399	6,472,971	(725,694)	(1,427,443)

30. EARNINGS PER SHARE

- (a) The basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017 RM	2016 RM
Profit attributable to owners of the Company	29,528,410	11,006,662
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)	7.20	2.68

- (b) The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any potential ordinary shares outstanding at the end of the reporting period.

31. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2017 RM	2016 RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2016, paid on 9 March 2017	4,103,518	-
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2015, paid on 9 March 2016	-	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares amounting to RM4,103,518 in respect of the current financial year ended 31 July 2017 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2018.

Notes to the Financial Statements (cont'd)

32. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus, overtime and allowances	70,901,327	74,173,533	8,773,352	8,094,747
Defined contribution plan				
- EPF	6,298,302	6,427,195	942,915	882,760
Other staff related expenses	5,166,665	4,429,622	249,182	240,050
	82,366,294	85,030,350	9,965,449	9,217,557

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<u>Executive directors</u>				
- Salaries and other emoluments	11,212,130	9,265,816	3,394,333	2,811,409
- Fees	27,000	27,000	-	-
	11,239,130	9,292,816	3,394,333	2,811,409
<u>Non-executive directors</u>				
- Fees	192,000	192,000	192,000	192,000
- Non-fees	156,100	148,400	156,100	148,400
	348,100	340,400	348,100	340,400
Total directors' remuneration	11,587,230	9,633,216	3,742,433	3,151,809

33. CAPITAL COMMITMENTS

	Group	
	2017 RM	2016 RM
Capital expenditure in respect of purchase of investment properties:		
- Contracted but not provided for	1,643,090	1,643,090

34. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group has entered into several tenancy agreements for the rental of retail spaces and staff hostels, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

Notes to the Financial Statements (cont'd)

34. OPERATING LEASE ARRANGEMENTS (CONT'D)

The Group as Lessee (Cont'd)

The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Future minimum rental payments:				
Not later than one year	23,781,317	18,877,475	246,915	319,682
Later than one year but not later than five years	16,110,860	13,751,303	34,000	186,915
	39,892,177	32,628,778	280,915	506,597

35. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Holding company;
- (ii) Subsidiaries;
- (iii) A company in which directors of the Company have substantial financial interest;
- (iv) A corporate shareholder of a subsidiary; and
- (v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend income received and receivable from				
- subsidiaries	-	-	11,708,000	8,747,000
- company connected to a director of the Company	1,049,993	599,996	-	-
Interest income received and receivable from subsidiaries	-	-	2,630,013	5,416,643
Management fee received and receivable from subsidiaries	-	-	16,187,027	14,495,830
Car rental received and receivable from subsidiaries	-	-	6,000	1,400

Notes to the Financial Statements (cont'd)

35. RELATED PARTIES (CONT'D)

(b) Significant related party transactions and balances (Cont'd)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:
(Cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Shop rental received and receivable from a company connected to directors of the Company	36,000	36,000	-	-
Equipment rental charges received and receivable from subsidiaries	-	-	600	630,500
Sale of goods to				
- certain directors of the Company	397,620	323,010	-	-
- director of subsidiaries	36,422	75	-	-
- key management personnel	228,597	12,600	-	-
Hostel rental paid to				
- certain directors of the Company	182,400	182,400	114,000	114,000
- directors of subsidiaries	66,600	62,600	-	-
Purchase of goods from				
- directors of the Company	963,197	4,232	-	-
- key management personnel	83,485	336	-	-
Legal and professional fees paid to a firm connected to a director of the Company	93,416	68,208	-	-
Interest expenses paid to				
- holding company	19,800	19,854	19,800	19,854
- a subsidiary	-	-	307,299	390,592
Sales of motor vehicles to directors of the Company	110,000	-	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12, Note 14, Note 22, Note 24 and Note 25 to the financial statements.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 37(b)(i)(ii) to the financial statements.

Notes to the Financial Statements (cont'd)

35. RELATED PARTIES (CONT'D)

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	11,747,399	9,455,452	3,289,326	2,895,256
Post employment benefits	900,428	838,548	306,576	263,760
	12,647,827	10,294,000	3,595,902	3,159,016
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	14,451,410	14,639,611	1,750,038	1,735,997
Post employment benefits	1,194,742	1,251,118	183,192	184,611
	15,646,152	15,890,729	1,933,230	1,920,608

36. SEGMENTS REPORTING

The information reported to the Group Managing Director, as the chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

(a) Business segments

The Group is organised into three major business segments:

- (i) Trading : suppliers and retailers of jewellerys, precious stones, gold ornaments and gold bullion
- (ii) Manufacturing : manufacturer and dealers of jewellerys, precious stones and gold ornaments
- (iii) Others : investment holding

Notes to the Financial Statements (cont'd)

36. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2017						
Revenue						
External sales	839,227,605	37,600,391	167,944	-		876,995,940
Inter-segment sales	86,909,589	211,086,197	109,605,304	(407,601,090)	36(b)	-
Total Revenue	926,137,194	248,686,588	109,773,248	(407,601,090)		876,995,940
Results						
Segment results	58,118,170	11,185,059	25,453,138	(47,155,110)	36(c)	47,601,257
Results from operating activities	58,118,170	11,185,059	25,453,138	(47,155,110)		47,601,257
Interest income	628,042	267,159	3,087	(287,271)	36(d)	611,017
Finance costs	(7,222,477)	(205,301)	(6,215,973)	2,917,286	36(d)	(10,726,465)
Profit before tax	51,523,735	11,246,917	19,240,252	(44,525,095)		37,485,809
Income tax expense	(4,206,560)	(2,387,293)	(693,220)	(670,326)	36(d)	(7,957,399)
Profit for the financial year	47,317,175	8,859,624	18,547,032	(45,195,421)		29,528,410
Assets						
Segment assets	1,024,222,306	126,404,354	706,510,662	(1,098,866,988)	36(e)	758,270,334
Consolidated total assets	1,024,222,306	126,404,354	706,510,662	(1,098,866,988)		758,270,334
Liabilities						
Segment liabilities	719,354,843	25,916,429	447,265,010	(938,311,040)	36(f)	254,225,242
Consolidated total liabilities	719,354,843	25,916,429	447,265,010	(938,311,040)		254,225,242
Other information						
Additions of :						
- property, plant and equipment	11,819,417	814,010	681,791	-	36(d)	13,315,218
Depreciation of:						
- property, plant and equipment	6,513,155	1,115,863	687,871	629,815	36(d)	8,946,704
- investment properties	-	-	161,923	-	36(d)	161,923
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	278,266	41,038	5,661	-		324,965
Loss on deconsolidation of dissolved subsidiaries	22,041,073	1,728,886	9,967,550	(32,261,276)		(79,767)
Property, plant and equipment written off	1,201,863	-	-	-		1,201,863
Impairment loss on trade receivables	471,512	-	-	-		471,512
Reversal of impairment loss on trade receivables	(117,685)	-	-	-		(117,685)

Notes to the Financial Statements (cont'd)

36. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2016						
Revenue						
External sales	756,939,769	19,568,618	24,843	-		776,533,230
Inter-segment sales	86,501,591	209,883,926	89,736,346	(386,121,863)	36(b)	-
Total Revenue	843,441,360	229,452,544	89,761,189	(386,121,863)		776,533,230
Results						
Segment results	21,053,843	16,247,450	12,214,300	(18,992,013)	36(c)	30,523,580
Results from operating activities	21,053,843	16,247,450	12,214,300	(18,992,013)		30,523,580
Interest income	672,216	192,973	-	(631,680)	36(d)	233,509
Finance costs	(9,850,540)	(151,530)	(9,032,128)	5,756,742	36(d)	(13,277,456)
Profit before tax	11,875,519	16,288,893	3,182,172	(13,866,951)		17,479,633
Income tax expense	(2,879,791)	(4,510,872)	267,887	6 49,805	36(d)	(6,472,971)
Profit for the financial year	8,995,728	11,778,021	3,450,059	(13,217,146)		11,006,662
Assets						
Segment assets	1,083,761,242	109,852,005	753,917,247	(1,204,673,649)	36(e)	742,856,845
Consolidated total assets	1,083,761,242	109,852,005	753,917,247	(1,204,673,649)		742,856,845
Liabilities						
Segment liabilities	775,811,534	24,521,878	508,412,795	(1,027,567,453)	36(f)	281,178,754
Consolidated total liabilities	775,811,534	24,521,878	508,412,795	(1,027,567,453)		281,178,754
Other information						
Additions of :						
- property, plant and equipment	6,338,628	268,066	1,609,738	-	36(d)	8,216,432
- investment properties	-	-	460,550	-	36(d)	460,550
Depreciation of:						
- property, plant and equipment	6,586,856	1,322,555	545,907	525,343	36(d)	8,980,661
- investment properties	-	-	167,771	-	36(d)	167,771
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	(43,000)	(15,000)	-	-		(58,000)
Loss on deconsolidation of dissolved subsidiaries	1,132,230	41,757	-	(1,163,538)		10,449
Property, plant and equipment written off	1,591,578	-	8,877	-		1,600,455
Impairment loss on trade receivables	38,200	-	-	-		38,200
Reversal of impairment loss on trade receivables	(57,220)	-	-	-		(57,220)

Notes to the Financial Statements (cont'd)

36. SEGMENTS REPORTING (CONT'D)

- (b) Inter-segment revenue are eliminated on consolidation.
- (c) Inter-segment profits are eliminated on consolidation.
- (d) Inter-segment transactions or balances are eliminated on consolidation.
- (e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2017 RM	2016 RM
Investment in subsidiaries	(176,763,342)	(198,899,092)
Inter-segment assets elimination	(922,103,646)	(1,005,774,557)
	(1,098,866,988)	(1,204,673,649)

- (f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM	2016 RM
Inter-segment liabilities elimination	(983,311,040)	1,027,567,453

(g) Geographical segments

No geographical segment is presented as the Group operates principally in Malaysia.

(h) Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Group	Loans and receivables RM	Available-for-sales RM	Financial liabilities at amortised cost RM	Total RM
2017				
Financial assets				
Other investments	-	527,999	-	527,999
Trade and other receivables	7,710,886	-	-	7,710,886
Deposits	9,514,327	-	-	9,514,327
Fixed deposits placed with licensed banks	11,179,685	-	-	11,179,685
Cash and bank balances	38,401,562	-	-	38,401,562
	66,806,460	527,999	-	67,334,459
Financial liabilities				
Bank borrowings	-	-	187,660,121	187,660,121
Trade and other payables*	-	-	16,944,975	16,944,975
Deposits and accruals	-	-	15,500,812	15,500,812
Amount due to holding company	-	-	1,279,040	1,279,040
Amount due to directors	-	-	3,413,249	3,413,249
	-	-	224,798,197	224,798,197
2016				
Financial assets				
Other investments	-	527,999	-	527,999
Trade and other receivables	4,900,035	-	-	4,900,035
Deposits	9,396,618	-	-	9,396,618
Fixed deposits placed with licensed banks	15,124,421	-	-	15,124,421
Cash and bank balances	15,531,404	-	-	15,531,404
	44,952,478	527,999	-	45,480,477
Financial liabilities				
Bank borrowings	-	-	225,238,909	225,238,909
Trade and other payables*	-	-	14,209,051	14,209,051
Deposits and accruals	-	-	12,763,560	12,763,560
Amount due to holding company	-	-	1,231,190	1,231,190
Amount due to directors	-	-	2,097,279	2,097,279
	-	-	255,539,989	255,539,989

* excluded GST payable

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

Company	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM	Total RM
2017				
Financial assets				
Trade and other receivables	11,949,635	-	-	11,949,635
Deposits	41,553	-	-	41,553
Amount due by subsidiaries	347,868,802	-	-	347,868,802
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Cash and bank balances	10,168,593	-	-	10,168,593
	370,058,583	-	-	370,058,583
Financial liabilities				
Bank borrowings	-	-	70,088,865	70,088,865
Other payables	-	-	3,601,797	3,601,797
Accruals	-	-	427,687	427,687
Amount due to holding company	-	-	1,279,040	1,279,040
Amount due to subsidiaries	-	-	243,195,469	243,195,469
Amount due to directors	-	-	984,894	984,894
	-	-	319,577,752	319,577,752
2016				
Financial assets				
Trade and other receivables	6,512,787	-	-	6,512,787
Deposits	34,749	-	-	34,749
Amount due by subsidiaries	394,525,520	-	-	394,525,520
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Cash and bank balances	3,070,152	-	-	3,070,152
	404,173,208	-	-	404,173,208
Financial liabilities				
Bank borrowings	-	-	100,578,011	100,578,011
Other payables	-	-	3,185,322	3,185,322
Accruals	-	-	429,538	429,538
Amount due to holding company	-	-	1,231,190	1,231,190
Amount due to subsidiaries	-	-	257,028,304	257,028,304
Amount due to directors	-	-	678,696	678,696
	-	-	363,131,061	363,131,061

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, foreign currency and market price risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables and amount due by subsidiaries. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 12, Note 13 and Note 14 to the financial statements; and
- (ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' credit facilities as follows:

	2017 RM	2016 RM
Secured		
Guarantees given in support of banking facilities granted to subsidiaries	173,517,159	171,981,999
Unsecured		
Guarantees given to third parties in respect of leasing facilities granted to the Company and its subsidiaries	11,000,000	11,000,000
Guarantees given to third parties in respect of rental deposits of retail spaces	2,956,512	4,040,074

The Group does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk relating to trade receivables.

The Company has significant exposure and major concentration of credit risk relating to amount due by subsidiaries.

The Group and the Company manage its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(i) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired are disclosed in Note 12 to the financial statements. Fixed deposits and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 12 to the financial statements.

Related companies balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amount in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries.

As at reporting period, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the subsidiaries are adequately secured by assets as disclosed in Note 5, Note 7 and Note 15 respectively. Should the subsidiaries default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(ii) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2017					
Financial liabilities					
Trade and other payables*	16,944,975	16,944,975	16,944,975	-	-
Deposits and accruals	15,500,812	15,500,812	15,500,812	-	-
Bankers' acceptance	84,423,000	85,231,028	85,231,028	-	-
Term loans	26,075,351	29,116,098	19,215,912	4,467,069	5,433,117
ICP/IMTN	70,000,000	74,267,520	20,600,110	53,667,410	-
Hire purchase payables	3,654,607	4,107,391	1,192,227	2,915,164	-
Finance lease payables	3,507,163	3,752,610	2,905,254	847,356	-
Amount due to holding company	1,279,040	1,355,782	1,355,782	-	-
Amount due to directors	3,413,249	3,413,249	3,413,249	-	-
	224,798,197	233,689,465	166,359,349	61,896,999	5,433,117
2016					
Financial liabilities					
Trade and other payables*	14,209,051	14,209,051	14,209,051	-	-
Deposits and accruals	12,763,560	12,763,560	12,763,560	-	-
Bank overdrafts	25,589	25,589	25,589	-	-
Bankers' acceptance	89,860,000	91,451,020	91,451,020	-	-
Revolving credit	3,000,000	3,013,157	3,013,157	-	-
Term loans	27,451,859	29,201,270	17,344,650	6,618,036	5,238,584
ICP/IMTN	100,000,000	109,778,305	31,290,000	78,488,305	-
Hire purchase payables	1,311,034	1,481,554	792,861	688,693	-
Finance lease payables	3,590,427	3,836,270	2,625,727	1,210,543	-
Amount due to holding company	1,231,190	1,305,061	1,305,061	-	-
Amount due to directors	2,097,279	2,097,279	2,097,279	-	-
	255,539,989	269,162,116	176,917,955	87,005,577	5,238,584

* excluded GST payable

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(ii) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2017					
Financial liabilities					
Other payables and accruals	4,029,484	4,029,484	4,029,484	-	-
ICP/IMTN	70,000,000	74,267,520	20,600,110	53,667,410	-
Hire purchase payables	41,787	47,156	41,011	6,145	-
Finance lease payables	47,078	49,950	49,950	-	-
Amount due to holding company	1,279,040	1,355,782	1,355,782	-	-
Amount due to subsidiaries	243,195,469	243,195,469	243,195,469	-	-
Amount due to directors	984,894	984,894	984,894	-	-
Financial guarantee contracts	-	187,473,671	187,473,671	-	-
	319,577,752	511,403,926	457,730,371	53,673,555	-
2016					
Financial liabilities					
Other payables and accruals	3,614,860	3,614,860	3,614,860	-	-
ICP/IMTN	100,000,000	109,778,305	31,290,000	78,488,305	-
Hire purchase payables	98,948	112,223	64,907	47,316	-
Finance lease payables	479,063	506,941	456,991	49,950	-
Amount due to holding company	1,231,190	1,305,061	1,305,061	-	-
Amount due to subsidiaries	257,028,304	257,028,304	257,028,304	-	-
Amount due to directors	678,696	678,696	678,696	-	-
Financial guarantee contracts	-	187,022,073	187,022,073	-	-
	363,131,061	560,046,463	481,460,892	78,585,571	-

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2017					
Financial asset					
Fixed deposits placed with licensed banks	2.45 - 3.04	11,179,685	-	-	11,179,685
Financial liabilities					
Amount due to holding company	6.00	1,279,040	-	-	1,279,040
Hire purchase payables	2.23 - 3.55	1,058,945	2,595,662	-	3,654,607
Finance lease payables	3.50 - 4.75	2,715,329	791,834	-	3,507,163
ICP/IMTN	4.20 - 4.75	20,000,000	50,000,000	-	70,000,000
Term loans	2.80 - 7.00	16,713,396	4,177,050	5,184,905	26,075,351
Bankers' acceptance	4.05 - 4.72	84,423,000	-	-	84,423,000
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.00 - 3.15	15,124,421	-	-	15,124,421
Financial liabilities					
Amount due to holding company	6.00	1,231,190	-	-	1,231,190
Hire purchase payables	2.25 - 3.85	701,766	609,268	-	1,311,034
Finance lease payables	3.50	2,458,752	1,131,675	-	3,590,427
ICP/IMTN	3.85 - 4.75	30,000,000	70,000,000	-	100,000,000
Term loans	2.80 - 7.00	16,872,965	4,807,282	5,771,612	27,451,859
Bankers' acceptance	4.10 - 4.79	89,860,000	-	-	89,860,000
Bank overdrafts	7.85 - 8.85	25,589	-	-	25,589
Revolving credit	5.55	3,000,000	-	-	3,000,000

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate profile (Cont'd)

Company	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2017					
Financial asset					
Amount due by subsidiaries	6.00	19,195,000	-	-	19,195,000
Fixed deposits placed with licensed banks	2.45 - 3.04	30,000	-	-	30,000
Financial liabilities					
Amount due to holding company	6.00	1,279,040	-	-	1,279,040
Amount due to subsidiaries	6.00	5,600,000	-	-	5,600,000
Hire purchase payables	2.35 - 3.35	35,746	6,041	-	41,787
Finance lease payables	3.50	47,078	-	-	47,078
ICP/IMTN	4.20 - 4.75	20,000,000	50,000,000	-	70,000,000
2016					
Financial asset					
Amount due by subsidiaries	6.00	66,991,619	-	-	66,991,619
Fixed deposits placed with licensed banks	2.00 - 31.5	30,000	-	-	30,000
Financial liabilities					
Amount due to holding company	6.00	1,231,190	-	-	1,231,190
Amount due to subsidiaries	6.00	5,600,000	-	-	5,600,000
Hire purchase payables	2.35 - 3.35	57,161	41,787	-	98,948
Finance lease payables	3.50	431,986	47,077	-	479,063
ICP/IMTN	3.85 - 4.75	30,000,000	70,000,000	-	100,000,000

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 July 2017, the Group and the Company have not entered into any hedging instruments arrangement to minimise its exposure to interest rate volatility.

Borrowings at floating rates of the Group and of the Company are amounting to RM110,498,349 and Nil (2016: RM120,337,448 and Nil) respectively are exposed to cash flow interest rate risk. Whilst, borrowings of the Group and of the Company at fixed rate amounting to RM78,440,810 and RM76,967,905 (2016: RM106,132,651 and RM107,409,201) respectively are exposed to the fair value interest rate risk.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonable possible change in interest rate of the floating rate borrowings, with all other variables held constant on the Group's profit for the financial year.

	Change in interest rate	Profit for the year RM
Group		
31 July 2017	+ 1%	638,238
	- 1%	(638,238)
31 July 2016	+ 1%	695,069
	- 1%	(695,069)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

Sensitivity analysis for foreign currency risk

The directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Company. As such, sensitivity analysis is not presented.

(v) Market price risk

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market prices.

The Group is exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity to a reasonable change in gold price, with all other variables held constant on the Group's profit for the financial year.

	Change in gold price	Profit for the year RM
Group		
31 July 2017	+ 5%	13,692,025
	- 5%	(13,692,025)
31 July 2016	+ 5%	13,892,089
	- 5%	(13,892,089)

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

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.

2017 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Financial assets										
Other investments	-	-	-	-	-	-	-	-	-	# 299,999
- Unquoted shares	-	-	-	-	-	-	-	-	-	# 228,000
- Transferable club memberships	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	527,999
Financial liabilities										
Term loans	-	-	-	-	-	26,075,351	-	26,075,351	26,075,351	26,075,351
ICP/IMTN	-	-	-	-	-	70,000,000	-	70,000,000	70,000,000	70,000,000
Hire purchase payables	-	-	-	-	-	-	3,728,522	3,728,522	3,728,522	3,654,607
Finance lease payables	-	-	-	-	-	-	3,578,203	3,578,203	3,578,203	3,507,163
	-	-	-	-	-	96,075,351	7,306,725	103,382,076	103,382,076	103,237,121

Notes to the Financial Statements (cont'd)

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37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements (Cont'd)

	Fair value of financial instruments carried at				Fair value of financial instruments not carried at				Total fair value RM	Total fair value RM	Carrying amount RM
	Level 1		Level 2		Level 1		Level 2				
	RM	RM	RM	RM	RM	RM	RM	RM			
2016											
Group											
Financial assets											
Other investments	-	-	-	-	-	-	-	-	-	-	# 299,999
- Unquoted shares	-	-	-	-	-	-	-	-	-	-	# 228,000
- Transferable club memberships	-	-	-	-	-	-	-	-	-	-	527,999
Financial liabilities											
Term Loans	-	-	-	-	-	27,451,859	-	-	27,451,859	27,451,859	27,451,859
ICP/MTN	-	-	-	-	-	100,000,000	-	-	100,000,000	100,000,000	100,000,000
Hire purchase payables	-	-	-	-	-	-	1,416,226	-	1,416,226	1,416,226	1,311,034
Finance lease payables	-	-	-	-	-	-	3,667,003	-	3,667,003	3,667,003	3,590,427
	-	-	-	-	-	127,451,859	5,083,229	-	132,535,088	132,535,088	132,353,320

The fair value cannot be reliably measured using valuation techniques.

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements (Cont'd)

Company	Fair value of financial instruments carried at				Fair value of financial instruments not carried at				Total fair value RM	Carrying amount RM
	fair value				fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2017										
Financial liabilities										
ICP/IMTN	-	-	-	-	-	70,000,000	-	70,000,000	70,000,000	70,000,000
Hire purchase payables	-	-	-	-	-	-	40,147	40,147	40,147	41,787
Finance lease payables	-	-	-	-	-	-	45,279	45,279	45,279	47,078
	-	-	-	-	-	70,000,000	85,426	70,085,426	70,085,426	70,088,865
2016										
ICP/IMTN	-	-	-	-	-	100,000,000	-	100,000,000	100,000,000	100,000,000
Hire purchase payables	-	-	-	-	-	-	108,002	108,002	108,002	98,948
Finance lease payables	-	-	-	-	-	-	488,259	488,259	488,259	479,063
	-	-	-	-	-	100,000,000	596,261	100,596,261	100,596,261	100,578,011

Notes to the Financial Statements (cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements (Cont'd)

Fair value hierarchy

The fair value hierarchy has the following levels:

- (a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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.

- (c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 by reference to similar borrowing arrangements.

38. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's and the Company's strategy in capital management remains unchanged for 31 July 2017 and 31 July 2016.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiaries may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company are required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, finance lease payables, bank overdrafts, other borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company respectively as at 31 July 2017 and 31 July 2016, are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total net debts	138,078,874	194,583,084	59,890,272	97,477,859
Total capital plus net debts	642,123,966	656,261,175	285,690,660	314,672,931
Gearing ratio	0.22	0.30	0.21	0.31

The Group is also required to maintain a maximum debt to tangible net worth ratio of 0.9 times and a minimum finance service cover ratio of 2.5 times to comply with a bank covenant, failing which, the bank may call an event of default. This externally imposed capital requirement has been complied with for the financial years ended 31 July 2017 and 31 July 2016.

Notes to the Financial Statements (cont'd)

39. RETROSPECTIVE ADJUSTMENT

The retrospective adjustment is in respect of the tax computation in the prior financial year.

The effect of retrospective restatement on the comparative figures are as follows:

	As previously stated RM	Adjustment RM	As restated RM
Group			
2016			
Consolidated Statement of Financial Position			
Current assets			
Current tax assets	1,215,226	(69,600)	1,145,626
Equity			
Reserves	260,830,985	(4,328,770)	256,502,215
Current liabilities			
Current tax liabilities	2,622,550	4,259,170	6,881,720
2015			
Consolidated Statement of Financial Position			
Current assets			
Current tax assets	2,359,615	(1,241,397)	1,118,218
Equity			
Reserves	253,927,841	(4,328,770)	249,599,071
Current liabilities			
Current tax liabilities	4,541,555	3,087,373	7,628,928
Company			
2016			
Statement of Financial Position			
Current assets			
Current tax assets	69,600	(69,600)	-
Equity			
Reserves	16,347,966	(4,328,770)	12,019,196
Current liabilities			
Current tax liabilities	-	4,259,170	4,259,170
2015			
Statement of Financial Position			
Current assets			
Current tax assets	1,241,397	(1,241,397)	-
Equity			
Reserves	19,406,663	(4,328,770)	15,077,893
Current liabilities			
Current tax liabilities	-	3,087,373	3,087,373

Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 July 2017 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries				
- realised	399,727,476	372,881,134	13,927,937	6,048,315
- unrealised	(4,672,691)	(3,200,208)	6,696,575	5,970,881
	395,054,785	369,680,926	20,624,512	12,019,196
Less: Consolidation adjustments	(138,849,918)	(138,900,951)	-	-
Total retained profits	256,204,867	230,779,975	20,624,512	12,019,196

The determination of realised and unrealised profits is based on Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement by Directors

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **DATO' CHOON YEE SEIONG** and **CHOON NEE SIEW**, being two of the directors of Poh Kong Holdings Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 88 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 164 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

DATO' CHOON YEE SEIONG

Director

CHOON NEE SIEW

Director

Petaling Jaya

Date : 25 October 2017

Statutory Declaration

(Pursuant to Section 251(1) of the Companies Act 2016)

I, KOH SZE HAW, being the officer primarily responsible for the financial management of Poh Kong Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 88 to 163, and the supplementary information set out on page 164 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

KOH SZE HAW

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in State of Selangor Darul Ehsan on 25 October 2017.

Before me,

Commissioner for Oaths

Independent Auditors' Report

to the members of POH KONG HOLDINGS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Poh Kong Holdings Berhad, which comprise the statements of financial position as at 31 July 2017 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 163.

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 July 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 financial 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.

Inventories (Note 4.8 and Note 11 to the financial statements)

Risk:

The Group measure inventories at lower of cost or net realisable value. Judgement is required in estimating their net realisable value.

Our response:

Our audit procedures included, among others:

- reviewing the design and implementation of controls associated with monitoring and detection and write down of inventories;
- attending year end physical inventory count to observe physical existence and condition of the raw material, work-in progress and finished goods and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable values lower than their costs

Independent Auditors' Report

to the members of POH KONG HOLDINGS BERHAD (Incorporated in Malaysia) (cont'd)

Key Audit Matters (Cont'd)

Deferred tax assets (Note 4.4 and Note 10 to the financial statements)

Risk:

Significant judgement of the directors is required over the recoverability of deferred tax assets because the realisation of these deferred tax assets is often dependent on a number of factors including whether there will be sufficient taxable profits in future periods to support the recognition.

We focused on this area because the realisation of these deferred tax assets is often dependent on the future taxable profits and there are inherent uncertainties involved in projecting the amount.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the profit projections by assessing key inputs such as growth rate, inflation rate and profit margin; and
- testing the mathematical accuracy of the profit projection calculations.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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 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, 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.

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 Group's and the Company's ability 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Independent Auditors' Report

to the members of POH KONG HOLDINGS BERHAD (Incorporated in Malaysia) (cont'd)

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 Group's and of the Company's internal control.
- 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 Group's or the Company's ability 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 achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 financial 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out on page 164 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report

to the members of POH KONG HOLDINGS BERHAD (Incorporated in Malaysia) (cont'd)

Other Matters

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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan
No. 02819/10/2018 J
Chartered Accountant

Kuala Lumpur

Date: 25 October 2017

Analysis of Shareholdings

as at 31 October 2017

Paid-up & Issued Share Capital : RM205,175,876
 Total Number of Issued Shares : 410,351,752
 Class of Share : Ordinary Share
 Voting Right : 1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 31/10/2017

Size of shareholdings	No. of Shareholdings	%	No. of Shareholdings	%
1 - 999	124	3.80	5,590	-
100 - 1,000	356	10.92	190,696	0.04
1,001 - 10,000	1,614	49.50	9,139,710	2.23
10,001 - 100,000	1,026	31.46	32,612,970	7.95
100,001 - 20,517,586(*)	139	4.26	100,443,900	24.48
20,517,587 and above (**)	2	0.06	267,958,886	65.30
Total	3,261	100.00	410,351,752	100.00

REMARK : * - LESS THAN 5% OF ISSUED HOLDINGS
 ** - 5% AND ABOVE OF ISSUED HOLDINGS

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2017

No.	Names	No. of Shares	Percentage (%)
1.	POH KONG SDN BHD	239,208,886	58.29
2.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND (PTSL)	28,750,000	7.01
3.	DATO' CHOON YEE SEIONG	11,512,746	2.81
4.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	9,313,100	2.27
5.	TEO KWEE HOCK	6,359,600	1.55
6.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR TEO SIEW LAI (MARGIN)	6,244,800	1.52
7.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	5,772,600	1.41
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR SUSY DING (471873)	4,751,200	1.16
9.	CHOON NEE SIEW	4,056,742	0.99
10.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	2,750,000	0.67

Analysis of Shareholdings

as at 31 October 2017 (cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2017 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
11.	HLIB NOMINEES (ASING) SDN BHD LIM & TAN SECURITIES PTE LTD FOR LAM LAI CHENG	2,500,000	0.61
12.	CHOON WAN JOO	2,320,080	0.57
13.	SEAH TIN KIM	2,258,700	0.55
14.	HON WEE FONG	2,079,666	0.51
15.	CHEONG TECK CHONG	1,960,328	0.48
16.	LEE GUAN HUAT	1,924,400	0.47
17.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	1,485,300	0.36
18.	M & A NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHOON YOKE YING (M&A)	1,390,000	0.34
19.	HAW YOO HOON	1,142,800	0.28
20.	TAY PIN SUN	1,054,000	0.26
21.	LIM CHER-SERN	1,001,800	0.24
22.	HSBC NOMINEES (ASING) SDN BHD BPSS SIN FOR INCLUSIF VALUE FUND	993,800	0.24
23.	TAN AIK CHOON	970,000	0.24
24.	KWEK KIM SEONG	927,000	0.23
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG WEI KING	842,500	0.21
26.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN CAPITAL MANAGEMENT PTE LTD (CLIENT 1 PTSL)	800,000	0.19
27.	TAN AI GUAT	768,000	0.19
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD YEO KAY SENG	684,000	0.17
29.	YONG KOON WOUI	607,000	0.15
30.	LINDA CHUO SIIK ING	600,000	0.15
Total:		345,029,048	84.12

Analysis of Shareholdings

as at 31 October 2017 (cont'd)

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2017

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Poh Kong Sdn. Bhd.	239,208,886	58.29	-	-
Dato' Choon Yee Seiong	11,600,246	2.83	250,117,528 ⁽¹⁾	60.95
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽²⁾	58.43
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽³⁾	61.32
Choon Nee Siew	4,056,742	0.99	254,901,072 ⁽⁴⁾	62.19
Dato' Choon Yoke Ying	1,395,072	0.34	257,812,998 ⁽⁵⁾	62.83
Choon Wan Joo	2,320,080	0.57	256,769,602 ⁽⁵⁾	62.57
Choon Yee Bin	330,030	0.08	258,754,534 ⁽⁶⁾	63.06
Mohd Annuar Choon Bin Abdullah	30	0.00	258,941,034 ⁽⁶⁾	63.10
Estate of Choon Yee Fook	82	0.00	258,912,982 ⁽⁷⁾	63.09
Choon Ching Yih	1,896	0.00	258,911,168 ⁽⁸⁾	63.09
Choong Bee Chu	-	-	258,937,566 ⁽⁹⁾	63.10
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,482,814 ⁽¹⁰⁾	58.85
Cheong Poh See	37,750	0.01	245,546,556 ⁽¹¹⁾	59.84
Cheong Chee Kong	7,000	0.00	245,577,306 ⁽¹¹⁾	59.85
Cheong Chee Khoon	-	-	245,584,306 ⁽¹¹⁾	59.85
Choon King Han	265,000	0.06	253,348,842 ⁽¹¹⁾	61.74
Elizabeth Choon Ee Ling	230,000	0.06	253,383,842 ⁽¹¹⁾	61.75
Choon Ee Teng	230,000	0.06	253,383,842 ⁽¹¹⁾	61.75
Pang Cheow Mooi	-	-	241,527,564 ⁽¹²⁾	58.86
Chang Kwong Him	295,006	0.07	240,603,958 ⁽¹²⁾	58.63
Siow Der Ming	176,618	0.04	241,536,966 ⁽¹²⁾	58.86
Lim Mee Hwa	2,750,000	0.67	30,000,000 ⁽¹³⁾	7.31
Yeo Seng Chong	-	-	32,750,000 ⁽¹⁴⁾	7.98
Yeoman Capital Management Ptd Ltd	450,000	0.11	29,550,000 ⁽¹⁵⁾	7.20
Yeoman 3-Rights Value Asia Fund	28,750,000	7.01	-	-
DB (Malaysia) Nomiee (Asing) Sdn Bhd	800,000	0.19	-	-

Notes:-

- Deemed interest by virtue of the direct shareholding of his spouse, children, siblings and his indirect interest in PKHB via Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 59(11)(c), 8 and 197 of the Companies Act 2016 ("the Act").
- Deemed interest by virtue of the direct shareholding of his sibling and children's in PKHB and his indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her sibling, spouse, and children's shareholding in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her siblings and children's in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her spouse and siblings and her indirect interest in PKHB Via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act
- Deemed interest by virtue of the direct shareholding of his spouse and siblings and his indirect interest in PKHB Via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act
- Deemed interest by virtue of the direct shareholding of his siblings and the indirect interest of his sibling in PKHB via PKSB pursuant to Sections 8 and 197 of the Act
- Deemed interest by virtue of the direct shareholding of her siblings and her indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her siblings and children and her indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of her brother's direct shareholding in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of his/her parent(s) and sibling's in PKHB and indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of his/her spouse's direct shareholding in PKHB, and indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of her shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd, and HDM Nominees (Asing) Sdn Bhd, and 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Sections 8 and 197 of the Act.
- Deemed interest by virtue of his shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd, and HDM Nominees (Asing) Sdn Bhd, and 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Sections 8.
- Deemed interest by virtue of its shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, and CIMSEC Nominees (Asing) Sdn Bhd pursuant to Sections 8 of the Act.

Analysis of Shareholdings

as at 31 October 2017 (cont'd)

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 OCTOBER 2017

	← Direct →		← Indirect →	
	No. of shares	%	No. of shares	%
Dato' Choon Yee Seiong	11,600,246	2.83	250,117,528 ⁽¹⁾	60.95
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽²⁾	58.43
Choon Nee Siew	4,056,742	0.99	254,901,072 ⁽³⁾	62.12
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽⁴⁾	61.32
Choon Yee Bin	330,030	0.08	258,754,534 ⁽⁵⁾	63.06
Dato' Dr. Choong Tuck Yew	227,500	0.00	155,000 ⁽⁶⁾	0.00
Choon Wan Joo	2,320,080	0.56	256,769,602 ⁽⁷⁾	62.57
Dato' Choon Yoke Ying	1,395,072	0.34	257,812,998 ⁽⁷⁾	62.83
Fazrin Azwar Bin Md. Nor	35,000	0.00	-	-
Datin Shirley Yue Shou How	-	-	-	-
Dato' Esther Tan Choon Hwa	-	-	-	-

Notes:-

- Deemed interest by virtue of the direct shareholding of his spouse, children, siblings and his indirect interest in PKHB via Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 59(11)(c), 8 and 197 of the Companies Act 2016 ("the Act").
- Deemed interest by virtue of the direct shareholding of his sibling and children's in PKHB and his indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her siblings and children's in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of her sibling, spouse, and children's shareholding in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interest by virtue of the direct shareholding of his spouse and siblings and his indirect interest in PKHB Via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.
- Deemed interested by virtue of the shareholding of his spouse's direct shareholding in PKHB.
- Deemed interest by virtue of the direct shareholding of her spouse and siblings and her indirect interest in PKHB Via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.

List of Properties

held by The Group as at 31 July 2017

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS SDN BHD							
Lot 10, PN3792, Section 9 Township of Petaling Jaya Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 45 years	3,600,000	27.12.94
No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan							
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2094)	Shophouse	174.1875 square metres	Approximately 45 years	4,650,000	5.1.95
No.20, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan							
G-23 & G-25 Ground Floor, Amcorp Mall 46050 Petaling Jaya Selangor Darul Ehsan	Commercial shophot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq ft	19 years	2,455,956	20.6.95
G27 and G53 Star Parade, Alor Setar	Commercial shophot	Leasehold (Master Title Expiring in 2094 - pending issuance of strata title)	Shopping Complex Lot	G27: 463 sq ft G27: 452 sq ft	20 years	1,196,000	4.2.03
H.S.(D) 153914, PT10 Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 45 years	3,409,200	14.8.09
No.10, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan							
No.3, Jalan OZ 17 Ozana Impian Bukit Katil 75450 Melaka	Double storey house	Leasehold (Expiring in 2094)	Residential	143 square metres	Approximately 17 years	300,000	25.8.14

List of Properties

held by The Group as at 31 July 2017 (cont'd)

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS (SS2) SDN BHD							
Lot 25674, HS(D) 87319 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 40 years	4,650,000	15.5.89
No.21, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan							
Lot 25673, HS(D) 174414 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 40 years	4,650,000	28.8.08
No.23, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan							
POH KONG JEWELLERY MANUFACTURER SDN BHD							
PT 17654, HS(D) 142709 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Double-storey detached with basement	Freehold	Office cum Factory	7,570.31 square metres	16.5 years	23,600,000	1.9.95
Lot 1, Jalan Astaka U8/81 Seksyen U8 40150 Shah Alam Selangor Darul Ehsan							
PT 3867, HS(M) 10549 Mukim of Sungai Buluh District of Petaling Selangor Darul Ehsan	Agricultural land with a detached building	Leasehold (Expiring in 2070)	Residential	0.6146 hectare	28 years	5,400,000	15.8.97
No.276, Jalan 4D Kampung Baru Subang Shah Alam Selangor Darul Ehsan							
POH KONG JEWELLERS (KLANG) SDN BHD							
PT 71, HS(D) 38993 Mukim Kapar District of Klang Selangor Darul Ehsan	Double storey bungalow	Leasehold (Expiring in 2088)	Residential	1,649.4395 square metres	N/A	2,600,000	30.7.02
No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan							

List of Properties

held by The Group as at 31 July 2017 (cont'd)

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD							
LG-48, Lower Ground Floor The Summit, Subang USJ 47600 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold	Shopping Complex Lot	51.19 square metres	20 years	696,735	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shoplot	Freehold	Shopping Complex Lot	100 square metres	24 years	471,424	30.8.94
G-14, Ground Floor Mahkota Parade Jalan Merdeka 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	83.98 square metres	25 years	2,900,000	3.3.99
G-29, Ground Floor Mahkota Parade Jalan Taman 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	103.96 square metres	25 years	3,135,000	13.3.99
Parcel No. GF119 and GF120 Ground Floor Queensbay Shopping Mall	Commercial shoplot	Leasehold (Expiring in 2095)	Shopping Complex Lot	GF119: 565 sq ft GF120: 565 sq ft	11 years	4,340,000	10.6.96
Lot 27 and G28 Ground Floor Kuantan Parade Jalan Haji Abdul Rahman 25000 Kuantan	Commercial shoplot-pending completion of acquisition	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 19 years	2,300,000	21.4.08
Lot G-19, Ground Floor Subang Parade 47500 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold Complex Lot	Shopping	139.3 square metres	Approximately 33 years	4,000,000	26.1.99
Unit No.8-10, 8th Floor Pangsapuri Seri Indah Jalan Sungai Besi Indah 3 Taman Sungai Besi Indah Section U6 43300 Sri Kembangan Selangor Darul Ehsan	Condominium	Leasehold (Expiring in 2090)	Residential	108.41 square metres	17 years	250,000	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	100 square metres	20 years	415,000	21.11.94

List of Properties

held by The Group as at 31 July 2017 (cont'd)

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (CONT'D)							
6352, PN 11986 Mukim of Bukit Baru District of Melaka Tengah Melaka	An intermediate unit of single- storey terrace house	Leasehold (Expiring in 2086)	Residential	130 square metres	Approximately 25 years	180,000	15.8.97
302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka							
PT 16, HS(D) 143184 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2059)	Shophouse	174.1875 square metres	Approximately 45 years	4,600,000	6.6.00
No.16, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan							
Lot 18, HS(D) 142695 (formerly QT(R)84/60) Section 25 (formerly PJ 24/60) Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2060)	Shophouse	174.1875 square metres	Approximately 45 years	4,200,000	17.2.89
No.18, Jalan 52/4 46200 Petaling Jaya Selangor							
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey house	Freehold	Residential	154 square metres	Approximately 17 years	360,000	12.11.09
Lot 11, HS(D) 164904 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of single- storey terrace house	Leasehold (Expiring in 2068)	Residential	153.285 square metres	Approximately 45 years	550,000	22.9.92
No.11, Jalan 14/15 (Jln Dato Jamil Rais) Seksyen 14 46100 Petaling Jaya Selangor Darul Ehsan							
PT 16955, HS(M) 9168 Mukim of Damansara District of Petaling Selangor Darul Ehsan	An intermediate unit of double- storey terrace house	Leasehold (Expiring in 2095)	Residential	160 square metres	Approximately 22 years	910,000	11.7.97
No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan							

List of Properties

held by The Group as at 31 July 2017 (cont'd)

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (CONT'D)							
PT 1113 (Lot 7027) HS(D) 6774 Mukim of Damansara District of Petaling Selangor Darul Ehsan	An intermediate unit of double- storey terrace house	Freehold	Residential	163.5 square metres	Approximately 32 years	880,000	10.6.95
No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan							
Lot 26451 PN807/M7/4/241 Mukim of Ampang District of Hulu Langat Selangor Darul Ehsan	Apartment	Leasehold (Expiring in 2088)	Residential	95 square metres	25 years	300,000	15.7.97
No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor							
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	23 years	460,000	27.3.00
No.33-A-17-5, 17th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	106.65 square metres	23 years	460,000	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	12,959 square feet	3 years	8,500,000	30.5.13
Lot No.18 Section 51 Petaling Jaya Selangor Darul Ehsan							
Unit 10G Block A Mawar Apartment Taman Gohtong Jaya Genting Highlands 69000 Pahang	Apartment	Freehold	Residential	105 square metres	6 years	820,000	9.9.15

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of **POH KONG HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday 17 January 2018 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the year ended 31 July 2017 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B on the Agenda |
| 2. | To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share in respect of the financial year ended 31 July 2017. | Resolution 1 |
| 3. | To approve the payment of the Directors' Fees and Allowances amounting to RM348,100 for the year ended 31 July 2017. | Resolution 2 |
| 4. | To approve Directors' Fees and Allowances of an amount not exceeding RM400,000 from 1 August 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors. | Resolution 3 |
| 5. | To re-elect the following Directors retiring under Article 80 of the Articles of Association of the Company: | |
| | a) Dato' Choon Yee Seiong | Resolution 4 |
| | b) Datin Shirley Yue Shou How | Resolution 5 |
| | c) Datin Hon Wee Fong | Resolution 6 |
| | d) Dato' Esther Tan Choon Hwa | Resolution 7 |
| 6. | To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 8 |

SPECIAL BUSINESS

- | | | |
|-----|---|---------------------|
| 7. | To consider and, if thought fit, pass with or without modifications, the following Resolutions:- | |
| 7.1 | Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with MSS Goldsmith Sdn. Bhd. | Resolution 9 |
| | <p>"THAT approval be and is hereby given to Poh Kong Holdings Berhad to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with MSS Goldsmith Sdn. Bhd. as stated in Section 2.3.3 of the Circular to Shareholders of the Company dated 28 November 2017, being necessary for the day-to-day operations of the Poh Kong Group, subject to the following:-</p> | |
| | <p>(i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and</p> | |
| | <p>(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this shareholders' mandate during the financial year; and</p> | |
| | <p>(iii) the authority given shall continue to be in force until:-</p> | |
| | <p>(a) the conclusion of the Fifteenth Annual General Meeting ("AGM") of the Company, at which time it will lapse unless, by a resolution passed at the Sixteenth AGM, the authority is renewed; or</p> | |
| | <p>(b) the expiration of the period within which the Sixteenth AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or</p> | |
| | <p>(c) it is revoked or varied by resolution passed by the shareholders in general meeting,</p> | |
| | <p>whichever is earlier.</p> | |

Notice of Annual General Meeting (cont'd)

7.1 **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with MSS Goldsmith Sdn. Bhd. (Cont'd)**

THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things necessary to give effect to the transactions contemplated or authorised by this resolution."

7.2 **Authority for Dato' Dr Choong Tuck Yew to Continue In Office as Independent Non-Executive Director**

Resolution 10

"**THAT** authority be and is hereby given to Dato' Dr Choong Tuck Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

7.3 **Authority for Encik Fazrin Azwar Bin Md Nor to Continue In Office as Independent Non-Executive Director**

Resolution 11

"**THAT** authority be and is hereby given to Encik Fazrin Azwar Bin Md Nor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysia Code on Corporate Governance 2012."

ANY OTHER BUSINESS

8. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Article of Association and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share in respect of the financial year ended 31 July 2017 will be payable on 9 March 2018 to Depositors registered in the Record of Depositors at the close of business on 16 February 2018.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred to the Depositor's Securities Account before 4:00 pm on 16 February 2018 in respect of ordinary transfers; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD
POH KONG HOLDINGS BERHAD**

.....
NG YIM KONG (LS 0009297)

Company Secretary
Petaling Jaya

28 November 2017

Notice of Annual General Meeting (cont'd)

Notes:-

A. APPOINTMENT OF PROXY

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee 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.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

B. AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as the provisions of Sections 248 (2) and 340 (1) of the Companies Act 2016 do not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Explanatory Notes on Special Business of the Agenda

(i) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, (Resolution 9).

The Proposed Resolution No. 9, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the Company and its subsidiaries which are not more favorable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders ("Proposed Shareholders' Mandate").

The Proposed Shareholders' Mandate would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential recurrent related party transactions arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objective and without adversely affecting the business opportunities available to the Company and its subsidiaries.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 28 November 2017 of the Company which is dispatched together with the 2017 Annual Report of the Company for the financial year ended 31 July 2017.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business of the Agenda (Cont'd)

(ii) Authority to continue to act as an Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012

a) Dato' Dr Choong Tuck Yew (Resolution 10)

Dato' Dr Choong Tuck Yew has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company.

b) Fazrin Azwar Bin Md Nor (Resolution 11)

Encik Fazrin Bin Md Nor has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 10 January 2018. Only a depositor whose name appears on the Record of Depositors as at 10 January 2018 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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POH KONG HOLDINGS BERHAD

(Company No.: 586139-K)

(Incorporated in Malaysia)

Form of Proxy

I/We _____

of _____

being a member/members of **POH KONG HOLDINGS BERHAD** hereby appoint * the Chairman of the meeting or _____

_____ of _____

or falling whom _____

of _____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 17 January 2018 at 10.00 a.m. and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

*My/*our Proxy(ies) is/are to vote as indicated below:-

Resolutions	Ordinary Business	For	Against
1.	To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share in respect of the financial year ended 31 July 2017.		
2.	To approve the payment of the Directors' Fees and Allowances amounting to RM348,100 for the year ended 31 July 2017.		
3.	To approve Directors' Fees and Allowances of an amount not exceeding RM400,000 from 1 August 2017 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.		
4.	To re-elect Dato' Choon Yee Seiong retiring under Article 80 of the Articles of Association.		
5.	To re-elect Datin Shirley Yue Shou How retiring under Article 80 of the Articles of Association.		
6.	To re-elect Datin Hon Wee Fong retiring under Article 80 of the Articles of Association.		
7.	To re-elect Dato' Esther Tan Choon Hwa retiring under Article 80 of the Articles of Association.		
8.	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolutions	Special Business		
9.	To approve Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with MSS Goldsmith Sdn. Bhd.		
10.	To authorise Dato' Dr Choong Tuck Yew to continue in office as Independent Non-Executive Director.		
11.	To authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent Non-Executive Director.		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain at his/her discretion]

Dated this _____ day of _____ 2017/2018

Number of shares held: _____

[Signature/Common Seal of Shareholder]

[* Delete if not applicable]

Notes:

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee 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.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resorts, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

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STAMP

The Company Secretary
Poh Kong Holdings Berhad (586139-K)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan

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RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ
T: 603-7492 0973
- AEON Bukit Indah Shopping Centre
Lot G36, JB
T: 607-236 9499
- AEON Tebrau City Shopping Centre, Ground Floor, JB
T: 607-353 6497

DIAMOND & GOLD

- 1 Utama Shopping Centre (Oval), PJ
T: 603-7710 7260
- Mid Valley Mega Mall, KL
T: 603-2282 8850
- Mahkota Parade, G14, Malacca
T: 606-283 2470
- AEON Bukit Tinggi Shopping Centre, Klang
T: 603-3326 2821
- Tesco Ampang, KL
T: 603-9282 5857
- Tesco Klang
T: 603-3323 9021
- Tesco Puchong
T: 603-8076 5952

GOLD BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ
T: 603-7492 0973

ORO BIANCO

- AEON Bukit Indah Shopping Centre, Lot G35, JB
T: 607-236 9484

POH KONG GALLERY

- 16-20, Jalan 52/4 46200 Petaling Jaya
T: 603-7940 3333
- Pavilion, Kuala Lumpur
T: 603-2141 7919

POH KONG RETAIL STORES

PETALING JAYA

- 19-23, Jalan SS2/55
T: 603-7874 7863
- Subang Parade
T: 603-5635 1087
- 1 Utama Shopping Centre
T: 603-7726 3868
- Sunway Pyramid Shopping Mall
T: 603-7492 0972
- Da Men USJ
T: 603-8011 6747
- Giant Hypermarket, Bandar Kinrara
T: 603-8075 5349
- Tropicana City Mall
T: 603-7728 2191
- Paradigm Mall
T: 603-7886 7475
- Atria Shopping Gallery
T: 603-7732 5442
- IOI Mall Puchong
T: 603-8074 9875

KUALA LUMPUR

- AEON Taman Maluri
T: 603-9285 8566
- AEON Wangsa Maju
T: 603-4142 1688
- AEON Metro Prima
T: 603-6258 6088
- AEON Cheras Selatan Shopping Centre
T: 603-9076 9781
- AEON Taman Equine Shopping Centre
T: 603-8941 6204
- Sunway Putra Mall
T: 603-4050 2017
- AEON AU2 (Setiawangsa)
T: 603-4257 4282
- AEON Big Kepong
T: 603-6259 3809
- Kompleks Pemas Sogo
T: 603-2698 5275
- Ampang Point Shopping Centre
T: 603-4252 7375
- Pearl Point Shopping Mall
T: 603-7981 3798
- Leisure Mall
T: 603-9132 2417
- Spectrum Shopping Mall
T: 603-4270 1039
- Selayang Mall
T: 603-6136 7813

- Bangsar Shopping Centre
T: 603-2093 3161
- The Mines Shopping Fair
T: 603-8943 0759
- Mid Valley Mega Mall
T: 603-2284 9636
- Plaza OUG, Old Klang Road
T: 603-7981 7819
- Pavilion, Lot 1.40.00
T: 603-2141 9090
- Pandan Kapital
T: 603-4297 5301
- AEON Big Wangsa Maju
T: 603-4142 0259
- Sunway Velocity Mall
T: 603-9201 7548 / 2094

PUTRAJAYA

- IOI City Mall
T: 603-8940 6025

SHAH ALAM

- Plaza Alam Sentral
T: 603-5518 6116
- AEON Mall Shah Alam
T: 603-5523 8370

KLANG

- AEON Bukit Raja Shopping Centre
T: 603-3342 8863
- Shaw Centre Point
T: 603-3344 2488
- G07 - G09, Klang Parade
T: 603-3344 1488

SUNGAI BULOH

- The Store
T: 603-6157 6598

BANGI

- Bangi Utama Shopping Complex
T: 603-8210 0500

KAJANG

- Plaza Metro Kajang
T: 603-8734 7233
- The Store, Semenyih
T: 603-8723 6571

- BMC Mall Mahkota Cheras
T: 603-9074 9377

BANTING

- The Store
T: 603-3187 0543

RAWANG

- AEON Rawang Anggun Shopping Centre

- T: 603-6093 3098

IPOH

- AEON Kinta City Shopping Centre
T: 605-547 0013
- AEON Mall Ipoh Klebang
T: 605-291 9375
- AEON Big Midtown
T: 605-281 3417
- AEON Ipoh Station 18 Shopping Centre
T: 605-322 3618

SRI MANJUNG

- AEON Sri Manjung Shopping Centre
T: 605-687 0866

TELUK INTAN

- The Store
T: 605-621 6024

TAIPIING

- AEON Mall Taiping
T: 605-801 2460
- Taiping Mall
T: 605-805 1430

NILAI

- Giant Superstore
T: 606-799 1650

SEREMBAN

- The Store Seremban
T: 606-762 4315
- Terminal One
T: 606-762 7933
- AEON Seremban 2 Shopping Centre
T: 606-601 5505

BUKIT MERTAJAM

- AEON Mall Bukit Mertajam
T: 604-548 5980

PENANG

- Queensbay Mall Lot GF119 & GF120
T: 604-641 1560
- Mydin, Kompleks Bukit Jambul
T: 606-641 3977

ALOR SETAR

- Alor Star Mall
T: 604-772 5351
- AEON Big Alor Setar
T: 604-735 0368
- Aman Central
T: 604-731 3728

MELAKA

- AEON Melaka Shopping Centre
T: 606-232 5188
- Mahkota Parade G29
T: 606-282 1922
- AEON Bandaraya Melaka Shopping Centre, Melaka
T: 606-286 3120

KUANTAN

- East Coast Mall
T: 609-560 9988
- Kuantan Parade Shopping Mall
T: 609-513 6299

KELANTAN

- KB Mall, Kota Bharu
T: 609-741 2166
- AEON Mall Kota Bharu
T: 609-740 5667

MUAR

- Wetex Parade
T: 606-951 7718

JOHOR BAHRU

- AEON Taman Universiti Shopping Centre
T: 607-521 3482
- AEON Permas Jaya Shopping Centre
T: 607-388 9958
- AEON Tebrau City Shopping Centre
T: 607-354 7691
- AEON Bukit Indah Shopping Centre, Lot G37
T: 607-236 9033
- AEON Mall Kulajaya
T: 607-660 6000
- AEON Mall Bandar Dato' Onn
T: 607-361 8446
- Paradigm Mall, Johor Bahru Lot UE-06, Upper Ground Floor

GENTING

- Sky Avenue Genting Highlands Resort
T: 605-6101 2485

BATU PAHAT

- Batu Pahat Mall
T: 607-433 1918



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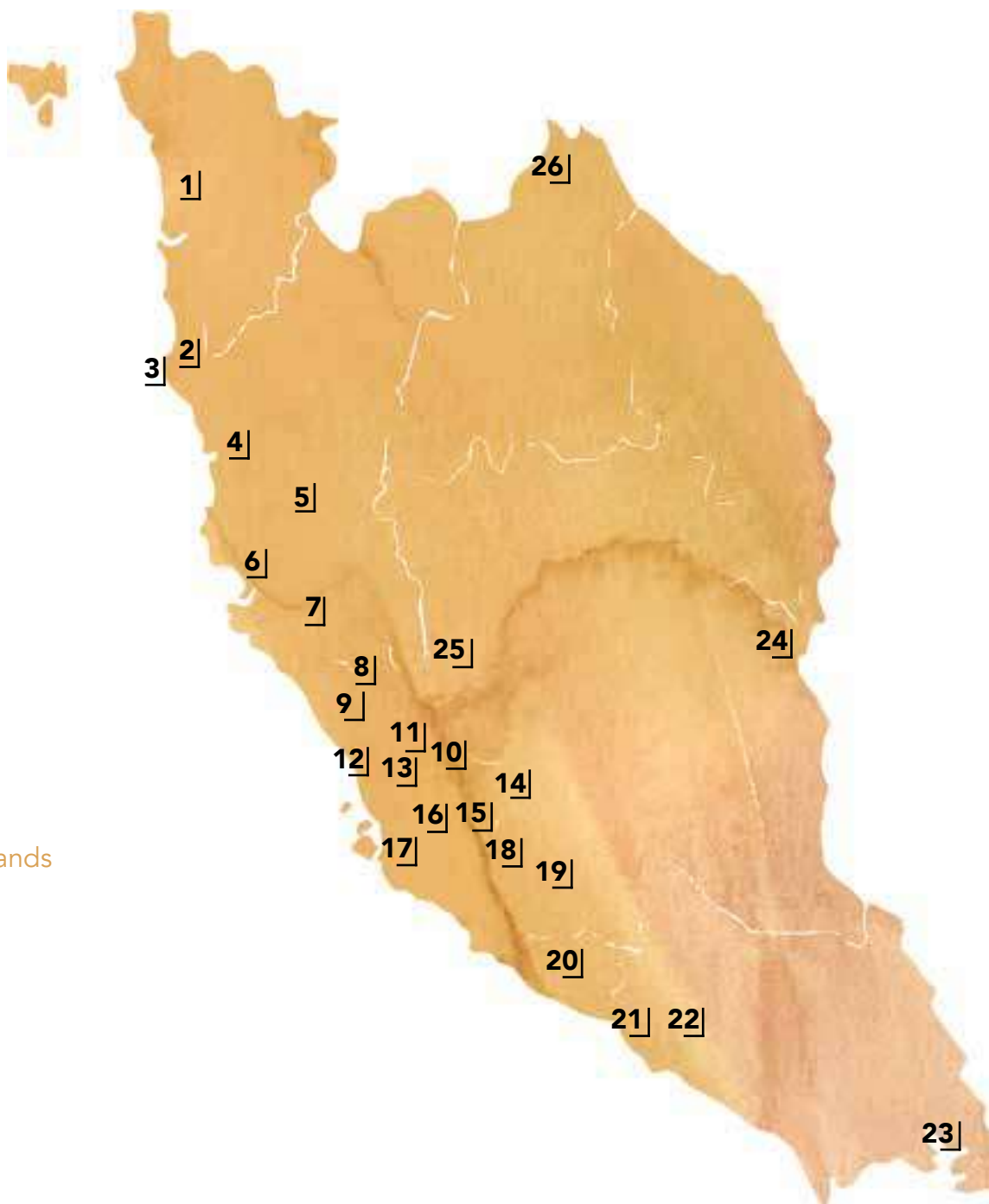
POH KONG HOLDINGS BERHAD
(586139-K)



Kedai Rakyat



- 1 Alor Setar
- 2 Bukit Mertajam
- 3 Penang
- 4 Taiping
- 5 Ipoh
- 6 Sri Manjung
- 7 Teluk Intan
- 8 Rawang
- 9 Sungai Buloh
- 10 Kuala Lumpur
- 11 Petaling Jaya
- 12 Klang
- 13 Shah Alam
- 14 Kajang
- 15 Bangi
- 16 Putrajaya
- 17 Banting
- 18 Nilai
- 19 Seremban
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- 25 Genting Highlands
- 26 Kota Bharu



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