



POH KONG[®]

POH KONG HOLDINGS BERHAD
(586139-K)

To Achieve
Product & Service
Excellence

Annual Report 2018



Cover Rationale



This year's Annual Report symbolises our unity, diversity and multi-cultural background of Malaysia. Poh Kong began its footstep with the vision of achieving product and service excellence towards a sustainable business and enhancing stakeholders' value.

We thank you for the continuous support and strive by staying relevant, bringing us towards greater heights into the future.

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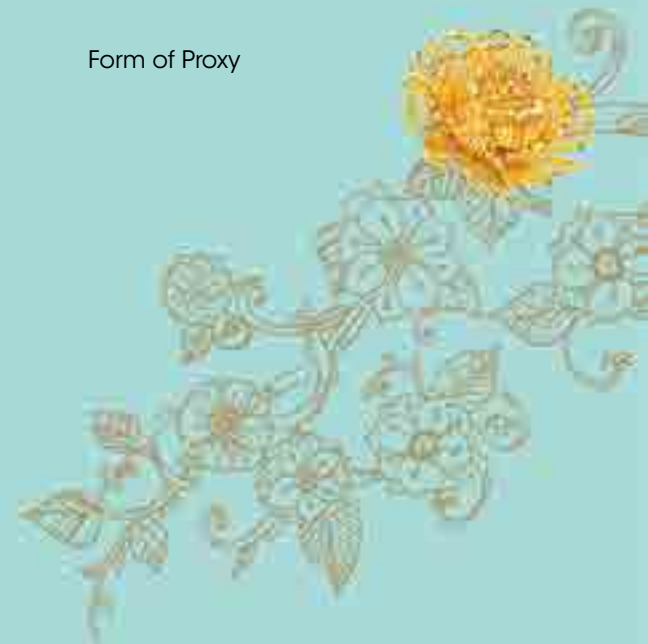
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Notice of Annual General
Meeting

Form of Proxy



Poh Kong Core Values

P

Passion
热诚专业

We are **driven by passion** to provide **quality products and services** with a high degree of **professionalism** and **innovation**, to offer the best customer shopping experience.

我们秉持积极的工作态度、高度的专业精神和丰富的创意理念，提供优质的产品和服务，为客户营造最佳的购物体验。

O

Original
创新求变

We craft every masterpiece to perfection, ensuring its **originality** through **creativity** and **innovation**.

我们坚持原创精神，每一件设计皆结合创意与革新，务求将作品精雕细琢，成为最完美的艺术品。

H

Honest
诚信可靠

We encourage **honesty** in everything that we do. It demonstrates our **integrity** and **commitment** to ensuring that we will always remain a **trusted brand** in the hearts and minds of our customers, shareholders and working partners.

我们以诚信为本，给予客户、股东和合作伙伴最大的信誉保证，成为他们心目中最值得信赖的品牌。

K

Kind
真挚友善

We shower our customers and business partners with kindness because **We are ONE. We are FAMILY.** We are naturally kind to our surroundings by advocating a green and clean environment.

我们视客户如至亲好友，因此以真挚友善相待。我们亦与合作伙伴树立紧密关系，凝聚彼此，成就万众一心的一家人。我们也贯彻环保，友善对待生态环境。

O

Outshine
卓越顶尖

We constantly challenge ourselves to **achieve the impossible**, and are always on the lookout for **greater opportunities** that allow us to **exceed expectations**.

我们喜欢挑战不可能，因此总是不断寻找更好的机会，务求突破自我，超越目标。

N

Nurture
培育菁英

We **nurture** our people with continuous learning to **grow** as a team and **excel** in personal and career development to achieve higher standards.

我们鼓励团队不断学习，致力培育优秀人才，促进我们的团队与企业迈向更远的愿景和目标。

G

Glow
共创辉煌

We design jewellery that builds **confidence** and strengthens relationships. We pursue our passion and grow to ensure **sustainability** and enhance shareholder value, for a **glowing** future.

我们精致的首饰能为人增添光彩，我们将不断自我提升，为企业持续发展为股东增值，共创辉煌未来。



The Art of Craftsmanship

Design • Skill • Quality • Intricacy

The "Wau" is a traditional Malaysian kite known for its distinctive colours and intricate designs. The larger than usual moon kite variant, known as the 'Wau Bulan', resembles a rising crescent moon soaring high into the sky signifying growth.

Typically originated in the east coast state of Malaysia, the Wau Bulan is a symbol of the rich artistry and cultural heritage of the Malays whose skill in craftsmanship is universally admired.

It is this same passion for detail and nurturing of artistic creativity that define Poh Kong jewellery in the past, for the present, and into the future.





AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Encik Fazrin Azwar Bin Md Nor, Chairman
Dato' Esther Tan Choon Hwa, 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)

Corporate Information

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

CIMB Bank Berhad (13491-P)

17th Floor Menara CIMB
No.1, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel: 03-2261 8888

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®



www.pohkong.com.my



www.facebook.com/pohkongjewellers



Corporate Structure

100%

POH KONG[®]
POH KONG HOLDINGS BERHAD
(586139-K)

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Poh Kong Jewellers
(Ampang Point) S/B*



Poh Kong Jewellers
(Bangsar) S/B*



Poh Kong Jewellers
(Banting) S/B*



Poh Kong Jewellers
(Franchise) S/B



Poh Kong Jewellers
(Ipoh) S/B*



Poh Kong Jewellers
(Jaya) S/B*



Poh Kong Jewellers
(Klang) S/B



Poh Kong Jewellers
(Maluri) S/B*



Poh Kong Jewellers
(Shah Alam) S/B*



Poh Kong Jewellers
(SS2) S/B



Poh Kong Jewellers
(Subang Parade) S/B*



Poh Kong Jewellers
(The Mall) S/B*



Poh Kong Jewellers
(Wangsamaju) S/B*



PK Jewellery
Export S/B



Poh Kong
Bullion S/B



Poh Kong
International S/B



Poh Kong
Jewellers S/B



Poh Kong Jewellery
Manufacturer S/B



Poh Kong
Properties S/B



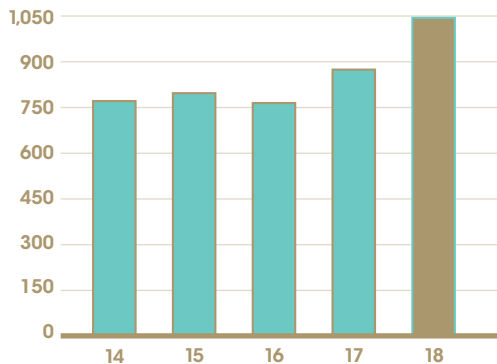
Poh Kong
Wholesale S/B

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

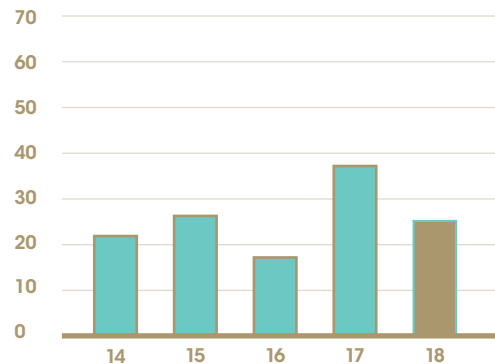
5-Year Group Financial Highlights

FYE 31 JULY (RM'000)	2014	2015	2016	2017	2018
Revenue	798,937	805,714	776,533	876,996	1,003,522
Profit before tax	21,867	26,131	17,480	37,485	26,885
Income tax expense	(8,557)	(11,647)	(6,473)	(7,957)	(3,484)
Profit for the financial year	13,310	14,484	11,007	29,528	23,401
Profit after tax attributable to owners of the Company (RM'000)	13,310	14,484	11,007	29,528	23,401
Total equity (RM'000)	448,881	454,775	461,678	504,045	523,343
Basic earnings per share (sen)	3.24	3.53	2.68	7.20	5.70
Net dividend per share (sen)	1.00	1.00	1.00	1.00	1.00
Gearing ratio	0.36	0.29	0.30	0.22	0.24

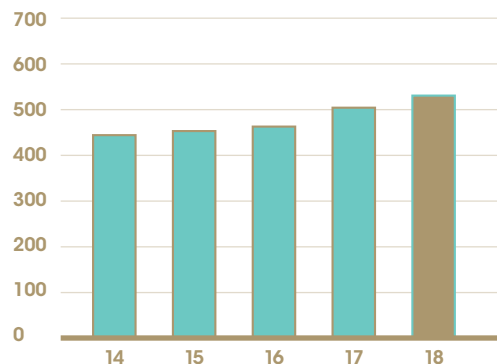
REVENUE
(RM' MILLION)



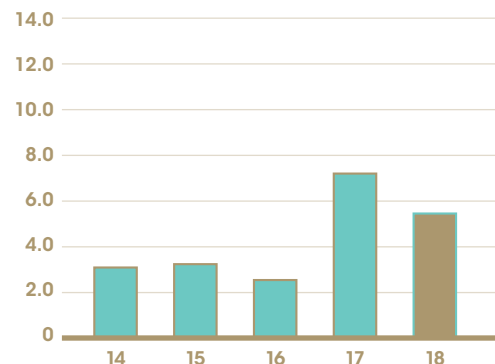
PROFIT BEFORE TAX
(RM' MILLION)



TOTAL EQUITY
(RM' MILLION)



BASIC EARNINGS PER SHARE
(SEN)



Corporate Milestones

After
42 years,
Still Looking
Onward
to the Future

10



Manufacturing plant in Shah Alam.

1976 *The Story Begins...*

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 42 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 SS2, 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 nation-wide.



Poh Kong Corporate Headoffice
in PJ NewTown.

- 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.

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.



Corporate Milestones

2011

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

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-Chains 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.





2016

- Poh Kong launched its 40th Anniversary "Shop & Win Big" customers rewards campaign offering a total of RM4 million in prizes comprising 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 MRCA.
- 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.



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.



2018

- Poh Kong won two JNA Awards for its exemplary contributions and excellent achievement in the region as "Outstanding Enterprise of the Year (Asean, Japan & Korea)" and "Retailer of the Year (below 500 outlets)" in the prestigious jewellery and gemstone recognition awards held in Hong Kong.
- Prime Minister Tun Dr Mahathir Mohamad launched Poh Kong's "Gold Note of Hope" at the Yayasan Kepimpinan Perdana in Putrajaya.



and our journey continues...

In-house Brands

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Tranz[®]
INSPIRED. BY DESIGN

Tranz, the first designer gold jewellery in 22K gold, is inspired by design to bring out the spirit of self-expression and independence of the contemporary, urban men and women.



Anggun features Asian-inspired designs of floral motifs. These splendours floral motif is a symbol of demure and gracefulness, truly a representation of Asian beauty. In the latest Anggun series, Poh Kong has included traditional elements design that captures the art of beauty of culture, harmony and nature.

In-house Brands

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Happy Love is inspired by Confucian tradition and boasts a selection of elegant oriental gold jewellery, which can be passed on as family heirlooms. The new Happy Love series boasts elegant gold jewellery imbued with Oriental touches that speak of culture and rich tradition. The collection is also inspired by western elements but can be matched with traditional or even modern wedding dresses.



The **Art of Auspicious** is one of Poh Kong's in-house gold jewellery brands which showcase a series of well-crafted masterpieces designed with Fengshui elements. The Collection uses premium quality gold and A-grade jadeite incorporated with meaningful designs, definitely adding a symbolic touch to your individual style.

In-house Brands

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HEMERA™
Most Brilliant. 101 Cut Diamond.

Hemera is the world's most brilliant diamond with 101 facets, a true reflection of perfection with its superior light performance. Hemera translates to 'goddess' of daylight' in Greek and just as the name suggests, the gorgeous HEMERA™ diamond is poised to lift any gloom with its unique brand of perfection.



D'first Diamond is every girl's first delight - the exuberant and irrepressible delight in buying her very first diamond, or receiving the gift of a diamond for the first time. Either way, nothing can match that unbridled joy and sparkling wonder of gazing upon your very first diamond and wearing it for the first time.

Significant Highlights

Corporate Event

ANNUAL GENERAL MEETING

Poh Kong Holdings Berhad held its 15th Annual General Meeting for shareholders at the Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Kuala Lumpur.



Shareholders at Annual General Meeting.

Marketing Events

PM LAUNCHES POH KONG'S "GOLD NOTE OF HOPE"

Prime Minister Tun Dr Mahathir Mohamad launched Poh Kong's "Gold Note of Hope" at the the Yayasan Per pimpinan Perdana, Putrajaya witnessed by Tan Sri Rafidah Aziz, former International Trade & Industry Minister and Dato' Choon Yee Seiong, Poh Kong Holdings Berhad's Executive Chairman and Group Managing Director.

Poh Kong is committed to channel RM1 million initial contribution towards Tabung Harapan Malaysia to assist the Government alleviate the nation's fiscal deficit.



Tun Dr Mahathir Mohamad posing with Tan Sri Rafidah Aziz and Dato' Choon Yee Seiong.



Tun Dr Mahathir and Tan Sri Rafidah with Poh Kong Directors.

GOLD BARS IN ASTRO SPONSORSHIPS

Poh Kong sponsored Bunga Raya gold bars for Astro 'Vizhuthugal,' a Tamil programme which offered viewers opportunities to win the prizes in the 'Vizhuthugal 10 Parisu Potti' contest comprising questions and answers in the telecast shown on Astro TV.



Poh Kong representatives presenting prizes to winners in the Astro 'Vizhuthugal' contest.



Poh Kong representatives presenting prizes to winners in the Astro 'Vizhuthugal' contest.



Behind the scenes, Poh Kong staff preparing exquisite jewellery to pair off models and their costumes.



The "Eternity Fashion Show" featuring dazzling new pieces.

ETERNITY FASHION SHOW

Poh Kong introduced new diamond brand D'first and unveiled their latest collections, Happy Love, Anggun, Tranz, Auspicious and HEMERA™, at an "Eternity Fashion Show" featuring gems and jewellery sets designed to create precious moments between loved ones lasting a lifetime.

The latest in-house brands were presented by glamorous models suited in extravagant outfits to fit the theme of the brands which showcased some of its most refined pieces from each collection.



Models in elegant and fine jewellery collections.



Models wearing D'first Diamond, HEMERA™ and collections from Happy Love, Anggun, Tranz and Auspicious.

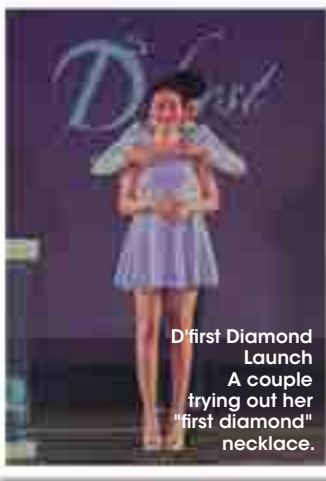
Significant Highlights

"MAKE LOVE MEMOIRS" CONTEST

Poh Kong sponsored goodie bags, an outdoor photo booth and attractive prizes in a contest for over 100 couples at a mass wedding organised by the Thean Hou Temple, Kuala Lumpur in conjunction with their "Long-lasting Love" celebrations on Sept 9, an auspicious date in the Chinese calendar.



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New Products

D'FIRST DIAMOND COLLECTION

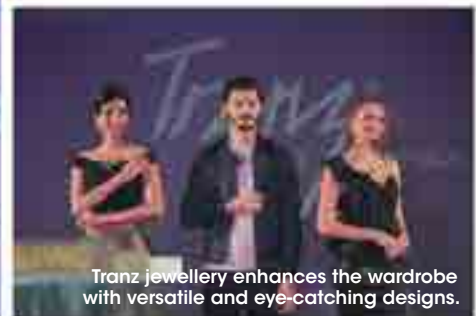
Poh Kong unveiled its latest brand D'first Diamond collection of jewellery, a unique and affordable range, where matchless beauty, quality and luxury meld together to give consumers the diamond of their dreams.

D'first Diamond has a triple excellent cut and a perfect 57 facets, while its 8 hearts and 8 arrows pattern complete this exquisite gem of sublime symmetry. The collection comes in excellently crafted pendants, earrings and rings.

"TRANZ" NEW GOLD COLLECTION

Poh Kong has launched Tranz's new gold jewellery designed to match the tempo and dynamic flair of current fashion trends for men and women with artfully versatile and eye-catching designs.

Tranz comes in five collections featuring design themes of Classic, Nature, Love, Duet and Charm with each collection showcasing its own unique identity and immaculate designs to complement a customer's wardrobe.



Awards and Recognition

POH KONG WINS JNA AWARDS 2018

Poh Kong has won the coveted JNA Awards 2018 in Hong Kong for "Outstanding Enterprise of the Year" (Asean, Japan & Korea) and "Retailer of the Year" (below 500 outlets) for exemplary contributions and excellence, promoting innovation and fostering the growth of Asia's jewellery and gemstone industry.



POH KONG NAMED "SUPERBRANDS" 2018

Poh Kong has been awarded Superbrands status after a strict selection process by the Malaysia Superbrand Council in 2018. Participation in Superbrands is by invitation only and offered to the most outstanding brands in their field.

Poh Kong's "Superbrands" Award in 2018.



Ms Christine Choon, Poh Kong Holdings Berhad's Executive Director, posing with the "Outstanding Enterprise of the Year" Award and Mr Siow Der Ming with the "Retailer of the Year" Award.



Mr Siow Der Ming (left), Poh Kong's Director of Subsidiaries, accepting the "Outstanding Enterprise of the Year" Award.



Roadshows

We have been hosting road shows and sales promotions to cater to different segments of our target market. Events organised include the Bridal Fair for couples, Maybank Treats Fair held at Mid Valley Exhibition Centre for loyal cardholders and Romance Fest for couples, as well as for their families at Aeon Bandaraya, Malacca.







Value Creation

Luck • Competency • Prosperity • Benevolence

The mythical Lion has long ties with Chinese culture representing the resilience and relentless Malaysian's culture and is featured prominently in art, astrology and architecture as well as the auspicious lion dance especially during Chinese New Year welcoming prosperity, good luck and joy.

The powerful qualities of resilience and relentless have always been instilled in the Poh Kong brand to provide all stakeholders with a dazzling and prosperous value.

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

Dato' Choon Yee Seiong **Executive Chairman & Group Managing Director**

Dato' Choon Yee Seiong, age 64 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 leader, Dato' Choon was a co-founder of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when at 22 years, he started a modest jewellery store in Petaling Jaya. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 93 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 Risk Management Committee and Remuneration Committee.

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 expansion in setting up retail stores in almost all major shopping malls in the country to serve their customers better. Under his stewardship, 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 income 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 mindset 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 Moraglione 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 Group for his dedication and contribution towards the Group for many years. In 2018, he was credited with double honours in the JNA Awards for "Outstanding Enterprise of the Year" and "Retailer of the Year" in the Asian region for contributions towards the jewellery and gemstone industry. He initiated the Prime Minister Tun Dr Mahathir Mohamad launch of Poh Kong's "Gold Note of Hope" at the Yayasan Kepimpinan Negara in Putrajaya on November 8.

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 associations in the country.

He is the spouse of Datin Hon Wee Fong who is also a PKHB Executive Director. His siblings 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.

... Discipline
Sincerity,
loyalty,
prudence and
intelligence ...

Profile of Board of Directors & Key Senior Management

Mr Cheong Teck Chong Executive Director

Mr Cheong Teck Chong, age 69 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 (SS2) 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 daughter Ms Cheong Poh See is a shareholder of the Company.

Madam Choon Nee Siew Executive Director

Madam Choon Nee Siew, age 63 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 (SS2) 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 daughter Ms Cheong Poh See is a shareholder of the Company.

Dato' Choon Yoke Ying Executive Director

Dato' Choon Yoke Ying, age 61 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 57 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 50 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He also holds directorships in other companies within the Group.

He started his career as a "Goldsmith" with Poh Kong Jewellery Manufacturer Sdn Bhd (formerly known as Precious Jewellery (PJ New Town) Sdn Bhd) in 1984 and a year later, he was promoted to Production Supervisor. With his vast experience and knowledge in the gold industry during 1991, he was appointed as Assistant Managing Director.

In 1994, he set up the entire wholesale department to provide a wide range of products supplied to all retail outlets under the umbrella of Poh Kong Group. He also made significant contributions to the techniques used in the production of gold ornaments and the setting of precious/semi-precious stones. On top of that, Production, Marketing and Human Resource Department were also reporting to him.

His spouse Wong Lai Meng is a shareholder and siblings 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

Datin Hon Wee Fong Executive Director

Datin Hon Wee Fong, age 58 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 11 April 2014.

Datin Hon has 37 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 and is a Member of the Executive Committee of PKHB.

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 Yen Senior Independent Non-Executive Director

Dato' Dr Choong Tuck Yew, age 80 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.

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 a Member of the Audit Committee, Nomination Committee and Remuneration Committee of PKHB.

Encik Fazrin Azwar Bin Md Nor Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 52 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.

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 Risk Management Committee and Nomination Committee, and a Member of Audit Committee and Remuneration Committee of PKHB.

Datin Shirley Yue Shou How
Independent Non-Executive Director

Datin Shirley Yue Shou How, age 69 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

She has 27 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.

Dato' Esther Tan Choon Hwa
Independent Non-Executive Director

Dato' Esther Tan Choon Hwa, age 68 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 Audit Committee, and a Member of the Risk Management Committee of PKHB.



Profile of Board of Directors & Key Senior Management

Encik Mohd Annuar Choon Bin Abdullah

**Key Senior Management of Group
(Director of Subsidiaries)**

Encik Mohd Annuar Choon Bin Abdullah, age 60, 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 outlet in SS2 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 and AEON Mall, Bukit Mertajam. He also holds directorships of several other companies within the Group.

His spouse Lee Ping Ping is a shareholder and siblings 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 shareholder of the Company.

Mr Chang Kwong Him

**Key Senior Management of Group
(Director of Subsidiaries)**

Mr Chang Kwong Him, age 68 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 (SS2) 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 Pernas 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 61 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.

Ms Hon Wei Sun
**Head, Corporate Affairs, Human
Resource & Administration**

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.

Ms Hon Wei Sun, age 54 years, a Malaysian, heads the Corporate Affairs, Human Resource and Administrative Department of PKHB.

Ms Hon graduated from Oklahoma State University, USA, in 1988 with a Bachelor of Science Degree in Business Administration majoring in Accounting.

She has more than 30 years experience in the jewellery industry. She joined Poh Kong Jewellers Sdn Bhd in 1988 as account and administrative executive and was subsequently heading the department from 1995 until 2005.

Her main responsibilities are to assist the Group Managing Director in the strategic directions and challenges of the Group which include Corporate Affairs, Human Capital Development, Operations, Financial, Risk & Internal Control and Administration.

She is the sibling of Datin Hon Wee Fong who is also a shareholder and Director of the Company.

Mr Koh Sze Haw
Group Accountant

Mr Koh Sze Haw, age 44 years, a Malaysian, graduated with the Association of Certified Chartered Accountants (ACCA). He is also a member of the Malaysian Institute of Accountants (MIA).

He joined PKJ in 1995 as an Account Assistant and in 2000 he was promoted to Assistant Account Manager. In 2005, he was promoted to Group Accountant of PKHB overseeing the daily financial and accounting matters of the Group.

Ms Chua Hooi Beng
Internal Audit Manager

Ms Chua Hooi Beng, age 45 years, a Malaysian, is a Certified Internal Auditor (CIA), a member of the Malaysian Institute of Accountants (MIA), a member of the Institute of Internal Auditors, Malaysia (IIA) and a member of the Association of Certified Chartered Accountants (ACCA).

Ms Chua began her career as an auditor with Ernst & Young, Malaysia before joining Poh Kong in 2004. She has been appointed Internal Audit Manager since 2008.



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.

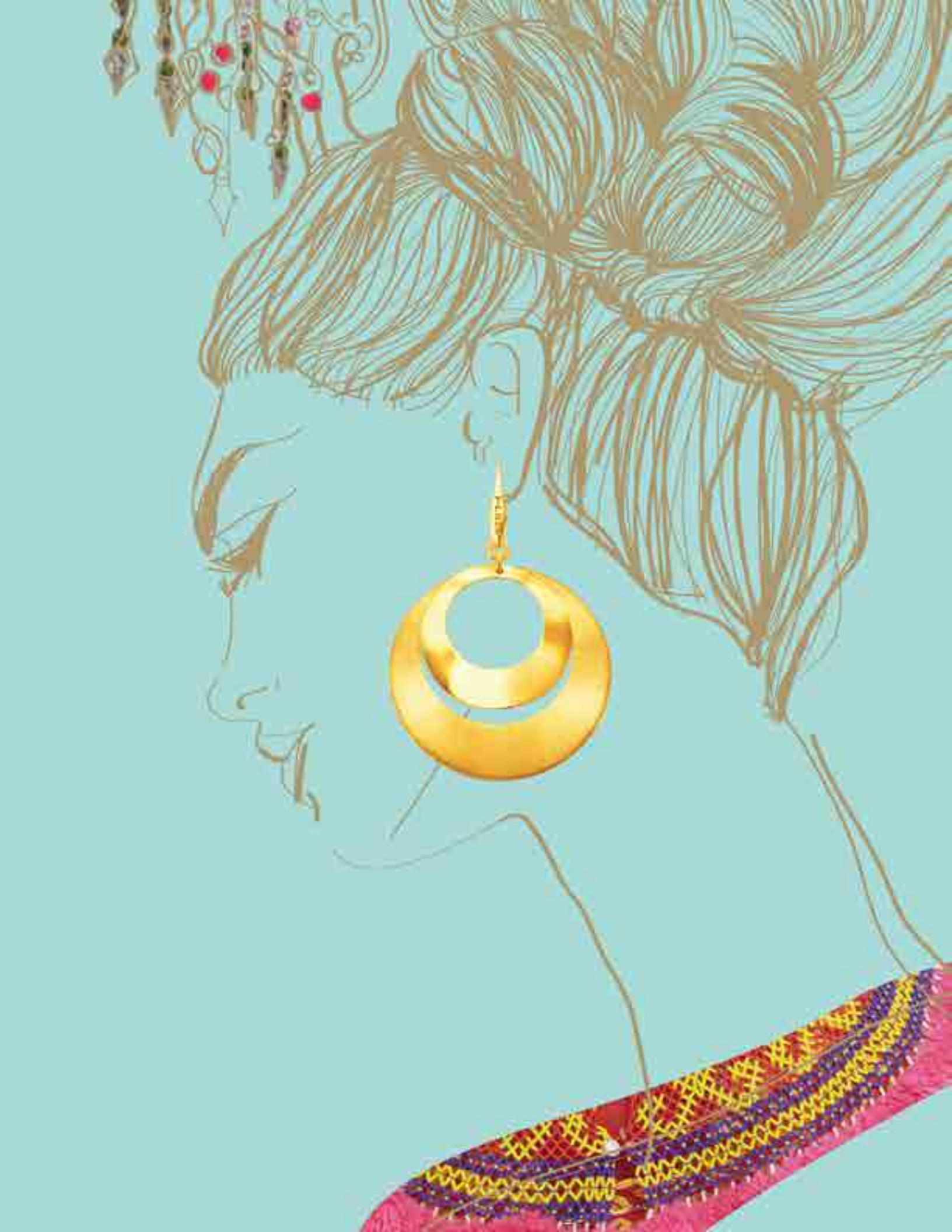
Our Greatest Asset

Shield • Connection • Spirited • Uniqueness

The Terabai is a wooden shield carried by the native warriors of Malaysia aborigines.

Long and hexagonal in shape, each Terabai shield is individually adorned with personalised carvings and unique gemstones integrated onto it with the belief of channelling and combining the warrior's energy into the shield.

The connection between the Terabai and the warrior reflects the Poh Kong brand's approach of believing that the workforce is the warrior, together protecting as well as striving into greater heights.



Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of Poh Kong Holdings Berhad ("PKHB" or "the Company" or "Poh Kong"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its Subsidiaries ("the Group") for the financial year ended 31 July 2018 ("FYE2018").

During the year under review, our retailing and manufacturing business segments' performances were affected by a challenging operating environment, despite a growth in revenue to just over a billion ringgit in sales volume.

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

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GROUP FINANCIAL PERFORMANCE

The Group registered a sales revenue of RM1.003 billion for FYE2018 as compared to RM876.99 million in FYE2017.

The increase in group revenue of RM126.52 million or 14.43% was attributed to the increased consumer demand for jewellery, gold related investment products and contributions from new and existing outlets.

Profit before tax recorded RM26.88 million in FYE2018 compared to RM37.48 million in the preceding year. This was lower by RM10.60 million or a 28.28%.

Profit for the financial year was RM23.40 million for FYE2018 compared to RM29.52 million in FYE2017, representing a decline of RM6.12 million or 20.75%.

The fluctuation in gold prices and a weaker Ringgit inevitably affected the Group's operating profits during the financial year.

The Group's net assets stood at RM523.34 million over the previous year of RM504.04 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 42 to 55 in this Annual Report.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's Sustainability and CSR initiatives are set out separately on pages 56 to 61 in this Annual Report.

EARNINGS PER SHARE

The basic earnings per share for FYE 2018 stands at 5.70 sen (FYE2017: 7.20 sen).

DIVIDEND POLICY

The Board of Directors recommend a first and final single-tier dividend of 1 sen per ordinary share in respect of FYE2018 for shareholders' approval at the upcoming Annual General Meeting. (FYE2017: 1 sen single-tier dividend per ordinary share).

The Group's Dividend Policy is detailed separately on page 55 in this Annual Report.

BUSINESS PROSPECTS

Malaysia's Gross Domestic Product (GDP) is projected to grow 4.8% and 4.9% in 2018 and 2019 respectively, steered by sustained private sector expenditure, despite uncertainties in the global economic landscape. (Source Budget 2019).

Bank Negara Malaysia recently assured the economy will remain resilient, as long as the real economy was growing and businesses were able to manage rising challenges.

The Central Bank reported recently Malaysia's GDP growth of between 4.5% and 5% was respectable in the current environment, taking into consideration the IMF has reduced its global economic growth due to the US-China trade war.

Poh Kong is optimistic that Malaysia's economic growth will improve progressively with the Government's new direction for the economy, although retail sentiments still remain soft due to cautious consumer spending.

The Group is positive the demand for gold related products will remain resilient and provide investors with a complementary investment option while at the same time, is a liquid asset and a safe haven in economic uncertainties.

Barring unforeseen circumstances, the Board of Directors is confident of the Group meeting the challenges ahead for financial year ending 31 July 2019.

ACKNOWLEDGEMENTS

I would like to express my appreciation to all our valued shareholders, customers, strategic partners, financiers, suppliers, Government and regulatory authorities for their continued support and assistance to the Group.

I also like to thank my Board Directors for their contribution and leadership, the Management team and Staff for their commitment, 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
30 November 2018

Penyata Pengerusi

Pemegang-pemegang Saham Yang Dihormati,

Bagi pihak Lembaga Pengarah ("Lembaga") Poh Kong Holdings Berhad ("PKHB" atau "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 2018 ("FYE2018").

Dalam tahun di bawah kajian, prestasi segmen perniagaan peruncitan dan pembuatan terjejas oleh persekitaran kendalian yang mencabar, di sebalik peningkatan dalam hasil melebihi sedikit satu bilion ringgit dari segi jumlah jualan.

Kumpulan, menyedari keadaan pasaran semasa, terus mengkaji, menyemak dan mengukuhkan strategi perniagaannya untuk menghadapi cabaran-cabaran pada tahun mendatang.

PRESTASI KEWANGAN KUMPULAN

Kumpulan mencatat hasil jualan sebanyak RM1.003 bilion bagi FYE2018 berbanding dengan RM876.99 juta pada FYE2017.

Peningkatan dalam hasil kumpulan sebanyak RM126.52 juta atau 14.43% adalah berpunca daripada peningkatan permintaan pengguna bagi barang kemas, produk pelaburan berkaitan emas dan sumbangan daripada kedai-kedai baru dan sedia ada.

Keuntungan sebelum cukai merekodkan sebanyak RM26.88 juta pada FYE2018 berbanding dengan RM37.48 juta pada tahun sebelumnya. Ini adalah lebih rendah sebanyak RM10.60 juta atau 28.28%.

Keuntungan bagi tahun kewangan adalah RM23.40 juta bagi FYE2018 berbanding dengan RM29.52 juta pada FYE2017, mewakili kemerosotan sebanyak RM6.12 juta atau 20.75%.

Naik turun dalam harga emas dan nilai Ringgit yang lebih lemah tidak dapat dielakkan menjejaskan keuntungan kendalian Kumpulan dalam tahun kewangan.

Aset bersih Kumpulan berjumlah RM523.34 juta berbanding dengan tahun sebelumnya sebanyak RM504.04 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 Kumpulan diliputi secara berasingan pada muka surat 42 hingga 55 dalam Laporan Tahunan ini

KEMAPANAN DAN TANGGUNGJAWAB SOSIAL KORPORAT ("CSR")

Kemapanan dan inisiatif CSR Kumpulan dikemukakan secara berasingan pada muka surat 56 hingga 61 dalam Laporan Tahunan ini.

PEROLEHAN SETIAP SAHAM

Perolehan asas setiap saham bagi FYE 2018 berada pada 5.70 sen (FYE2017: 7.20 sen).

POLISI DIVIDEN

Lembaga Pengarah mengesyorkan dividen satu-tier pertama dan akhir sebanyak 1 sen setiap saham biasa berhubung dengan FYE2018 bagi kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan akan datang. (FYE2017: dividen satu-tier 1 sen setiap saham biasa).

Polisi Dividen Kumpulan diperincikan secara berasingan pada muka surat 55 dalam Laporan Tahunan ini.

PROSPEK PERNIAGAAN

Keluaran Dalam Negara Kasar (KDNK) Malaysia diunjurkan akan tumbuh pada 4.8% dan 4.9% masing-masing pada 2018 dan 2019, dipandu oleh perbelanjaan sektor swasta yang dapat mengharungi cabaran di sebalik ketidakpastian dalam suasana ekonomi global. (Sumber: Bajet 2019).

Bank Negara Malaysia baru-baru ini memberi jaminan bahawa ekonomi akan kekal bingkis, selagi ekonomi benar masih berkembang dan perniagaan dapat menguruskan cabaran-cabaran yang semakin timbul.

Bank Pusat melaporkan baru-baru ini bahawa pertumbuhan KDNK Malaysia di antara 4.5% dan 5% adalah memberangsangkan dalam persekitaran semasa, mengambil kira IMF telah mengurangkan pertumbuhan ekonomi globalnya akibat daripada perang perdagangan US-China.

Poh Kong yakin bahawa pertumbuhan ekonomi Malaysia akan bertambah baik secara progresif seiring dengan hala tuju baru Kerajaan bagi ekonomi, walau pun sentimen runcit masih kekal lemah disebabkan perbelanjaan pengguna yang berwaspada.

Kumpulan adalah positif bahawa permintaan bagi produk berkaitan emas akan kekal dapat mengharungi cabaran dan memberi pelabur-pelabur dengan opsiyen pelaburan komplementari manakala pada masa yang sama adalah aset cair dan cukup selamat dalam ketidakpastian ekonomi.

Tanpa mengambil kira keadaan-keadaan di luar jangkaan, Lembaga Pengarah yakin bahawa Kumpulan dapat menghadapi cabaran-cabaran mendatang bagi tahun kewangan akan berakhir 31 Julai 2019.

PENGIKTIRAFAN

Saya ingin merakamkan penghargaan saya kepada semua pemegang saham yang dihormati, pelanggan, rakan kongsi strategik, pembiaya, pembekal, Kerajaan dan pihak-pihak berkuasa berperaturan bagi sokongan dan bantuan berterusan mereka kepada Kumpulan.

Saya juga ingin mengucapkan terima kasih kepada Ahli-ahli Lembaga Pengarah bagi sumbangan dan kepimpinan mereka, pasukan Pengurusan dan Kakitangan bagi komitmen, dedikasi dan kesungguhan mereka di sebalik cabaran global, serantau dan dalam negeri yang berterusan.

Dato' Choon Yee Seiong
Pengerusi Eksekutif &
Pengarah Urusan Kumpulan

Petaling Jaya
30hb November 2018

主席报告

致尊敬的股东，

我谨代表宝光控股有限公司("宝光控股"或"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2018年7月31日之财政年("2018财政年")的年度报告和已审计财务报告。

在受检讨的年度，尽管超逾RM10亿的销售额已推高了营业额，本公司在零售和制造领域的表现依然受到具挑战性运营环境影响。本集团已确认当今的市场状况，并将继续检讨，调整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2018财政年取得RM10亿零3百万的销售营业额，相较于截至2017之财政年的RM8亿7千6百99万。

集团的营业额增长了RM1亿2千6百52万或 14.43%，可归功于消费人对珠宝，黄金相关投资产品的需求增加和既有及新分店的贡献。

2018财政年的扣税前盈利为RM2千6百88万，相较于前一年的RM3千7百48万。也就是降低了RM1千零60万或28.28%。

2018财政年的盈利是RM2千3百40万，相较于 2017财政年的RM2千9百52万，相等于减少了 RM6百12万或20.75%。

金价波动和令吉币值走低已无可避免地影响了本集团在本财政年度的运营盈利。

本集团的净资产则已由前一年的RM5亿零4百04万增至RM5亿2千3百34万。

集团财务检讨

进一步的本集团财务运营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42至55页。

永续性和企业社会责任(“CSR”)

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56至61页。

每股收益

2018财政年的基本每股收益是5.70分(2017财政年: 7.20分)。

股息政策

董事会建议在2018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。(2017财政年: 每一普通股1分的单层次股息)。

本集团的股息政策已分别详列于本年度报告的第55页。

业务展望

根据预测，尽管全球经济面对不确定的状况，马来西亚依然可在持续之私人领域开销的带动下，分别在2018年和2019年取得4.8%和4.9%的国内生产总值(GDP)成长率。(资料来源: 2019财政预算案)。

马来西亚中央银行在最近保证我国的经济将保持具有弹性，前提是实况经济继续成长，企业亦能应付更严峻的挑战。

中央银行在最近呈报指马来西亚在当今的环境下取得介于4.5%和5%的国内生产总值成长率是可取，尤其是国际货币基金已因为美国和中国爆发贸易战而调低它的全球经济增长预测。

尽管零售购兴因消费人趋向量入为出而保持疲软，宝光感到乐观的是，马来西亚的经济成长将随着政府指引新的经济方向而逐渐改善。

本集团正面看待和认为黄金相关产品的需求将保持具有弹性和为投资者提供互补的投资选项，与此同时亦可作为一种流动资产和经济不确定时刻的避风港。

若无出现不可预见的情况，董事会有信心本集团可在截至2019年7月31日的财政年应对未来的挑战。

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继续给予本集团支持和援助。

我也要感谢诸位董事的贡献和领导，管理层和员工们在面对持续的全球，区域和国内挑战之际的努力付出，献身和坚强意志。

拿督鍾义翔
执行主席兼集团董事经理

于八打灵再也
2018年11月30日

Management Discussion and Analysis

1.0

Overview of Group's Operations

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

Established in 1976, 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.

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Poh Kong dominates the Malaysian jewellery industry and has 94 outlets across nine States and territories (except for Terengganu, Perlis, Sabah, Sarawak) making it the largest jewellery retail chain store in the country.

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 speciality brands and retail concept stores via new product designs, product lines and enhanced customer services.

The Group has more than 1,000 employees and has recorded a growth in group revenue of just more than RM1 billion in sales volume for FYE2018.

PKHB's corporate structure involves six key areas in retailing, manufacturing, wholesales and distribution, property investment, overseas investment, and franchise.

2.0

Integrated Business Model

The Group is an integrated one-stop jeweller with operations in the retailing and fabricating of precious metals like gold, silver or platinum, coloured gemstones, diamonds, pearls or jadeite and related gold investment products.

The business operations are conducted through the retail segment Poh Kong Jewellers Sdn Bhd, Poh Kong Bullion Sdn Bhd, and manufacturing sector Poh Kong Jewellery Manufacturer Sdn Bhd, and PK Jewellery Export Sdn Bhd.

The retail and manufacturing segments work synergistically to meet market expectations and demands across a wide range of customers in terms of quality and 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.

1.1 POH KONG CORPORATE STRUCTURE



3.0 Business Objective & 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:-

3.1.1 ESTABLISHED REPUTATION AND MARKET LEADERSHIP

Poh Kong is an established and reputable market leader with over 42 years of history and a nationwide retail footprint in Malaysia.

The importance of reputation is a key parameter for success in the competitive and jewellery industry populated by several thousands of retailers.

The Group's reputation is reflected in the top sales revenue published for local public-listed jewellery companies in Malaysia. In addition, the Group's wide network reinforces its brand.

3.1.2 COMPREHENSIVE RANGE OF PRODUCTS

The Group offers a range of jewellery that includes gold, diamonds, jade, pearls and coloured 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.

3.1.3 EXCLUSIVELY DESIGNED IN-HOUSE PRODUCTS

The factory in Shah Alam supplies mainly gold jewellery to the Group and fabricates in-house products at its manufacturing plant which are then 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.

3.1.4 LARGEST JEWELLERY RETAIL CHAIN STORE

The Group has 94 outlets that include retail concept stores of Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Gold Boutique and Oro Bianco. With the exception of Poh Kong Gallery and Diamond Boutique which cater to high net worth customers, the company's brands primarily target a mass-market customer base, whose members come from all races, ages and income levels.

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

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

Management Discussion And Analysis

3.1.5 RETAIL CONCEPT STORES

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

A portfolio of our retail concept stores, are as follows:-



3.1.6 UPGRADING AND EXPANSION

We have undergone upgrading on a few existing outlets such as Poh Kong Pearl Point, Poh Kong Sunway Pyramid and Poh Kong IOI Puchong during the Financial Year.

In 2018, we also opened the first ever kiosk concept store Diamond & Gold at IOI Mall in Puchong.



Poh Kong Sunway Pyramid



Diamond and Gold kiosk concept store at IOI Mall Puchong



Poh Kong at Pearl Point



Poh Kong at Paradigm Mall, JB



Diamond and Gold outlet at Mid Valley

Management Discussion And Analysis

3.1.7 POH KONG'S OUTLETS BY LOCATIONS

55	4	3
SELANGOR / KUALA LUMPUR	NEGERI SEMBILAN	PAHANG
8	4	3
PERAK	MALACCA	PENANG
12	3	2
JOHOR	KEDAH	KELANTAN
94		
TOTAL		

46

Poh Kong's various brands and retail concept stores nationwide occupy a total retail space of approximately 125,000 square feet. Retail outlets located within Kuala Lumpur and Selangor account for 59% of the total outlets and contribute 73% of the total revenue for FY2018.

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.

3.1.8 RETAILING : KEY REVENUE DRIVER & SERVING CUSTOMERS BETTER

The Group's gold jewellery and gold investment products are the key revenue drivers 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 FYE2018, the Group opened two (2) outlets in AEON Bandar Dato' Onn, JB and Paradigm Mall, JB which contributed a total of RM12.12 million in revenue or 1% growth for the financial year.

In FYE2019, it plans to open three (3) stores with a capital expenditure of RM3.0 million to RM5.0 million each including inventories per store.

Poh Kong has been adopting proactive business strategies and improved systems and processes to streamline its operations in efforts to enhance our customer's expectations of their shopping experience.

To respond to the changing business landscape, we have streamlined our supply chain management department with a new system, from ordering to replenishment and inventories management, to capture sales data in real time. This innovative platform has enabled Poh Kong to quickly respond to changes in customer's demands and spending behaviour, resulting in reduction in purchasing and manpower costs, easier procurement and monitoring of inventories.

With all the data mining tools in place, the Company was able to eliminate outdated designs as soon as possible, and learn of new trends in the marketplace. Consequently, Poh Kong used this data analytics to obtain better consumer insights and make smarter decisions to develop and release the right products at the right time.



73%

TOTAL REVENUE FROM
SELANGOR AND KUALA
LUMPUR'S RETAIL OUTLET



2

NEW OUTLETS
OPENING IN 2018



3

STORES PLANNING TO
OPEN IN FYE2019

Besides these systems, Poh Kong has also invested in its physical set up by improving on its merchandise displays and upgrading its stores regularly to add value to our customers with a fresh change and a more focused retail experience of our brands.

The Company aims to introduce a modern European style in all of our Poh Kong stores, such as creating a sophisticated ambience in Diamond and Gold outlets, and infusing a youthful and sweet look at our Oro Bianco outlet.

3.1.9 INTERNET RETAILING : E-COMMERCE AND ONLINE SALES GROWTH

Poh Kong has also strengthen its online presence by re-launching its website which has been redesigned to be a more effective e-commerce site and to provide more relevant articles and images that will capture our audience's attention.

The digital efforts paid off in terms of both prestige and financial viability. Aside from winning the Malaysian Website Awards for the e-commerce category in recognition of its IT and online sales support team, the Company was also able to

expand its online shopping services through various platforms such as, Lazada (under the Alibaba Group), Shopee and 11street. All these channels have shown positive results when it comes to online shopping at Poh Kong.

As for Poh Kong's own e-commerce site, web traffic has reached a whopping two-fold increase in total visitors (65.46%). New visitors also accounted for 68% of online traffic while 56% kept returning to the site.

The Company has turned its sights on the digital sphere to broaden its reach. It has invested heavily to grow its Facebook and Instagram following to over 193,000 and 27,000 hits respectively. Its total organic reach has also increased by 56.85% in 2018.

Digitalisation also proved to be a game changer in terms of resource optimisation for the brand. An impressive 80% participation was recorded for its digital campaigns of late. Since consumer engagement is key in today's jewellery business, the positive online markers have translated to relatively bigger sales in monetary value in the future.

Overall, sales from 2017 – 2018 grew by 14% despite the challenging local market conditions and economic environment. However, online sales have increased by 3% within the same period.

3.1.10 JNA (JEWELLERY NEWS ASIA) AWARDS 2018 – OUTSTANDING ENTERPRISE & RETAILER OF THE YEAR

The Group has produced a myriad of uniquely crafted gold and gem jewellery winning coveted awards for creativity and excellence that are on par with international quality and standards.

Poh Kong won two prestigious JNA Awards 2018 for "Outstanding Enterprise of the Year" (Asean, Japan and Korea) and "Retailer of the Year" (below 500 outlets) in recognition of its exemplary contributions and excellence, as well as promoting innovation, cultivating creativity and fostering the growth of Asia's jewellery and gemstone industry.

The Group stands proud as a Malaysian jeweller in representing the country in the most prestigious jewellery awards in the region.



WINNING THE
MALAYSIAN WEBSITE
AWARDS



56%

E-COMMERCE VISITORS
KEPT RETURNING TO THE
SITE



2

PRESTIGIOUS AWARDS

Management Discussion And Analysis

3.1.11 IN-HOUSE BRANDS

Poh Kong's in-house brands include Anggun, Happy Love, Tranz, The Art of Auspicious Jewellery, Bunga Raya gold bars and wafers. In addition to gold bars and gold jewellery, Poh Kong also carry its in-house brands for diamonds under the name of "Hemera" and "D'first".

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 comes in five collections of contemporary gold jewellery featuring design themes of Classic, Nature, Love, Duet and Charm. The Art of Auspicious Jewellery is a showcase of well-crafted masterpieces designed with fengshui elements.

Poh Kong also carries 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



In-house Tranz design gold jewellery

DIAMOND BRANDS



Hemera Diamond with 101 facets



Poh Kong 100 gram Bunga Raya gold bar



In-house design gold jewellery; Happy Love, the Art of Auspicious and Anggun



D'first Diamond with triple excellent cut and perfect 57 facets

3.1.12 INTERNATIONAL BRANDS

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, and carrier of many more exquisite jewellery pieces from all over the world.



Luca Carati



Moraglione 1922



Schoeffel



Disney Collection

3.1.13 PRESTIGIOUS DIAMOND BRAND



Angel Diamond

Management Discussion And Analysis

3.1.14 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 powerful 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 fast changing consumer buying pattern, especially trend-conscious young customers, Poh Kong introduced alternative channels and various interactive platforms in delivering online sales to customers on various e-commerce portals.

3.1.15 ROADSHOWS



A roadshow organised at AEON Bandaraya, Malacca.

3.1.16 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 RM23.5 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 adopted to reduce labour intensive operations.

Poh Kong has been in the forefront to look at different ways to reach out to their customers and to lower the cost to ensure that their business is ahead of the competition in an ever changing landscape.



Poh Kong Jewellery Manufacturer Sdn Bhd refinery system in Shah Alam.



Poh Kong Jewellery Manufacturer Sdn Bhd stamping process in Shah Alam.

*The Group is
in a healthy
financial
position with
cash reserve
of RM33.06
million*

4.0 Financial Review

The Group registered a revenue of RM1.003 billion for FYE2018 as compared to RM876.99 million in FYE2017 by sales volume.

The increase in group revenue of RM126.52 million or 14.43% was attributed to the increased consumer demand for jewellery, gold related investment products and contributions from new and existing outlets.

Profit before tax recorded RM26.88 million in FYE2018 compared to RM37.48 million in the preceding year. This was lower by RM10.60 million or a 28.28%.

Profit for the financial year was RM23.40 million for FYE2018 compared to RM29.52 million in FYE2017, representing a decline of RM6.12 million or 20.75%.

The fluctuation in gold prices and a weaker Ringgit inevitably affected the Group's operating profits during the financial year.

4.1 FINANCIAL SUMMARY

5-YEAR GROUP FINANCIAL HIGHLIGHTS (2014 - 2018)

FYE 31 JULY (RM'000)	2014	2015	2016	2017	2018
Revenue	789,937	805,714	776,533	876,996	1,003,522
Profit before tax	21,867	26,131	17,480	37,485	26,885
Income tax expense	(8,557)	(11,647)	(6,473)	(7,957)	(3,484)
Profit for the financial year	13,310	14,484	11,007	29,528	23,401
Basic earnings per share (sen)	3.24	3.53	2.68	7.20	5.70

4.2 THE GROUP'S FINANCIAL PROFILE IS SUMMARISED BELOW:

4.2.1 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY / EARNINGS PER SHARE

	2018	2017
Average number of ordinary shares in issue (RM'million)	410.35	410.35
Profit attributable to owners of the Company (RM'million)	23.40	29.53
Basic earnings per share (sen)	5.70	7.20

The profit attributable to owners of the Company decreased by RM6.13 million or 20.76%.

4.2.2 EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

	2018	2017
EBITDA (RM' million)	48.05	57.32

The Group's EBITDA decreased by RM9.27million or 16.17% as compared to the previous financial year.

4.2.3 FINANCIAL POSITION

PROPERTY, PLANT AND EQUIPMENT (PPE)

	2018	2017
PPE (net carrying amount) (RM' million)	126.18	126.78

The Group's PPE decreased by RM0.6 million or 0.50% as compared to the previous financial year.

Management Discussion And Analysis

CASH AND CASH EQUIVALENTS

	2018	2017
Cash and cash equivalents (RM' million)	33.06	39.35

The Group is in a healthy financial position with cash reserve of RM33.06 million. The cash reserve was also attributable to the consolidation of unprofitable stores and stringent inventories management.

GEARING

	2018	2017
Total net debts (RM' million)	165.03	138.08
Total capital plus net debts (RM' million)	688.38	642.12
Gearing ratio (times)	0.24	0.22

Its net debt level was increased by RM26.95 million to RM165.03 million as at FYE 2018 of which RM20.00 million was used to build up sinking fund for repayment of principal amount of ICP/IMTN.

NET ASSETS PER SHARE

	2018	2017
Share capital (RM' million)	205.18	205.18
Retained profits (RM' million)	275.50	256.20
Revaluation reserve (RM' million)	42.67	42.67
Total Equity attributable to owners of the Company (RM' million)	523.35	504.05
Number of outstanding ordinary shares in issue (million)	410.35	410.35
Net assets per share attributable to owners of the Company (RM)	1.28	1.23

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



5.0 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

5.1.1 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:-

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

5.1.2 FLUCTUATIONS IN GOLD PRICE 2017-2018



Chart shows the 1 year gold prices.

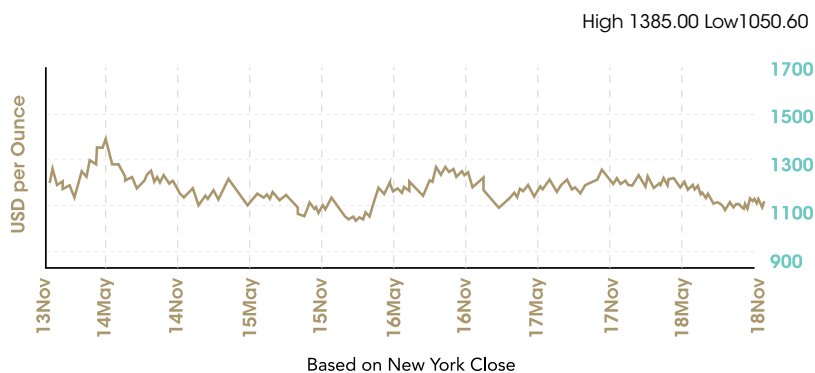


Chart shows the 5 years gold prices

Source: www.kitco.com

As gold is a major raw material for the manufacturing of 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.

Management Discussion And Analysis

5.1.3 FOREIGN EXCHANGE FLUCTUATION 2017-2018

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.



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



Chart shows foreign exchange for 5 years

5.1.4 SECURITY RISK

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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.

5.1.5 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.

5.1.6 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 risks include updating anti-virus software, customer records, upgrading data servers, streamlining point-of-sales system for better customer experience and communication, updating accounting packages for efficient tracking of financials, updating human resources management systems (HRMS), inventory system to streamline our supply chain management from ordering to replenishment of inventories and back-up servers 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 test and review of its IT system to ensure preparedness in such an unlikely event.

In the current age of information technology various new risks have emerged through the use of social media and managing current digital era risks have become critical, the Group has in place policies and procedures to mitigate these IT risks.

5.1.7 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 unauthorised access to confidential, 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 controls, reviews, revisions, consolidation and evaluation of the Group's operations and strategies.

6.0 Dividend Policy

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

The Board of Directors has recommended a first and final single-tier dividend of 1 sen per ordinary share in respect of FYE2018 for shareholders' approval at the upcoming Annual General Meeting. (FYE2017 : 1 sen single-tier dividend per ordinary share).

If approved, this would amount to a payout of RM4.10 million that will allow shareholders to participate in the profits or approximately 18% from the profit attributable to the owners of the Company.

6.1 DIVIDEND TRACK RECORD

Financial Year	Profit After Tax (PAT) (RM'million)	Category of Dividend	Dividend Distribution (RM'million)	% Dividend on Profit After Tax (PAT)
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%
2018	23.40	1.00 sen single-tier	4.10	18%

7.0 Outlook & Prospects

FORWARD LOOKING STATEMENT

Malaysia's economy, as measured by the gross domestic product (GDP), is expected to remain resilient despite growing uncertainties in the external sector.

Supported by the firm domestic demand, the country's GDP is projected to expand 4.8% in 2018, before rising slightly to 4.9% in 2019 compared to the 5.9% growth rate achieved in 2017 when external conditions were better. The GDP growth for the first six months of 2018 stood at 4.9%. (Source: Budget 2019)

Bank Negara had reported recently Malaysia's GDP growth of between 4.5% and 5% was respectable in the current environment, taking into consideration the IMF has reduced its global economic growth due to the US-China trade war.

Poh Kong is optimistic that Malaysia's economic growth will improve progressively with the Government's new direction for the economy, although retail sentiments still remain soft due to cautious consumer spending patterns.

The Group will accelerate to scale up Poh Kong's business model, comprising the retail chain stores and manufacturing operations, to complement each other to achieve more sales via its physical and online stores.

We are confident of reaching new heights, and achieving product and service excellence by constantly creating consistent consumer experiences and instilling confidence in the marketplace, amid industry challenges.

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 corporate responsibility performance is initially tracked based on four core areas; in our workplace, marketplace, enriching communities and good environment.

In 2018, under the guidance and direction of an independent consultancy, Baker Tilly Monteiro Heng Governance Sdn Bhd, we embarked on a sustainability reporting "kick-off" internal workshop with the Poh Kong Management Team to prioritise and define our key stakeholders in our sustainability journey.



Workplace

TRAINING AND DEVELOPMENT

Various in-house training and development programmes were conducted to assist employees in enriching their careers and personal development. Post-training support was also provided by staff mentors to ensure continuous improvement and progress made in the development of our human resources.



Employees sharing insights with an external trainer.



An external trainer conducting a course.



Staff at an in-house training course.



Marketplace

SHAREHOLDERS AND CUSTOMER RELATIONS

The Group engaged with our shareholders and investors through various channels of communications, such as our Annual General Meeting, quarterly financial reports, through formal and informal settings and via our website interface.

Customers are at the focus of everything we do in developing and providing innovative, top notch quality products and services that meet the expectations of a wide base of customers' expectations through various partner activities.



Shareholders participating in the Annual General Meeting.



Community

POH KONG PLEDGES RM1 MILLION TO TABUNG HARAPAN MALAYSIA

To mark the launch of "Gold Note of Hope" by Prime Minister Tun Dr Mahathir Mohamad at the Yayasan Perimpinan Perdana, Putrajaya, Poh Kong committed to channel RM1 million initial contribution towards Tabung Harapan Malaysia to assist the Government alleviate the nation's fiscal deficit.

Poh Kong will contribute RM30 from the sale of each "Gold Note of Hope" to the national fund. The 999.9 fine gold note depicts an autographed portrait of Tun Dr Mahathir, the Jalur Gemilang, some of the country's infrastructure and the national flower, Bunga Raya.



Tun Dr Mahathir Mohamad receiving a mock cheque from Dato' Choon Yee Seiong, Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director.

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The 999.9 fine gold note depicts an autographed portrait of Tun Dr Mahathir.

Sustainability and Corporate Social Responsibility



MAF's commemorative gift acknowledges Poh Kong's silver sponsorship.

MAF RAISES RM1.9 MILLION FOR CHARITY

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Poh Kong has contributed sponsorships and provided monetary support to charitable organisations, such as the **Malaysian AEON Foundation (MAF)**, healthcare-related NGOs, associations and education institutions, underscoring the Company's commitment to corporate citizenship through community relations projects.

Poh Kong was among AEON business partners who came together to support Malaysian AEON Foundation (MAF) raise RM1.9 million for the needy (underprivileged children, educational support and living expenses at nine homes) at their 14th Charity Gala Dinner held at the Sunway Pyramid Convention Centre, Selangor.

Poh Kong, a silver sponsor, contributed the grand prize lucky draw of a jewellery set worth RM10,000 for dinner patrons.



Dato' Choon Yee Seiong (centre), Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director and Datin Jennifer Hon (left), PKHB's Executive Director, at the AEON Charity Gala Dinner.



Dato' Choon Yee Seiong (right) presenting the Grand Prize to the Lucky Draw winner.



Poh Kong team members at the Charity Run.

LUNG CANCER AWARENESS CHARITY RUN 2018

Poh Kong was among sponsors of the Lung Cancer Awareness Charity Run 2018 in support of creating awareness of early screening for treatment in view of most lung cancer cases in Malaysia are detected at an advanced stage and incurable. The charity run comprised 7km and 3.5km routes for individuals and families was held at Taman Metropolitan Kepong, KL.



Students showing off their jewellery vouchers.

COLLEGE SPONSORSHIP

Poh Kong has been a sponsor to many education events at schools, colleges and universities in our core business philosophy and belief that supporting education will have a wide reaching impact in improving the quality of lives of our communities and benefit society, as a whole.



Student displays a Poh Kong jewellery voucher at an education event.

Sustainability and Corporate Social Responsibility



MRCA CHARITY VISITATION 2018

Poh Kong sponsored the Malaysian Retailer Chain Association (MRCA) visit to the Chik Sin Thong Old Folks Home, Klang with ang pows, goodie bags and made a donation to the charity home's underprivileged and needy residents during the Chinese New Year.

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ROTARY CLUB CHARITY SPONSORSHIP

Poh Kong sponsored The Rotary Club of Bukit Kiara Sunrise (RCBKS) and the Rotary Club of Kuala Lumpur DiRaja (RCKLDiRaja) to jointly organise a movie fund raiser for 280 orphans and underprivileged children from 9 homes to view the latest Star Wars movie "The Last Jedi" and to raise funds for three other beneficiary homes.





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 bags, the usage of energy efficient appliances and 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. In the manufacturing process, we minimise waste generation, reuse and recycle waste, and practice effluent management to comply with local, State and Federal regulations.

Energy efficient LED lighting to save costs at Poh Kong showroom.



LED lighting at Poh Kong offices.





Our Priority

Grace • Beauty • Vibrant • Energetic

The Peacock is considered the most graceful, colourful and beautiful in the entire compendium of birds. The way Peacocks or female Peahens strut around with their magnificent tail fans in full bloom is a sight to behold.

Peacocks are one of the most visible elements of the natural world that are integral to Indian culture. They are seen as the embodiment of triumph and beauty.

Similarly at Poh Kong, above all, we place emphasis on the pristine beauty of our jewellery collections.

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 2017 ("MCCG 2017" 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 2017 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 2018. 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

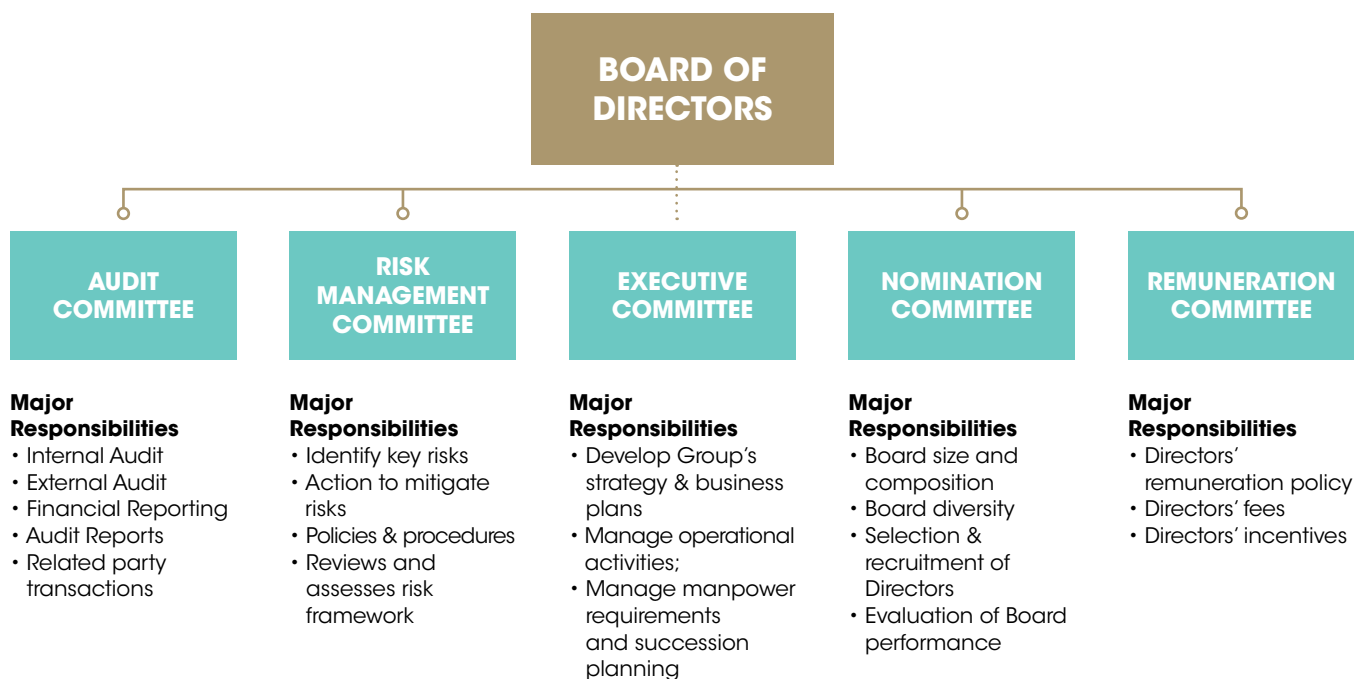
1.1 Clear function of The Board and Management

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:-



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) main 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, deliberations, recommendations and advice. The Chairman 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 Board retains full responsibility for guiding, monitoring and directing the Company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. The 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, the Board of Directors also deals 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 includes:-

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

The Chairman has to ensure that the Agenda of meetings convened are properly discussed and 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

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

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

Role of Executive Committee (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 together with the GMD 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 GMD. 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 Plan

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.

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)

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

- 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 90 to 95.

The members of the RMC are:-

Encik Fazrin Azwar Bin Md Nor (appointed 12 Mar 2018)
Chairman, Independent Non-Executive Director

Dato' Esther Tan Choon Hwa (retired as Chairperson on 12 March 2018, but remains as a member)
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

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 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 Risk Management Committee, and for the Management, is under the Group Human Resource.

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") provides updates and information on financial results which 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 52 to 61 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

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 any updates on provisions of the Companies Act 2016, 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 2017, 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 Board sets the tone for the Group and the control environment 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 MMLR's requirement of at least one third of the number of Directors shall be Independent Non-Executive Directors. It has also exceeded the MCCG 2017's gender recommendation that one-third (1/3 or 33.33%) of its Board members should be women, as it has six women Board Directors; thus its gender diversity is 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) Independent 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 needs of Directors and Senior Management.

Statement on Corporate Governance

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONT'D)

2.2 Nomination Committee (Cont'd)

The NC met three (3) times during the financial year on 19 September 2017, 4 December 2017 and 30 July 2018 to deliberate on the above matters.

Nomination Committee	Dates of Meetings			Total
	No. 1/2017/2018 NCM 19/09/2017	No. 2/2017/2018 NCM 04/12/2017	No. 3/2017/2018 NCM 30/07/2018	
Fazrin Azwar Bin Md Nor	√	√	√	3/3
Dato' Dr Choong Tuck Yew	√	√	√	3/3
Datin Shirley Yue Shou How	√	√	√	3/3

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, shall be reviewed by NC and subsequently, to the Board for assessment and approval.

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.

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 qualities of new nomination to the Board sought after 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/functions as are expected from Independent Non-Executive Directors.

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONT'D)

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

This responsibility of the NC includes making recommendations on the desirable competencies, experience and attributes of the Board members and on strategies to address the Board's 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 its nomination of suitable candidates from the Directors, Management and shareholders of the Company and also from third parties 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 of 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:-

Mr Cheong Teck Chong
Dato' Choon Yoke Ying
Mdm Choon Wan Joo
Dato' Dr Choong Tuck Yew

Diversity Policy

The Group is an equal opportunity employer and does not practise discrimination of any form, regardless of age, gender, ethnicity throughout the organisation.

The Board practises 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 formalised 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 based on the candidates' competency, character, time commitment, knowledge and experience in meeting the needs of the Group.

Statement on Corporate Governance

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;
- Internal Audit Function Evaluation;
- External Auditor Performance and Independence Evaluation;
- 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 summarises and compiles 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 MCCG 2000, the Remuneration Committee ("RC") was established on 8 March 2004.

With the authority delegated to it by the Board to assist and advise 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 through the recruitment and retention of Directors and key Management staff.

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.

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 and benefits 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.

PRINCIPLE 2 - STRENGTHEN COMPOSITION (CONT'D)

2.4 Remuneration Committee (Cont'd)

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 for the financial year ended 31 July 2018 is as follows:-

	The Company				The subsidiaries of the Company			
	Fees (RM'000)	Salaries & Bonuses (RM'000)	Other Emoluments (RM'000)	Total (RM'000)	Fees (RM'000)	Bonuses (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors								
1 Dato' Choon Yee Selong	-	2,017	848	2,865	6	720	-	726
2 Cheong Teck Chong	-	-	-	-	6	672	301	979
3 Choon Nee Siew	-	-	-	-	-	1,140	184	1,324
4 Choon Yee Bin	-	-	-	-	3	625	679	1,307
5 Choon Wan Joo	-	-	-	-	6	637	683	1,326
6 Dato' Choon Yoke Ying	-	-	-	-	3	834	982	1,819
7 Datin Hon Wee Fong	-	745	10	755	3	-	-	3
Total	-	2,762	858	3,620	27	4,628	2,829	7,484
Independent Non-Executive Directors								
1 Dato' Dr Choong Tuck Yew	48	-	29	77	-	-	-	-
2 Fazrin Azwar Bin Md Nor	48	-	40	88	-	-	-	-
3 Datin Shirley Yue Shou How	48	-	30	78	-	-	-	-
4 Dato' Esther Tan Choon Hwa	48	-	44	92	-	-	-	-
Total	192	-	143	335	-	-	-	-
Grand Total	192	2,762	1,001	3,955	27	4,628	2,829	7,484

The RC met once (1) during the financial year on 31 July 2018 to deliberate on the remuneration matters of the Group.

The top five Management of the Company in each remuneration band are as follows:-

Range of Remuneration	Number
RM300,001 to RM350,000	1
RM450,001 to RM500,000	1
RM500,001 to RM550,000	1
RM900,001 to RM950,000	1
RM1,350,001 to RM1,400,000	1

Statement on Corporate Governance

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 other relationship with the Group, acting always in the best interests of the Company.

The Independent Directors of the Company fulfilled the criteria of "Independence" as prescribed under the MMLR. 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 twelve (12) years as recommended by MCCG 2017 and that such a 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 via a two-tier voting process.

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 ("Dato' Dr Choong"), the Senior Independent Non-Executive Director, and Encik Fazrin Azwar Bin Md Nor ("Encik Fazrin Azwar"), 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 accounting and legal expertise 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. 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.

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

We recognise that 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 to ensure a balance of authority, increased accountability and a greater capacity for independent decision-making.

PRINCIPLE 3 - REINFORCE INDEPENDENCE (CONT'D)

3.4 Separation of positions of the Chairman and the Group Managing Director (Cont'd)

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 in-depth 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 as Executive Chairman and GMD has proven beneficial and appropriate for the Group. Hence, the Board has agreed that the two roles of the Chairman and the GMD shall 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 that represents 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 MCGG 2017 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.

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 which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. However, this is a departure from the Code which recommends that the Board of a listed company should comprise 50% of Independent Non-Executive Directors. The higher number of Executive Directors to Independent Non-Executive Directors was reflective of the various stakeholders' interest which the Board will be looking into, going forward in relation to the needs of an efficient and effective Board. The profiles of the Directors are set out on pages 27 to 33 of this Annual Report.

Statement on Corporate Governance

PRINCIPLE 3 - REINFORCE INDEPENDENCE (CONT'D)

3.5 Composition of the Board (Cont'd)

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

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4.1 Board Meetings and Time Commitments

The Board met five (5) times during the financial year ended 31 July 2018. Details of Directors' attendance are set out as follows:-

	Date of Meetings					Total
	No. 1/2017/2018 BODM 21/09/2017	No. 2/2017/2018 BODM 25/10/2017	No. 3/2017/2018 BODM 07/12/2017	No. 4/2017/2018 BODM 12/03/2018	No. 5/2017/2018 BODM 12/06/2018	
Board of Directors						
Dato' Choon Yee Seiong (Executive Chairman, Group Managing Director)	√	√	√	√	√	5/5
Executive Directors:						
Cheong Teck Chong	√	X	√	√	√	4/5
Choon Nee Siew	√	√	√	√	√	5/5
Dato' Choon Yoke Ying	√	√	√	√	√	5/5
Dato' Hon Wee Fong	√	√	√	√	√	5/5
Choon Wan Joo	√	√	√	X	√	4/5
Choon Yee Bin	X	√	√	√	√	4/5
Independent Non-Executive Directors:						
Dato' Dr Choong Tuck Yew	√	√	√	√	X	4/5
Fazrin Azwar Bin Md Nor	√	√	√	√	√	5/5
Datin Shirley Yue Shou How	√	√	√	√	√	5/5
Dato' Esther Tan Choon Hwa	√	√	√	√	√	5/5

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.1 Board Meetings and Time Commitments

To ensure that the Directors have the time to focus and fulfil 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.

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 courses.

4.2 Directors' Training

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

Dato' Choon Yee Seiong

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.

Datin Hon Wee Fong

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.

Statement on Corporate Governance

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Mr Cheong Teck Chong

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.

Madam Choon Nee Siew

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.

Dato' Choon Yoke Ying

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.

Madam Choon Wan Joo

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.

Mr Choon Yee Bin

2018

- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Dato' Dr Choong Tuck Yew

2017

- 1 August 2017 - "Effective Evaluation Workshop," organised by Toastmaster's Taman Indrahana Club, PJ.
- 8 August 2017 - Participated in "Humorous Speech & Evaluation Contest 2017/1018," organised by Toastmaster's Taman Indrahana Club, PJ.
- 9 & 10 December 2017 - Participated in Toastmaster's Taman Indrahana Club, PJ.

2018

- 16 January 2018 - "Guidance Notes: Competency Framework for CFO's in Public Listed Entities," organised by Malaysian Institute of Accountants.
- 23 January 2018 - "Implementing the Companies Act 2016 and the Malaysian Code of Corporate Governance 2017," organised by Bursatra Sdn Bhd.
- 23 January 2018 - Participated in "International Speech and Table Topics Contest," organised by Toastmaster's Taman Indrahana Club, PJ.
- 18 March 2018 - Participated in "Joint International Speech and Table Topics Contest," organised by Toastmaster's Division D Speakers' Showcase Area D1, D2 and D3.
- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.
- 5 September 2018 - "Effective Evaluation Workshop," organised by Toastmaster's Taman Indrahana Club, PJ.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.
- 25 September 2018 - Participated in "Humorous Speech & Evaluation Contest," organised by Toastmaster's Taman Indrahana Club, PJ.
- 27 October 2018 - Participated in "Humorous Speech and Evaluation Contest 2018/2019," organised by Toastmasters District 102 Division C Joint Area C3 and C4.
- 30 October 2018 - "Anti-Corruption Summit 2018," organised by Aram Global Sdn Bhd.

Statement on Corporate Governance

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Encik Fazrin Azwar Bin Md Nor

2018

- 15 March 2018 - "Corporate Governance Briefing Session: MSSG Reporting & CG Guide," organised by Bursa Securities.
- 27 March 2018 - "Audit Committee Conference 2018: Internal Auditing in the Age of Disruption," organised by Internal Auditors Institute and the Malaysian Institute of Accountants.
- 14 & 15 August 2018 - "SSM National Conference 2018: Doing Business in the Age of Disruption," organised by Suruhanjaya Syarikat Malaysia.
- 17 & 20 October 2018 - "International Greentech & Eco Products Conference: Green Economy & Industry 4.0 - Achieving Sustainable Development Goals," organised by Malaysian Green Technology Corporation.

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Datin Shirley Yue Shou How

2017

- 20 October 2017 - "Thought Leadership Session for Directors, Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World," in the Corporate Governance Breakfast Series held at Lanai Kijang, KL.
- 7 November 2017 - "Integrating an Innovation Mindset with Effective Governance," in the Corporate Governance Breakfast Series, organised by Malaysian Directors Academy (MINDA) held at Sasana Kijang, KL.

2018

- 23 January 2018 - "Implementing the Companies Act 2016 and the Malaysian Code of Corporate Governance 2017 - What every Director needs to know, highlighting the Laws, the Values and the Code," organised by Bursatra Sdn Bhd at Hilton Hotel, KL.
- 22 March 2018 - "Remuneration Committee : Attracting and Retaining the Best Talents," organised by Bursatra Sdn Bhd, at Seri Pacific Hotel, KL.
- 27 March 2018 - "Audit Committee Conference 2018," organised by Connexion Conference and Events Centre, held at the Vertical Office Suites, KL.
- 11 June 2018 - "Key Amendments to the Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.

PRINCIPLE 4 - FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

Dato' Esther Tan Choon Hwa

2017

- 17 November 2017 - "Malaysian Code of Corporate Governance," workshop held in collaboration with the Malaysian Institute of Accountants.

2018

- 23 January 2018 - "Implementing the Company Act & the Malaysian Code of Corporate Governance 2017 - What every Director needs to know, highlighting the Laws, the Values and the Code," organised by Bursatra Sdn Bhd at Hilton Hotel, KL.
- 27 March 2018 - "Audit Committee Conference 2018: Internal Auditing in the Age of Disruption," organised by Internal Auditors Institute and the Malaysian Institute of Accountants.
- 17 & 18 April 2018 - "Malaysian Tax Conference 2018," organised by Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.
- 16 May 2018 - "The New Malaysian Code on Corporate Governance & its Impact on Directors," organised by MK Land Holdings Berhad and conducted by Boardroom Corporate Services (KL) Services Sdn Bhd.
- 11 June 2018 - "Key amendments to Listing Requirements Arising from Companies Act 2016" and "Key Disclosure Obligations of a Listed Company," conducted by CKM Advisory in PJ.
- 23 & 24 July 2018 - "Appreciative Inquiry Workshop," conducted by Powerwoosh Asia Berhad in KL.
- 6 September 2018 - "Sustainability Reporting Project Kickoff Workshop," conducted by Baker Tilly Monteiro Heng Governance Sdn Bhd in PJ.

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

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, Malaysian Financial Reporting Standards (MFRSs) and International Financial Reporting 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.

Statement on Corporate Governance

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.1 Accountability and Audit (Cont'd)

Financial Reporting (Cont'd)

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 2018, 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, new MFRS, amendments/improvements to MFRSs, new IC Interpretation (IC Int) and amendments to IC Int that have been issued but yet to be effective.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 97 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 two (2) times on 15 September 2017, 16 October 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.

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 subsequently approved by the Board.

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 by two (2) firms of outsourced external consultants to assist the AC and Board in providing independent assessment and assurance 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 2018 amounted to RM928,239.

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 accessed. The website is the key communication channel for the Company to reach its shareholders and the general public.

The IT interactive Investor Relations section in the website at 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.

Statement on Corporate Governance

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. Although the Code recommends at least 28 days notice shall be given to shareholders, the Company has complied with the Code as notice of AGM will be sent to the shareholders on 30 November 2018 while the AGM will be held on 11 January 2019.

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 2017. Where a specific Recommendation of the MCCG 2017 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 24 October 2018.

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' Esther Tan Choon Hwa (appointed on 12 March 2018)
Chairperson, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew (retired on 12 March 2018, but remains as a member)
Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor
Independent Non-Executive Director

Datin Shirley Yue Shou How
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 Function 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 2018 amounted to RM928,239 (FYE2017:RM886,860) which covered the running cost of an in-house Internal Audit Department and the cost of outsourcing part of the internal audit function to two external consultants' firms. The function is performed with impartiality, proficiency and due professional care.

The Internal Audit Function 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 Function and ensures that it has the necessary authority to carry out its work.

The Internal Audit Function 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, amongst others to review compliance matters required by the Malaysia Code on Corporate Governance 2017 and by the Group's standard of operations. In order to maintain its independence and objectivity, the Internal Audit Function has no operational responsibility and authority over the activities it audits.

Reviews are carried out based on the approved Audit Plan for 2018 which is approved by the AC 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 the Main Market Listing Requirements of Bursa Securities ("MMLR").

Audit Committee Report

3. INTERNAL AUDIT FUNCTION (CONT'D)

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.

Summary of the audit reports were issued to the AC quarterly incorporating findings and Management's remedial actions.

All audit findings were highlighted to relevant Management team members responsible for ensuring that corrective actions according to the recommendations by the Internal Auditors on reported weaknesses have been implemented within the required timeframe.

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 2017/2018 having taken into account 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 MMLR.

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;
- Engagement team;
- Proposed audit fee;
- Reviewed the External Auditors' reports in relation to audit and accounting issues arising from the audit, updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board and updates of the new auditing standards.
- Met with the External Auditors two (2) times during the Financial Year without the presence of the Executive Directors and the Management; and
- Reviewed the audited financial statements of the Group and the Company.

4. ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR (CONT'D)

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 MMLR.

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2018. Details of the attendance were as follows:-

	Date of Meetings						Total
	No. 1/2017/2018 ACM 15/09/2017	No. 2/2017/2018 Adjourned ACM 21/09/2017	No. 3/2017/2018 ACM 25/10/2017	No. 4/2017/2018 ACM 06/12/2017	No. 5/2017/2018 ACM 08/03/2018	No. 6/2017/2018 ACM 08/06/2018	
Audit Committee							
Dato' Dr Choong Tuck Yew	√	√	√	√	√	X	5/6
Dato' Esther Tan Choon Hwa	√	√	√	√	√	√	6/6
Dato' Shirley Yue Shou How	√	√	√	√	√	√	6/6
Fazrin Azwar Bin Md Nor	√	X	√	√	√	√	5/6

This Report was made in accordance with a resolution of the Board dated 24 October 2018.

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Malaysia Code Corporate Governance 2017 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 Main Market Listing Requirements of Bursa Securities ("MMLR"), 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 Groups operations for the financial year ended 31 July 2018.

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 Groups 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 Groups 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 Groups 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 Groups 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 Chairman 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.

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 Chairman 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 Groups 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 Groups affairs. Senior management and business unit managers review 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 Groups 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 AC 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;

Statement on Risk Management and Internal Control

3. RISK MANAGEMENT FRAMEWORK (CONT'D)

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

- 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 AC on quarterly basis;
- 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:-

Encik Fazrin Azwar Bin Md Nor (appointed on 12 March 2018)
Chairman, Independent Non-Executive Director

Dato' Esther Tan Choon Hwa (retired as the Chairperson on 12 March 2018 but remains as a member)
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

During the financial year ended 31 July 2018, a total of four (4) meetings were held. Details of the attendance were as follows:-

	Date of Meetings				Total
	No. 1/2017/2018 RMC 12/09/2017	No. 2/2017/2018 RMC 04/12/2017	No. 3/2017/2018 RMC 06/03/2018	No. 4/2017/2018 RMC 06/06/2018	
Board of Directors					
Dato' Esther Tan Choon Hwa	√	√	√	√	4/4
Dato' Choon Yee Seiong	√	√	√	√	4/4
Cheong Teck Chong	√	√	√	√	4/4
Choon Wan Joo	√	√	X	√	3/4
Fazrin Azwar Bin Md Nor	√	√	√	√	4/4

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 Groups 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.

(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 AC, 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.

Statement on Risk Management and Internal Control

4. KEY INTERNAL CONTROL PROCESSES (CONT'D)

4.1 Control Environment (Cont'd)

(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 Groups business on the basis of an annual internal audit plan that was presented and approved by the AC.

The Group 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 Groups internal control system.

During the financial year ended 31 July 2018, 62 out of a total of 94 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 Groups 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. KEY INTERNAL CONTROL PROCESSES (CONT'D)

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, 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 Groups systems of risk management and internal controls are adequate in achieving its business objectives. However, the Board is also cognisant of the fact that the Groups 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 24 October 2018.

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 year ended 31 July 2018 ("financial year").
2. **Share Buy-Back**
There was no share buy-back of the Company's shares during the financial year.
3. **Options, Warrant 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 RM96,300 was paid to the External Auditors in respect of tax advisory services in respect of transfer pricing assignment, sustainability reporting compliance services, 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 Directors' Responsibility

The Companies Act 2016 ("the Act") 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 Group and of the Company 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 Group and of the Company for the period then ended. As required by 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 2018, 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 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 24 October 2018.



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Statement by Directors

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 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are engaged in business as investment holding and provision of management services. During the year, the Company engaged in additional business activity as distributor and supplier of jewellery, precious stones, semi-precious stones and gold ornaments. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	23,401,468	11,528,639
Attributable to: Owners of the Company	23,401,468	11,528,639

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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 2017, paid on 9 March 2018	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 2019.

RESERVES OR PROVISIONS

There were no material transfer to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

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.

BAD AND DOUBTFUL DEBTS (CONT'D)

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.

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.

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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; and
- (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

Directors' Report

ITEMS OF MATERIAL AND UNUSUAL NATURE (CONT'D)

- (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.

DIRECTORS OF THE COMPANY

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 the Company's Articles of Association, Mr Cheong Teck Chong, Dato' Choon Yoke Ying, Madam Choon Wan Joo and Dato' Dr Choong Tuck Yew will be retiring at the forthcoming Annual General Meeting and being eligible, offers themselves for re-election.

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Other than as stated above, the names of the directors of the subsidiaries of the Company during the financial year and during the period from the end of the financial year to the date of the report are:

Ong Han Woon
Mohd Anuar Choon Bin Abdullah
Siow Der Ming
Chang Kwong Him
Saw Eng Hooi
Ng Say Koon
Leong Man Wah
Hon Wei Sun
Soh Beng Kiat

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:

		Number of ordinary shares			
		At 1.8.2017	Bought	Sold	At 31.7.2018
The Company					
Poh Kong Holdings Berhad					
Direct interests:					
Dato' Choon Yee Seiong		11,600,246	-	-	11,600,246
Cheong Teck Chong		2,273,928	-	(146,100)	2,127,828
Choon Nee Siew		4,706,742	-	(974,500)	3,732,242
Choon Yee Bin		400,030	-	(260,000)	140,030
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		227,500	-	-	227,500
Fazrin Azwar Bin Md. Nor		35,000	-	-	35,000
Indirect interests:					
Dato' Choon Yee Seiong	(i)	250,937,528	-	(1,334,500)	249,603,028
Cheong Teck Chong	(i)	239,769,648	-	(413,000)	239,356,648
Choon Nee Siew	(ii)	255,071,072	-	(360,000)	254,711,072
Choon Yee Bin	(i)	259,504,534	-	(1,074,500)	258,430,034
Datin Hon Wee Fong	(i)	251,634,544	-	-	251,634,544
Choon Wan Joo	(i)	258,029,102	-	(1,774,000)	256,255,102
Dato' Choon Yoke Ying	(i)	258,632,998	-	(1,334,500)	257,298,498
Dato' Dr Choong Tuck Yew	(iii)	155,000	-	-	155,000

Directors' Report

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			At 31.7.2018
	At 1.8.2017	Bought	Sold	
Holding company				
Poh Kong Sdn. Bhd.				
Direct interests				
Dato' Choon Yee Seiong	38,410,769	88,027	-	38,498,796
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

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- (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 the ordinary shares in the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Choon Yee Seiong, Cheong Teck Chong, Choon Nee Siew, Choon Yee Bin, Datin Hon Wee Hong, Choon Wan Joo and Dato' Choon Yoke Ying are deemed to have an interest in shares in the subsidiaries to the extent that the Company has an interest.

Other than as stated 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, other than any deemed benefits which may arise from transactions entered into the ordinary course of business as disclosed in Note 35 to the financial statements.

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.

ULTIMATE HOLDING COMPANY

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

AUDITORS' REMUNERATION

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

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia up to RM295,000.

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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

CHEONG TECK CHONG
Director

Petaling Jaya

Date : 24 October 2018

Consolidated Statement of Financial Position

AS AT 31 JULY 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	126,175,106	126,777,409
Investment properties	7	14,288,581	8,757,114
Other investments	8	527,999	527,999
Goodwill	9	1,485,140	1,485,140
Deferred tax assets	10	16,676,531	8,658,818
Total non-current assets		159,153,357	146,206,480
Current assets			
Inventories	11	558,793,631	540,127,902
Current tax assets		871,073	242,697
Trade and other receivables	12	17,247,334	7,710,886
Deposits and prepayments	13	12,431,511	14,401,122
Fixed deposits placed with licensed banks	15	15,184,777	11,179,685
Cash and bank balances	16	39,107,816	38,401,562
Total current assets		643,636,142	612,063,854
TOTAL ASSETS		802,789,499	758,270,334
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	205,175,876	205,175,876
Reserves	18	318,167,166	298,869,216
TOTAL EQUITY		523,343,042	504,045,092

	Note	2018 RM	2017 RM
Non-current liabilities			
Bank borrowings	19	24,233,273	62,749,451
Deferred tax liabilities	10	15,390,932	13,437,238
Total non-current liabilities		39,624,205	76,186,689
Current liabilities			
Bank borrowings	19	195,092,544	124,910,670
Current tax liabilities		1,684,521	6,689,284
Deferred income	20	1,169,216	6,758,413
Provision for restoration costs	21	200,000	200,000
Trade and other payables	22	21,293,586	19,287,085
Deposits and accruals	23	15,517,076	15,500,812
Amount due to holding company	24	1,319,305	1,279,040
Amount due to directors	25	3,546,004	3,413,249
Total current liabilities		239,822,252	178,038,553
TOTAL LIABILITIES		279,446,457	254,225,242
TOTAL EQUITY AND LIABILITIES		802,789,499	758,270,334

Statement of Financial Position

AS AT 31 JULY 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,240,833	2,159,119
Investment in subsidiaries	6	169,412,573	168,083,406
Deferred tax assets	10	14,741,762	6,696,575
Total non-current assets		187,395,168	176,939,100
Current assets			
Inventories	11	10,975,777	-
Trade and other receivables	12	21,513,984	11,949,635
Deposits and prepayments	13	1,511,141	2,683,444
Amount due by subsidiaries	14	292,871,749	347,868,802
Fixed deposits placed with licensed banks	15	30,000	30,000
Cash and bank balances	16	21,267,605	10,168,593
Total current assets		348,170,256	372,700,474
TOTAL ASSETS		535,565,424	549,639,574
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	17	205,175,876	205,175,876
Reserves	18	28,049,633	20,624,512
TOTAL EQUITY		233,225,509	225,800,388
Non-current liabilities			
Bank borrowings	19	300,011	50,006,145
Total non-current liabilities		300,011	50,006,145
Current liabilities			
Bank borrowings	19	50,468,427	20,082,720
Current tax liabilities		978,780	4,261,434
Trade and other payables	22	25,511,574	3,601,797
Deposits and accruals	23	477,205	427,687
Amount due to holding company	24	1,298,840	1,279,040
Amount due to subsidiaries	14	222,079,402	243,195,469
Amount due to directors	25	1,225,676	984,894
Total current liabilities		302,039,904	273,833,041
TOTAL LIABILITIES		302,339,915	323,839,186
TOTAL EQUITY AND LIABILITIES		535,565,424	549,639,574

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	26	1,003,521,807	876,995,940	266,339,551	30,525,040
Cost of sales		(807,107,617)	(670,561,077)	(239,738,170)	-
Gross profit		196,414,190	206,434,863	26,601,381	30,525,040
Other income		5,904,522	3,695,304	1,178,725	7,413,060
Administrative expenses		(70,643,970)	(67,595,540)	(20,918,975)	(20,508,957)
Selling and distribution expenses		(93,628,131)	(94,322,353)	-	-
Operating profit		38,046,611	48,212,274	6,861,131	17,429,143
Finance costs	27	(11,161,363)	(10,726,465)	(3,377,679)	(5,446,003)
Profit before tax	28	26,885,248	37,485,809	3,483,452	11,983,140
Income tax expense	29	(3,483,780)	(7,957,399)	8,045,187	725,694
Profit for the financial year		23,401,468	29,528,410	11,528,639	12,708,834
Other comprehensive income, net of tax					
<i>Item that will not be reclassified</i>					
<i>subsequently to profit or loss</i>					
Revaluation of property, plant and equipment		-	16,942,109	-	-
Other comprehensive income for the financial year		-	16,942,109	-	-
Total comprehensive income for the financial year		23,401,468	46,470,519	11,528,639	12,708,834
Profit attributable to:					
Owners of the Company		23,401,468	29,528,410	11,528,639	12,708,834
Non-controlling interests		-	-	-	-
		23,401,468	29,528,410	11,528,639	12,708,834
Total comprehensive income attributable to:					
Owners of the Company		23,401,468	46,470,519	11,528,639	12,708,834
Non-controlling interests		-	-	-	-
		23,401,468	46,470,519	11,528,639	12,708,834
Earnings per share (sen)					
- Basic	30	5.70	7.20		
- Diluted	30	5.70	7.20		

Consolidated Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

← Attributable to owners of the Company →				
Note	Share capital RM	Revaluation reserve RM	Retained profits RM	Total equity RM
At 1 August 2016	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)
At 31 July 2017	205,175,876	42,664,349	256,204,867	504,045,092
Total comprehensive income for the financial year				
Profit for the financial year	-	-	23,401,468	23,401,468
Total comprehensive income	-	-	23,401,468	23,401,468
Transactions with owners				
Dividends	31	-	-	(4,103,518)
		-	-	(4,103,518)
At 31 July 2018	205,175,876	42,664,349	275,502,817	523,343,042

Statement of Changes In Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

		← Attributable to owners of the Company →		
	Note	Share capital RM	Retained profits RM	Total equity RM
At 1 August 2016		205,175,876	12,019,196	217,195,072
Total comprehensive income for the financial year		-	12,708,834	12,708,834
Transactions with owners				
Dividends	31	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2017		205,175,876	20,624,512	225,800,388
Total comprehensive income for the financial year		-	11,528,639	11,528,639
Transactions with owners				
Dividends	31	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2018		205,175,876	28,049,633	233,225,509

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

	Group		Company		
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities					
Profit before tax		26,885,248	37,485,809	3,483,452	11,983,140
Adjustments for:					
Depreciation of:					
- property, plant and equipment		9,688,032	8,946,704	853,954	670,377
- investment properties		314,041	161,923	-	-
Bad debts written off		-	208	-	-
Dividend income		(899,994)	(1,049,993)	(9,773,000)	(11,708,000)
Loss/(Gain) on dissolution of subsidiaries		20,814	79,767	(644,243)	(7,396,314)
Net gain on disposal of property, plant and equipment		(318,971)	(324,965)	(25,377)	(5,660)
Impairment loss on trade receivables		-	471,512	-	-
Interest expense		11,161,363	10,726,465	3,377,679	5,446,003
Interest income		(489,310)	(611,017)	(574,521)	(2,630,013)
Property, plant and equipment written off		601,096	1,201,863	-	-
Reversal of impairment loss on trade receivables		(396,063)	(117,685)	-	-
Unrealised gain on foreign exchange		(44,838)	(5,729)	-	-
		46,521,418	56,964,862	(3,302,056)	(3,640,467)
Changes in working capital:					
Inventories		(18,665,729)	34,550,265	(10,975,777)	-
Receivables		(7,170,774)	(5,207,809)	(8,392,046)	(6,815,716)
Payables		2,067,603	5,096,713	21,959,295	414,624
Deferred income		(5,589,197)	1,787,208	-	-
		17,163,321	93,191,239	(710,584)	(10,041,559)
Tax paid		(15,340,861)	(11,916,572)	(3,282,654)	-
Tax refunded		159,923	2,264	-	2,264
Net cash from/(used in) operating activities		1,982,383	81,276,931	(3,993,238)	(10,039,295)
Cash flows from investing activities					
Dividend received		899,994	1,049,993	9,773,000	8,747,000
Proceeds from disposal of property, plant and equipment		469,606	327,417	25,377	5,660
Final distribution (to)/from dissolution of subsidiaries		(20,814)	(79,767)	873,834	11,099,275
Purchase of investment properties		(5,845,508)	-	-	-
Purchase of property, plant and equipment	5(a)	(4,717,496)	(6,957,998)	(1,073,354)	(681,790)
Interest received		489,310	611,017	574,521	2,630,013
Net repayment from subsidiaries		-	-	53,438,295	48,855,032
Net cash (used in)/from investing activities		(8,724,908)	(5,049,338)	63,611,673	70,655,190

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from financing activities	(a)				
Net drawdown/ (repayment) of borrowings		18,902,000	(8,437,000)	-	-
Net drawdown/(repayment) of term loans		11,352,407	(31,376,508)	(20,000,000)	(30,000,000)
Net drawdown/(repayment) of finance lease payables		(2,319,771)	(83,264)	(123,098)	(431,985)
Net drawdown/(repayment) of hire purchase payables		(1,388,904)	(3,913,647)	(59,643)	(57,161)
Interest paid		(11,161,363)	(10,726,465)	(3,377,679)	(5,446,003)
Dividend paid		(4,103,518)	(4,103,518)	(4,103,518)	(4,103,518)
Advances from directors		132,755	1,315,970	240,782	306,198
Advances from holding company		40,265	47,850	19,800	47,850
Repayment to subsidiaries		-	-	(21,116,067)	(13,832,835)
Placement of sinking funds		(10,000,000)	(7,000,000)	(10,000,000)	(7,000,000)
Placement of fixed deposits		(1,005,092)	(5,264)	-	-
Net cash used in financing activities		448,779	(64,281,846)	(58,519,423)	(60,517,454)
Net increase in cash and cash equivalents		(6,293,746)	11,945,747	1,099,012	98,441
Cash and cash equivalents at the beginning of the financial year		39,351,562	27,405,815	168,593	70,152
Cash and cash equivalents at the end of the financial year		33,057,816	39,351,562	1,267,605	168,593
Cash and cash equivalents including in statements of cash flows comprise following amounts:					
Cash and bank balances		39,107,816	38,401,562	21,267,605	10,168,593
Fixed deposits placed with licensed banks		15,184,777	11,179,685	30,000	30,000
		54,292,593	49,581,247	21,297,605	10,198,593
Less:					
- fixed deposits pledged to licensed banks		(1,234,777)	(229,685)	(30,000)	(30,000)
- sinking funds		(20,000,000)	(10,000,000)	(20,000,000)	(10,000,000)
		33,057,816	39,351,562	1,267,605	168,593

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018 (CONT'D)

(a) Changes in liabilities arising from financing activities

Group	1 August 2017 RM	Cash Flows RM	Additions RM	31 July 2018 RM
Revolving credit	-	10,000,000	-	10,000,000
Term loan	26,075,351	11,352,407	-	37,427,758
IMTN	70,000,000	(20,000,000)	-	50,000,000
Bankers' acceptance	84,423,000	28,902,000	-	113,325,000
Finance lease payables	3,507,163	(2,319,771)	3,112,632	4,300,024
Hire purchase payables	3,654,607	(1,388,904)	2,007,332	4,273,035
	187,660,121	26,545,732	5,119,964	219,325,817

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 is 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 principal activities of the Company are engaged in business as investment holding and provision of management services. During the year, the Company engaged in additional business activity as distributor and supplier of jewellery, precious stones, semi-precious stones and gold ornaments. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 October 2018.

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 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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 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 statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to 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, new IC Int and amendments to 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 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Tax	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
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
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards

2. BASIS OF PREPARATION (CONT'D)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.
- 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.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

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

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.

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 17 Insurance Contracts (Con'td)

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 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

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

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.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

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.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

2. BASIS OF PREPARATION (CONT'D)

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

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.

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.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised *Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

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

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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.

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.

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

3.1 Basis of consolidation (Cont'd)

(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.

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.

Notes to the Financial Statements

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

3.1 Basis of consolidation (Cont'd)

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

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.

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.

Notes to the Financial Statements

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

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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.

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.

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

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation (Cont'd)

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.

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.

Notes to the Financial Statements

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

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.

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.

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

3.8 Financial instruments (Cont'd)

(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.

Notes to the Financial Statements

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.

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.

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

3.8 Financial instruments (Cont'd)

(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.

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.

Notes to the Financial Statements

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

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.

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.

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

3.9 Impairment of financial assets (Cont'd)

(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.

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.

Notes to the Financial Statements

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

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.

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

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

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 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.

3.18 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.

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

3.18 Income tax (Cont'd)

(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

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

3.18 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.

3.19 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.

3.20 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.

3.21 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:

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

3.21 Fair value measurements (Cont'd)

- 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.

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 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.

4.2 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.

Notes to the Financial Statements

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
2018								
Cost/Valuation								
At 1 August 2017	26,510,000	24,100,979	39,209,850	427,951	84,201,241	7,474,413	12,134,096	194,058,530
Additions	-	-	-	-	7,562,739	7,800	2,266,921	9,837,460
Disposals	-	-	-	-	(19,925)	-	(1,687,510)	(1,707,435)
Written off	-	-	-	-	(2,372,846)	-	-	(2,372,846)
At 31 July 2018	26,510,000	24,100,979	39,209,850	427,951	89,371,209	7,482,213	12,713,507	199,815,709
Representing:								
- cost	-	-	-	427,951	89,371,209	7,482,213	12,713,507	109,994,880
- valuation	26,510,000	24,100,979	39,209,850	-	-	-	-	89,820,829
	26,510,000	24,100,979	39,209,850	427,951	89,371,209	7,482,213	12,713,507	199,815,709
Accumulated depreciation								
At 1 August 2017	-	-	-	-	51,642,612	6,063,151	8,936,428	66,642,191
Depreciation for the financial year	-	266,008	984,196	-	6,677,386	346,070	1,414,372	9,688,032
Disposals	-	-	-	-	-	-	(1,556,800)	(1,556,800)
Written off	-	-	-	-	(1,771,750)	-	-	(1,771,750)
At 31 July 2018	-	266,008	984,196	-	56,548,248	6,409,221	8,794,000	73,001,673
Accumulated impairment losses								
At 1 August 2017/ 31 July 2018	-	210,979	-	427,951	-	-	-	638,930
Carrying amount								
At 31 July 2018	26,510,000	23,623,992	38,225,654	-	32,822,961	1,072,992	3,919,507	126,175,106
Representing:								
- cost	-	-	-	-	32,822,961	1,072,992	3,919,507	37,815,460
- valuation	26,510,000	23,623,992	38,225,654	-	-	-	-	88,359,646
	26,510,000	23,623,992	38,225,654	-	32,822,961	1,072,992	3,919,507	126,175,106

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
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 31 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

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings RM	Motor vehicles RM	Total RM
2018			
Cost			
At 1 August 2017	5,828,653	471,925	6,300,578
Additions	1,779,131	156,537	1,935,668
Disposal	-	(126,175)	(126,175)
At 31 July 2018	7,607,784	502,287	8,110,071
Accumulated depreciation			
At 1 August 2017	3,710,702	430,757	4,141,459
Depreciation for the financial year	796,636	57,318	853,954
Disposal	-	(126,175)	(126,175)
At 31 July 2018	4,507,338	361,900	4,869,238
Carrying amount			
At 31 July 2018	3,100,446	140,387	3,240,833
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

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 RM9,837,460 (2017: RM13,315,218) and RM1,935,668 (2017: RM681,790) respectively of which Nil (2017: RM100,000) of the Group was provision for restoration costs.

The aggregate cost of property, plant and equipment acquired by means of:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of property, plant and equipment	9,837,460	13,215,218	1,935,668	681,790
Financed by:				
- hire purchase and finance lease	(5,119,964)	(6,257,220)	(862,314)	-
Cash payments on purchase of property, plant and equipment	4,717,496	6,957,998	1,073,354	681,790

- (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 RM7,425,226 (2017: RM7,911,697) which has a lease period of less than 50 years.

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- (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	
	2018 RM	2017 RM	2018 RM	2017 RM
Motor vehicles	3,777,342	3,063,840	140,387	41,168

- (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	
	2018 RM	2017 RM	2018 RM	2017 RM
Equipment, furniture and fittings	6,829,885	5,559,668	601,377	598,445

Leased assets are pledged as security for the related hire purchase and finance lease liabilities as disclosed in Note 19 to the financial statements.

Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (e) Carrying amount of properties pledged as securities for bank borrowings as disclosed in Note 19 to the financial statements are as follows:

	Group	
	2018 RM	2017 RM
At valuation		
- Freehold land	25,500,000	25,500,000
- Leasehold land	13,798,688	14,100,000
- Buildings	26,645,204	27,138,954

- (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:

	Group	
	2018 RM	2017 RM
- Freehold land	4,353,093	4,353,093
- Leasehold land	5,660,078	5,781,954
- Buildings	22,878,123	23,378,524

- (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				
2018				
- Freehold land	-	26,510,000	-	26,510,000
- Leasehold land	-	23,350,000	-	23,350,000
- Buildings	-	38,860,000	-	38,860,000
	-	88,720,000	-	88,720,000
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

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(g) **Fair value information (Cont'd)**

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 2018 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.

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 2018 and 31 July 2017.

6. INVESTMENT IN SUBSIDIARIES

	Group	
	2018 RM	2017 RM
Unquoted shares - at cost	154,317,664	154,907,242
Less: Impairment loss	-	(359,986)
	154,317,664	154,547,256
Loans that are part of net investments	15,094,909	13,536,150
	169,412,573	168,083,406

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.

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2018 %	2017 %	
Poh Kong Jewellers Sdn. Bhd.	100	100	Suppliers and retailers of jewellery, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	100	100	Manufacturer and dealers of jewellery, precious stones and gold ornaments
Poh Kong Jewellers (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 jewellery, 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
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

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2018 %	2017 %	
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	Dissolved during the financial year
Poh Kong Jewellers (Permas Jaya) 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.

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Dissolution of subsidiaries

During the financial year, 2 subsidiaries (2017: 9 subsidiaries) 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:

	2018 RM	2017 RM
Carrying amount, at the date of deconsolidation		
Assets		
Cash and bank balances	22,255	102,449
Net assets deconsolidated	22,255	102,449
	22,255	102,449
Total final distribution	1,441	22,682
Loss on dissolution of subsidiaries	(20,814)	(79,676)

The effect of deconsolidation on cash flows is as follows:

Final distribution	1,441	22,682
Less: Cash and cash equivalents of subsidiaries dissolved	(22,255)	(102,449)
Net cash outflows on deconsolidation	(20,814)	(79,676)

7. INVESTMENT PROPERTIES

Group	Leasehold lands RM	Buildings RM	Buildings-in- progress RM	Total RM
2018				
At cost				
At 1 August 2017	3,400,000	5,853,000	460,550	9,713,550
Additions	3,960,000	990,000	895,508	5,845,508
At 31 July 2018	7,360,000	6,843,000	1,356,058	15,559,058
Accumulated depreciation				
At 1 August 2017	312,799	352,437	-	665,236
Depreciation for the financial year	78,200	235,841	-	314,041
At 31 July 2018	390,999	588,278	-	979,277

7. INVESTMENT PROPERTIES (CONT'D)

Group	Leasehold lands RM	Buildings RM	Buildings-in- progress RM	Total RM
2018				
At cost				
Accumulated impairment losses				
At 1 August 2017/31 July 2018	-	291,200	-	291,200
Carrying amount				
At 31 July 2018	6,969,001	5,963,522	1,356,058	14,288,581
Fair value				
At 31 July 2018	7,360,000	6,540,000	-	13,900,000
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	3,400,000	5,900,000	-	9,300,000

- (a) The investment properties comprise of shop lots and condominium.
- (b) Investment properties with aggregate carrying amount of RM8,569,298 (2017: RM3,810,761) are pledged as securities for bank borrowings facilities granted to the Group as disclosed in Note 19 to the financial statements.

Notes to the Financial Statements

7. INVESTMENT PROPERTIES (CONT'D)

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

	Group	
	2018 RM	2017 RM
Rental income	328,477	287,304
Direct operating expenses from income generating investment properties	376,951	44,346

(d) The leasehold buildings of the Group have an unexpired lease period of more than 50 years.

(e) Fair value information

Fair value of buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2018				
- Leasehold lands	-	7,360,000	-	7,360,000
- Buildings	-	6,540,000	-	6,540,000
2017				
- 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.

7. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information (Cont'd)

Policy on transfer between levels (Cont'd)

Level 2 fair value (Cont'd)

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 2018 and 31 July 2017.

8. OTHER INVESTMENTS

	Group	
	2018	2017
	RM	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 as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted share.

Notes to the Financial Statements

9. GOODWILL ON CONSOLIDATION

	Group	
	2018 RM	2017 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:

	Group	
	2018 RM	2017 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 11.52% (2017: 17.38%).

(ii) Growth rate

The average growth rate used of 2.00% (2017: 1.00%) 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.

(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	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 August	(4,778,420)	(3,200,208)	6,696,575	5,970,881
Recognised in profit or loss (Note 29)	6,064,019	4,673,347	8,045,187	725,694
Recognised in other comprehensive income	-	(6,251,559)	-	-
At 31 July	1,285,599	(4,778,420)	14,741,762	6,696,575
Presented after appropriate offsetting:				
Deferred tax assets	16,676,531	8,658,818	14,741,762	6,696,575
Deferred tax liabilities	(15,390,932)	(13,437,238)	-	-
	1,285,599	(4,778,420)	14,741,762	6,696,575

(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	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 August	8,658,818	7,761,330	6,696,575	5,970,881
Recognised in profit or loss	8,017,713	897,488	8,045,187	725,694
At 31 July	16,676,531	8,658,818	14,741,762	6,696,575

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 2016 RM	Recognised in profit or loss RM	At 31 July 2017 RM	Recognised in profit or loss RM	At 31 July 2018 RM
Group					
Unrealised profits arising from inter-company transaction	1,790,449	171,795	1,962,244	(27,474)	1,934,770
Unutilised tax losses	5,225,059	464,837	5,689,896	7,619,803	13,309,699
Unabsorbed capital allowances	1,015,023	279,673	1,294,696	305,749	1,600,445
Excess of capital allowances over depreciation	(269,201)	(18,817)	(288,018)	119,635	(168,383)
	7,761,330	897,488	8,658,818	8,017,713	16,676,531

Notes to the Financial Statements

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 2016 RM	Recognised in profit or loss RM	At 31 July 2017 RM	Recognised in profit or loss RM	At 31 July 2018 RM
Company					
Unutilised tax losses	5,225,059	464,837	5,689,896	7,619,803	13,309,699
Unabsorbed capital allowances	1,015,023	279,674	1,294,697	305,749	1,600,446
Excess of capital allowances over depreciation	(269,201)	(18,817)	(288,018)	119,635	(168,383)
	5,970,881	725,694	6,696,575	8,045,187	14,741,762

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	
	2018 RM	2017 RM
At 1 August	13,437,238	10,961,538
Recognised in profit or loss	1,953,694	(3,775,859)
Recognised in equity	-	6,251,559
At 31 July	15,390,932	13,437,238

The estimated deferred tax liabilities of the Group arising from temporary differences recognised in the financial statements are as follows:

	At 1 August 2016 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 July 2017 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 July 2018 RM
Group							
Property, plant and equipment	5,101,915	(3,775,859)	-	1,326,056	1,953,694	-	3,279,750
Revaluation	5,859,623	-	6,251,559	12,111,182	-	-	12,111,182
	10,961,538	(3,775,859)	6,251,559	13,437,238	1,953,694	-	15,390,932

11. INVENTORIES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At cost				
Raw material	13,157,930	10,323,108	381,057	-
Work-in-progress	23,622,929	22,072,532	-	-
Finished goods	522,012,772	507,732,262	10,594,720	-
	558,793,631	540,127,902	10,975,777	-

During the financial year, the cost of inventories recognised as cost of sales in the Group and the Company amounted to RM807,107,617 (2017: RM670,561,077) and RM239,738,170 (2017: Nil) respectively.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Group				
Trade receivables	15,116,663	2,652,012	21,507,162	11,937,135
Less:				
Impairment for trade receivables	(62,193)	(458,256)	-	-
	15,054,470	2,193,756	21,507,162	11,937,135
Other receivables	2,192,864	5,517,130	6,822	12,500
Total trade and other receivables	17,247,334	7,710,886	21,513,984	11,949,635

Notes to the Financial Statements

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 7 to 30 days (2017: 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Company are amounts due from subsidiaries of RM10,875,548 (2017: Nil).

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:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Neither past due nor impaired	14,860,259	1,761,679	16,915,699	11,937,135
1 to 30 days past due but not impaired	3,886	256,836	4,591,463	-
31 to 60 days past due but not impaired	41,740	4,500	-	-
61 to 90 days past due but not impaired	74,400	7,100	-	-
91 to 120 days past due but not impaired	-	3,158	-	-
More than 121 days past due but not impaired	74,185	160,483	-	-
Impaired	194,211	432,077	4,591,463	-
	62,193	458,256	-	-
	15,116,663	2,652,012	21,507,162	11,937,135

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 RM194,211 (2017: RM432,077) and RM4,591,463 (2017: Nil) 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 does not hold any collateral or credit enhancements over these balances.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) **Trade receivables (Cont'd)**

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period are as follows:

	Group	
	2018 RM	2017 RM
Individually impaired		
Trade receivables, nominal value	62,193	458,256
Less: Impairment loss	(62,193)	(458,256)
	-	-

The movement in the Group's impairment accounts are as follows:

	Group	
	2018 RM	2017 RM
At 1 August	458,256	104,429
Impaired during the financial year	-	471,512
Reversal of impairment	(396,063)	(117,685)
At 31 July	62,193	458,256

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 RM463,262 (2017: RM498,615) 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

13. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits	8,882,847	9,514,327	36,722	41,553
Prepayments	3,548,664	4,886,795	1,474,419	2,641,891
	12,431,511	14,401,122	1,511,141	2,683,444

(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 RM934,917 (2017: RM2,169,265) being prepaid interest expense for the utilisation of ICP/IMTN programme as disclosed in Note 19.2 to the financial statements.

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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 Nil (2017: RM19,195,000) which bears effective interest rate ranging from 0% to 6.00% (2017: 6.00%) per annum.
- (b) amount due to subsidiaries of Nil (2017: RM5,600,000) which bears effective interest rate ranging from 0% to 6.00% (2017: 6.00%) per annum.

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group earn weighted average effective interest rate ranging from 2.45% to 3.77% (2017: 2.45% to 3.04%) 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 RM1,234,777 (2017: RM229,685) and RM30,000 (2017: 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 RM20,000,000 (2017: RM10,000,000) and RM20,000,000 (2017: RM10,000,000) 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.

17. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares Unit	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

18. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revaluation reserve	42,664,349	42,664,349	-	-
Retained profits	275,502,817	256,204,867	28,049,633	20,624,512
	318,167,166	298,869,216	28,049,633	20,624,512

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(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	
		2018 RM	2017 RM	2018 RM	2017 RM
Non-current Secured					
Term loans	19.1	20,257,933	9,361,955	-	-
ICP/IMTN	19.2	-	50,000,000	-	50,000,000
Hire purchase payables	19.3	2,984,265	2,595,662	79,984	6,145
Finance lease payables	19.4	991,075	791,834	220,027	-
		24,233,273	62,749,451	300,011	50,006,145

Notes to the Financial Statements

19. BANK BORROWINGS (CONT'D)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Current Secured					
Bankers' acceptance	19.5	113,325,000	84,423,000	-	-
Revolving credit	19.6	10,000,000	-	-	-
Term loans	19.1	17,169,825	16,713,396	-	-
ICP/IMTN	19.2	50,000,000	20,000,000	50,000,000	20,000,000
Hire purchase payables	19.3	1,288,770	1,058,945	58,697	35,642
Finance lease payables	19.4	3,308,949	2,715,329	409,730	47,078
		195,092,544	124,910,670	50,468,427	20,082,720
Total bank borrowings		219,325,817	187,660,121	50,768,438	70,088,865

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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 RM2,277,165 (2017: RM2,378,710) bears interest at BLR - 2.00% (2017: 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 RM78,404 (2017: RM267,440) bears interest at 7.00% (2017: 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 RM4,809,331 (2017: RM5,412,949) bears interest at BLR - 2.40% (2017: 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

19. BANK BORROWINGS (CONT'D)

19.1 Term loans (Cont'd)

Term loan 4 of a subsidiary of RM4,809,331 (2017: RM5,412,949) bears interest at BLR - 2.40% (2017: 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 (Cont'd):

- (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.

Term loan 5 of a subsidiary of RM449,240 (2017: RM465,083) bears interest at BLR - 2.20% (2017: 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 RM88,545 (2017: RM176,370) bears interest at BLR - 2.00% (2017: 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 RM1,464,800 (2017: RM1,532,205) bears interest at BLR - 2.00% (2017: 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 RM190,523 (2017: RM479,644) bears interest at BLR - 1.50% (2017: 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.

Notes to the Financial Statements

19. BANK BORROWINGS (CONT'D)

19.1 Term loans (Cont'd)

Term loan 9 of subsidiaries of RM14,091,070 (2017: RM15,362,950) bears interest at 2.80% (2017: 2.80%) per annum is repayable on demand.

Term loan 10 of subsidiaries of RM3,978,679 (2017: Nil) bears interest at BLR - 0.75% per annum and is repayable by monthly instalments of RM32,903 over fifteen commencing from the day of first drawdown and is secured and supported as follows:

- (a) Principal instrument of facilities agreement for the sum of RM4,207,500; and
- (b) Corporate guarantee issued by immediate holding company.

Term loan 11 of subsidiaries of RM10,000,000 (2017: Nil) bears interest at BR + 1.00% (2017: Nil) per annum and is repayable by 54 equal monthly instalments with the first instalment commencing 6 months from the date of first drawdown of the revolving credit facility and is secured and supported as follows:

- (a) Fixed deposit placed with a licensed bank of the Company as disclosed in Note 15 to the financial statements;
- (b) Irrevocable and unconditional letter of undertaking from the immediate holding company to cover any shortfall in any payment obligations in relation to the facility;
- (c) Irrevocable and unconditional letter of undertaking from the Borrower and the immediate holding company to discharge all security arrangements or documents created in favour of Danajamin Nasional Berhad ("Danajamin") in relation to the immediate holding company's existing Islamic Commercial Papers/Islamic Medium-Term Notes Programme ("PKHB's ICP/IMTN") no later than 3 months from the full settlement of the ICP/IMTN; and
- (d) Corporate guarantee from the company.

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.

The ICP/IMTN bears interest ranging from 4.20% to 4.75% (2017: 4.20% 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 shoptlot located at G-19, Subang Parade, Selangor;
- (d) leasehold commercial shoptlot (expiring in 2090) located at G-14, Mahkota Parade, Melaka;
- (e) leasehold commercial shoptlot (expiring in 2090) located at G-29, Mahkota Parade, Melaka;
- (f) leasehold commercial shoptlot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang;
- (g) leasehold commercial shoptlot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang;
- (h) freehold commercial shoptlot located at G-13, Summit Parade, Batu Pahat, Johor;

19. BANK BORROWINGS (CONT'D)

19.2 ICP/IMTN (Cont'd)

- (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
- (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	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments:				
- not later than one year	1,468,383	1,192,227	64,657	41,011
- later than one year but not later than five years	3,319,233	2,915,164	87,736	6,145
	4,787,616	4,107,391	152,393	47,156
Less: Future finance charges	(514,581)	(452,784)	(13,712)	(5,369)
Present value of hire purchase payables	4,273,035	3,654,607	138,681	41,787

The Group's and the Company's hire purchase payables mature between year 2018 and year 2022, bear effective interest at rates range from 2.33% to 3.50% (2017: 2.23% to 3.55%) and 2.42% to 3.23% (2017: 2.35% to 3.35%) per annum respectively.

19.4 Finance lease payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum lease payments:				
- not later than one year	3,540,960	2,905,254	438,468	49,950
- later than one year but not later than five years	1,060,568	847,356	235,459	-
	4,601,528	3,752,610	673,927	49,950
Less: Future finance charges	(301,504)	(245,447)	(44,170)	(2,872)
Present value of lease payments	4,300,024	3,507,163	629,757	47,078

The Group's and the Company's finance lease facilities mature in year 2018 to 2022, bear effective interest at rates at 3.05% to 3.52% (2017: 3.50% to 4.75%) and 3.05% to 3.51% (2017: 3.50%) per annum respectively.

Notes to the Financial Statements

19. BANK BORROWINGS (CONT'D)

19.5 Bankers' acceptance and short-term loan

The bank overdrafts, bankers' acceptance 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:

	Group	
	2018 %	2017 %
Bankers' acceptance	4.30 - 5.00	4.05 - 4.72

19.6 Revolving credit

The revolving credit of the subsidiary is denominated in RM and is secured and supported as follows:

- (a) Fixed deposits placed with a licensed bank of the subsidiary as disclosed in Note 15 to the financial statements;
- (b) Irrevocable and unconditional letter of undertaking from the immediate holding company to cover any shortfall in any payment obligations in relation to the facility;
- (c) Irrevocable and unconditional letter of undertaking from the Borrower and the immediate holding company to discharge all security arrangements or documents created in favour of Danajamin Nasional Berhad ("Danajamin") in relation to the immediate holding company's existing Islamic Commercial Papers/Islamic Medium-Term Notes Programme ("PKHB's ICP/IMTN") no later than 3 months from the full settlement of the ICP/IMTN; and
- (d) Corporate guarantee from the Company.

The Company's effective interest rates at the reporting period for revolving credit was as follow:

	Group	
	2018 %	2017 %
Revolving credit	5.35	-

20. DEFERRED INCOME

	Group	
	2018 RM	2017 RM
Deferred revenue from gift vouchers	1,169,216	6,758,413

21. PROVISION FOR RESTORATION COSTS

	Group	
	2018 RM	2017 RM
At 1 August	200,000	100,000
Provisions made for the financial year	-	100,000
At 31 July	200,000	200,000

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.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	14,505,635	7,106,588	23,602,876	-
Other payables	6,787,951	9,838,387	1,908,698	3,601,797
GST payable	-	2,342,110	-	-
	21,293,586	19,287,085	25,511,574	3,601,797

(a) **Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 1 to 180 days (2017: 1 to 180 days) and 1 to 180 days (2017: Nil).

Included in trade payables of the Company are amounts due to subsidiaries of RM12,470,095 (2017: Nil).

Notes to the Financial Statements

22. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables (Cont'd)

The currency profile of trade payables is as follows:

	Group	
	2018 RM	2017 RM
United States Dollar	801,868	336,834
Hong Kong Dollar	623,194	1,758,347
Euro	23,314	545,126
Ringgit Malaysia	13,057,259	4,059,293
Singapore Dollar	-	406,988
	14,505,635	7,106,588

(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 RM910,000 (2017: RM970,000) due to family members of a deceased director.

23. DEPOSITS AND ACCRUALS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits	2,834,230	2,029,839	-	-
Accruals	8,197,659	8,706,889	477,205	427,687
Customers' deposits	4,485,187	4,764,084	-	-
	15,517,076	15,500,812	477,205	427,687

(a) Accruals

Included in accruals of the Group is salary payable amounted to RM6,344,865 (2017: RM6,455,004).

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% (2017: 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of goods	1,003,521,807	876,995,940	243,007,286	-
Dividend income	-	-	9,773,000	11,708,000
Interest income	-	-	574,521	2,630,013
Management fee	-	-	12,984,744	16,187,027
	1,003,521,807	876,995,940	266,339,551	30,525,040

27. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expenses on bank borrowings	10,701,944	10,403,730	3,354,147	5,413,091
Hire purchase and finance lease charges	459,419	322,735	23,532	32,912
	11,161,363	10,726,465	3,377,679	5,446,003

28. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- current year	295,000	295,000	52,000	52,000
Bad debts written off	-	208	-	-
Depreciation of:				
- property, plant and equipment	9,688,032	8,946,704	853,954	670,377
- investment properties	314,041	161,923	-	-
Direct operating expenses from income generating investment properties	376,951	44,346	-	-

Notes to the Financial Statements

28. PROFIT BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax (Cont'd):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Employee benefits expenses (Note 32)	83,240,517	82,366,294	10,934,447	9,965,449
Impairment loss on trade receivables	-	471,512	-	-
Rental of equipments	770,685	823,521	764,760	823,521
Loss/(Gain) on dissolution of:				
- subsidiaries (Note 6)	20,814	79,767	(644,243)	(7,396,314)
Property, plant and equipment written off	601,096	1,201,863	-	-
Realised gain on foreign exchange	(1,559,086)	(315,159)	(34,996)	-
Rental of retail spaces and staff hostels	27,062,676	27,845,426	510,282	525,682
Car rental income	-	(1,750)	(6,000)	(6,000)
Dividend income	(899,994)	(1,049,993)	-	-
Equipment rental income	-	-	(425)	(600)
Gain on disposal of property, plant and equipment	(318,971)	(324,965)	(25,377)	(5,660)
Interest income	(489,310)	(611,017)	-	-
Premises rental income	(249,896)	(287,304)	-	-
Reversal of impairment loss on trade receivables	(396,063)	(117,685)	-	-
Unrealised gain on foreign exchange	(44,838)	(5,729)	-	-

29. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Income tax				
- current year	8,901,763	12,161,892	-	-
- prior years	646,036	468,854	-	-
	9,547,799	12,630,746	-	-
Deferred tax (Note 10)				
- current year	(821,822)	(577,018)	(1,003,496)	(777,871)
- prior years	(5,242,197)	(4,096,329)	(7,041,691)	52,177
	(6,064,019)	(4,673,347)	(8,045,187)	(725,694)
	3,483,780	7,957,399	(8,045,187)	(725,694)

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated taxable profit for the financial year.

29. INCOME TAX EXPENSE (CONT'D)

The reconciliations of income tax expense applicable to profit 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	26,885,248	37,485,809	3,483,452	11,983,140
Tax at applicable statutory tax rate of 24% (2017: 24%)	6,452,460	8,996,594	836,028	2,875,954
Tax effects arising from:				
- non-deductible expenses	2,515,784	2,609,796	805,710	932,569
- non-taxable income	(755,267)	(21,516)	(2,645,234)	(4,586,394)
- prior years	(4,729,197)	(3,627,475)	(7,041,691)	52,177
Income tax expense for the financial year	3,483,780	7,957,399	(8,045,187)	(725,694)

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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	
	2018 RM	2017 RM
Profit attributable to owners of the Company	23,401,468	29,528,410
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)	5.70	7.20

- (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.

Notes to the Financial Statements

31. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2018 RM	2017 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 2017, paid on 9 March 2018	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 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 ended 31 July 2018 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 2019.

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32. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, bonus, overtime and allowances	72,006,593	70,901,327	9,646,111	8,773,352
Defined contribution plan				
- EPF	6,491,874	6,298,302	1,028,338	942,915
Other staff related expenses	4,742,050	5,166,665	259,998	249,182
	83,240,517	82,366,294	10,934,447	9,965,449

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>Executive directors</u>				
- Salaries and other emoluments	11,076,476	11,212,130	3,829,532	3,394,333
- Fees	27,000	27,000	-	-
	11,103,476	11,239,130	3,829,532	3,394,333

32. EMPLOYEE BENEFITS EXPENSES (CONT'D)

Included in employee benefits expenses are directors' remuneration as follows (Cont'd):

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
<u>Non-executive directors</u>				
- Fees	192,000	192,000	192,000	192,000
- Non-fees	142,700	156,100	142,700	156,100
	334,700	348,100	334,700	348,100
Total directors' remuneration	11,438,176	11,587,230	4,164,232	3,742,433

33. CAPITAL COMMITMENTS

	Group	
	2018 RM	2017 RM
Capital expenditure in respect of purchase of investment properties:		
- Contracted but not provided for	767,580	1,663,090

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.

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Future minimum rental payments:				
Not later than one year	24,448,290	23,781,317	309,282	246,915
Later than one year but not later than five years	17,879,701	16,110,860	226,462	34,000
	42,327,991	39,892,177	535,744	280,915

Notes to the Financial Statements

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income received and receivable from				
- subsidiaries	-	-	9,773,000	11,708,000
- company connected to a director of the Company	899,994	1,049,993	-	-
Interest income received and receivable from subsidiaries	-	-	574,521	2,630,013
Management fee received and receivable from subsidiaries	-	-	12,984,744	16,187,027
Car rental received and receivable from subsidiaries	-	-	6,000	6,000
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	-	-	425	600
Sale of goods to				
- certain directors of the Company	605,885	397,620	-	-
- director of subsidiaries	37,901	36,422	-	-
- key management personnel	37,356	228,597	-	-

35. RELATED PARTIES (CONT'D)

(b) Significant related party transactions and balances (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Hostel rental paid to				
- certain directors of the Company	182,400	182,400	114,000	114,000
- directors of subsidiaries	67,600	66,600	-	-
Purchase of goods from				
- directors of the Company	178,404	963,197	-	-
- directors of subsidiaries	327	-	-	-
- key management personnel	8,151	83,485	-	-
Legal and professional fees paid to a firm connected to a director of the Company	163,759	93,416	-	-
Interest expenses paid to				
- holding company	19,800	19,800	19,800	19,800
- a subsidiary	-	-	-	307,299
Sales of motor vehicles to directors of the Company	64,000	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.

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	11,102,319	11,747,399	3,520,796	3,289,326
Post employment benefits	868,450	900,428	308,736	306,576
	11,970,769	12,647,827	3,829,532	3,595,902

Notes to the Financial Statements

35. RELATED PARTIES (CONT'D)

(b) Key management personnel remuneration (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	16,644,401	14,451,410	1,913,887	1,750,038
Post employment benefits	1,357,956	1,194,742	202,265	183,192
	18,002,357	15,646,152	2,116,152	1,933,230

36. SEGMENTS REPORTING

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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 jewelleries, precious stones, gold ornaments and gold bullion
- (ii) Manufacturing : manufacturer and dealers of jewelleries, precious stones and gold ornaments
- (iii) Others : investment holding

36. SEGMENTS REPORTING (CONT'D)

(a) **Business segments (Cont'd)**

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note RM	Consolidated RM
2018						
Revenue						
External sales	952,223,377	51,298,430	-	-		1,003,521,807
Inter-segment sales	330,342,906	258,478,391	37,318,344	(626,139,641)	36(b)	-
Total Revenue	1,282,566,283	309,776,821	37,318,344	(626,139,641)		1,003,521,807
Results						
Segment results	50,151,896	3,495,532	2,504,207	(18,594,334)	36(c)	37,557,301
Results from operating activities	50,151,896	3,495,532	2,504,207	(18,594,334)		37,557,301
Interest income	263,893	225,417	-	-	36(d)	489,310
Finance costs	(6,150,511)	(827,992)	(4,182,860)	-	36(d)	(11,161,363)
Profit before tax	44,265,278	2,892,957	(1,678,653)	(18,594,334)		26,885,248
Income tax (expense)/income	(9,403,720)	(1,700,395)	7,647,809	(27,474)	36(d)	(3,483,780)
Profit for the financial year	34,861,558	1,192,562	5,969,156	(18,621,808)		23,401,468
Assets						
Segment assets	866,868,132	133,165,175	572,990,259	(770,234,067)	36(e)	802,789,499
Consolidated total assets	866,868,132	133,165,175	572,990,259	(770,234,067)		802,789,499
Liabilities						
Segment liabilities	527,782,762	32,203,688	317,606,206	(598,146,199)	36(f)	279,446,457
Consolidated total liabilities	527,782,762	32,203,688	317,606,206	(598,146,199)		279,446,457
Other information						
Additions of:						
- property, plant and equipment	6,350,689	1,551,103	1,935,668	-	36(d)	9,837,460
- investment properties	-	-	5,845,508	-	36(d)	5,845,508
Depreciation of:						
- property, plant and equipment	6,689,243	1,362,149	1,410,332	226,308	36(d)	9,688,032
- investment properties	134,711	-	179,330	-	36(d)	314,041
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	(293,594)	-	(25,377)	-		(318,971)
Loss on deconsolidation of dissolved subsidiaries	(5,848,834)	-	(644,243)	6,513,891		20,814
Property, plant and equipment written off	601,096	-	-	-		601,096
Reversal of impairment loss on trade receivables	(396,063)	-	-	-		(396,063)

Notes to the Financial Statements

36. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note RM	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
- investment properties	-	-	-	-	36(d)	-
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)	(172,886)	(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)

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:

	2018 RM	2017 RM
Investment in subsidiaries	(176,224,612)	(176,763,342)
Inter-segment assets elimination	(594,009,455)	(922,103,646)
	(770,234,067)	(1,098,866,988)

- (f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 RM	2017 RM
Inter-segment liabilities elimination	(598,146,199)	(938,311,040)

(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

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
2018				
Financial assets				
Other investments	-	527,999	-	527,999
Trade and other receivables	17,247,334	-	-	17,247,334
Deposits	8,882,847	-	-	8,882,847
Fixed deposits placed with licensed banks	15,184,777	-	-	15,184,777
Cash and bank balances	39,107,816	-	-	39,107,816
	80,422,774	527,999	-	80,950,773
Financial liabilities				
Bank borrowings	-	-	219,325,817	219,325,817
Trade and other payables	-	-	21,293,586	21,293,586
Deposits and accruals	-	-	15,517,076	15,517,076
Amount due to holding company	-	-	1,319,305	1,319,305
Amount due to directors	-	-	3,546,004	3,546,004
	-	-	261,001,788	261,001,788
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

* excluded GST payable

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
2018				
Financial assets				
Trade and other receivables	21,513,984	-	-	21,513,984
Deposits	36,722	-	-	36,722
Amount due by subsidiaries	292,871,749	-	-	292,871,749
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Cash and bank balances	21,267,605	-	-	21,267,605
	335,720,060	-	-	335,720,060
Financial liabilities				
Bank borrowings	-	-	50,768,438	50,768,438
Other payables	-	-	25,511,574	25,511,574
Accruals	-	-	477,205	477,205
Amount due to holding company	-	-	1,298,840	1,298,840
Amount due to subsidiaries	-	-	222,079,402	222,079,402
Amount due to directors	-	-	1,225,676	1,225,676
	-	-	301,361,135	301,361,135
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

Notes to the Financial Statements

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:

	Company	
	2018 RM	2017 RM
<u>Secured</u>		
Guarantees given in support of banking facilities granted to subsidiaries	223,517,159	173,517,159
<u>Unsecured</u>		
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	3,157,362	2,956,512

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.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial risk management and objectives (Cont'd)**

(i) **Credit risk (Cont'd)**

Exposure to credit risk (Cont'd)

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.

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.

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

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
2018					
Financial liabilities					
Trade and other payables*	21,293,586	21,293,586	21,293,586	-	-
Deposits and accruals	15,517,076	15,517,076	15,517,076	-	-
Bankers' acceptance	113,325,000	115,200,283	115,200,283	-	-
Revolving credit	10,000,000	10,133,750	10,133,750	-	-
Term loans	37,427,758	40,111,117	17,921,204	15,411,702	6,778,211
ICP/IMTN	50,000,000	51,542,368	51,542,368	-	-
Hire purchase payables	4,273,035	4,787,616	1,468,383	3,319,233	-
Finance lease payables	4,300,024	4,601,528	3,540,960	1,060,568	-
Amount due to holding company	1,319,305	1,397,235	1,397,235	-	-
Amount due to directors	3,546,004	3,546,004	3,546,004	-	-
	261,001,788	268,130,563	241,560,849	19,791,503	6,778,211
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

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
2018					
Financial liabilities					
Trade and other payables*	25,511,574	25,511,574	25,511,574	-	-
Deposits and accruals	477,205	477,205	477,205	-	-
ICP/IMTN	50,000,000	51,542,368	51,542,368	-	-
Hire purchase payables	138,681	152,393	64,657	87,736	-
Finance lease payables	629,757	673,927	438,468	235,459	-
Amount due to holding company	1,298,840	1,376,770	1,376,770	-	-
Amount due to subsidiaries	222,079,402	222,079,402	222,079,402	-	-
Amount due to directors	1,225,676	1,225,676	1,225,676	-	-
Financial guarantee contracts	-	237,674,521	237,674,521	-	-
	301,361,135	540,713,836	540,390,641	323,195	-
2017					
Financial liabilities					
Trade and other payables*	3,601,797	3,601,797	3,601,797	-	-
Deposits and accruals	427,687	427,687	427,687	-	-
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	-

* excluded GST payable

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and objectives (Cont'd)

(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.

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
2018					
Financial asset					
Fixed deposits placed with licensed banks	2.45 - 3.77	15,184,777	-	-	15,184,777
Financial liabilities					
Amount due to holding company	6.00	1,319,305	-	-	1,319,305
Hire purchase payables	2.33 - 3.50	1,288,770	2,984,265	-	4,273,035
Finance lease payables	3.05 - 3.52	3,308,949	991,075	-	4,300,024
ICP/IMTN	4.20 - 4.75	50,000,000	-	-	50,000,000
Term loans	2.80 - 7.00	17,169,825	20,257,933	-	37,427,758
Bankers' acceptance	4.30 - 5.00	113,325,000	-	-	113,325,000
Revolving credit	5.35	10,000,000	-	-	10,000,000
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

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
2018					
Financial asset					
Fixed deposits placed with licensed banks	2.45 - 3.04	30,000	-	-	30,000
Financial liabilities					
Amount due to holding company	6.00	1,298,840	-	-	1,298,840
Hire purchase payables	2.42 - 3.23	58,697	79,984	-	138,681
Finance lease payables	3.05 - 3.51	409,730	220,027	-	629,757
ICP/IMTN	4.20 - 4.75	50,000,000	-	-	50,000,000
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	35,642	6,145	-	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

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 2018, 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 RM160,752,758 and Nil (2017: RM110,498,349 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 RM59,892,364 and RM52,067,278 (2017: RM78,440,810 and RM76,967,905) respectively are exposed to the fair value interest rate risk.

Notes to the Financial Statements

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 2018	+ 1%	1,221,721
	- 1%	(1,221,721)
31 July 2017	+ 1%	839,787
	- 1%	(839,787)

(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.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial risk management and objectives (Cont'd)**

(v) **Market price risk (Cont'd)**

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
<hr/>		
Group		
31 July 2018	+ 5%	14,585,108
	- 5%	(14,585,108)
<hr/>		
31 July 2017	+ 5%	13,692,025
	- 5%	(13,692,025)
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Notes to the Financial Statements

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.

2018 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM	Total 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	-	-	-	-	-	37,427,758	-	37,427,758	37,427,758	37,427,758
ICP/IMTN	-	-	-	-	-	50,000,000	-	50,000,000	50,000,000	50,000,000
Hire purchase payables	-	-	-	-	-	-	4,474,406	4,474,406	4,474,406	4,273,035
Finance lease payables	-	-	-	-	-	-	4,669,562	4,669,562	4,669,562	4,300,024
	-	-	-	-	-	87,427,758	9,143,968	96,571,726	96,571,726	96,000,817

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements (Cont'd)

	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		
2017								
Group								
Financial assets								
Other investments								
- Unquoted shares	-	-	-	-	-	-	-	# 299,999
- Transferable club memberships	-	-	-	-	-	-	-	# 228,000
	-	-	-	-	-	-	-	527,999
Financial liabilities								
Term Loans	-	-	-	-	-	-	-	26,075,351
ICP/MTN	-	-	-	-	-	-	-	70,000,000
Hire purchase payables	-	-	-	-	-	-	-	3,728,522
Finance lease payables	-	-	-	-	-	-	-	3,578,203
	-	-	-	-	-	-	-	103,382,076
	-	-	-	-	-	-	-	103,237,121

The fair value cannot be reliably measured using valuation techniques.

Notes to the Financial Statements

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements (Cont'd)

	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		
2018										
Company										
Financial liabilities										
ICP/IMTN	-	-	-	-	-	50,000,000	-	50,000,000	50,000,000	50,000,000
Hire purchase payables	-	-	-	-	-	-	131,828	131,828	131,828	138,681
Finance lease payables	-	-	-	-	-	-	602,913	602,913	602,913	629,757
	-	-	-	-	-	50,000,000	734,741	50,734,741	50,734,741	50,768,438
2017										
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

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 2018 and 31 July 2017.

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.

Notes to the Financial Statements

38. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio for the Group and for the Company respectively as at 31 July 2018 and 31 July 2017, are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Total net debts	165,033,224	138,078,874	29,470,833	59,890,272
Total capital plus net debts	688,376,266	642,123,966	262,696,342	285,690,660
Gearing ratio	0.24	0.22	0.11	0.21

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 2018 and 31 July 2017.

Statement by Directors

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **DATO' CHOON YEE SEIONG** and **CHEONG TECK CHONG**, being two of the directors of Poh Kong Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 106 to 192 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 2018 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

DATO' CHOON YEE SEIONG

Director

CHEONG TECK CHONG

Director

Petaling Jaya

Date: 24 October 2018

Statutory Declaration

(PURSUANT TO SECTION 251(1) OF 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 accompanying financial statements set out on pages 106 to 192 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

Officer

MIA Membership No.: 23386

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in State of Selangor Darul Ehsan on 24 October 2018.

194 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 2018 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 106 to 192.

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 2018, 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.

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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 4.1 and Note 11 to the financial statements)

Risk:

The Group measures inventories at lower of cost and 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)

Key Audit Matters (Cont'd)

Deferred tax assets (Note 4.2 and Note 10 to the financial statements)

Risk:

As at 31 July 2018, the Group and the Company have recognised deferred tax assets for unused tax losses and deductible temporary differences that they believes are recoverable. The recoverability of recognised deferred tax assets is dependent on whether there will be sufficient future taxable profits against which the unused tax losses and the deductible temporary differences can be utilised.

We focused on this area because the realisation of these deferred tax assets is often dependent on 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.

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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)

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.

Independent Auditors' Report

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

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. 02819/10/2020 J
Chartered Accountant

Analysis of Shareholdings

AS AT 31 OCTOBER 2018

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 OCTOBER 2018

Size of shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 - 999	379	12.71	67,544	0.02
1,000 - 10,000	1,578	52.94	8,239,424	2.01
10,001 - 100,000	894	29.99	28,700,398	6.99
100,001 - 20,517,586 (*)	128	4.29	102,635,500	25.01
20,517,587 and above (**)	2	0.07	270,708,886	65.97
Total	2,981	100.00	410,351,752	100.00

REMARK : * - LESS THAN 5% OF ISSUED HOLDINGS
** - 5% AND ABOVE OF ISSUED HOLDINGS

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LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2018

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)	31,500,000	7.68
3	CHOON YEE SEIONG	11,512,746	2.81
4	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	11,291,900	2.75
5	TEO KWEE HOCK	7,553,800	1.84
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEO SIEW LAI	6,952,600	1.69
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 PLEGDED SECURITIES ACCOUNT FOR SUSY DING (471873)	4,751,200	1.16
9	CHOON NEE SIEW	3,732,242	0.91
10	HLIB NOMINEES (ASING) SDN BHD LIM & TAN SECURITIES PTE LTD FOR LAM LAI CHENG	3,000,000	0.73

Analysis of Shareholdings

AS AT 31 OCTOBER 2018

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2018 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
11	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	2,750,000	0.67
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 (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON (MY1055)	1,551,400	0.38
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,500,100	0.37
19	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOON YOKE YING (M&A)	1,390,000	0.34
20	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,175,000	0.29
21	HAW YOO HOON	1,142,800	0.28
22	TAN AIK CHOON	1,056,000	0.26
23	LIM CHER-SERN	1,001,800	0.24
24	KWEK KIM SEONG	983,000	0.24
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG WEI KING	858,500	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	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROBERT WING-YEE SNASHALL	634,300	0.15
29	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR GOH GUAN SIONG (WU YUANXIANG)	613,500	0.15
30	YONG KOON WOUI	607,000	0.15
	Total	352,650,548	85.94

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2018

Names	←-----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	249,603,028 ⁽¹⁾	60.83
Cheong Teck Chong	2,127,828	0.52	239,356,648 ⁽²⁾	58.33
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽³⁾	61.32
Choon Nee Siew	3,732,242	0.91	254,711,072 ⁽⁴⁾	60.07
Dato' Choon Yoke Ying	1,395,072	0.34	257,298,498 ⁽⁵⁾	62.69
Choon Wan Joo	2,320,080	0.57	256,255,102 ⁽⁵⁾	62.43
Choon Yee Bin	140,030	0.03	258,430,034 ⁽⁶⁾	62.97
Mohd Annuar Choon Bin Abdullah	30	0.00	258,426,534 ⁽⁶⁾	62.97
Estate of Choon Yee Fook	82	0.00	258,398,482 ⁽⁷⁾	62.96
Choon Ching Yih	1,896	0.00	258,396,668 ⁽⁸⁾	62.96
Choong Bee Chu	-	-	258,423,066 ⁽⁹⁾	62.97
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,336,714 ⁽¹⁰⁾	58.81
Cheong Poh See	37,750	0.01	245,075,956 ⁽¹¹⁾	59.72
Cheong Chee Kong	7,000	0.00	245,106,706 ⁽¹¹⁾	59.73
Cheong Chee Khoon	-	-	245,113,706 ⁽¹¹⁾	59.73
Choon King Han	265,000	0.06	253,348,842 ⁽¹¹⁾	61.75
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	-	-	241,381,464 ⁽¹²⁾	58.82
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	32,750,000 ⁽¹³⁾	7.98
Yeo Seng Chong	-	-	35,500,000 ⁽¹⁴⁾	8.65
Yeoman Capital Management Pte Ltd ("YCMPL")	450,000	0.11	32,300,000 ⁽¹⁵⁾	7.87
Yeoman 3-Rights Value Asia Fund	31,500,000	7.68	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd ("YCMPL's Client 1")	800,000	0.19	-	-

Notes:

- (1) 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(1)(c), 8 and 197 of the Companies Act 2016 ("the Act").
- (2) 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(1)(c), 8 and 197 of the Act.
- (3) 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(1)(c), 8 and 197 of the Act.
- (4) Deemed interest by virtue of the direct shareholding of her siblings and children's shareholding in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(1)(c), 8 and 197 of the Act.
- (5) Deemed interest by virtue of the direct shareholding of his spouse and siblings and her indirect interest in PKHB via PKSB pursuant to Sections 59(1)(c), 8 and 197 of the Act.
- (6) 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(1)(c), 8 and 197 of the Act.
- (7) Deemed interest by virtue of the direct shareholding of his siblings and the indirect interest of his siblings in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- (8) 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.
- (9) Deemed interest by virtue of the direct shareholding of her siblings and her children and her indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- (10) 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.
- (11) Deemed interest by virtue of the direct shareholding of his/her parent(s)' and siblings in PKHB and indirect interest in PKHB via PKSB pursuant to Sections 8 and 197 of the Act.
- (12) 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.
- (13) 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.
- (14) 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 Section 8 of the Act.
- (15) Deemed interest by virtue of its shareholding in DB (Malaysia) Nominee (Asing) Sdn Bhd, and CIMSEC Nominees (Asing) Sdn Bhd pursuant to Section 8 of the Act.

Analysis of Shareholdings

AS AT 31 OCTOBER 2018

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDING AS AT 31 OCTOBER 2018

Names	← Direct →		← Indirect →	
	No. of Shares	%	No. of Shares	%
Dato' Choon Yee Seiong	11,600,246	2.83	249,603,028 ⁽¹⁾	60.83
Cheong Teck Chong	2,127,828	0.52	239,356,648 ⁽²⁾	58.33
Choon Nee Siew	3,732,242	0.91	254,711,072 ⁽³⁾	60.07
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽⁴⁾	61.32
Choon Yee Bin	140,030	0.03	258,430,034 ⁽⁵⁾	62.97
Dato' Dr Choong Tuck Yew	227,500	0.06	155,000 ⁽⁶⁾	0.00
Choon Wan Joo	2,320,080	0.57	256,255,102 ⁽⁷⁾	62.43
Dato' Choon Yoke Ying	1,395,072	0.34	257,298,498 ⁽⁷⁾	62.69
Fazrin Azwar Bin Md Nor	35,000	0.01	-	-
Datin Shirley Yue Shou How	-	-	-	-
Dato' Esther Tan Choon Hwa	-	-	-	-

Notes:

- (1) 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").
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Deemed interest by virtue of the shareholding of his spouse's direct shareholding in PKHB pursuant to Section 59(11)(c) of the Act.
- (7) 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 2018

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 46 years	3,504,900	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 46 years	4,594,500	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 shoplot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq ft	20 years	2,432,445	20.6.95
G27 and G53 Star Parade, Alor Setar	Commercial shoplot	Leasehold (Master Title Expiring in 2094 - pending issuance of strata title)	Shopping Complex Lot	G27: 463 sq ft G27: 452 sq ft	21 years	1,170,000	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 46 years	3,324,001	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 18 years	292,740	25.8.14

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2018 (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 41 years	4,642,000	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 41 years	4,642,000	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	17.5 years	23,468,000	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	29 years	5,704,296	15.8.97
No.276, Jalan 4D Kampung Baru Subang 40100 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	2,548,000	30.7.02
No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan							

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	21 years	680,900	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shoplot	Freehold	Shopping Complex Lot	100 square metres	25 years	460,048	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	26 years	2,842,000	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	26 years	3,072,300	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	12 years	4,253,200	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 20 years	2,254,000	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 34 years	3,920,000	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	18 years	245,000	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	21 years	406,700	21.11.94

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2018 (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 26 years	176,982	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 46 years	4,495,048	6.6.00
206 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 46 years	4,103,048	17.2.89
No.18, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan							
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey house	Freehold	Residential	154 square metres	Approximately 18 years	358,200	12.11.09
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 23 years	897,130	11.7.97
No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan							

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 33 years	877,200	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	26 years	294,000	15.7.97
No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor Darul Ehsan							
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	24 years	450,800	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	24 years	450,800	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	12,959 square feet	4 years	8,327,306	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	7 years	803,600	9.9.15
No 6 Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring 2069)	Shop	174.1875 square metres	46 years	4,892,250	18.8.17

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth 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 Friday, 11 January 2019 at 12.30 p.m. for the following purposes:

ORDINARY BUSINESS

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the year ended 31 July 2018 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 2018. | Resolution 1 |
| 3. | To approve the payment of the Directors' Fees and Allowances amounting to RM334,700.00 for the year ended 31 July 2018. | Resolution 2 |
| 4. | To approve Directors' Fees and Allowances of an amount not exceeding RM400,000.00 from 1 August 2018 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) Mr Cheong Teck Chong | Resolution 4 |
| | (b) Dato' Choon Yoke Ying | Resolution 5 |
| | (c) Madam Choon Wan Joo | Resolution 6 |
| | (d) Dato' Dr Choong Tuck Yew | 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 | Authority for Encik Fazrin Azwar Bin Md Nor to Continue In Office as Independent Non-Executive Director | Resolution 9 |

"**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 cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2017.

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 cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2017.

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 2018 will be payable on 8 March 2019 to Depositors registered in the Record of Depositors at the close of business on 15 February 2019.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred to the Depositor's Securities Account before 4:00 pm on 15 February 2019 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

30 November 2018

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 the Company shall have the same rights as the member to speak at the meeting.

Notice of Annual General 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 Resort, 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 Annual 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) Authority to continue to act as an Independent Non-Executive Director of the Company pursuant to the definition of "independent director" as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(a) Fazrin Azwar Bin Md Nor (Resolution 9)

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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) 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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 the 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 3 January 2019. Only a depositor whose name appears on the Record of Depositors as at 3 January 2019 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

POH KONG HOLDINGS BERHAD

(Company No.: 586139-K)

(Incorporated in Malaysia)

Form of Proxy

I/We _____ NRIC/Co. No. _____

of _____

Tel. No _____ being a member of **POH KONG HOLDINGS BERHAD**

hereby appoint * the Chairman of the meeting or _____ NRIC/Co. No. _____

of _____,

or falling whom _____ NRIC/Co. No. _____

of _____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Sixteenth 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 Friday, 11 January 2019 at 12.30 p.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 2018.		
2.	To approve the payment of the Directors' Fees and Allowances amounting to RM334,700.00 for the year ended 31 July 2018.		
3.	To approve Directors' Fees and Allowances of an amount not exceeding RM400,000.00 from 1 August 2018 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 Mr Cheong Teck Chong retiring under Article 80 of the Articles of Association.		
5.	To re-elect Dato' Choon Yoke Ying retiring under Article 80 of the Articles of Association.		
6.	To re-elect Madam Choon Wan Joo retiring under Article 80 of the Articles of Association.		
7.	To re-elect Dato' Dr Choong Tuck Yew 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 authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent Non-Executive Director.		
10.	To authorise Dato' Dr Choong Tuck Yew to continue in office as Independent Non-Executive Director.		

* Strike out whichever not applicable

[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 _____ 2018/2019

[Signature/Common Seal of Shareholder]

CDS Account No.	
Number of shares held:	

Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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
- IOI Mall Puchong
T: 603-8071 0340

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/
603-9201 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

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

TAIPING

- 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 MERTA JAM

- 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 Kulaijaya
T: 607-660 6000

- AEON Mall Bandar Dato' Onn
T: 607-361 8446

- Paradigm Mall, Johor Bahru Lot UE-06, Upper Ground Floor
T: 607-244 0463/
607-244 8721

GENTING

- Sky Avenue Genting Highlands Resort
T: 605-6101 2485

BATU PAHAT

- Batu Pahat Mall
T: 607-433 1918



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