



**STRENGTH
AND RESILIENCE**

ANNUAL REPORT 2021

Vision & Mission

Our Vision

To achieve product and service excellence.

Our Mission

To continue leading the gold market with a strong in-house brand presence.

To be the largest jewellery retail chain with a range of concept outlets and a wide distribution network offering convenience and easy accessibility to our clients and customers.

To offer an extensive range of local and international renowned jewellery brands to cater to customers' diverse preferences and needs

To be the jewellery brand of choice for all occasions as our designs meet customer needs for all the most significant and meaningful events in their lives.

To continuously improve our employees' performance and quality of service

To improve production and operational efficiency

To ensure effective and timely communication between management and employees

To increasingly digitise our business for product and service efficiency and to achieve better end-to-end customer experience



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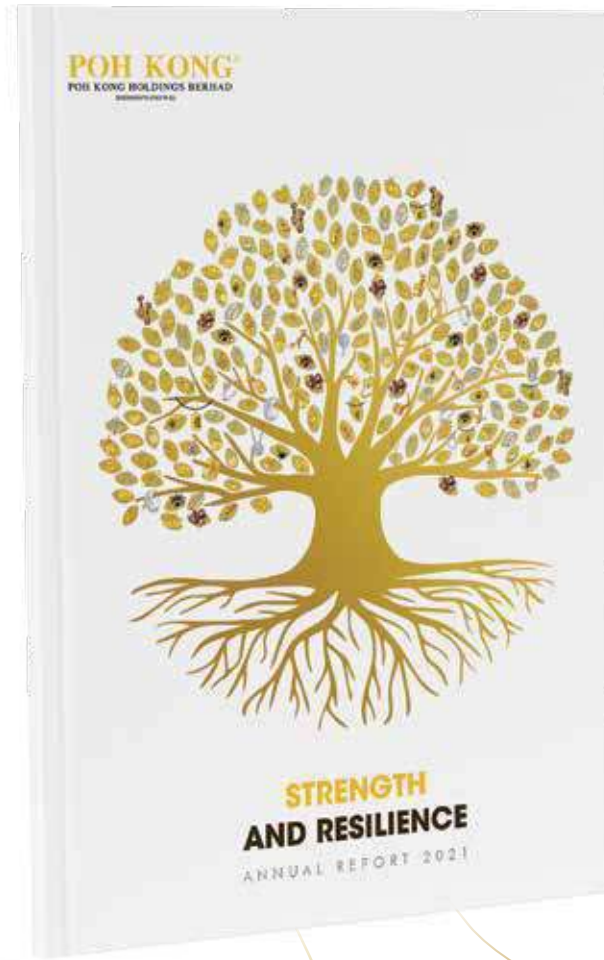
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Cover Rationale



S Strength and Resilience

Poh Kong's 2021 Annual Report depicts a bejewelled tree, symbolising strength, resilience, and prosperity. Trees carry in them the life force of the planet. The jewels that light up this celebratory Tree of Life reflects the way Poh Kong has used the power of its products and people to prosper the company and its stakeholders. Here we see 45 years of patient growth from a delicate sapling to a sturdy tree whose roots run deep into the tapestry of Malaysian life. The branches of interconnectedness stand for integrity, honesty and a passion to serve our valued customers. Slowly and steadily Poh Kong has been growing its sustainability commitment. It joins other responsible corporate citizens to transform our throwaway economy into one where waste is eliminated, resources circulated and nature regenerated.



Who We Are

Like the fine jewellery that has become the hallmark of the company, Poh Kong has been carefully crafted through the **PASSIONATE** and integrity of its founder Dato' Choon Yee Seiong. He has an intrinsic understanding that a jewellery business requires **ORIGINALITY** and **HONESTY**. These are the core values and ethos of Poh Kong and its legacy.

KINDNESS in the way we operate impacts positively on the community, our business partners, shareholders and most importantly the environment. **OUTSTANDING** performance of our people, and a will to outshine comes from challenging ourselves to achieve the impossible. We are constantly scanning the marketplace for fresh opportunities that secure our market position as a leader in the gold jewellery business in Malaysia. **NURTURING** our people through a corporate commitment that encourages continuous learning, has contributed significantly to a strong team spirit and a culture of excellence in our people.

Glitter and gold describe the Company, its people and our 45-year track record. We aim to sustain this at all times and endeavour to enhance shareholder value that ensures us of a **GLOWING** and glorious future.



P Passionate

O Originality

H Honesty

K Kindness

O Outstanding

N Nurturing

G Glowing

An Overview of PKHB

ALL THAT GLITTERS IS NOT JUST GOLD

That old adage of not being fooled by superficial glitter and shine serves as a cautionary proverb. However, at Poh Kong Holdings Berhad, our 45-year track record reveals, that we have applied a glowing gold standard to integrity, quality and trust in all aspects of our operations within the organisation. This is what gives this corporation its brilliant shine. Glitter is embedded in Poh Kong's core values and is evident in its products, its impeccable service and in the integrity of its people.

In our more than four decades as a successful company we have experienced many economic cycles of highs and lows and thrived through it all. Our business model relies on a precious metal that has been used since ancient times. The chemical symbol for gold Au (from Latin aurum meaning shining dawn), has always commanded high value. Its main use has been in the making of jewellery. 50% of the world's gold consumption is used to make jewellery, 40% is used in investments and 10% is employed for industrial use.

At Poh Kong our core business straddles the two major areas of gold utilisation; in the crafting and sale of jewellery and in offering gold investments. Gold does not corrode and has become a symbol of immortality and power. And it is these attributes that are reflected in the strength and resilience of our business.

The global economy was significantly disrupted by the COVID-19 pandemic with many countries, including Malaysia, closing their borders and implementing lockdowns to control the spread of the virus. Although Poh Kong saw a drop in revenue, net profit rose as a result of the prevailing gold prices and various mitigating measures undertaken by the Company. Poh Kong's business remains viable and provides our shareholders with continuing share value. We are cautiously optimistic about the Group meeting the challenges ahead.

This optimism is supported by market analysis. According to the World Gold Council's ("WGC") Retail Gold Insights 2019, market conditions continued to draw retail investors. The 12 Nov 2019 report says that gold was the

third most consistently bought financial product at 46%, behind savings accounts (78%) and life insurance (54%). (The Edge, 4 Dec 2019). Poh Kong continued to profit from its bullion investment products and gold bars.

The WGC's Insight Report also observes that retail investors (navigating through unknown territory) made gold purchases as they needed to have confidence in an asset that would protect their wealth from heightened financial market uncertainty. Here in Malaysia, Poh Kong is still managing to ride the crest of the COVID-19 wave as gold investments continue to be made in response to a changing and challenging risk environment.

Caution and optimism remain the two guiding principles that craft Poh Kong's strategic direction. We stay abreast with all current global developments in the gold market. China is reporting that gold prices are already languishing at a six-year low due to global economic uncertainties. Therefore, with China and India, the largest and second largest gold markets going soft, it would mean that the Group needs to remain vigilant.

However, an industry expert offers another view. "It is good to remember one undeniable fact: new gold mined increases the total supply of gold by only 1% annually". The remaining 99% already exists, in large warehouses, jewellery, and people's homes around the world. The laws of supply and demand also move this 99%.

"If gold is not available, [it's because] the current owners believe the price of gold is too low or people simply do not want to exchange their gold for the weakening ringgit or [US] dollar. It is reasonable to assume that once the worst peak of the panic caused by the COVID-19 subsides, factories open, air traffic normalises, and the gold market will return to normal." (The Edge, 6 April 2020)

We believe what goes down must come up. Once the COVID-19 virus comes under control economies around the world will bounce back and Poh Kong is determined to be well-positioned for further success.

Corporate Information

AUDIT COMMITTEE

**Dato' Esther
Tan Choon Hwa**
Chairperson

**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

**Datin Shirley
Yue Shou How**
Member

NOMINATION COMMITTEE

**Encik Fazrin Azwar
Bin Md Nor**
Chairman

**Dato' Esther
Tan Choon Hwa**
Member

**Datin Shirley
Yue Shou How**
Member

REMUNERATION COMMITTEE

**Datin Shirley
Yue Shou How**
Chairperson

**Dato'
Choon Yee Seiong**
Member

**Encik Fazrin Azwar
Bin Md Nor**
Member

**Dato' Esther
Tan Choon Hwa**
Member

COMPANY SECRETARY

Ng Yim Kong
(LS 0009297)
(PC No. 202008000309)



For more information please login to

 www.pohkong.com.my

 www.facebook.com/pohkongjewellers

REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd
200201001821 (569484-W)

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

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
199601006647 (378993-D)

11th Floor Menara Symphony
No.5 Jalan Professor Khoo Kay Kim
Section 13 46200 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7890 4700 Fax: 03-7890 4670

AUDITORS

Messrs Baker Tilly Monteiro Heng PLT
201906000600
(LLP0019411-LCA) & AF0117

Baker Tilly Tower Level 10 Tower 1 Avenue 5
Bangsar South City 59200 Kuala Lumpur

Tel: 03-2297 1000 Fax: 03-2282 9980

CORPORATE OFFICE

No. 16-20 Jalan 52/4
46200 Petaling Jaya
Selangor Darul Ehsan

Tel: 03-7940 3333 Fax: 03-7957 2404
03-7958 8398

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: 03-9287 8888

United Overseas Bank (Malaysia) Bhd
(271809-K)

Level 11 Menara UOB Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2692 7722

Malayan Banking Berhad (3813-K)
Menara Maybank 100 Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2070 8833

SOLICITORS

Soo Thien Ming & Nashrah

No. 3 1st Floor JalanSS23/15 Taman SEA
47400 Petaling Jaya Selangor Darul Ehsan

Tel: 03-7880 1212 Fax: 03-7880 9292

Aswandi Hashim & Co

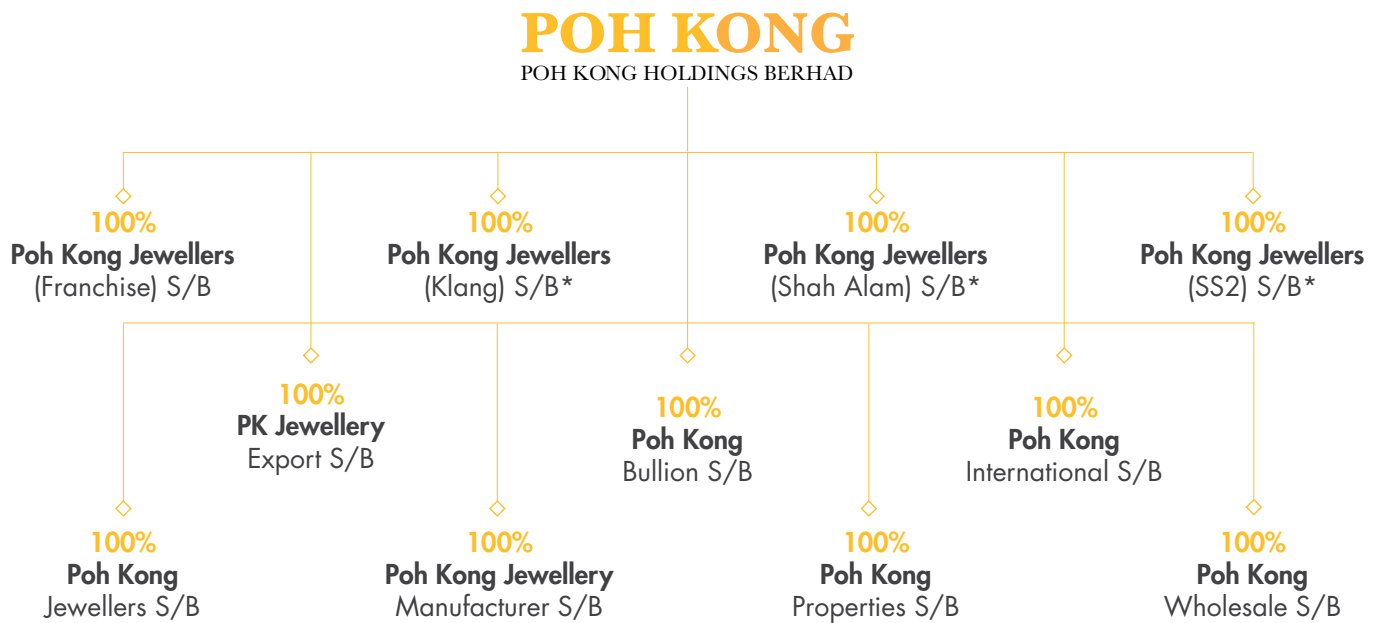
No.9, 1st & 2nd floor, Kompleks Perniagaan
Sultan Abdul Hamid, Persiaran Sultan Abdul
Hamid, 05050 Alor Setar, Kedah Darul Aman.

Tel: 04-7713 897 Fax: 04-7714 533

STOCK EXCHANGE LISTING

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

C Corporate Structure



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

S Significant Highlights

18th Annual General Meeting



Eighteenth Annual General Meeting of POH KONG HOLDINGS BERHAD conducted entirely through live streaming from the Broadcast Venue at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor



S Significant Highlights

Roadshows & Events

Roadshows were organised to promote Poh Kong's shopping campaigns and its latest jewellery collections at major malls.

Events include the Hari Raya Fair @ Midvalley KL.



Midvalley KL



Midvalley KL

B Board of Directors

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

MR CHEONG TECK CHONG

Executive Director

MADAM CHOON NEE SIEW

Executive Director

MR CHOON YEE BIN

Executive Director

DATIN HON WEE FONG

Executive Director

ENCIK FAZRIN AZWAR BIN MD NOR

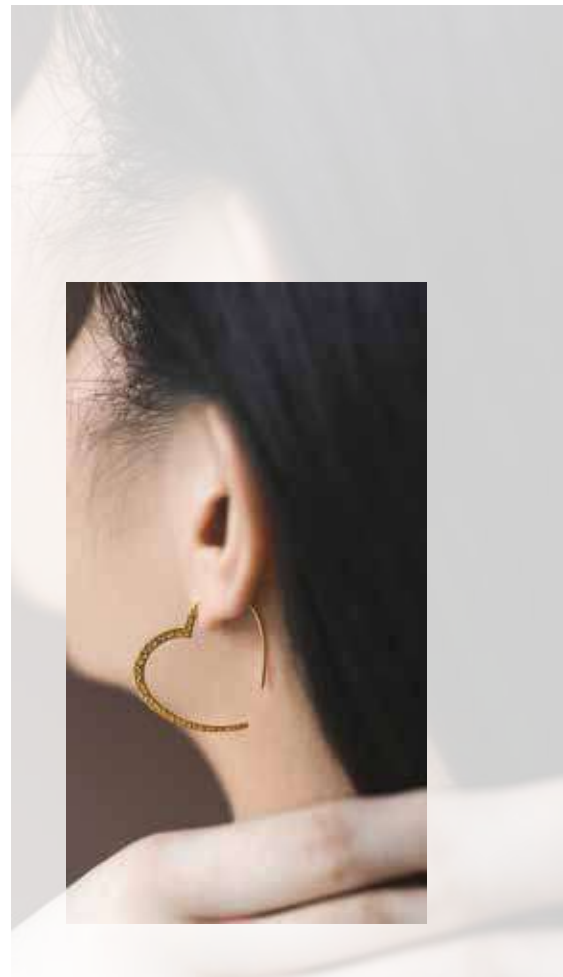
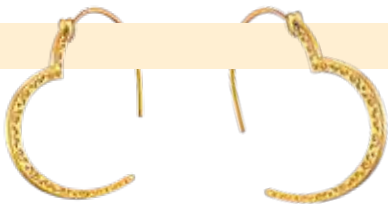
Independent Non-Executive Director

DATIN SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

DATO' ESTHER TAN CHOON HWA

Independent Non-Executive Director



Profile of Board of Directors

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director
since 13 January 2004

Nationality : Malaysian

Age : 67

Gender : Male

BOARD COMMITTEE MEMBERSHIP

- Executive Committee (Chair)
- Risk Management Committee
- Remuneration Committee

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

- Choon Yee Seiong Sdn Bhd

MEMBERSHIPS

- Malaysia Retailer-Chain Association

AWARDS

- Retailer of the Year 2018 – JNA Awards
- Outstanding Enterprise of the Year 2018 – JNA Awards
- Special Recognition Award 2016 – AEON Group
- Visionary Retailer and Exemplary Top Retailer 2016 - MRCA
- Outstanding Entrepreneur 2015 – MRCA Crown Awards
- 19 Years at the Top Award 2008 – Malaysian Tatler
- Superstar of the Year 2008 – Malaysia Retailer-Chain Association (MRCA)

In 1976, the 22-year-old Dato' Choon Yee Seiong started a modest jewellery business in Petaling Jaya, Poh Kong Jewellers Sdn Bhd (PKJ). Over the last 45 years Dato Choon has been primarily responsible for transforming this small enterprise into the largest jewellery retail chain store in Malaysia. He has done this with scrupulous integrity and deep honesty and in the process gained the respect of his long and loyal customers, his staff and the industry.

By fully deploying his entrepreneurial strength and experience he created a jewellery brand that is recognised for the broad span of its products and services and its ability to stay contemporary and relevant. Dato Choon has pursued with passion the evolution of Poh Kong from a **SUCCESSFUL** entity to a **SIGNIFICANT** corporation on the Malaysian business landscape.

His incisive strategies, broad scope marketing and management policies continue to keep Poh Kong in the corporate spotlight. Dato' Choon is primarily responsible for charting the Group's overall direction. He ensured that Poh Kong successfully secured sole distributorship for world-renowned international jewellery brands including the Disney Collection, Luca Carati and Moraglione diamonds and coloured gems jewellery from Italy, and the exclusive Hemera diamond brand. But this tells only part of the story of Dato Choon's ability to take a local operation and make it global in outlook and impact.

The many awards and accolades he has received over the years bear witness to his visionary leadership. Dato' Choon was Founder President of the Malaysian

Retail Chain Association (MRCA) in 1992. He strongly believes that by building strength in numbers members could expand and enhance their business through networking, education, training and pooling of resources and expertise.

He is also past president of the Goldsmith and Jewellers Association in the country. His involvement in associations and industry organisations reflect his belief that in order for a business to succeed you must grow the community. Therefore, Dato Choon has continued to rally the jewellery business community to come together to provide opportunities to meet, engage with peers and share similar challenges and opportunities. At no time in our history has this been more important than at post COVID 19 where Dato Choon is determined to create new paths for growth.

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, and his son Mr Choon King Han and daughters, Ms Choon Ee Ling and Ms Choon Ee Teng are also shareholders.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

MR CHEONG TECK CHONG
Executive Director
since 13 January 2004

Nationality : Malaysian
Age : 72
Gender : Male

BOARD COMMITTEE MEMBERSHIP

- Executive Committee
- Risk Management Committee

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

- Lian Sin Tang Sdn Bhd
- Heng Seng Sdn Bhd
- Pajak Gadai Rakyat Sdn Bhd

Mr Cheong Teck Chong is an industry veteran with more than 53 years in the gold jewellery business. He was a co-founder of PKJ in 1976.

He began his career at Lian Sin Pawnshop in 1967 and rose to the rank of General Manager. He was a Partner of Lian Yik Goldsmith from 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 also sits as a Director of other companies within the Group.

He is the spouse of Madam Pang Cheow Moi. His sibling Madam Cheong Siew Loi @ Chong Kim Looi is a shareholder of the Company, and his daughter Ms Cheong Poh See is also a shareholder.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

MADAM CHOON NEE SIEW
Executive Director
since 13 January 2004

Nationality : Malaysian
Age : 66
Gender : Female

BOARD COMMITTEE MEMBERSHIP

- Executive Committee

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

- Jungmax Property Sdn. Bhd.

Madam Choon Nee Siew brings more than 40 years of experience in the jewellery industry to the Board and has contributed extensively to the Group's growth and development.

She began her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she joined 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.

She oversees the daily retail operations and development of the Group. She is a Member of Executive Committee of PKHB and holds directorships of several other companies within the Group.

Her 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 and Mr Chang Kwong Him, and sister-in-law Datin Hon Wee Fong are also shareholders. Her daughter Ms Cheong Poh See is a shareholder.

She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Profile of Board of Directors

MR CHOON YEE BIN
Executive Director
since 15 March 2012

Nationality : Malaysian

Age : 53

Gender : Male

BOARD COMMITTEE MEMBERSHIP

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

Mr Choon Yee Bin brings in-depth knowledge and extensive gold industry experience to the Board. 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. A year later he was promoted to Production Supervisor and then to Assistant Managing Director in 1991.

In 1994, he set up the entire wholesale department to provide a wide range of products to all retail outlets under the umbrella of Poh Kong Group. He made significant improvements to the techniques used in producing gold ornaments and the setting of precious/semi-precious stones. He was also responsible for Production, Marketing and Human Resource Departments. He holds directorships in other companies within the Group.

His spouse Madam Wong Lai Meng is a shareholder of the Company. His 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. His brothers-in-law Mr Siow Der Ming, Mr Chang Kwong Him and sister-in-law Datin Hon Wee Fong are also shareholders.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

DATIN HON WEE FONG
Executive Director
since 11 April 2014

Nationality : Malaysian

Age : 61

Gender : Female

BOARD COMMITTEE MEMBERSHIP

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

- Choon Yee Seiong Sdn Bhd

During her 40 years in the jewellery business, Datin Hon has built up deep industry understanding and proven financial management experience. She joined Poh Kong Jewellers in 1980 as a partner and was appointed Finance Director of Poh Kong Jewellers Sdn Bhd in 1993. She is known for her financial stewardship, being primarily responsible for treasury, finance and administrative matters of the Company.

Datin Hon is a Director of other companies within the Group. She is also a substantial shareholder and a Director of Choon Yee Seiong Sdn Bhd, an investment holding company.

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

She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

ENCIK FAZRIN AZWAR BIN MD NOR
Independent Non-Executive Director
since 13 January 2004
Senior Independent Director
since 11 January 2019

Qualification : Advocate and Solicitor
Nationality : Malaysian
Age : 55
Gender : Male

BOARD COMMITTEE MEMBERSHIP

- Risk Management Committee (Chair)
- Nomination Committee (Chair)
- Audit Committee
- Remuneration Committee

OTHER LISTED DIRECTORSHIPS

- Benalec Holdings Berhad
- Mercury Industries Berhad
- Tong Herr Resources Berhad

OTHER NON-LISTED DIRECTORSHIPS

- Kuchinta Holdings Sdn Bhd
- Times Offset (M) Sdn Bhd
- Optic Marine Services Sdn Bhd
- Creos (M) Sdn Bhd

MEMBERSHIPS

- Malaysian Institute of Directors
- Institute of Internal Auditors, Malaysia
- Bar Council, Malaysia

Encik Fazrin Azwar Bin Md Nor, 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 degree from University of Malaya in 1990. He is currently the Managing Partner of Messrs Azwar & Associates.

He does not have any conflict of interest with the Company nor has he any family relationship with any other Directors and/or major shareholders of the Company.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

DATIN SHIRLEY YUE SHOU HOW
Independent Non-Executive Director
since 23 January 2009

Nationality : Malaysian
Age : 72
Gender : Female

BOARD COMMITTEE MEMBERSHIP

- Remuneration Committee (Chair)
- Audit Committee
- Risk Management Committee
- Nomination Committee

OTHER LISTED DIRECTORSHIPS

OTHER NON-LISTED DIRECTORSHIPS

- Olivest Engineering (M) Sdn Bhd
- Elbex Holdings Sdn Bhd

MEMBERSHIPS

- Malaysian Institute of Management
- Institute of International Auditors, Malaysia

Datin Shirley Yue Shou How has 27 years' experience in retail, business development and consulting in the local and international luxury fashion industry, as well as the investment banking industry.

She was Managing Director/General Manager of Fine Lines, a company dealing with imported women's apparel and high-end bespoke creations, from 1985 to 1993. She then served as Investment Advisor with Credit Lyonnaisse Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker at Salomon Smith Barney and Citibank Singapore from 2000 to 2003. She was the Boutique Manager for Chopard, Pavilion in Kuala Lumpur from 2007 to 2008.

Datin Yue holds a Graduate Diploma in Business Administration (post graduate degree) from the University of Western Sydney, Australia.

She does not have any conflict of interest with the Company nor has he any family relationship with any other Directors and/or major shareholders of the Company.

She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Profile of Board of Directors

DATO' ESTHER TAN CHOON HWA Independent Non-Executive Director since 2014

Nationality : Malaysian

Age : 71

Gender : Female

BOARD COMMITTEE MEMBERSHIP

- Audit Committee (Chair)
- Risk Management Committee
- Nomination Committee
- Remuneration Committee

OTHER LISTED DIRECTORSHIPS

MK Land Holdings Berhad

- Member Audit and Risk Management Committee
- Member Nomination Committee
- Member Remuneration Committee

Minda Global Berhad

- Member Audit and Risk Management Committee
- Member Nomination Committee
- Member Remuneration Committee

MEMBERSHIPS

- Fellow Member, Institute of Chartered Accountants in England and Wales
- Member, Malaysian Institute of Accountants
- Fellow Member, Chartered Tax Institute of Malaysia

Dato' Esther Tan Choon Hwa has more than 40 years of experience in audit. She began her career as an auditor in the UK, first with Grant Thornton and later with Kingston Smith before returning to Malaysia. She established her accounting and advisory practice in 1984. Following a merger in 1996, her practice became known as GEP Associates (GEP). GEP is a member firm of AGN International headquartered in the UK, with 465 offices worldwide.

In 2008 and 2009, Dato' Esther became AGN International's first lady Chairperson and is still active as a Board member of AGN International – Asia Pacific.

She is an auditor of several companies, multinationals and SMEs engaged in a wide range of industries including manufacturing, retailing, construction and property development. This has equipped her with an in-depth knowledge of the requirements of regulatory bodies, as well as compliance matters for Public Listed Companies. As Reporting Accountant, she has conducted due diligence and fund-raising exercises for several clients. She was previously the

auditor of several Public Listed Companies. She is also a Tax Director of GEP Tax Services Sdn Bhd, GEP Consulting Sdn Bhd and Perangsang Images Sdn Bhd.

In 2006, Dato' Esther Tan was named "The Woman Entrepreneur of the Year" (Finance) by the National Association of Women Entrepreneurs Malaysia.

Esther is also a Past Assistant Governor of Rotary District 3300 and has been a Past President twice, the latest being the Rotary Club of Pantai Valley. She has been a Rotarian for 31 years serving the non-government charity organization.

She does not have any conflict of interest with the Company nor has he any family relationship with any other Directors and/or major shareholders of the Company.

She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor receive any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Profile of Key Senior Management

ENCIK MOHD ANNUAR CHOON BIN ABDULLAH Director of Subsidiaries

Nationality : Malaysian
Age : 63
Gender : Male

BOARD COMMITTEE MEMBERSHIP

- Executive Committee

Encik Mohd Annuar Choon bin Abdullah 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.

He manages 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 is Madam Lee Ping Ping and sibilings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Dato' Choon Yoke Ying, Madam Choon Wan Joo, Mr Choon Yee Bin and Madam Choon Ching Yih are shareholders. His 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.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

DATO' CHOON YOKE YING Director of Subsidiaries

Nationality: Malaysian
Age: 64
Gender: Female

BOARD COMMITTEE MEMBERSHIP

- Executive Committee

Dato' Choon Yoke Ying last served as Executive Director of PKHB from 2008 to 2011 and from 2016 to 2018 She is the Assistant Managing Director of Poh Kong Jewellers Sdn Bhd.

She 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 and was appointed a Director of PKJ in 1993.

She is currently responsible for marketing and merchandising for the Group as well as for research and development. She attends trade fairs regularly to remain current with 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 sibilings 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.

She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

Profile of Key Senior Management

MR SIOW DER MING Director of Subsidiaries

Nationality : Malaysian

Age : 64

Gender : Male

BOARD COMMITTEE MEMBERSHIP

- Executive Committee

MEMBERSHIPS

- Federation of Goldsmiths and Jewellers' Associations of Malaysia (Advisor)
- Goldsmith and Jewellers' Association, Wilayah Persekutuan, Selangor, Negri Sembilan and Pahang

Mr Siow Der Ming last served as Executive Director on the PKHB Board from 15 March 2012 to 27 January 2016. Previous to this, he was 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 responsible for the marketing of speciality and industrial chemicals. In 1986, he was promoted to Technical Manager at Metachem Sdn Bhd and was in charge of 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 retail outlets including AEON Maluri, Leisure Mall, Giant Kinrara and Sunway Velocity. He also holds directorships of other companies within the Poh Kong Group.

He is the Past President of the Federation of Goldsmith Association & Jewellers Association Malaysia (FGJAM) (2014-2018) and remains its Advisor.

He was Chairman of Fedmas Assay Office Sdn Bhd from 2014 to 2018. He is now a Board Member.

He 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 the brother-in-law of Mr Chang Kwong Him and Datin Hon Wee Fong who are also shareholders.

He has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor received any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.



MADAM CHOON WAN JOO Director of Subsidiaries

Nationality : Malaysian
Age : 59
Gender : Female

BOARD COMMITTEE MEMBERSHIP

- Executive Committee

Madam Choon Wan Joo previously served as Executive Director of PKHB from 2008 to 2011 and from 2016 to 2018

She has been the Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd (PKJM) since 1991, overseeing the company's daily operations and decision making policies.

Madam Choon Wan Joo began her career in the gold jewellery industry 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 and remained with the company until 1990. She set up the manufacturing plant and successfully steered its growth into a fully operational facility with a workforce strength of about 140.

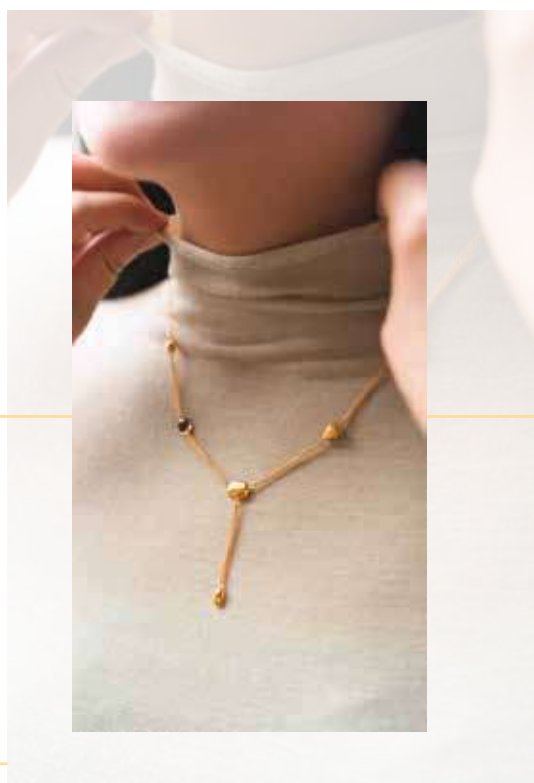
She participates in trade exhibitions to keep abreast of the latest trends in product design and development and advanced manufacturing technologies. She oversees production, quality control, manufacturing techniques, marketing, design and administration. Her responsibilities also cover human resources,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

She is a Director of several other companies within the Group.

She is the spouse of Mr Siow Der Ming and 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.

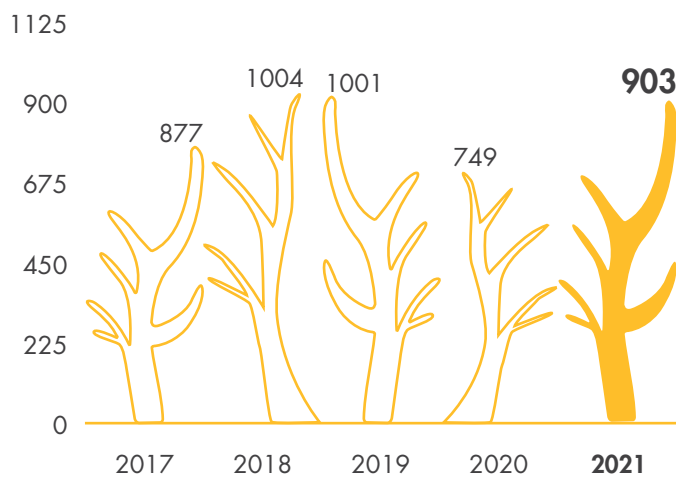
She has not been convicted for any offences, other than traffic offences (if any) within the past five (5) years nor receive any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.



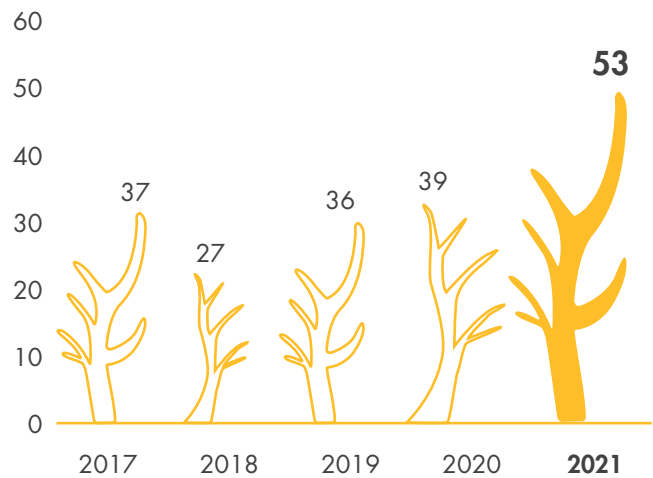
5-Year Group Financial Highlights



**REVENUE
(RM'MILLION)**

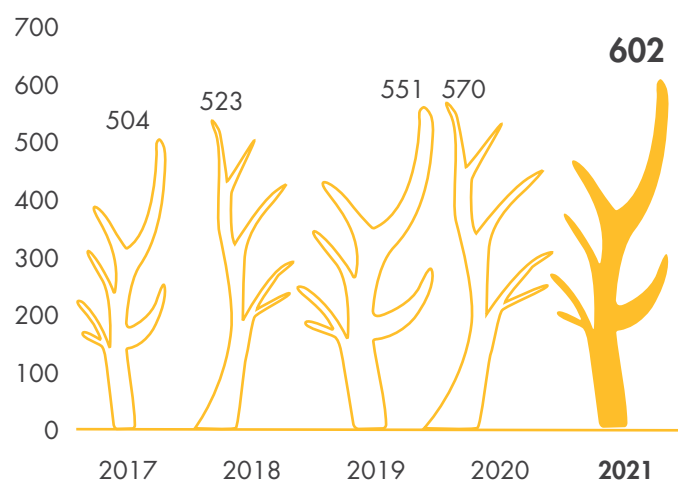


**PROFIT BEFORE TAX
(RM'MILLION)**

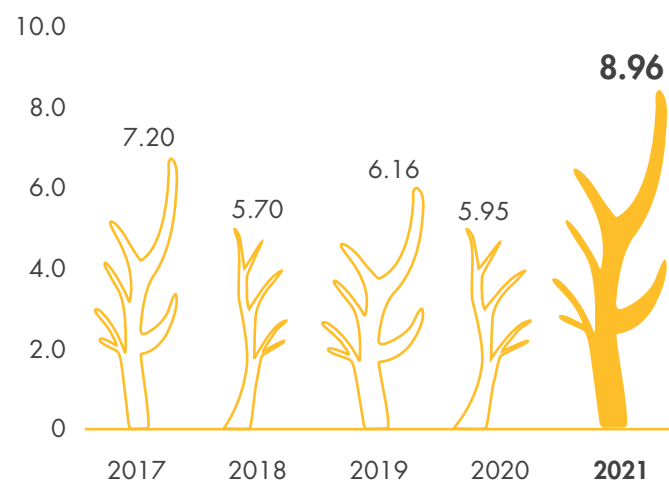


FYE 31 JULY (RM'000)	2017	2018	2019	2020	2021
Revenue	876,996	1,003,522	1,000,514	748,802	903,100
Profit before tax	37,485	26,885	36,450	38,976	52,817
Income tax expense	(7,957)	(3,484)	(11,176)	(14,542)	(16,056)
Profit for the financial year	29,528	23,401	25,274	24,434	36,761
Profit after tax attributable to owners of the Company (RM'000)	29,528	23,401	25,274	24,434	36,761
Total equity (RM'000)	504,045	523,343	550,716	570,225	602,174
Basic earnings per share (sen)	7.20	5.70	6.16	5.95	8.96
Net dividend per share (sen)	1.00	1.00	1.20	1.20	1.20
Gearing ratio	0.22	0.24	0.28	0.25	0.23

TOTAL EQUITY (RM'MILLION)



BASIC EARNINGS PER SHARE (SEN)



C 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 2021 (FYE 2021)



The Year in Review

We continue to be challenged by the Covid-19 pandemic. From a Company viewpoint, we have targeted keeping the safety of family, staff, shareholders and all our stakeholders at the heart of our operations and corporate decision-making process. I must admit that despite my years in the business, taking the company forward in the year under review was not easy. We had to navigate through uncharted waters. I believe it is relatively easy to be a leader when things are going well, but much tougher to lead when things are unpredictable. I would like to place on record how pleased I was to observe a spirit of collaboration and compassion among Poh Kong's management personnel, staff and other stakeholders. They pulled together with creativity and pragmatism to meet the challenges presented by Covid-19 and the roller-coaster ride experienced by much of the industry with creativity and pragmatism. With so many lives and livelihoods being impacted, our business of jewellery and gold too saw fluctuations. We did all we could to mitigate the adverse impact of our 3QFY20, when the first movement control order (MCO 1.0) was implemented.

During the year, despite the unpredictability and despondency of our circumstances, I made sure that Poh Kong did its best to serve customers from all walks of life, offering products and services to commemorate their important occasions. There's always something for everyone, from exquisite pieces to simple designs, from irresistible collections to dazzling custom-made orders. We are determined to remain a significant feature in the lives of our patrons, and to be always ready to cater to their style, preferences and budget.



FINANCIAL PERFORMANCE

The Group registered a revenue of RM903.10 million as against RM 748.80 million in FYE 2020. This revenue increase was made possible on the back of the increased demand for gold jewellery and gold investment products. PKHB recorded a profit before tax of RM52.82 million in FYE 2021 compared to RM38.98 million in the preceding year. This was higher by RM13.84 million or 35.51%.

However, it must be noted that the impact of the lockdowns experienced during the Covid-19 pandemic caused the company to slip into the red on a quarter-on-quarter basis. The nationwide lockdown imposed on June 1 with the group being allowed to reopen for business only on Aug 16, resulted in a sharp decrease in revenue. Notwithstanding that, the Group reported a 50.47% increase in full year net profit after tax to RM36.76 million for FY21 as against RM24.43 million for FYE 2020.

Keeping Poh Kong strong and resilient by putting in place strategies that help us weather the peaks and troughs of an economy battling a pandemic has been given the highest priority. We are on track for a strong but predictably uneven growth. The group is poised to stage a robust post-recession recovery. It has been an unprecedented reality and I am happy to report that Poh Kong is well prepared for the next 'new normal'.

As a Group we continuously monitor the impact of the current uncertainties of our operations, uphold and honour our financial obligations and evaluate our performance. However, external factors are largely beyond our control. Barring unforeseen circumstances, the Board of Directors is confident that the Group has put in place adequate measures to meet the challenges ahead for financial year ending July 31, 2022.

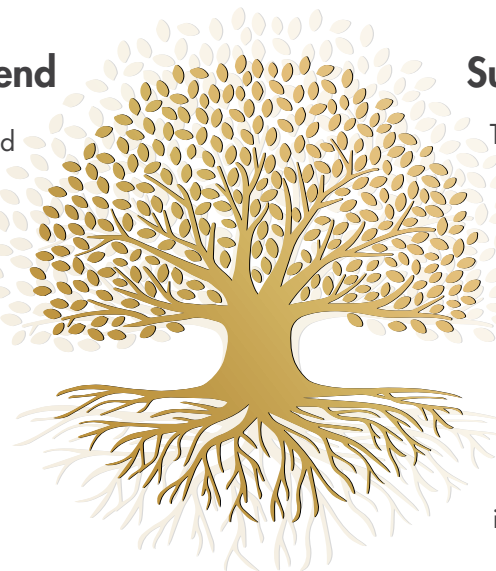
As at 12 November 2021 PKHB's share price closed at 85.5 sen, valuing the group at RM350.85 million.

Dividend

The Board of Directors recommend a first and final single tier dividend of 1.20 sen per ordinary share in respect of FYE 2021 for shareholders' approval at the forthcoming Annual General Meeting.

Sustainability Statement

This is the third year of our sustainability report. It is our duty to be responsible and responsive to the impact that our business operations and corporate decisions have on communities and the planet. We remain committed to lowering our eco footprint. Group-wide measures to re-cycle, re-purpose and reduce energy consumption were intensified during the year. The Group's Sustainability Statement is set out in pages 48 to 55.



C Chairman's Statement

Business Prospects

In the midst of the pandemic gloom we see some very optimistic scenarios unfolding. Bank Negara Malaysia (BNM)'s Economic and Financial Development Reports for the second quarter of 2021 declares that the Malaysian economy grew by an impressive 16.1% in the second quarter (1Q 2021: -0.5%). Economic performance was supported mainly by the improvement in domestic demand and continued robust exports.

Since growth was driven by higher private sector spending and strong trade activity, we are confident that this will create greater demand for Poh Kong's products and services. However, on a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (1Q 2021: 2.7%), weighed by the tighter containment measures. Governor BNM Datuk Nor Shamsiah is reassuring when she says "While the containment measures weighed on growth, greater adaptability to restrictions and ongoing policy support have partly mitigated the impact."

The general consensus of the business community seems to be that while the near-term growth outlook has been affected by the recent resurgence in Covid-19 cases, the Malaysian economy remains on a recovery path in 2021. We are optimistic that the continued encouragement and provisions for essential economic sectors to operate, higher adaptability to work remotely, as well as increased automation and digitalisation, will spur productivity and the normalisation of the economy.

BNM has assured the business community that growth will be further supported by policy measures which will provide cash flow support, particularly for affected households and businesses. We have judiciously tampered down our positive projections and are aware that the growth trajectory will depend on the ability to contain the epidemic and materialisation of health outcomes from the nationwide vaccination programme. This will allow the economic sectors to gradually reopen and provide a significant lift to household and businesses.

Like the rest of the nation we wait with eager anticipation for the effective implementation of the first phase of the National Recovery Plan (NRP). We know that we have to learn to live with Covid-19 and factor this into the way we do business especially at our point-of-sale outlets.

The Malaysian economy is projected to expand between 3.0% and 4.0% in 2021. Poh Kong will leverage on this expansion to plan its own growth strategies. The re-opening of the economy will no doubt support a gradual recovery in the fourth quarter this year, with higher global growth and sustained policy support providing a further lift to the overall economy. The recovery is expected to accelerate further going into 2022, supported by a gradual normalisation of economic activities as well as the positive spill-over effect from continued improvement in external demand.

Good news for Poh Kong also comes from the data provided by the World Gold Council. Gold has historically performed well amid equity market pullbacks as well as high inflation. When interest rates are low and financial stress high, analysts agree that investments then tend to move into gold. The stellar run for gold in calendar year 2020 (CY20) looks set to remain in 2021. Prices are predicted to likely inch up further in the new year, say analysts. According to World Gold Council (WGC), gold prices hit a high of USD2,067 per ounce (oz) in August 2020 as investors flocked to the safe-haven investment in gold. Accommodative policies of most central banks world over also meant money continued to flow into this asset class. Poh Kong is therefore well positioned to take advantage of these trends.

In September this year, Fitch Solutions reported that they expect gold prices to trade sideways over the coming months, along with bouts of volatility, as conflicting factors continue to affect the asset. Fitch Solutions maintained its gold price forecast for 2021 at \$1,780/oz with prices having averaged \$1,803/oz in the year to date and hovering around \$1,815/oz as of August 30. They expect gold prices to remain elevated in the coming years compared to pre-Covid levels.



It has been a challenging time for all corporations. I am fully aware that economic and financial predictions are but extrapolations of present trends. As a learned Professor of Economics at Yale University, Charles E Lindblom said in his famous book “The Science of Muddling Through”, there are no clear fault lines. Individual decisions and corporate behaviour form a mosaic of different scenarios.

And we need to plan on an incremental basis, rather than hold a long-term view. Over the years all our stakeholders have come to associate Poh Kong with two strong characteristics; **STRENGTH AND RESILIENCE**. I believe we have the right product. And we have the right people. Therefore, Poh Kong has every reason to remain optimistic. A better performance this year is expected on the back of a strong demand for gold jewellery and investments. We believe we are in a good position to register higher revenues this year based on activity in the commodity markets, and are poised to capitalise on demand when the Covid-19 situation improves.

As Executive Chairman and Group Managing Director, I am confident about steering the Group through these turbulent pandemic seas. Gold prices will continue to rise in tandem with demand from government vaults and central banks. Added to this is a pressing need for exchange traded funds

In times of global uncertainty and market duress, gold has always been the preferred choice of asset class for wealth protection. We are confident that Poh Kong’s business will remain viable as gold jewellery and gold investments prove resilient amid a changing and challenging environment.



Acknowledgments

A simple ‘Thank You’ would not convey the deep gratitude I feel for the strong commitment and loyalty shown by all our staff, shareholders, customers, strategic partners, financiers and suppliers. To Government and Regulatory Authorities I register my grateful thanks. My sincere gratitude and thanks go out to my fellow Board members who have pulled together to provide leadership, good counsel and support. To my Management Team I once again thank you for your care and compassion when dealing with difficult and challenging situations and for ‘minding the shop’ in a way that enabled us to do our best. Poh Kong has thrived and stayed in business because all our stakeholders came together like a well-orchestrated ensemble.

Dato Choon Yee Seiong
Executive Chairman and Group Managing Director
Date : 18 November 2021

Penyata Pengerusi

Para Pemegang Saham Yang Dihormati

Bagi pihak Lembaga Pengarah (“Lembaga”) Poh Kong Holdings Berhad (“PKHB” atau “Syarikat” atau “Poh Kong”), saya dengan sukacitanya mengemukakan Laporan Tahunan dan Penyata Kewangan Beraudit Syarikat dan Anak-anak Syarikatnya (“Kumpulan”) bagi tahun kewangan berakhir 31 Julai 2021 (TKB 2021)



Tahun Dalam Kajian

Kami terus dicabar oleh pandemik Covid-19. Dari sudut pandangan Syarikat, kami meletakkan sasaran untuk memastikan keselamatan keluarga, kakitangan, para pemegang saham dan pemegang kepentingan kami sebagai keutamaan operasi dan proses membuat keputusan korporat kami. Saya harus mengakui bahawa walaupun telah bertahun-tahun menceburi perniagaan ini, namun bukanlah suatu perkara yang mudah untuk memimpin syarikat terus berkembang maju dalam suasana tahun yang ditinjau ini. Kami terpaksa mengharungi situasi yang belum pernah diharungi sebelum ini. Saya percaya adalah lebih mudah menerajui syarikat dalam keadaan yang lancar, berbanding keadaan yang tidak boleh diramalkan seperti ini. Saya ingin menyatakan rasa sukacita melihat semangat kerjasama dan belas kasihan dalam kalangan personel pengurusan Poh Kong, kakitangan dan pihak kepentingan Poh Kong lain. Mereka berganding bahu berkongsi daya kreativiti dan pragmatisme untuk menghadapi cabaran yang timbul daripada Covid-19 dan keadaan naik turun yang dialami oleh sebahagian besar industri. Selain menjejaskan kehidupan dan mata pencarian, perniagaan barang kemas dan emas kami juga mengalami naik turun akibat pandemik ini. Kami telah melakukan segala yang termampu untuk mengurangkan kesan kurang memberangsangkan Suku Ketiga Tahun 2020 kami, apabila perintah kawalan pergerakan pertama (PKP 1.0) dilaksanakan.

Sepanjang tahun dalam tinjauan ini, walaupun keadaan kami tidak dapat diramalkan dan hilang arah, saya pastikan bahawa Poh Kong lakukan yang terbaik untuk melayani pelanggan dari semua lapisan masyarakat, menawarkan produk dan perkhidmatan bersempena pelbagai peristiwa penting mereka. Kami sentiasa ada sesuatu untuk semua orang, daripada set barang kemas yang anggun hinggalah kepada reka bentuk yang ringkas, daripada koleksi yang sangat menawan hinggalah kepada set mengikut tempahan yang mempersonakan. Kami berazam untuk terus menjadi sebahagian penting daripada kehidupan para pelanggan kami dan sentiasa bersedia untuk memenuhi sebarang gaya, pilihan dan perbelanjaan mereka.



PRESTASI KEWANGAN

Kumpulan mencatat hasil sebanyak RM903.10 juta berbanding RM 748.80 juta pada TKB 2020. Peningkatan hasil ini mungkin berikutan peningkatan permintaan bagi barang kemas emas dan produk pelaburan emas. PKHB mencatat keuntungan sebelum cukai sebanyak RM52.82 juta pada TKB 2021 berbanding dengan RM38.98 juta pada tahun sebelumnya. Prestasi ini merupakan peningkatan sebanyak RM13.84 juta atau 35.51%.

Walau bagaimanapun, perlu diperhatikan bahawa kesan daripada sekatan pergerakan yang dialami semasa pandemik Covid-19 telah menyebabkan syarikat mengalami kerugian dalam perbandingan suku tahunan. Sekatan pergerakan seluruh negara yang dikenakan pada 1 Jun dengan operasi perniagaan kumpulan hanya dibenarkan dibuka semula pada 16 Ogos, telah mengakibatkan penurunan hasil jualan yang tajam. Sungguhpun begitu, Kumpulan berjaya mencatat peningkatan sebanyak 50.47% dalam keuntungan bersih selepas cukai bagi tahun penuh TKB21 kepada RM36.76 juta, berbanding RM24.43 juta bagi TKB 2020.

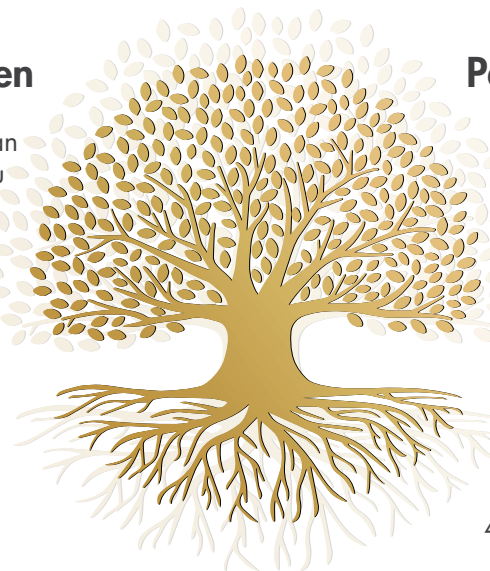
Kami memberi keutamaan untuk memastikan Poh Kong terus kukuh dan berdaya tahan dengan menyediakan strategi yang akan membantu kami mengharungi gelora ekonomi yang masih bergelut dengan pandemik. Kami berada di landasan ke arah mencapai pertumbuhan yang kukuh tetapi dijangka tidak sekata. Kumpulan bersedia untuk menampilkan pemulihan yang teguh selepas kemelesetan. Ini merupakan suatu realiti yang tidak pernah berlaku sebelum ini dan saya gembira untuk melaporkan bahawa Poh Kong sudah bersedia untuk menghadapi 'normal baharu' berikutnya.

Sebagai sebuah Kumpulan, kami sentiasa mengawasi kesan ketidaktentuan semasa operasi kami, mendukung dan menunaikan obligasi kewangan kami dan menilai prestasi kami. Walau bagaimanapun, sebahagian faktor luaran berada di luar kawalan kami. Sekiranya tiada sebarang keadaan di luar jangkaan, Lembaga Pengarah yakin bahawa Kumpulan telah menyediakan langkah-langkah yang mencukupi untuk menghadapi cabaran akan datang bagi tahun kewangan akan berakhir 31 Julai 2022.

Pada 12 November 2021, harga saham PKHB ditutup pada 85.5 sen, meletakkan nilai kumpulan pada RM350.85 juta.

Dividen

Lembaga Pengarah mengesyorkan dividen pertama dan akhir satu peringkat sebanyak 1.20 sen setiap saham biasa berhubung dengan TKB 2021 untuk diluluskan oleh para pemegang saham pada Mesyuarat Agung Tahunan akan datang.



Penyata Kelestarian

Ini adalah tahun ketiga laporan kelestarian kami. Adalah menjadi kewajipan kami untuk bertanggungjawab dan responsif terhadap kesan yang timbul daripada operasi perniagaan dan keputusan korporat kami ke atas komuniti dan planet ini. Kami kekal komited untuk mengurangkan kesan eko daripada operasi kami. Langkah-langkah di seluruh kumpulan untuk mengitar semula, mengguna semula dan mengurangkan penggunaan tenaga telah diperhebatkan sepanjang tahun. Penyata Kelestarian Kumpulan dikemukakan pada muka surat 48 hingga 55.

Penyata Pengerusi

Prospek Perniagaan

Di tengah-tengah kesuraman pandemik kami menyaksikan beberapa senario yang sangat optimistik muncul. Laporan Pembangunan Ekonomi dan Kewangan Bank Negara Malaysia (BNM) bagi suku kedua 2021 mengisytiharkan bahawa ekonomi Malaysia menampilkan lonjakan sebanyak 16.1% pada suku kedua (1Q 2021: -0.5%). Prestasi ekonomi ini disokong terutamanya oleh peningkatan permintaan domestik dan eksport yang berterusan teguh.

Memandangkan pertumbuhan dipacu oleh perbelanjaan sektor swasta yang lebih tinggi dan aktiviti perdagangan yang kukuh, kami yakin ini akan mewujudkan permintaan yang lebih besar bagi produk dan perkhidmatan Poh Kong. Walau bagaimanapun, mengikut perbandingan suku tahun ke suku tahun, ekonomi mencatatkan kemerosotan sebanyak 2.0% (1Q 2021: 2.7%), yang ditekan oleh langkah-langkah pembendungan yang lebih ketat. Gabenor BNM Datuk Nor Shamsiah memberi keyakinan apabila beliau berkata "Walaupun langkah-langkah pembendungan menekan pertumbuhan, kebolehsuaian yang lebih besar terhadap sekatan dan sokongan polisi yang berterusan telah mengurangkan sebahagian daripada impaknya."

Komuniti perniagaan secara umum bersependapat bahawa walaupun prospek pertumbuhan jangka pendek kelihatan terjejas berikutan kemunculan semula kes Covid-19 baru-baru ini, ekonomi Malaysia kekal pada landasan pemulihan pada 2021. Kami optimis bahawa galakan dan peruntukan berterusan bagi sektor ekonomi penting untuk beroperasi, kebolehsuaian yang lebih tinggi untuk bekerja dari jauh, serta peningkatan automasi dan pendigitalan, akan memacu produktiviti dan normalisasi ekonomi.

BNM telah memberi jaminan kepada komuniti perniagaan bahawa pertumbuhan akan disokong selanjutnya oleh langkah-langkah dasar yang akan menyediakan sokongan aliran tunai, terutamanya bagi isi rumah dan perniagaan yang terjejas. Kami telah mengurangkan sedikit unjuran positif kami dengan bijak dan sedar bahawa laluan pertumbuhan akan bergantung kepada keupayaan untuk membendung wabak dan kejayaan langkah kesihatan menjadi kenyataan daripada program vaksinasi di seluruh negara. Ini akan membolehkan

sektor ekonomi dibuka semula secara beransur-ansur dan memberikan lonjakan ketara kepada isi rumah dan perniagaan.

Seperti warga negara yang lain, kami menunggu dengan penuh harapan kesan pelaksanaan fasa pertama Pelan Pemulihan Nasional (NRP). Kami sedar bahawa kami perlu belajar untuk hidup dengan Covid-19 dan menerapkan perkara ini ke dalam cara kami menjalankan perniagaan terutamanya di kedai pusat jualan kami.

Ekonomi Malaysia diunjurkan berkembang antara 3.0% dan 4.0% pada 2021. Poh Kong akan memanfaatkan pengembangan ini untuk merancang strategi pertumbuhannya sendiri. Pembukaan semula ekonomi sudah pasti akan menyokong pemulihan beransur-ansur pada suku keempat tahun ini, dengan pertumbuhan global yang lebih tinggi dan sokongan polisi yang mampan memberikan lagi lonjakan kepada ekonomi keseluruhan. Pemulihan dijangka terus meningkat menjelang 2022, disokong oleh normalisasi aktiviti ekonomi secara beransur-ansur serta kesan limpahan positif daripada peningkatan berterusan permintaan luar.

Berita baik bagi Poh Kong juga datang daripada data yang disediakan oleh Majlis Emas Dunia. Emas mengikut sejarah sering sahaja menunjukkan prestasi yang baik di sebalik kemerosotan pasaran ekuiti serta inflasi yang tinggi. Apabila kadar faedah rendah dan tekanan kewangan tinggi, penganalisis bersetuju bahawa pelaburan akan cenderung beralih kepada emas. Keteguhan harga emas pada tahun kalendar 2020 (TK 20) nampaknya akan kekal pada 2021. Harga diramalkan akan terus meningkat pada tahun baru, kata penganalisis. Menurut Majlis Emas Dunia (WGC), harga emas mencecah paras tertinggi USD2,067 setiap auns (oz) pada Ogos 2020 apabila para pelabur berpusu-pusu membeli pelaburan selamat dalam emas. Dasar akomodatif kebanyakan bank pusat di seluruh dunia juga bermakna wang terus mengalir ke dalam aset kelas ini. Oleh itu, Poh Kong mempunyai kedudukan yang baik untuk memanfaatkan kesempatan daripada trend ini.

Pada September tahun ini, Fitch Solutions melaporkan bahawa mereka menjangkakan harga emas akan didagangkan secara mendatar beberapa bulan akan



datang, berserta beberapa insiden turun naik, memandangkan faktor-faktor bercanggah terus mempengaruhi aset ini. Fitch Solutions mengekalkan ramalan harga emasnya bagi 2021 pada \$1,780/ouns dengan harga purata \$1,803/oz pada tahun hingga kini dan berlegar sekitar \$1,815/oz pada 30 Ogos. Mereka menjangkakan harga emas akan kekal tinggi pada tahun-tahun akan datang berbanding tahap sebelum Covid.

Ini merupakan masa yang mencabar bagi semua syarikat. Saya sedar sepenuhnya bahawa ramalan ekonomi dan kewangan tidak menunjukkan peningkatan daripada trend semasa. Sebagai mana seorang Profesor Ekonomi di Yale University, Charles E Lindblom berkata dalam buku terkenal beliau "The Science of Muddling Through", tidak akan ada garis kesilapan yang jelas. Keputusan individu dan tingkah laku korporat membentuk corak senario berbeza. Dan kami perlu merancang ke arah peningkatan, bukannya berpegang pada pandangan jangka panjang. Sejak sekian lama semua pemegang kepentingan kami telah mengaitkan Poh Kong dengan dua ciri yang kukuh; kekuatan dan daya tahan. Saya percaya kami mempunyai produk yang betul. Dan kami mempunyai modal insan yang betul. Oleh itu, Poh Kong mempunyai alasan yang teguh untuk kekal optimistik. Prestasi yang lebih baik tahun ini dijangka didorong oleh permintaan yang kukuh bagi barang kemas emas dan pelaburan emas. Kami percaya kami berada pada kedudukan yang baik untuk mencatat hasil yang lebih tinggi tahun ini berdasarkan aktiviti dalam pasaran komoditi, dan bersedia untuk mendapat manfaat daripada permintaan apabila situasi Covid-19 bertambah baik.



Sebagai Pengerusi Eksekutif dan Pengarah Urusan Kumpulan, saya yakin untuk mengemudi Kumpulan mengharungi gelora pandemik yang mencabar ini. Harga emas akan terus meningkat seiring dengan permintaan daripada bilik kebal kerajaan dan bank pusat. Selain itu, keperluan mendesak untuk dana dagangan bursa juga akan meningkatkan harganya.

Dalam masa ketidakpastian global dan tekanan pasaran, emas sentiasa menjadi kelas aset pilihan untuk perlindungan kekayaan. Kami yakin perniagaan Poh Kong akan kekal berdaya maju memandangkan barang kemas emas dan pelaburan emas terbukti berdaya tahan di tengah-tengah persekitaran yang berubah dan mencabar.

Penghargaan

Ucapan 'Terima Kasih' yang ringkas tidak akan cukup menyampaikan rasa terutang budi yang mendalam saya atas komitmen dan kesetiaan tidak berbelah bahagi yang ditunjukkan oleh semua kakitangan, pemegang saham, pelanggan, rakan kongsi strategik, pembiaya dan pembekal kami. Saya juga ingin mengucapkan terima kasih kepada Kerajaan dan Penguatkuasa Peraturan. Ucapan penghargaan yang ikhlas ingin saya sampaikan kepada rakan seangkatan ahli Lembaga Pengarah yang telah bekerjasama memberikan kepimpinan, nasihat dan sokongan yang baik. Saya sekali lagi mengucapkan terima kasih kepada Pasukan Pengurusan atas keprihatinan dan semangat kental anda semasa berhadapan dengan situasi yang sukar dan mencabar ini serta 'menguruskan kedai' sehingga membolehkan kami melakukan yang terbaik. Poh Kong telah berkembang maju dan kekal dalam perniagaan kerana semua pemegang kepentingan kami bersatu seperti gabungan sebuah orkestra yang mantap.

Dato Choon Yee Seiong

Pengerusi Eksekutif dan Pengarah Urusan Kumpulan

Tarikh : 18 November 2021



主席报告

致尊敬的 股东，

我谨代表宝光控股有限公司(“PKHB”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2021年7月31日之财政年(“2021财政年”)的年度报告和已审计财务报告。



受检讨的年度

我们继续面对新冠肺炎(Covid-19)大流行的挑战。从公司的角度来看，我们的目标是把家人，员工，股东和所有利益相关者的安全放在本公司运营和企业决策过程的中心。我得承认，尽管从事这个行业多年，然而，在这个受检讨年度带领公司前进是不容易的。我们必须航向无知的未来。我觉得，当前路平坦顺利时，成为领导者是相对容易的；但在一切都不可预测时，成为领导就困难得多。我认为，宝光管理层人员，员工和其他利益相关者的合作精神和热忱是值得记录在案的。他们齐心协力发挥创意和务实地应对新冠肺炎所带来的挑战，以及大多数行业都无法幸免的跌宕起伏之旅。由于有无数人的人生和生计受到影响，本公司的珠宝和黄金业务也不免出现波动。当政府实施第一个行动控制令(MCO 1.0)时，我们竭尽所能减轻对2020财政年第三季度业绩的不利影响。

在本年度，尽管我们的营业环境充满变数和令人失望，但我已确保宝光竭尽全力为各阶层顾客服务，并提供各种产品和服务以纪念他们的重要时刻。从精美的单品到简单的设计，以及令人难以抗拒的系列乃至令人眼花缭乱的定制订单，总有适合每个人的产品。我们决心继续成为本公司顾客生活中的重要一部分，并随时准备迎合他们的风格，喜好和预算。



财务表现

本集团取得RM9亿零3百10万的营业额，2020财政年则是RM7亿4千8百80万。营业额增长可归功于金饰珠宝和黄金投资产品需求的增加。在2021财政年，PKHB的扣税前盈利是RM5千2百82万，相较于前一年的RM3千8百98万。即增长了RM1千3百84万或35.51%。

然而，不得不提的是，新冠肺炎大流行期间的一连串封锁令影响，已导致本公司面对季度对季度的亏损。从6月1日开始实施的全国封锁令意味着本集团从8月16日起才能恢复营业，这导致营业额大幅度减低。尽管如此，本集团的2021 财政年全年扣税后净利依然增长50.47%而达到RM3千6百76万，相较于2020 财政年的RM2千4百43万。

我们的重中之重是制定多个策略来协助本集团对抗大流行及渡过经济高峰和低谷，从而保持宝光的强势和弹力。我们正走在强劲但可预见的平坦轨道上。本集团已为强劲的经济衰退后期复苏做好准备。这是一个前所未有的实况，我谨欣然汇报，宝光已为下一个‘新常态’做好充分准备。

本集团持续监控当下运营不确定性的影响，维护和履行我们的财务义务并评估我们的表现。然而，在很大程度上，外部因素是我们所无法控制的。除非出现不可预见的情况，否则董事会相信本集团已采取足够的措施来应对截至2022年7月31日之财政年的未来挑战。

截至 2021年11月12日，PKHB的股价为85.5分，本集团的市值为RM3亿5千零85万。

股息

董事会建议在2021财政年派发每一普通股1.20分的首期和终期单层次股息，并须在来临的股东年度大会上获得股东通过。



永续性声明

这是我们提呈永续性报告的第三年。我们有责任对本集团之业务运营和企业决策对社区和地球产生的影响负责并做出回应。我们仍然致力降低本公司的生态足迹。在本年度，我们加强了整个集团的回收，再利用和减少能源消耗的措施。本集团的永续性声明已列于第48至55页。

主席报告

业务展望

在大流行的笼罩下，我们依然看到一些非常乐观的情况正在发生。马来西亚中央银行(BNM)的2021年第二季度经济和财务发展报告宣布，马来西亚的经济在第二季度取得可观的16.1%增长(2021年第一季度：-0.5%)。经济表现主要是受到国内需求改善及出口持续强劲所支撑。

由于增长是由更高的私人领域消费和强劲的贸易活动所推动，我们深具信心，这将为宝光的各种产品和服务带来更强劲的需求。然而，在季度对季度的季节性调整之下，经济经历了2.0%的下调(2021年第一季度:2.7%)，并遭受更严格的遏制措施影响。马来西亚中央银行总裁拿督Nor Shamsiah派定心丸时说：“虽然这些遏制措施给增长带来压力，但对各种限制的更大适应性和持续的政策支持已经局部缓解了影响。”

商界的普遍共识似乎是，尽管近期的增长前景受到新冠肺炎病例在最近卷土重来的影响，但是在2021年，马来西亚的经济仍然处于复苏轨道上。我们对持续的鼓励和扶助必需性经济领域，更高的远程工作适应性，以及自动化和数码化的提高等将刺激生产力和经济正常化感到乐观。

马来西亚中央银行已向商界保证，政策措施将进一步支援增长，这些措施将为提供现金流支援，尤其是针对受影响的家庭和企业。我们已明智地调低了我们的正面预测和意识到增长轨迹将有赖于遏制流行病的能力，以及全国疫苗接种计划之健康结果的实现。这将使经济领域逐步重新开放和并为家庭和企业带来显著提振。

正如国内各界人士，我们热切期待国家复苏计划(NRP)第一阶段的有效实施。我们知道，我们必须学会与新冠肺炎病毒共存，并将它纳入我们经营业务的常态中，尤其是在我们的销售点分店。

马来西亚的经济预料将在2021年增长3.0%至4.0%。宝光将充分利用这项扩展来规划它本身的增长策略。经济的重新开放将支持今年第四季度之逐步复苏是毋庸置疑的，更高的全球经济增长和持续的政策支持将进一步提振整体经济。预料复苏将在迈入2022年之际进一步加速，并获得经济活动的逐步正常化以及国外需求持续改善之正面溢出效应的支持。

世界黄金协会所提供的数据也给宝光带来了好消息。在股市回调和高通胀的情况下，黄金历来有良好的表现。当利率偏低而财务压力高企时，分析师一致认为投资者往往会转向黄金。2020公历年(CY20)的黄金价格出色走势看来将在2021年延续。分析师指出，预料金价可能将在新的一年进一步攀高。据世界黄金协会(WGC)指出，随着投资者涌向黄金避险投资，金价曾在2020年8月触及每安士(oz)2,067美元的高点。世界上大多数中央银行的宽松政策也意味着资金继续流入这种资产类别。因此，宝光可在善用这些趋势方面居有利地位。

在今年9月，Fitch Solutions曾经汇报，预料金价将在未来几个月内呈横摆状况，同时还会出现波动，这是因为相互冲突的因素继续影响该资产。Fitch Solutions将其2021年金价预测维持在每安士1,780美元，而今年到目前为止的平均价格为每安士1,803美元，并在截至8月30日徘徊在每安士1,815美元左右。它预测未来几年金价将保持高位，相较于新冠肺炎疫情前的水平。

对于所有企业而言，这是一个充满挑战的时期。我非常清楚各种经济和财务预测只不过是当前趋势的推断。据知识渊博的美国耶鲁大学经济学教授Charles E Lindblom在他的名著“蒙过关的科学The Science of Muddling Through”中说，世上并没有明确的金融断层线。个人决策和企业行为形成了不同场景的拼图。我们有必要循序渐进地规划，而不是持长远观。

这些年来，我们所有的利益相关者都认为宝光具有两个强大的特征；即力量和弹力。我相信我们有合适的产品。我们也有合适的人选。因此，宝光绝对有理由保持乐观。由于金饰珠宝和投资品具有强劲的需求，预料今年的表现会更好。我们相信，基于原产品市场的活动，今年我们在获得更高的营业额方面居有利地位，并已为新冠肺炎疫情好转时把握需求良机做好准备。

身为执行主席兼集团董事经理，我有信心带领本集团渡过这动荡的大流行海洋。金价将随着政府金库和中央银行的需求殷切而继续上涨。除此之外，在交易所上市交易的各种基金也有迫切的需求。



在全球不确定性和市场压力下，黄金一直是财富保护的首选资产类别。我们有信心宝光的业务将保持活力，因为在瞬息万变和充满挑战的环境中，金饰珠宝和黄金投资品已证明其弹性。

鸣谢

简单的一句‘谢谢’并不足以表达我对本公司所有员工，股东，顾客，策略伙伴，融资机构和供应商所表现出之坚定承诺和忠诚的深切感激。在此，我谨向政府和各监管当局致谢。我也要感谢各位董事，他们齐心协力以身作则领导，提供咨询和支持。对于我们的管理层们，我谨再次感恩大家在应对艰辛和具挑战性时刻的关怀和用心，并通过‘把店看好’的精神让本公司能做得最好。宝光能够欣欣向荣和妥善经营乃是因为所有利益相关者都齐心协力，就像一个精心策划的合奏团般。

拿督鍾义翔

执行主席兼集团董事经理

日期：2021年11月18日



M Management Discussion and Analysis

CORPORATE OVERVIEW

POH KONG®

Poh Kong Holdings Berhad (“PKHB,” or “the Company,” or “Poh Kong”) is an investment holding company. The Company and its subsidiaries (“the Group”) are organised into an integrated one-stop jewellery business with operations in retailing and manufacturing of gold jewellery and related gold investment products. The retail and manufacturing operations are carried out through Poh Kong Jewellers Sdn Bhd, Poh Kong Bullion Sdn Bhd, Poh Kong Jewellery Manufacturer Sdn Bhd and Poh Kong Wholesale Sdn Bhd.

BUSINESS OVERVIEW

In FYE 2021 Poh Kong leveraged on the power of its products and people to continue on its positive growth trajectory. The Group continued to lead the Malaysian jewellery market. Its remarkable performance can be attributed to the **STRENGTH AND RESILIENCE** of the Poh Kong leadership, its comprehensive range of jewellery and gold products, unimpeachable reputation and its extensive retail network. Gold and diamond jewellery, gold bars and wafers maintained their appeal despite the challenging economic conditions. Going forward the Poh Kong aims to sustain its leadership position in gold jewellery which has been the major contributor to its revenue, and to increase market share in the gemstones segment, particularly the diamond category.

The Group strengthened its lead in the retail of yellow gold jewellery. Existing and new customers continued to support its broad range of exclusive in-house brands and its Hemera and D’first diamond collections.

In a challenging market environment, the Group remained focused on building Poh Kong into a bigger and more powerful brand. Its initiatives and strategies for growth and greater customer loyalty gained momentum. It extended customer engagement and experience, offering greater accessibility through more efficient social media marketing. MCO 2.0 and MCO 3.0 adversely impacted the Group’s business. However, swift mitigation measures taken to ramp up PKHB’s capacity for online and digital interaction, live commerce as well as digital marketing activities and mobile applications helped boost sales. The pandemic led to an uptick in online activity. An increasing number of customers chose to go the online route which the Company believes will outlast the pandemic. However, the dramatic rise in online sales by more than 157% from last financial year is insignificant compared to actual sales through its 89 retail outlets.

The Group’s special upgrade scheme for customers introduced in the previous year to boost its market share in the diamond category, saw encouraging results. It also initiated inventive promotional events at selective outlets to showcase its range of jade and gemset jewellery.



Exclusive and Comprehensive Product Range

The Group's extensive range of jewellery includes gold, diamonds, jade, pearls and coloured gemstones to meet wide customer styles and preferences. In-house designers and craftsmen produce jewellery that is made available exclusively at Poh Kong's retail outlets. These are manufactured at our Shah Alam plant while the rest is sourced from approved external suppliers.

Poh Kong's team of designers, merchandisers and marketing specialists has a firm finger on the pulse of Malaysia's unique multi-ethnic and multi-generational market. It has an in-depth understanding of evolving styles and preferences and keeps continuously focused on staying abreast with the latest jewellery trends and industry developments.

Its home-grown designs are produced under the now widely recognised brands including Anggun, Happy Love, Tranz and the Art of Auspicious. The Bunga Raya gold bars and wafers carry a strong Malaysian endorsement. Its in-house diamond collections are retailed under the Hemera and D'First brand names.

Poh Kong is a licensee of Disney, the renowned global brand, and fine jewellery brands Luca Carati and Moraglione 1922 from Italy.

Reputation and Market Leadership

The importance of reputation is a key parameter for success in Malaysia's highly competitive jewellery industry. Over its 45 years, Poh Kong has built an enviable track record and established a nationwide retail footprint. The Group as well as the Executive Chairman have won numerous awards for outstanding and visionary leadership and the development of the retail chain industry.

The Group's reputation as a leading jeweller is reflected in the top sales revenue published for local public-listed jewellery companies in Malaysia.

Manufacturing

The Group established its manufacturing facility in 2001. This RM28 million plant brings the Group a strong competitive advantage in respect of quality control, design excellence, cost control and sustainable production. Its precision technology equipment is capable of mass produced designs as well as bespoke jewellery.

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

A dedicated floor for training purposes within this 4,000 sq ft facility, ensures that all employees have easy and convenient access to training and development that upgrades skills, builds knowledge and creates a highly productive and efficient workforce. The cessation of sales activities meant more time for training, skills upgrading and knowledge enhancement. During the year the Company ran 40 sessions of training courses, interactive sessions and webinars and incurred training costs of more than RM330,000 for FYE 2021.



M Management Discussion and Analysis

Retail

An incisive retail strategy underpins the Group's success in building enduring relationships with its customers and other stakeholders. Considerable attention and resources are invested into creating lasting impressions in an effort to make Poh Kong Malaysia's most loved and visited jewellery store.

Staff are trained to remain responsive to customer needs and develop a unique sensitivity to customers' needs and preferences. By building on their knowledge and skills, staff are able to communicate effectively about our products and services. Feedback from point of sale staff provides valuable inputs on which we can base our continuous improvement initiatives. We have also put in place convenient operating hours, payment options and loyalty programmes.

During the year under review, due to the ongoing Covid-19 pandemic, Malaysia continued to enforce various levels of Movement Control Orders to manage and contain the spread of the disease. Our point-of-sales outlets remained closed for two months, therefore registering zero revenue while the Company continued to bear the fixed expenses and running costs.

A rationalisation exercise to streamline our business saw the closing down of 4 outlets during the year in review, namely Plaza OUG, Diamond Boutique Sunway, Semenyih and AEON Klebang.



Aeon Cheras Selatan



IOI City Mall



East Coast Mall



Cheras Leisure Mall

Retail (Cont'd)

RETAIL STORES

Poh Kong's Outlets by Locations as at 31 July 2021

Locations	Number of Outlets
Selangor/ Kuala Lumpur	50
Johor	13
Malacca	4
Negeri Sembilan	5
Perak	7
Kedah	2
Pahang	3
Penang	3
Kelantan	2
Total	89

Poh Kong's retail concept stores nationwide occupy a total retail space of approximately 117,388 square feet. Retail outlets located within Kuala Lumpur and Selangor accounted for 56% of the total outlets and contributed 75% of the total revenue for FYE 2021.

Going forward, Poh Kong will continue to adopt proactive business strategies, improved systems and processes to streamline its operations.

Marketing and Branding

Branding and marketing play a critical role in business. Poh Kong's branding strategy focuses on promoting its in-house brands of gold and diamond jewellery through highly targeted advertising campaigns.



The pandemic saw Poh Kong intensify its digital marketing drive to increase brand awareness and offer easy access to its products. Poh Kong continued to engage actively with consumers via social media and direct messaging. In FYE 2021 it broadened its reach and expanded its Facebook and Instagram followers. Its collections were showcased via FB Live, and the Company provided delivery services in view of the restricted movement orders.

M Management Discussion and Analysis

Marketing and Branding (Cont'd)

As part of its growth strategy and push towards digitalisation, Poh Kong introduced its own mobile loyalty programme, Jeweland, aimed at increased engagement and interaction with its customers. Jeweland offers customers greater convenience through unique features. These include Jewel Box to meet the need to organise jewellery purchased, and E-Warranty, which provides security and convenience. The year also saw the launch of the 45th Years Campaign, offering prizes and attractive rewards for Jeweland members.

Online shopping continued on its upward momentum. Poh Kong's collections have been made available at leading e-commerce sites including Shopee, Lazada and Superbuy. During the year, it increased consumer choice and convenience through Vettons another the online platforms of shopping malls.



FINANCIAL REVIEW

The Group registered a revenue of RM903.10 million for FYE 2021 as compared to RM748.80 million in FYE 2020 by sales volume.

Group revenue increased to RM903.10 million from RM748.80 million in the previous year on the back of an increased demand for gold jewellery and gold investment products. PKHB recorded a profit before tax of RM52.82 million in FYE 2021 compared to RM38.98 million in the preceding year. This was higher by RM13.84 million or 35.51%.

The Group reported a 50.47% increase in full year net profit to RM36.76 million for FYE 2021 as against RM24.43 million for FYE 2020.

Going forward, there is reason for cautious optimism about the Group's prospects for 2022. It believes investors will continue to be enamoured by gold and the demand for gold and gold jewellery (barring unforeseen circumstances). Gold is expected to remain buoyant in the longer term. As the market recovers, the demand for diamonds and gemstones will have a stronger chance to rebalance and grow.

While the higher gold prices have been a boost for the Group's profit, a weaker Ringgit affected the Group's operating profits during the financial year under review. Gold prices are expected to plateau in 2022. The Group is determined to increase the Poh Kong brand presence and capitalise on the increasing demand for gold jewellery as the economy stabilises and indeed grows post pandemic. Gold jewellery is worn as an ornament and used also as a mode of investment. It is recognised that in a world of investing, there is always going to be risk and potential for loss. Gold is no different, but it is also one of the least risky investments. It is an asset that will always be in demand, either for its use in jewellery or electronics. Demand is also consistent from central banks as well as investors.

Poh Kong is well aware that gold is a resource that has an uncertain and scarce supply. This supply is always dwindling which means the demand will keep rising along with the price. The Covid-19 crisis and the ongoing need for a safe haven asset is expected to ensure a continued demand for gold.

Investment demand, especially from large ETFs (Exchange Trade Funds), is another factor that is expected to keep gold prices buoyant. The Group is of the opinion that its gold products offer a hedge against inflation, and a commercial hedge for investors seeking opportunities outside traditional equity and fixed income securities. (source: Prime xbt.com)

FINANCIAL SUMMARY

5-Year Group Financial Highlights (2017 – 2021)

FYE 31 JULY (RM'000)	2017	2018	2019	2020	2021
Revenue	876,996	1,003,522	1,000,514	748,802	903,100
Profit before tax	37,485	26,885	36,450	38,976	52,817
Income tax expense	(7,957)	(3,484)	(11,176)	(14,542)	(16,056)
Profit for the financial year	29,528	23,401	25,274	24,434	36,761
Basic earnings per share (sen)	7.20	5.70	6.16	5.95	8.96

The Group's financial profile is summarised below:

Profit Attributable to Owners of the Company/ Earnings Per Share

	2021	2020
Average number of ordinary shares in issue (million)	410.35	410.35
Profit attributable to owners of the Company (RM'million)	36.76	24.43
Basic earnings per share (sen)	8.96	5.95

The profit attributable to owners of the Company increased by RM12.33 million or 50.47%.

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

	2021	2020
EBITDA (RM' million)	90.43	79.77

The Group's EBITDA increased by RM10.66 million or 13.36% as compared to the previous financial year. This was mainly due to the increase in profit during the financial year.

Financial Position

Property, plant and equipment (PPE)

	2021	2020
PPE (net carrying amount) (RM' million)	92.28	94.95

The Group's PPE decreased by RM2.67 million or 2.81% as compared to the previous financial year.

M Management Discussion and Analysis

Cash and cash equivalents

	2021	2020
Cash and cash equivalents (RM' million)	18.36	33.15

The Group is in a healthy financial position with a cash reserve of RM18.36 million.

Gearing

	2021	2020
Total net debts (RM' million)	137.30	139.73
Total equity (RM' million)	602.17	570.23
Gearing ratio (times)	0.23	0.25

The cost control initiatives together with stringent inventories management resulted a decrease of RM2.43 million in its net debt level to RM137.30 million as at FYE 2021.

Consolidated Net Assets Per Share

	2021	2020
Share capital (RM' million)	205.18	205.18
Retained earnings (RM' million)	355.25	323.41
Revaluation reserve (RM' million)	41.75	41.64
Total Equity attributable to owners of the Company (RM' million)	602.17	570.23
Number of outstanding ordinary shares in issue (million)	410.35	410.35
Consolidated net assets per share attributable to owners of the Company (RM)	1.47	1.39

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

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. The management has developed plans and strategies to mitigate such risks.

BUSINESS & FINANCIAL RISKS

Competition Risk

The jewellery industry in Malaysia faces intense competition with approximately 3,500 jewellery retailers. This places significant pressure on the Group's business. However, the Group mitigates the competitive pressure through enforcing the following measures:

- strengthening and reinforcing its reputation and market position
- offering a comprehensive product range
- creating an exclusive in-house product range
- maintaining an extensive distribution network
- operating a dedicated manufacturing plant to respond to changing market demands

Fluctuations in Gold Price 2020-2021

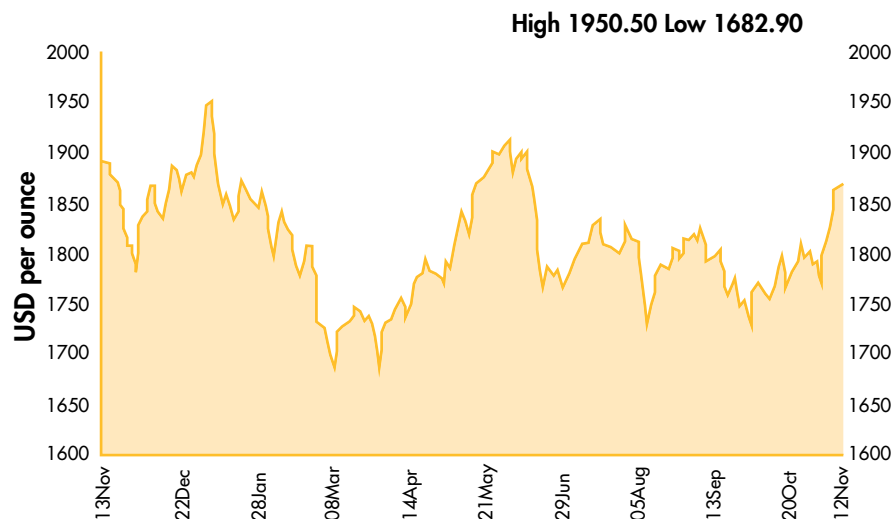


Chart shows the 1 year gold prices.

Source: www.kitco.com



M Management Discussion and Analysis

RISKS MANAGEMENT AND MITIGATION (CONT'D)

BUSINESS & FINANCIAL RISKS (CONT'D)

Competition Risk (Cont'd)

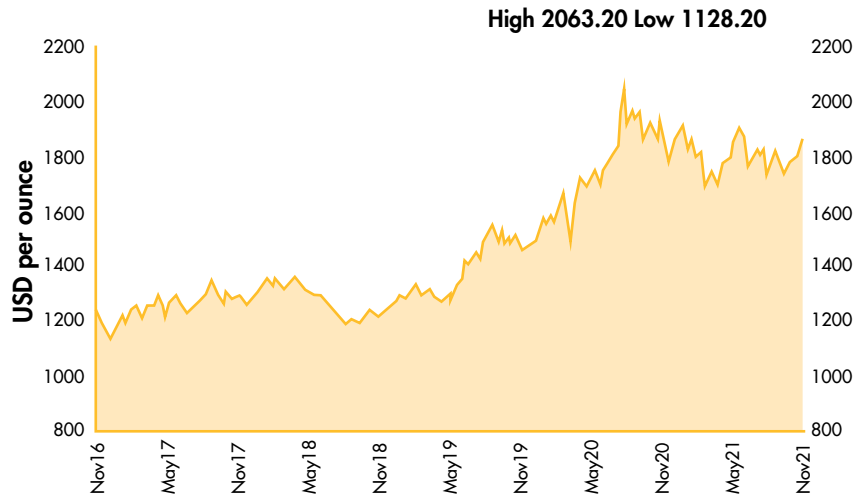


Chart shows the 5 year gold prices.

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. Gold prices are affected by many factors and the precious metal is regarded as a safe haven to hedge against global uncertainties.

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

Foreign Exchange Fluctuation 2020 - 2021

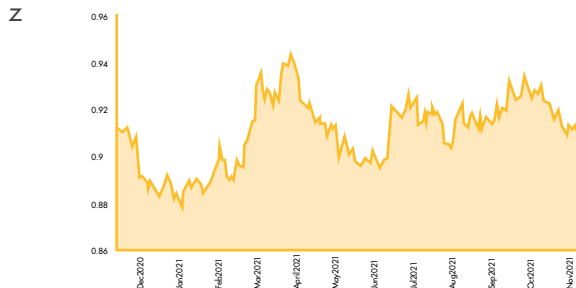


Chart shows foreign exchange for 1 year.

Source: www.bloomberg.com



Chart shows foreign exchange for 5 years.

Source: www.bloomberg.com

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

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

RISKS MANAGEMENT AND MITIGATION (CONT'D)

BUSINESS & FINANCIAL RISKS (CONT'D)

Security Risk

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

The Group has taken preventive and precautionary steps to implement security and surveillance measures, such as closed circuit television, grills on jewellery counters, security guard services, central monitoring system, strong rooms and safes, and insurance coverage of its assets. It also put in place stringent protocols to ensure SOP compliance for the safety and wellbeing of staff and customers during the Covid-19 pandemic. Poh Kong began doing more things virtually and increased its online presence. Even when stores opened the Group made a determined effort to keep both staff and customers safe by putting in place retail protocols that emphasised good personal hygiene and habits, and ensuring stringent care was taken while trying on jewellery. Extreme caution and precaution underscored all retail exchanges followed by strict sanitising processes. Only customers and staff who have been fully vaccinated were allowed into our outlets and retail stores.

The Company has invested in strengthening its IT infrastructure to strictly manage data processing. Employees undergo training on data privacy and protection of personal data which can be considered as sensitive information under the Personal Data Protection Act 2010 (PDPA).

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

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

Economic and Regulatory Considerations

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

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

The AMLA (Anti-Money Laundering Act 2001) compliance, MACC (S17A Corporate Liability) compliance and other statutory compliances are regulatory changes that have been widely discussed in the public domain. The Group had appointed a Certified Integrity Officer to ensure the Integrity Policy is enforced, employees are properly trained and the Group adheres to zero tolerance of corruption.

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



M Management Discussion and Analysis

RISKS MANAGEMENT AND MITIGATION (CONT'D)

BUSINESS & FINANCIAL RISKS (CONT'D)

IT Risk

The Group is committed to investing in IT infrastructure to meet operational and developmental challenges. In the year under review the Group developed policies, procedures and acquired technology to mitigate malicious threats and to reduce information technology vulnerabilities. The Group built up its IT capacity and capability to avoid breaches in data confidentiality.

PKHB's Disaster Recovery Centre is able to respond quickly to mitigate loss of data and ensure uninterrupted flow of business. A system of continuous monitoring to assess the efficacy of its IT security systems, enables the Company to revise and review its course-of-action if needed. A sharp escalation in the use of social and digital media as well as online retail, has increased the need for cybersecurity. Mitigation measures have been put in place to address online fraud, malware and viruses.

Reputation Risk

Reputation risk is a threat or danger to the good name or standing of any business as a result of publicity that affects its image and reputation.

The Group sees reputational risk as a key priority and has taken preventive action to guard against adverse effects or damage, data loss or failure, product recall or boycott, social media backlash, including crisis and issues management.

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

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 1.20 sen per ordinary share in respect of FYE 2021 for shareholders' approval at the upcoming Annual General Meeting. (FYE 2020 : 1.20 sen single-tier dividend per ordinary share).

If approved, this would amount to a payout of RM4.92 million (FYE 2020 : RM4.92 million) that will allow shareholders to participate in the profits or approximately 13% from the profit attributable to the owners of the Company.



DIVIDEND POLICY (CONT'D)

Dividend Track Record

Financial Year	Profit After Tax (PAT) (RM'million)	Category Dividend	Dividend Distribution (RM'million)	% Dividend on Profit AfterTax(PAT)
2017	29.53	1.00 sen single-tier	4.10	14%
2018	23.40	1.00 sen single-tier	4.10	18%
2019	25.27	1.20 sen single-tier	4.92	19%
2020	24.43	1.20 sen single-tier	4.92	20%
2021	36.76	1.20 sen single-tier	4.92	13%

Outlook and Prospects in 2022

In 2022 (barring any global health or economic crisis) demand for gold and gold products is expected to pick up. With the opening of borders and easing of travel restrictions, experts predict a marked increase in the number of large-scale events such as weddings, family commemorative events and corporate functions. The demand for gold, jewellery and precious stones is likely to rise. Differed spending on gold in 2020 and 2021 will cascade into higher retail purchases of gold jewellery and other gold products in 2022. Further, it is forecast that in the coming year rising income levels will be the most powerful driver for gold, (World Gold Council Report 2021), All this is expected to lead to a period of robust demand for Poh Kong products.

Malaysia's 2022 Budget is one that reflects financial inclusion. It is focused on reviving, recovering and revitalising the economy. Building on the economic plans outlined in the previous year's budget, we now look forward to the roll-out of the largest budget in Malaysia's history. Everybody stands to benefit from the accelerated path to recovery. Malaysia's economy is forecast to grow by 6 percent with exports rebounding to 17.1 percent.

Poh Kong has always taken a 'family approach' to its business agenda. Positive outcomes from expansion and growth within the corporation should benefit all its stakeholders. The Company is therefore supportive of the 2022 Budget theme ***Keluarga Malaysia, Makmur Sejahtera*** which aims to tackle a wide range of challenges faced by Malaysian families. As the Malaysian econometric model illustrates, demand grows commensurately with the expansion of the economy. This includes the demand for gold products and services.

As always Poh Kong remains cautiously optimistic about its ability to improve performance in FYE 2022. Gold is a strategic asset, outperforming many other asset classes. Notwithstanding the volatility of gold prices, Poh Kong will continue to leverage its expertise and experience and prospect for new opportunities for business growth.

Prudent management, product excellence and customer-oriented marketing strategies will help the Company build on its achievements.

Sustainability at Poh Kong

This report covers the Company's sustainability efforts and initiatives between August 2020 and July 2021 (FYE 2021) unless otherwise specified. The Group's economic, environmental and social performance during the reporting period is reported in accordance with the Global Reporting Initiative ("GRI") Standards

In the year under review PKHB took small but deliberate steps to log on to the circular economy. It joins other responsible corporate citizens to transform our throwaway economy into one where waste is eliminated, resources circulated and nature regenerated. This year's annual report cover design reflects this.

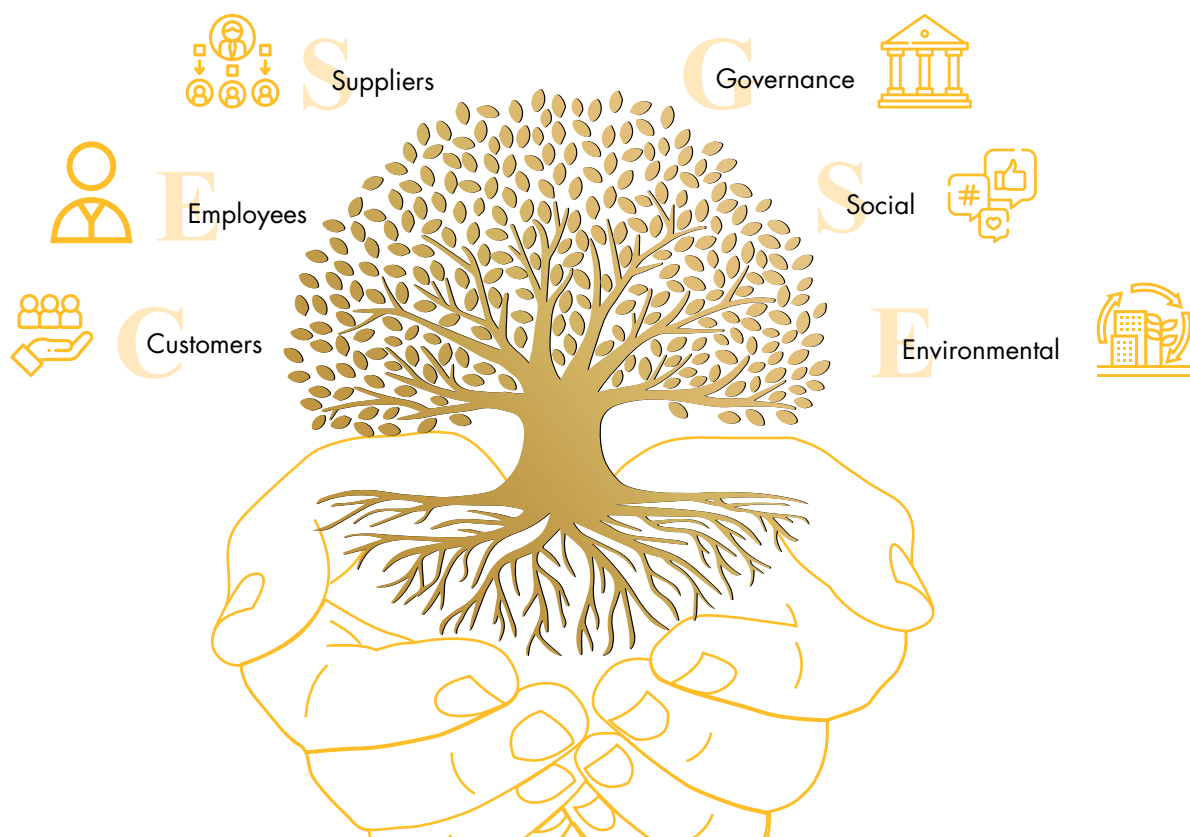
Over the year the Company incorporated sustainability awareness through training programmes that focused on upgrading skills and enhancing overall knowledge of sustainable practices. A high level of awareness was raised among management and staff on the consequences of over-exploitation that leads to mineral depletion, global warming, food insecurity and climate change.

To ensure consistency in the implementation of sustainability measures the Group's Environmental, Social and Governance (ESG) strategies rest at the highest level with the Board of Directors. Poh Kong's Sustainability Management System is kept clear, simple and easy to execute. During the year the Board reiterated its sustainability statement of purpose which was clear and easy to follow. Implementation was done company-wide on an incremental basis.

Poh Kong intends to future-proof its sustainability strategies and measures to stay relevant to its customers, investors and stakeholders.

Economic, Environmental and Social Performance 2021

During the year Poh Kong continued to take a holistic approach to operating a sustainable business that will consistently produce high quality products, build craftsmanship and creativity, and develop the capabilities of our employees. Our focus is on sustainability issues that are of the greatest importance to our business and its stakeholders. Our major stakeholder groups are employees, customers and suppliers.



Economic, Environmental and Social Performance 2021 (Cont'd)

The Group's materiality matrix and key priorities are based on inputs from stakeholders. The Company reviewed these issues during the year to keep abreast of changes in the business environment and stakeholder opinions.

However, the good news is that Poh Kong has been practicing the principles of the circular economy well before it became a popular ideal. The circular economy is all about creating closed loops where both waste and new inputs are minimised and existing items/materials get re-purposed, repaired or recycled. Precious metals like gold, silver and platinum can be recovered and refined, then recycled into newly fabricated products. Gemstones are polished and re-set into new designs for its customers.

In 2021, based on the materiality assessment, sustainability at Poh Kong prioritised five key areas: Governance, People, Quality & Service, Supply Chain and Environment.



P People

More than 64% of our staff have been with the Group for over 7 years and above.



C Governance

Evaluating the adequacy and effectiveness of their risk management and mitigating measures on an on-going basis.



Q Quality & Service

Upholding the highest standards in producing beautiful, timeless pieces of jewellery



S Supply Chain

A stringent process of selection of suppliers is based on a solid reputation and track record of quality, reliability and competitive pricing



E Environment

During the year it integrated the best sustainability practices and compliance across all its operations.

POH KONG®

Sustainability at Poh Kong



GOVERNANCE

Poh Kong strengthened its corporate governance system during the year. The Board of Directors ensured the Group maintained a sound and transparent governance framework. The Audit Committee supported the Board and undertook oversight of regulatory compliance for the year 2021. At the operational level, the various business divisions and departments remained responsible for evaluating the adequacy and effectiveness of their risk management and mitigating measures on an on-going basis.

Ethics & Compliance

Poh Kong's top leadership continued to urge all its stakeholders to uphold the highest standards of ethics and corporate governance in order to operate a sustainable, successful business. Trust, honesty and integrity were emphasised through all the Company's activities and corporate communications programmes. Employees and business partners were called to uphold the highest ethical and professional standards.

Information Security

The trust of customers, employees and business partners is very important to Poh Kong. All data provided is protected by an efficient and continually strengthened information security system in accordance with the Personal Data Protection Act 2010. To safeguard the privacy of customers, PKHB collected and maintained a minimal amount of their personal details. Even within the Group, customer data is released on strictly a need-to-know basis, and never without their prior consent. Relevant details of PKHB's privacy policy are available on our website.

Anti-Bribery and Corruption

Poh Kong has zero tolerance for fraud, bribery, corruption and violation of laws and regulations. This commitment is central to its approach to corporate responsibility. Compliance to ensure awareness of the risks of violation is implemented on a a group wide basis.



People are PKHB's most valuable resource and drive the Group's success. Poh Kong is fully committed to providing them with a supportive and dynamic work environment, and offering a strong sense of belonging to the Group. As a result, more than 64% of our staff have been with the Group for over 7 years and above.

Poh Kong is adopting strength-based management to nurture and develop its people by leveraging on their unique abilities. By giving employees a greater sense of purpose and motivation through this approach, Poh Kong will be in a strong position to attract more young people and add diversity to its workforce.

Human Resource Practices

The Group prioritises employment practices that are fair, non-discriminatory and merit-based. It upholds human rights, offers competitive remuneration and develops its employees, based on performance, ability and skills. As of 31 July 2021, the Group's 1,046 employees and staff turnover stood at 8.51%

Poh Kong believes strongly that a diverse workforce with varying strengths, skills, approaches and experiences creates long term value for the business. Across the Group, an equal opportunity policy offers the same possibilities for growth and development to all staff regardless of ethnicity, gender, nationality, age or disability. This has helped motivate employees, strengthened staff retention and boosted creativity.

PKHB maintains a zero tolerance for unethical human resource practices. Its Code of Business Conduct and Ethics provides the framework to guide the actions and behaviour of all employees.

Sustainability at Poh Kong

Health & Safety

Poh Kong is fully committed to providing a safe and healthy workplace environment. This is seen as fundamental to the future of its business. Its Health & Safety Environment Management System (HSEMS) provides an effective framework to foster a strong HSE culture throughout the Group. Processes and systems are in place to identify, mitigate and report risks and communicate best practices. There remains a strong emphasis on engagement and collaborative working to ensure that employees, contractors and subcontractors understand compliance with the Occupational Safety and Health Act, 1994.

During the year under review, the Group faced unprecedented HSE challenges with the global Covid-19 pandemic which has driven us all to a 'new normal' way of work and interaction.

In support of the Government's efforts to contain the spread of the Coronavirus - capital C, we responded quickly to make it comfortable and easy for office staff and management to work from home. Our focus was on providing the flexibility and technology for effective home working.

Strict protocols were implemented at all retail outlets, manufacturing plants, warehouses and administrative offices. These included hand sanitising, wearing of masks, physical distancing, sanitising all our showrooms 3 times a day and the recording of temperatures and information for each person entering the workplace. We are happy to report that Poh Kong was found to be in compliance when subjected to checks from Government Agencies during the course of the year.

There were no Lost Term Injuries and Lost Time Accidents recorded during FYE 2021.

Learning & Development

During the enforced closure of its retail outlets, Poh Kong staff were encouraged to use the opportunity to continue upgrading their knowledge and skills through online training courses.

The Company respects and supports each and every employee's ambitions and enables them to make the most of their individual strengths and capabilities. It believes it is crucial to ensure that they are equipped with future-proof skills and capabilities to help them meet the challenges of an evolving and changing business landscape. The Learning & Development Department evaluates training needs and recommends relevant programmes.

On average, employees dedicate approximately 100 training hours annually on training. During the year under review, an investment of RM330,000 gave employees at all levels the opportunities to upgrade their skills and craftsmanship.



Product Training



Teambuilding and personal development training



QUALITY & SERVICE

The Group is committed to excellence across its operations in the effort to build enduring relationships with its customers and other key stakeholders. By upholding the highest standards in producing beautiful, timeless pieces of jewellery to meet the wide-ranging expectations of Poh Kong's wide cross-section of customers, the Company managed to retain customer loyalty. The Company's range of products reflects creativity and experienced craftsmanship and has reinforced Poh Kong's reputation as a premier jewellery manufacturer in Malaysia.

PKHB's emphasis during 2021 was to uphold its reputation for quality products and service excellence. This proved to be challenging given the several rounds of lockdowns we experienced due to the Covid-19 pandemic. However, by remaining customer-centric, building on existing customer relationships and making every customer contact memorable we made good progress and our customer base stood at more than 140,000 members as at FYE 2021. Poh Kong's quality is assured through strict measures to ensure compliance with both local and international standards of jewellery production.



Sustainability at Poh Kong



Poh Kong's emphasis is on optimising supply chain management to increase competitiveness and customer satisfaction. A stringent process of selection of suppliers is based on a solid reputation and track record of quality, reliability and competitive pricing. All suppliers are scrutinised for financial sustainability and strong principles of responsible corporate governance.

Poh Kong has a clear and transparent procurement policy that ensures business is conducted in an ethical, legal and socially responsible way. The Company believes that a strong local supply chain is vital to the long-term development of business and creates sustainable economic value for the nation as a whole. In cases where there is no alternative but to source internationally, PKHB selects partners with high standards in areas such as ethical behaviour, environmental stewardship and workplace practices.





ENVIRONMENT

Poh Kong looked at all possible mitigating measures to minimise the environmental impact of its operations. During the year it integrated the best sustainability practices and compliance across all its operations.

Waste Management at PKHB's Jewellery Manufacturing Facilities, Shah Alam

There is in place a stringent water management system to prevent the contamination of local water supplies. Wastewater may contain acids, alkali, various chemicals and heavy metals. Poh Kong's onsite facility is responsible for the neutralisation, deionisation and sedimentation of wastewater from the plants.

Treated water is certified safe before discharge in accordance with Peraturan-Peraturan Kualiti Alam Sekeliling (Efluen Perindustrian) 2009, and the slag is properly handled by licensed operators – Midas Utara Engineering Sdn Bhd. At the smaller plant, wastewater is safely stored for removal by Midas Utara Engineering at regular intervals.

The Group has taken significant steps to reduce and recycle waste. Packaging is re-used wherever possible and we are moving steadily towards a paperless work environment.

Energy Efficiency

Mindful of the need to boost the Group's energy efficiency, measures have been put in place to conserve energy that includes the use of LED lightings in all our showrooms. Plans are underway to kick off further initiatives to reduce the use of energy across our operations.

Compliance

Poh Kong complies with all local environmental laws and regulations. All our employees, contractors and consultants are encouraged to be proactive in managing and reporting environment related issues and complaints. During the year under review, there were no cases of non-compliance.

S Statement on Corporate Governance

The Board of Directors ("the Board") of Poh Kong Holdings Berhad ("the Company") recognises the critical importance of maintaining the highest standards of corporate governance to sustain long-term business success and protect shareholder value and the interests of other stakeholders. The Board is committed to apply to its best ability the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017" or "the Code") throughout the Company and its subsidiaries ("the Group").

This statement provides an overview of the Company's application of the 3 key principles of good corporate governance set out in the Code that have been in place during the financial year ended 31 July 2021 ("FYE 2021"), except as disclosed otherwise. Details of the Company's application and the explanation for departures, alternative practices and timeframe for measures to be taken, where applicable, are set out in the Corporate Governance Report 2021 ("CG Report") which is available on the Company's website at www.pohkong.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

CLEAR FUNCTION OF THE BOARD AND MANAGEMENT

The Board is the ultimate decision-making body of the Company and is responsible for the strategic direction and oversight of the Group.

It enforces standards of accountability, with the view of enabling Management to execute its responsibilities effectively and efficiently to meet the long-term business goals. 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:



PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Committees (Cont'd)

The Board has established four Board Committees: Audit, Risk Management, Nomination and Remuneration Committees to support it in discharging its responsibilities.

Each of these committees has specific terms of references and operating procedures that are approved by the Board and reviewed periodically. The Board is informed of the Committees' deliberations and recommendations through reports by the Chairs of the respective Committees. The minutes of the various Board Committee meetings are circulated to all Board members.

The Board retains full responsibility for guiding, monitoring and directing the Company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. Key areas of focus include:

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

Board meetings are held regularly at least 4 times a year to ensure directors can discharge their responsibility to manage and review the Company's overall performance, strategy and policy, and to monitor closely the exercise of any delegated authority, and for individual directors to report on their areas of responsibilities and duties. In addition to operational and financial issues, the Board 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 ("GMD")

The Chairman's role is to facilitate the effective conduct of the business of the Board and ensure its smooth functioning. This includes:

- Determining Board composition
- 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 covers all matters required to be discussed, considered and resolved and that the meetings convened are properly attended by all Directors who 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 GMD ensures the smooth running of the Company's day-to-day 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 the continuous review of the Company's goals. The GMD is assisted by a group of senior, experienced Executive Directors and Senior Management.



S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (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 plans 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 Operating Procedures ("SOP") and succession planning. The EC comprises Executive Directors and is led by the GMD. Executive Directors take on the primary responsibility for implementing the Group's business plans and managing its business activities.

Role of Independent Directors

The role of the Independent Directors is particularly important as they provide unbiased and independent views, advice and judgment, and play a pivotal role in decision making and corporate accountability. Independent 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, Encik Fazrin Azwar Bin Md Nor was appointed as the Company's Senior Independent Director ("SID") in 2019. The SID is the main channel between the Independent Directors and the Chairman on matters that may be deemed sensitive. It provides an alternative avenue for shareholders and stakeholders to convey their concerns and raise issues pertaining to the Company.

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

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

CLEAR ROLES AND RESPONSIBILITIES

In fulfilling its fiduciary, stewardship and leadership responsibilities, the Board meets regularly or at least 4 times a year to:

Review and Adopt the Company's Strategy and Business Plan

The Board approves the strategy and business plan presented by the Management, which incorporates a realistic view of the expectations and the objectives of the Company and outlines key operational elements.

Upon adopting the business plans approved by the Board, the Management monitors and reviews them on a regular basis and aligns timelines as outlined in the original business plans to conduct a comparative analysis.

A fully integrated set of projections incorporating monthly profit and loss accounts, cash flows and balance sheets is set up to efficiently update and reflect changes of these projections on a monthly or quarterly basis against actual performance. The Group Accountant is responsible to present such updates and comparative analysis for the consideration of the Executive Committee, the Audit Committee and the Board of Directors.

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Review and Adopt 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
- activities are consistent with the organisation's vision, mission and values.

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, who is also Chairman of the EC, is responsible for the implementation of the Board's decisions and drives operational efficiency and the day-to-day operations of the Group.

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

The Risk Management Committee ("RMC") headed by an Independent Director, reviews the risks identified by the Management and advises the Board on the principal risks that could have a significant impact on the Group's business and the adequacy of compliance and control throughout the Group. The Risk Management Working Group ("RMWG") comprising senior managers and heads of departments, was formed to actively review and identify business and other risks and recommend control measures to mitigate these risks. The RMWG's findings relating thereto are reported to the RMC, and after deliberation, to the Board twice a year.

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 the Annual Report 2021 on pages 86 to 91

The members of the RMC are:

Encik Fazrin Azwar Bin Md Nor
Chairman, Independent Director

Dato' Esther Tan Choon Hwa
Independent Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Datin Shirley Yue Shou How
Independent Director

The Terms of Reference of the RMC are available at www.pohkong.com.my.

S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

Succession Planning

The Board has established a Succession Planning Framework for key management positions which has been approved by the Board to ensure continuity and sustainable growth in meeting the Group's long-term business objectives.

Succession planning for Senior Management staff includes various programs, such as Senior Management development and individual development plans. This ensures a steady pool of experienced and Senior Management staff to fill vacancies for Executive Directorship appointments.

Succession planning for the Board comes under the purview of the NC and RMC, while the Senior Management staff is managed by the Group Human Resource function.

Communicating with Shareholders and Investors

The Board recognises the importance of effective engagement and communication with shareholders and investors and maintains high standards of disclosure.

The Company arranges informal meetings and dialogues with fund managers, analysts, potential shareholders and research houses periodically. While it endeavours to provide as much information as possible, the Company is aware of the legal and regulatory framework governing the timely release of material and price sensitive information.

Corporate information, financial data, stock exchange announcements, annual reports, quarterly results are disseminated via Bursa Link. Poh Kong's Investor Relations ("IR") ensures this information is uploaded on the website at www.pohkong.com.my in a timely manner for access by shareholders and the public.

During the financial period under review, the Company was involved in IR activities, such as dialogues with analysts and fund managers.

Matters Reserved for the Board's Decisions

The responsibility for matters material to the Group rests 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 announcement of quarterly and final results and declaration of dividends.

Code of Conduct and Ethics/ Whistle-Blowing Policy/ Anti-Corruption

The Board has adopted a Code of Conduct and Ethics for Directors and employees towards their customers, business partners, communities and shareholders. It sets out the standards and underlying core values to guide the actions and behavior of all Directors and employees in conducting their 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 wherever the Company operates.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Code of Conduct and Ethics/ Whistle-Blowing Policy/ Anti-Corruption (Cont'd)

In order to strengthen corporate governance practices across the Group, a Whistle-Blowing Policy is provided to employees with an easily accessible platform to report fraud, corruption, dishonest practices or other similar matters.

The aim of this policy is to encourage employees to disclose such matters in good faith and 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.

Anti-Bribery and Corruption Policy

The Code of Conduct and Ethics, whistle-blowing policy and anti-corruption policy are 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.

Sustainability Management

The Board adopted its first Sustainability Statement for the Group in FY2019. The main purpose of the statement is to disclose the Group's current management approach and strategies for creating a positive economic, environmental and social impact, as well as enhancing business sustainability. Management regularly reviews the material matters across the business and ensures implementation of initiatives and achievement of targets.

Further details are set out in the Sustainability Statement of the Company on pages 48 to 55 of this Annual Report and at the Company's website.

Supply and Access to Information

The Board recognizes that effective decision-making 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:

- 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 its responsibilities. Meetings with the External Auditors are also held without the presence of Management and Executive Directors. There were two (2) 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.

S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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, the Main Market Listing Requirements of Bursa Securities ("MMLR") and Corporate Governance practices and guidelines ("MCCG 2017") 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 especially regarding statutory updates and training, briefings, and talks organised by the authorities.

The Directors have ready and unrestricted access to the advice and services of the Company Secretary in respect of 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 and of briefings, talks and updates received via Bursa Malaysia's administrators. The Company Secretary assists the Chairman of the Board and committees in the preparation of the agenda for their meetings.

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.

Throughout the year under review, the Directors were furnished with reports and updates.

Board Charter

The Directors are expected to maintain the highest levels of integrity, honesty and accountability and a strong commitment to sound corporate governance practices. The Board Charter was formalised and adopted in 2014 by the Board. It outlines 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
- The role of the Company Secretary
- Zero tolerance to corrupt practices by employees and/or associates

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 is reviewed annually to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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, judgement and decision making.

The Board comprises eight (8) members, of whom five (5) are Executive Directors and three (3) are Independent 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 that at least one third of the number of Directors shall be Independent Directors but the Board had achieved 37.5% Board Mix. The Board is cognizant of Practice 4.1 which recommends that at least half of the Board shall comprise Independent Directors. The Board will review the size of the Board in relation to the proportion of the Executive Directors to Independent Directors from time to time. 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 four women Board Directors. Its gender diversity is 50%. 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 performance of the Group.

Nomination Committee

The Nomination Committee ("NC") comprises three (3) Independent Directors and is chaired by the Senior Independent Director. The members of NC are as follows:

Encik Fazrin Azwar Bin Md Nor

Chairman, Senior Independent Director

Datin Shirley Yue Shou How

Independent Director

Dato' Esther Tan Choon Hwa

Independent 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 expectations 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 to assess the effectiveness of the Board as a whole. The NC also looks into succession planning, board diversity and the training needs of Directors and Senior Management.



S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nomination Committee (Cont'd)

The NC met two (2) times during the financial year.

Nomination Committee	Dates of Meetings		Total
	No. 1/2020/2021 NCM 19/10/2020	No. 2/2020/2021 NCM 08/12/2020	
Encik Fazrin Azwar Bin Md Nor	✓	✓	2/2
Datin Shirley Yue Shou How	✓	✓	2/2
Dato' Esther Tan Choon Hwa	✓	✓	2/2

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 the NC and subsequently submitted 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 nominations 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
- in the case of candidates for the position of Independent Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

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

The Committee will seek 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 Constitution 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 Clause 97 and, where 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:

- (a) Mr Cheong Teck Chong
- (b) Mdm Choon Nee Siew
- (c) En Fazrin Azwar Bin Md Nor

Diversity Policy

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

The Board recognises the value of a broad range of skills, experience, background and expertise. Although there is no formalised policy on women directors, out of a total of eight (8) Directors, four (4) are women.

The Group will continue to identify suitable candidates, whenever a vacancy arises, for appointment to the Board based on merit, competence and the contribution that each potential candidate can bring to the Board.



S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Annual Assessment

Annually, the NC conducts the following:

- Board and Board Committees' Evaluation
- Internal Audit Function Evaluation
- External Auditor Performance and Independence Evaluation
- Independent Directors' Self-Assessment
- Directors and Key Officers' Evaluation
- The Audit Committee's Evaluation
- The Internal Audit Function Evaluation

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 an 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.

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 its members, the RC has instituted its own terms of reference and guidelines structured to align and complement the strategic direction and objectives of the Company. This is 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 Executive Chairman and Executive Directors.

Also stipulated within this policy are guidelines on compensation payments, rewards and retirement benefits based on several criteria, such as seniority, 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.

In discharging its duties, the RC ensures that 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.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (Cont'd)

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

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

Datin Shirley Yue Shou How
Chairperson, Independent Director

Encik Fazrin Azwar Bin Md Nor
Independent Director

Dato' Esther Tan Choon Hwa
Independent Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director



S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration Committee (Cont'd)

The remuneration for Directors of the Company for FYE 2021 is as follows:

		The Company				The subsidiaries of the Company			
		Salaries & Bonuses		Other Emoluments	Total	Salaries & Bonuses		Other Emoluments	Total
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Director									
1	Dato' Choon Yee Seiong	-	1,958	659	2,617	6	-	-	6
2	Cheong Teck Chong	-	-	20	20	6	563	211	780
3	Choon Nee Siew	-	-	-	-	-	1,164	183	1,347
4	Choon Yee Bin	-	-	-	-	3	721	785	1,509
5	Datin Hon Wee Fong	-	947	4	951	3	-	-	3
Total		-	2,905	683	3,588	18	2,448	1,179	3,645
Independent Directors									
1	Fazrin Azwar Bin Md. Nor	50	-	46	96	-	-	-	-
2	Datin Shirley Yue Shou How	50	-	38	88	-	-	-	-
3	Dato' Esther Tan Choon Hwa	50	-	43	93	-	-	-	-
Total		150	-	127	277	-	-	-	-
Grand Total		150	2,905	810	3,865	18	2,448	1,179	3,645

The disclosure of the remuneration for the top management of the Group for FYE 2021 on a named basis in bands of RM50,000 is as follows:

Name	Range of Remuneration
Siow Der Ming	RM850,001 to RM900,000
Dato' Choon Yoke Ying	RM1,300,001 to RM1,350,000
Choon Wan Joo	RM1,550,001 to RM1,600,000
Mohd Annuar Choon Bin Abdullah	RM2,150,001 to RM2,200,000

The RC met once (1) during the financial year on 18 Oct 2021 to deliberate on remuneration matters of the Group.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. It is committed to ensure that the independent directors are capable of exercising impartial 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.

Tenure of Independent Directors

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative or consecutive term of a total of nine (9) years as recommended by MCCG 2017 and that such a Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Director upon completion of the nine (9) years tenure.

MCCG 2017 further advises that if the Board intends to retain the Director as Independent after the Independent Director has served a cumulative or consecutive term of twelve (12) years, the Board must justify the decision and seek shareholders' approval at a general meeting via two-tier voting process. The Board has opted to do this by a two-tier voting process.

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 Encik Fazrin Azwar Bin Md Nor ("Encik Fazrin Azwar"), an Independent Director, to be independent and recommends that he should continue to act as Independent Director of the Company based on the following justification:

- The Group has benefited from his long tenure as an Independent Director who has detailed knowledge of the Group's business, standard operating procedures, internal controls, information technology matters and risk profile, proven commitment, integrity, experience, competence and wisdom to effectively advise the Board.
- Encik Fazrin Azwar is independent in character and judgment, independent of management and free from any relationship or circumstances which are likely to affect or could affect his judgment or decisions making in the best interest of the Company.
- Encik Fazrin Azwar has proven business acumen, academic qualifications, professional and entrepreneurial experience, legal and litigation skills. He has been vocal and constructive in providing feedback to the Board in their decision making.

Encik Fazrin Azwar has fulfilled the criteria under the definition of Independent Directors as stated in the MMLR. He has provided a check and balance, and brought an element of objectivity to the Board, having served the Group for more than seventeen (17) years and has agreed to be retained as Independent Director.

S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

However, it has been the practice of the Group to combine the responsibility of the Chairman and the GMD due to his vast experience and the in-depth industry knowledge that Dato' Choon Yee Seiong ("Dato' Choon") has of the business. Dato' Choon's extensive expertise and his combined role as Executive Chairman and GMD has proven beneficial and appropriate for the Group. The Board has therefore agreed that the two roles of the Chairman and the GMD shall remain vested in Dato' Choon 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 of 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 reflects the Company's vision and mission and a keen understanding of 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 ensures its achievements following the Board's approval. Dato' Choon also implements the Board's directions, manages 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. He has the responsibility of identifying and executing new business opportunities. Dato' Choon and the Group Accountant, Mr Koh Sze Haw, assure 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 three (3) Independent Directors. Therefore, no individual Director dominates the decision-making process.

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

The MCCG 2017 recommends that the majority of the Board members must comprise 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 Directors expressing their impartial, independent opinions, without fear or favour on important issues that affect the Company and/or the interest of the various stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Composition of the Board

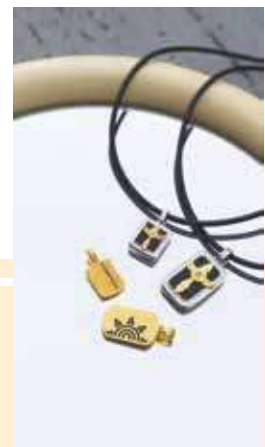
Presently, the Board comprises three (3) Independent Directors and five (5) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. However, this is a departure from the Code which recommends that the Board of a listed Company should comprise 50% of Independent Directors. The higher number of Executive Directors to Independent 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 13 to 18 of this Annual Report.

The Executive Directors are primarily responsible for the day-to-day running of the Group's business, as well as implementing the policies and decisions of the Board. Cumulatively, the Executive Directors have a wealth of industry knowledge and experience, insights from different fields and expertise that includes retailing, merchandising, manufacturing, research and development. They each uphold different functions of the Company and contribute cohesively to the success and well-being of the Group.

The Independent Directors act independently of management, 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 five (5) Executive Directors and three (3) Independent Directors constitute a balanced Board and comprise professionals from various backgrounds with depth and breadth of experience, expertise and perspectives which add value to the Group. Given the diverse backgrounds, professional experience and wide mix of skills of its members, the Board oversees the Group's operations effectively and efficiently.



S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meetings and Time Commitments

The Board met five (5) times during the financial year ended 31 July 2021. Details of Directors' attendance are set out as follows:

	Dates of Meetings				Total
	No. 1/2020/2021 BODM 24/09/2020	No. 2/2020/2021 BODM 20/10/2020	No. 3/2020/2021 BODM 23/03/2021	No. 5/2020/2021 BODM 15/06/2021	
Board of Directors					
Dato' Choon Yee Seiong (Executive Chairman & Group Managing Director)	✓	✓	✓	✓	5/5
Executive Directors:					
Cheong Teck Chong	✓	✓	✓	✓	5/5
Choon Nee Siew	✓	x	✓	✓	4/5
Datin Hon Wee Fong	✓	✓	✓	✓	5/5
Choon Yee Bin	x	✓	✓	✓	4/5
Independent Directors:					
Fazrin Azwar Bin Md Nor	✓	✓	✓	✓	5/5
Dato' Esther Tan Choon Hwa	✓	✓	✓	✓	5/5
Datin Shirley Yue Shou How	✓	✓	✓	✓	5/5

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 NC, reviews the time commitment of the Directors annually and ensures that they are able to carry out their own responsibilities and contributions to the Board.

The Directors also make familiarisation visits to existing stores and/or new locations from time to time and meet with senior management periodically to actively discuss the Group's financial and operational matters.

Continuing education programmes and training are provided to equip them with the relevant knowledge and skills to meet the prevailing business challenges. The Directors have devoted sufficient time to training courses.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training

During the year, the Directors attended the following training programmes:

Dato' Choon Yee Seiong	23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.
Datin Hon Wee Fong	23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.
Mr Cheong Teck Chong	23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.
Madam Choon Nee Siew	23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.
Mr Choon Yee Bin	23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.
Encik Fazrin Azwar Bin Md Nor	<ul style="list-style-type: none">• 19 to 23 October 2020 – INTERNATIONAL GREENTECH & ECO PRODUCTS EXHIBITION AND CONFERENCE, organised by Malaysian Green Technology Corporation• 24 October 2020 – Covid-19 BILL – IMPACT ON RELATED INDUSTRIES, webinar organised by KL & Selangor Chinese Chamber of Commerce.• 12 January 2021 – RISK, STRATEGY AND GOVERNANCE – HOW INTEGRATED THINKING CAN SUPPORT BOARDS IN CREATING LONG TERM VALUE, organised by the Malaysian Institute of Accountants (MIA)• 15 January 2021 – AMLA ACT 2001: GENERAL GUIDANCE FOR SMALL LAW FIRMS, organised by the BAR Council Small Firms Practice Committee.

S Statement on Corporate Governance

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training (Cont'd)

Encik Fazrin Azwar Bin Md Nor	<ul style="list-style-type: none">• 23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.• 5 April 2021 – TRANSFER PRICING - READY OR NOT, THEY ARE COMING FOR YOU, organised by Baker Tilly Malaysia• 22 July 2021 – IGEM – INTERNATIONAL GREENTECH & ECO PRODUCTS EXHIBITION & CONFERENCE MALAYSIA, organised by KASDA & Greentech Malaysia.• 24 August 2021 – SSM NATIONAL CONFERENCE 2021 – GOVERNING UNDER NEW NORMAL, organised by Suruhanjaya Syarikat Malaysia.• 15 September 2021 – THE CORPORATE GOVERNANCE LANDSCAPE IN MALAYSIA: GOING BEYOND THE RULES, organised by The Kuala Lumpur BAR Committee.
Datin Shirley Yue Shou How	<ul style="list-style-type: none">• 23 March 2021, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, training was conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad.• 17 Aug 21 Corporate Directors Summit 2021- Governance 4.0, organise by Malaysia Alliance of Corporate Directors (MACD).• 27 Aug 21 Executing Business Transformation for Sustainable Performance, organised by Malaysia Investor Relations Association (MIRA).
Dato' Esther Tan Choon Hwa	<ul style="list-style-type: none">• 9 Oct 2020 - Modified Audit Reports organized by MAFA• 4 Nov 2020 - MIA Webinar Series : How to apply various impairment models to different classes of assets under volatile environments organized by Malaysian Institute of Accountants (MIA)• 12 Nov 2020 - Seminar Percukaian Kebangsaan 2020 Organised by Lembaga Hasil dalam Negara (LHDN)• 16 Nov 2020 - Fraud Risk Management organized by Bursa Malaysia

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors' Training (Cont'd)

Dato' Esther Tan Choon Hwa

- 17 Nov 2020 - Baker Tilly Tax and Budget Seminar organized by Baker Tilly
 - 25 Nov 2020 - Assessing audit risks in the new norm organized by MAFA
 - 12 Jan 2021 - Risk, strategy and Governance – How integrated thinking can support Boards in creating long term value. Conducted by MIA and the Institute of Corporate Directors Malaysia (ICDM)
 - 19 Feb 2021 - Audit documentation for ISA compliance by MIA
 - 2 Mar 2021 - Tackling practical problems faced by Tax Payers organized by Thannes Tax Consulting Services
 - 23 Mar 2021 - Anti Money Laundering, Anti Terrorism Financing and Proceeds of Unlawful Activities Act 2021 conducted by Margaret Hon, Compliance Officer of Poh Kong Holdings Berhad
 - 29 Mar 2021 - Strengthening your Corporate Values E SG Adoption and highlights of MCCG 2021 by Boardroom
 - 27 July 2021 - National Tax Conference 2021 organised by LHDN and & 28 July 2021 CTiM
-

NOTE: Besides their individual training as per listed, the Board members are also briefed and updated by both the Company Secretary and External Auditors, when appropriate, on changes and developments relating to their respective scope and areas of specialisation. These briefings would include subject matter in relation to Company law and regulations, corporate procedures, SSM requirements, BURSA's advisory on rules and regulations, BURSA listing requirements, Corporate Governance and new auditing standards under MFRS.



S Statement on Corporate Governance

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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 (MFRS) and International Financial Reporting Standards.

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

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

The activities of the AC in terms of financial reporting and how the AC discharged its oversight role are cross-referenced to pages 80 and 83 of the Annual Report.

Statement on Directors' Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2021, 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 and amendments/improvements to MFRS that have been issued but are yet to be effective

A statement made by the Directors on their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 93 of this Annual Report.

Relationship with External Auditors

The Board maintains a transparent and professional relationship with the Group's external auditors through the 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.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

ACCOUNTABILITY AND AUDIT (CONT'D)

Relationship with External Auditors (Cont'd)

The AC also met with the external auditors without the presence of the EDs two (2) times on 24 September 2020 and 10 December 2020.

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.

Risk Management and Internal Control

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 risk management and 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. It 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 has a formalised Whistle Blowing Policy and established a risk management framework to identify, evaluate and manage key risks that may affect the achievement of the business objectives of the Group.

Internal Audit Function

The Group's internal audit function is carried out by the Company's in-house internal audit department using a risk-based approach 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. The total cost of the internal audit function for the financial year ended 31 July 2021 amounted to RM1,109,300.



S Statement on Corporate Governance

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Corporate Disclosure Policy

The Board has ensured a 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 formalized a written Corporate Disclosure Policy for the Group, a copy of which is available on the Company's website at www.pohkong.com.my.

Leveraging 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 interactive IR section in the website at www.pohkong.com.my enhances the IR function and includes a corporate newsroom investment calculator of stocks, and a mechanism for enquiries. Shareholders and the general public may direct their enquiries via "Information Request" and the Company's IR contact will endeavor to reply to their 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 Conduct and Ethics, Sustainability Statement, Anti-Bribery & Corruption Policy and various corporate governance initiatives.

Encourage Shareholder Participation at General Meeting

The Code recommends at least 28 days notice be given to shareholders. The Company has complied with the Code by despatching its notice of AGM and Annual Report related papers to shareholders on 18 November 2021, a total of 46 days before the date of the AGM on 3 January 2022 to enable shareholders to go through the sections of the Annual Report supporting the resolutions proposed.

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

The Board of Directors' reply to the Minority Shareholders Watch Group ("MSWG") is read out during the AGM.

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 participate actively 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.

The Covid-19 pandemic and the ensuing enforcement of the Movement Control Order ("MCO") have changed the traditional way of holding an Annual General Meeting, i.e. physically based on the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers by the Securities Commission on 18 April 2020 (Revised on 16 July 2021), the Eighteenth Annual General Meeting of the Company which was held on 13 January 2021 ("18th AGM") was conducted fully virtual with the Broadcast Venue at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Encourage Shareholder Participation at General Meeting (Cont'd)

Shareholders, proxies, attorneys or authorised representatives were not allowed to attend the 18th AGM in persons at the Broadcast Venue on the day of the meeting, but eligible shareholders, proxies, attorneys and authorised representatives ("collectively referred to as shareholders hereafter") were able to attend the 18th AGM via Remote Participation and Voting Facilities ("RPV") at the Boardroom Share Registrars online website including exercising their rights to speak and vote. Shareholders were provided with a dedicated contact number and/ or email to submit queries or request for technical assistance to participate in the fully virtual general meeting. Questions or remarks posted by shareholders during the 18th AGM were meaningfully responded to by the Board, and such questions and remarks were made visible to all the participants of the meeting. All the resolutions were tabled at the 18th AGM.

The meeting proceedings and resolutions passed at the 18th AGM were properly recorded and minutes. A summary of the key matters discussed at the 18th AGM was posted on the Company's website at www.pohkong.com.my. All the resolutions tabled at the 18th AGM were voted by poll. Voting on all the resolutions commenced at any time after the 18th AGM started and ended with the Chairman's announcement that the voting was closed. Following the end of voting, the Scrutineer verified the poll results before giving to the Chairman to declare whether the resolutions were passed and carried. The 18th AGM and remote participation ended with the Chairman's announcement of the closure of the 18th AGM.

Poll Voting

The 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.

Effective Communication and Proactive Engagement

It has always been the Company's practice to maintain a good relationship with its shareholders. Major corporate developments and happenings have always been duly and promptly announced to all shareholders in line with Bursa Securities' 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 person designated to respond 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 27 October 2021.

Audit Committee Report

1. COMPOSITION

The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Directors appointed by the Board of Directors. All members of the AC have extensive experience and a wide range of the knowledge and skills necessary in discharging their roles and responsibilities. The AC Chairperson is a member of the Malaysian Institute of Accountants ("MIA").

The AC comprises the following:-

Dato' Esther Tan Choon Hwa
Chairperson, Independent Director

Encik Fazrin Azwar Bin Md Nor
Independent Director

Datin Shirley Yue Shou How
Independent Director

2. TERMS OF REFERENCE

The AC's key function is to review the adequacy and effectiveness of internal control and governance systems of the Group and present its findings to the Board. The Board approved the Terms of Reference, including the roles and responsibilities of the AC. The information is available at www.pohkong.com.my.

3. INTERNAL AUDIT FUNCTION

The Internal Audit Function is performed in-house by the Group Internal Audit Function.

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2021 amounted to RM1,109,300 (FYE 2020: RM1,081,561) which covered the running cost of an in-house Internal Audit Department. The function is performed with impartiality, effectiveness and professionalism.

The Internal Audit Function reports directly to the AC Chairperson and the AC regularly reviews and appraises the Group's key operations to ensure that key risks and controls are adequately and effectively managed.

The Internal Audit Function provides independent and reasonable assurance to improve the operations of the Company. Its primary role is to examine and evaluate 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 as required by the Malaysian Code on Corporate Governance 2017 and by the Group's standard operations. In order to maintain its independence and objectivity, the Internal Audit Function has no financial or operational responsibility and authority over the activities it audits.

Internal Audit assignments are carried out based on the annual Audit Plan which is approved by the AC in alignment with the prevailing business and environmental risk.

The Internal Audit function also carries out internal audits on the outlets' compliance with the Group's standards of operation ("SOP") and IT related issues. During the year, Internal Audit function also conducted AMLA (Anti-Money Laundering and Anti-Terrorism Financing) SOP audit for the first time.

3. INTERNAL AUDIT FUNCTION (CONT'D)

In addition, the Internal Audit Function also reviews related party transactions to ensure that the review procedures established to monitor the related party transactions have complied with the Main Market Listing Requirements of Bursa Securities ("MMLR").

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 the objectives, scope of audit work, findings, management responses and auditors recommendations and ensure these are distributed to the responsible parties in a timely manner.

During the year, a summary of the audit reports incorporating findings and Management's remedial actions, was issued to the AC on a quarterly basis.

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 had 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:-

Financial Reporting

Reviewed and discussed the quarterly and year-end financial results of the Group before approval by the Board of Directors focusing particularly on:

- Compliance to accounting standards and other legal requirements;
- Changes in or implementation of major accounting policies changes; and
- Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how those matters are addressed prior to the recommending of them to the Board of Directors for approval and subsequent release to the Bursa Securities.

Internal Audit

- Reviewed the Internal Audit Reports, the Internal Auditors' findings and recommendations, the responses from Management and the reports of the follow-up audit in respect of compliance and actions taken to implement the recommendations.
- Reviewed and approved the Internal Audit Plan for the year 2020/2021 taking into account the number of outlets, the nature of the Group's business and the Group's budget, the processes to be audited [Standard of Operation ("SOP") Audit, AMLA (Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2016) SOP Audit and SOP Non-Compliance Audit].
- Reviewed the results of the internal audit assessments, investigation of the audit of SOP non-compliant outlets and determined whether or not appropriate action is taken on the recommendations.
- Reviewed the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.

Audit Committee Report

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

Internal Audit (Cont'd)

- Reviewed the status of the on-going modular digitalization of the internal audit function and the timeline to achieve this.
- Reviewed any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction or procedure or course of conduct that raises questions of management integrity including ascertaining that the compliance and disclosure procedures established by the Group to monitor the related party transactions have complied with the MMLR and that all the Directors and related parties are aware and are in compliance with the related party transactions policies and procedures.
- 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.

External Audit

- Reviewed the External Auditors' Audit Plan in relation to:-
 - Audit strategy
 - Scope of work
 - Plan of the External Auditors
 - 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' Audit Committee Memorandum in relation to their on-going status of the statements of the Company, their findings thereto, confirmation of their independence as External Auditors, fraud related matters and laws and regulations, related party transactions, Covid-19 Pandemic-Audit and Financial Reporting Considerations, Significant Audit Findings, Potential Key Audit Matters, Matters for Control Improvement, Significant Outstanding Matters, Uncorrected Misstatements, Accounting Developments and Other Information included in the Annual Report.
- Reviewed the assistance given by the employees of the Group to the External Auditors.
- Met with the External Auditors two (2) times during the Financial Year without the presence of the Executive Directors and the Management.

Related Party Transactions

Reviewed the related party transactions with the Internal Auditors on a quarterly basis and also the internal audit reports on the related party transaction to ensure that the disclosure policies and procedures established to monitor the related party transactions had been complied.

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2021. The details of meeting attendance are set out below:

Audit Committees	Dates of Meetings					Total
	No. 1/2020/2021 ACM 16/06/2020	No. 2/2020/2021 ACM 22/09/2020	No. 3/2020/2021 ACM 09/12/2020	No. 4/2020/2021 ACM 18/03/2021	No. 5/2020/2021 ACM 09/06/2021	
Dato' Esther Tan Choon Hwa	✓	✓	✓	✓	✓	5/5
Datin Shirley Yue Shou How	✓	✓	✓	✓	✓	5/5
Encik Fazrin Azwar Bin Md Nor	✓	✓	✓	✓	✓	5/5

This Report was made in accordance with a resolution of the Board dated 27 October 2021.



Nomination Committee Statement

1. COMPOSITION

The Nomination Committee ("NC") comprises three (3) Independent Directors and is chaired by a Senior Independent Director. Practice 4.7 of the Code applied. The members of NC are as follows:-

Encik Fazrin Azwar Bin Md Nor
Chairman, Senior Independent Director

Datin Shirley Yue Shou How
Independent Director

Dato' Esther Tan Choon Hwa
Independent Director

2. TERMS OF REFERENCE

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.

3. ATTENDANCE AT NC MEETINGS

The NC met two (2) times during the financial year

Nomination Committee	Dates of Meetings		Total
	No. 1/2020/2021 NCM 19/10/2020	No. 2/2020/2021 NCM 08/12/2020	
Encik Fazrin Azwar Bin Md Nor	✓	✓	2/2
Datin Shirley Yue Shou How	✓	✓	2/2
Dato' Esther Tan Choon Hwa	✓	✓	2/2



4. ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR

The NC carried out the following activities during the financial year ended 31 July 2021:

- Conducted via questionnaires the evaluation of performance of Directors and Key Officers, Board and Board Committees, Audit Committee as a whole and the Audit Committee Members, Internal Audit Function, External Audit Function and External Auditors' performance and independence, and subsequently reviewed the summary of the aforesaid evaluation of performance and reported to the Board the outcome and recommended actions to be approved by the Board, where appropriate.
- Considered and recommended the re-election of Directors in accordance with Clause 92 of the Company's Constitution.
- Considered and recommended the re-appointment of Encik Fazrin Azwar Bin Md Nor who had served as an Independent Director of the Company for a cumulative term of more than twelve (12) years in accordance with the criteria of "Independent Director" as set out in Chapter One of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and with the appropriate justifications as follows:
 - (a) He complies with the Independent criteria set out in Paragraph 1.01 of Chapter 1 of the Main Market Listing Requirements.
 - (b) He has always provided wise, effective, and practical advice to the Board throughout his tenure as Independent Director.
 - (c) He has always given his comment, opinion or judgement impartially and will challenge Management on matters which he believes to be not in the best interest of the Company.
 - (d) His invaluable feedback/check and balance, constructive participation and leadership in the decision-making process have contributed to the success of the Company.
- Reviewed and assessed the character, experience, integrity, competence and time commitment of the Group Accountant and found that he had effectively discharged his role pursuant to Paragraph 2.20A of the MMLR.
- Carried out an annual review of the Terms of Reference of the NC and recommended it to remain unchanged.
- Reviewed the Succession Plan of the Directors and noted that it is in place with the second liners already attending many Board meetings by invitation and are exposed to various job scopes and experiences.
- Reviewed the training needs and the training budgets for Directors and recommended more in-house training for the Directors' continuous education to be organised to enhance the financial knowledge and skills of the Directors, and to enable the Directors to keep abreast with the relevant development in Malaysian Business Reporting Standards and to maintain a sound understanding of the Company's business.
- Reviewed the selection process of the Board to ensure that the Board recruits and retains the best available talents as Executive Directors and Independent Directors.
- Reviewed the Diversity Policy and confirmed that the Company has a gender policy which requires at least 30% of the board of directors to be women directors. For the financial year ended 31 July 2021, 50% of the Board of Directors of the Company comprise women directors. This board composition even exceeded Practice 4.5 recommendation for Large Companies to have at least 30% women directors.
- Reviewed two nomination letters received from the shareholders of the Company to appoint two new Directors, and concluded that these two nominees although are deemed fit and proper to be considered as Executive Directors of the Company are subject to the Board's approval.
- Reviewed the extension of employment contract of an Executive Director of the Company and recommended the subject matter for the Board's consideration.
- Reviewed the Board size and composition of the Board, and found them to be appropriate.

Statement on Risk Management and Internal Control

INTRODUCTION

In accordance with the Malaysian Code on Corporate Governance 2017 (“MCCG”), the Board of Directors (“the Board”) of Poh Kong Holdings Berhad (“PKHB”) is pleased to present the nature and scope of risk management and internal control of the Group’s operations for the financial year ended 31 July 2021

BOARD RESPONSIBILITY

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 comprehensive internal control system which identifies, evaluates and manages significant risks encountered by the Group.

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

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

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

RISK MANAGEMENT FRAMEWORK

The Board has established the Enterprise Risk Management (“ERM”) framework to identify, measure and manage the principal risks that may impede the achievement of the Group’s business objectives.

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 a Senior Independent Director as Chairman in reviewing the risk management efforts within the Group. The RMC comprises the Group Managing Director, one Executive Director and three Independent Directors to ensure that the risk management and control framework is embedded into the culture, processes and structure of the Group.

The key aspects of the risk management process:-

- Business/Operations/Departmental Heads are accountable for all risks assumed under their respective areas of responsibility. They undertake to update their risk profiles on a regular basis and incorporate any new risk factor, review the risk profiles, ratings and update the management action plans.

RISK MANAGEMENT FRAMEWORK (CONT'D)

- 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
- 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 holds regular Board meetings to review and approve business strategies, risk management policies and business performance.

The RMC's key function is to review the adequacy and effectiveness of risk management of the Group. It is responsible for identifying the key potential risks of all operating units within the Group. Identified risks and the management action plans to mitigate these risks are reported to the Board to ensure that the risk policies and procedures are aligned to the Group's business strategies. It also reviews the framework for risk identification, measurement, monitoring and control on a regular basis to ensure it remains effective and relevant.

Risk Management And Internal Control System

The Board is responsible for managing the key business risks of the Group and implementing an 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 organisational 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, reviews key business indicators and monitors the achievements of the Group's performance on a quarterly basis
- The authorisation limits and approvals authority threshold of the Group encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;
- The AC is responsible for reviewing the statutory annual financial statements and the quarterly report announcements, and recommending them to the Board for approval prior to submission to Bursa Malaysia Securities Berhad.
- The Internal Audit Department periodically audits the effectiveness and evaluates the proper functioning of the internal control system to ascertain compliance with the control procedures and policies of the Group. The Head of Internal Audit reports to the AC on a 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.
- 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.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK (CONT'D)

Composition Of RMC

The RMC comprises the following members:-

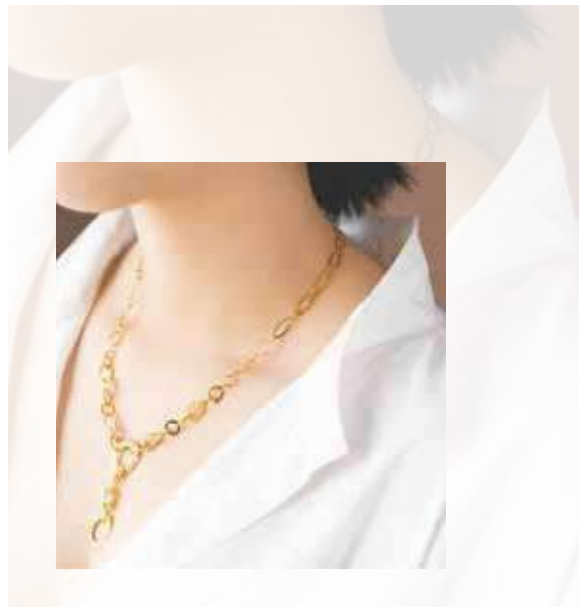
Encik Fazrin Azwar Bin Md Nor
Chairman, Senior Independent Director

Dato' Esther Tan Choon Hwa
Independent Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Datin Shirley Yue Shou How
Independent Director



During the financial year ended 31 July 2021, a total of two (2) meetings were held. Details of the attendance were as follows:-

	Dates of Meetings		Total
	No. 1/2020/2021 RMCM 01/12/2020	No. 2/2020/2021 RMCM 30/07/2021	
Nomination Committee			
Encik Fazrin Azwar Bin Md Nor	✓	✓	2/2
Dato' Esther Tan Choon Hwa	✓	✓	2/2
Dato' Choon Yee Seiong	✓	✓	2/2
Mr Cheong Teck Chong	✓	✓	2/2
Datin Shirley Yue Shou How (Appointed w.e.f 11/01/2019)	✓	✓	2/2

KEY INTERNAL CONTROL PROCESSES

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

Control Environment

1. Organisation Structure and Authorisation Procedures

The Group maintains formal and structured lines of reporting that include a 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 authority 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.

2. 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.

3. 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.

4. 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, memoranda, manuals and handbooks that are periodically updated when the needs arise to meet the changing environment.

5. 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.

6. Board Committees

The Board is supported by several Committees, namely the Audit Committee, Nomination Committee, Risk Management committee and Remuneration Committee. Each Committee has clearly defined terms of reference clearly outlining their functions and duties as 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.



S Statement on Risk Management and Internal Control

KEY INTERNAL CONTROL PROCESSES (CONT'D)

Control Environment (Cont'd)

7. 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 available on the Company website at www.pohkong.com.my.

8. 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 reviewed regularly to ensure adequate insurance coverage to protect the Group from potential claims and loss.

9. 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.

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 of the Group's operations, and reports to the AC on a quarterly basis.

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

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

During the financial year ended 31 July 2021, 77 out of a total of 89 outlets were audited by the Internal Audit Function in accordance with the internal audit plans approved by the AC. 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.

Information and Communication

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

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 business developments and resolves key operational and management issues. The quarterly financial statements containing key financial results and comparisons are presented to the Board for review

WEAKNESSES IN INTERNAL CONTROLS

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 July 2021. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015)) issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. 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 "Statement on Risk Management and Internal Control : Guideline for Directors of Listed Issuers" nor is the same factually inaccurate.

CONCLUSION

The Board is of the view that the Group's systems of risk management and internal controls are adequate in achieving its business objectives. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changes and challenges of the 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 Groups 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 27 October 2021.



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 2021 ("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 RM25,800 were paid to the External Auditors for tax advisory services in respect of transfer pricing assignment and tax related matters, 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

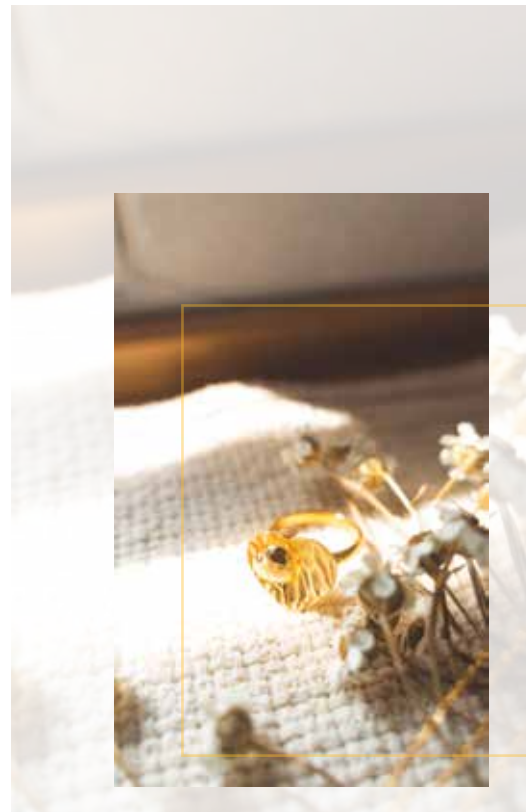
No profit guarantee was given by the Company in respect of the financial year.

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 36 to the Financial Statements.



S Statement on Directors' Responsibility

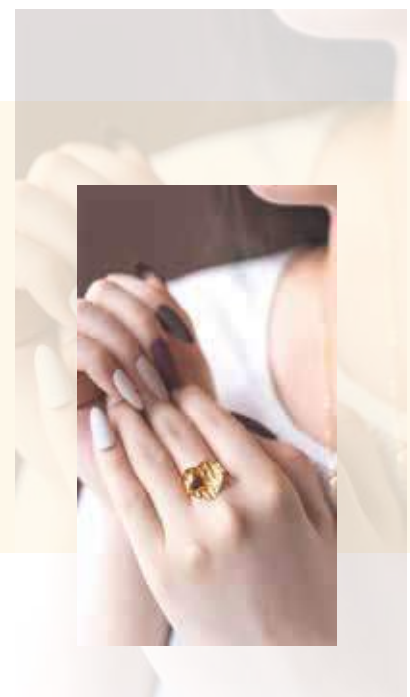
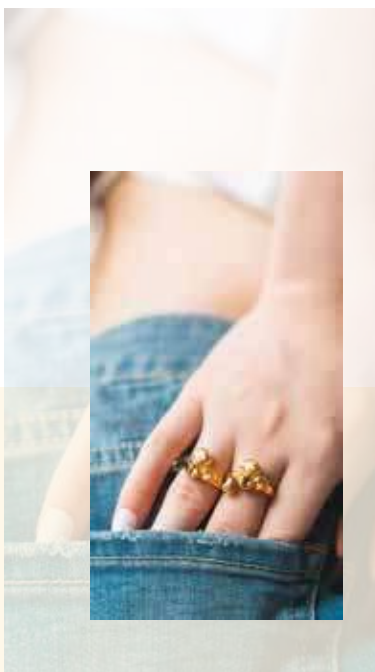
The Companies Act 2016 ("the Act") requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of their operations, changes in equity and 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 2021, 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
- prepared the financial statements on a going concern basis

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

This Statement was made in accordance with a resolution of the Board dated 27 October 2021.



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D Directors' Report

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 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services, distributor and supplier of jewellery, precious stones, semi-precious stones and gold ornaments. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	36,761,315	11,298,018
Attributable to: Owners of the Company	36,761,315	11,298,018

DIVIDENDS

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

	RM
Single tier first and final dividend of 1.20 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2020, paid on 12 March 2021	4,924,221

At the forthcoming Annual General Meeting, a single tier final dividend of 1.20 sen on 410,351,752 ordinary shares amounting to RM4,924,221 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 2022.

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.

Directors' Report

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and 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 have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

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 other than the effects of COVID-19 pandemic as disclosed in Note 40 to the financial statements; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

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

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 this report are:

Dato' Choon Yee Seiong*
Cheong Teck Chong*
Choon Nee Siew*
Datin Hon Wee Fong*
Choon Yee Bin*
Dato' Esther Tan Choon Hwa
Fazrin Azwar Bin Md. Nor
Datin Shirley Yue Shou How

* Directors of the Company and certain subsidiaries

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 this report are:

Dato' Choon Yoke Ying
Choon Wan Joo
Ong Han Woon
Mohd Anuar Choon Bin Abdullah
Siow Der Ming
Chang Kwong Him
Saw Eng Hooi

D Directors' Report

DIRECTORS' INTERESTS

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

	At 1 August 2020	Number of ordinary shares		At 31 July 2021
		Bought	Sold	
The Company				
Poh Kong Holdings Berhad				
<i>Direct interests:</i>				
Dato' Choon Yee Seiong	11,600,246	-	-	11,600,246
Cheong Teck Chong	1,262,328	-	(1,260,000)	2,328
Choon Nee Siew	3,032,242	950,000	(2,770,000)	1,212,242
Choon Yee Bin	30	-	-	30
Datin Hon Wee Fong	2,159,710	-	(1,256,400)	903,310
Fazrin Azwar Bin Md. Nor	35,000	-	-	35,000
<i>Indirect interests:</i>				
Dato' Choon Yee Seiong (i)	248,493,028	1,288,000	(5,770,000)	244,011,028
Cheong Teck Chong (ii)	239,321,898	110,000	(20,000)	239,411,898
Choon Nee Siew (ii)	254,216,322	310,000	(1,310,000)	253,216,322
Choon Yee Bin (i)	257,410,034	1,150,000	(4,060,000)	254,500,034
Datin Hon Wee Fong (i)	251,604,544	138,000	(523,600)	251,218,944
Holding company				
Poh Kong Sdn. Bhd.				
<i>Direct interests:</i>				
Dato' Choon Yee Seiong	38,648,796	-	-	38,648,796
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	504,384	-	4,313,234

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

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 and Datin Hon Wee Fong 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 31 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 36 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

During the financial year, no indemnity given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

HOLDING COMPANY

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

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 40 to the financial statements.

Directors' Report

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

The Company has agreed to indemnify the auditors of the Company up to RM310,000 as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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

Date: 27 October 2021

S Statements of Financial Position

AS AT 31 JULY 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	92,279,850	94,948,491	1,408,085	1,728,042
Right-of-use assets	6	53,042,018	60,847,863	944,016	1,293,322
Investment properties	7	12,709,275	13,966,581	-	-
Investment in subsidiaries	8	-	-	151,687,186	159,506,275
Investment in an associate	9	7,764,521	8,296,123	-	-
Club memberships	10	228,000	228,000	-	-
Goodwill on consolidation	11	1,485,140	1,485,140	-	-
Deferred tax assets	12	11,848,640	14,161,098	8,309,625	10,619,989
Total non-current assets		179,357,444	193,933,296	162,348,912	173,147,628
Current assets					
Inventories	13	594,777,574	548,913,843	26,136,758	18,248,389
Current tax assets		834,868	953,134	30,279	67,336
Trade and other receivables	14	2,889,900	5,120,561	14,427,067	17,952,636
Deposits and prepayments	15	10,792,118	10,226,020	294,745	512,521
Amount due by subsidiaries	16	-	-	125,998,200	244,340,903
Fixed deposits placed with licensed banks	17	10,259,311	23,234,777	-	-
Cash and bank balances		9,414,201	11,198,030	438,800	392,653
Total current assets		628,967,972	599,646,365	167,325,849	281,514,438
TOTAL ASSETS		808,325,416	793,579,661	329,674,761	454,662,066

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	205,175,876	205,175,876	205,175,876	205,175,876
Reserves	19	396,998,574	365,049,289	49,346,927	42,973,130
TOTAL EQUITY		602,174,450	570,225,165	254,522,803	248,149,006
Non-current liabilities					
Loans and borrowings	20	46,124,157	54,021,438	372,413	787,118
Deferred tax liabilities	12	13,969,434	14,256,745	-	-
Total non-current liabilities		60,093,591	68,278,183	372,413	787,118
Current liabilities					
Loans and borrowings	20	110,853,863	120,142,794	607,900	663,284
Provision for restoration costs	21	400,000	400,000	-	-
Current tax liabilities		4,638,046	7,890,206	-	-
Trade and other payables	22	11,016,340	9,472,184	4,042,078	8,148,473
Deposits and accruals	23	6,698,435	6,674,689	500,162	500,327
Amount due to holding company	24	1,331,294	1,316,494	1,331,294	1,316,494
Amount due to subsidiaries	16	-	-	67,277,888	193,971,822
Amount due to directors	25	1,894,054	2,125,137	1,020,223	1,125,542
Contract liabilities	26	9,225,343	7,054,809	-	-
Total current liabilities		146,057,375	155,076,313	74,779,545	205,725,942
TOTAL LIABILITIES		206,150,966	223,354,496	75,151,958	206,513,060
TOTAL EQUITY AND LIABILITIES		808,325,416	793,579,661	329,674,761	454,662,066

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	27	903,099,829	748,801,630	440,143,348	300,283,978
Cost of sales		(705,587,429)	(550,015,652)	(407,833,147)	(279,665,614)
Gross profit		197,512,400	198,785,978	32,310,201	20,618,364
Other income		6,165,965	4,849,963	1,287,080	271,031
Administrative expenses		(88,803,775)	(92,996,503)	(19,739,907)	(19,612,447)
Selling and distribution expenses		(53,566,097)	(63,437,082)	-	-
Other expenses		(953,912)	-	-	-
Net impairment loss on receivables		(121,772)	(39,311)	-	-
Operating profit		60,232,809	47,163,045	13,857,374	1,276,948
Finance income	28	369,631	533,595	30,993	24,183
Finance costs	29	(8,153,469)	(9,568,908)	(106,725)	(118,733)
Share of results of an associate, net of tax		368,392	848,391	-	-
Profit before tax	30	52,817,363	38,976,123	13,781,642	1,182,398
Income tax expense	32	(16,056,048)	(14,542,417)	(2,483,624)	(4,206,204)
Profit/(Loss) for the financial year		36,761,315	24,433,706	11,298,018	(3,023,806)
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant, and equipment		112,191	-	-	-
Other comprehensive income for the financial year		112,191	-	-	-
Total comprehensive income/(loss) for the financial year		36,873,506	24,433,706	11,298,018	(3,023,806)

S Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) attributable to:					
Owners of the Company		36,761,315	24,433,706	11,298,018	(3,023,806)
Non-controlling interests		-	-	-	-
		36,761,315	24,433,706	11,298,018	(3,023,806)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		36,873,506	24,433,706	11,298,018	(3,023,806)
Non-controlling interests		-	-	-	-
		36,873,506	24,433,706	11,298,018	(3,023,806)
Earnings per share (sen)					
- basic	33	8.96	5.95		
- diluted	33	8.96	5.95		

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	← Attributable to owners of the Company →			Total equity RM
		Share capital RM	Revaluation reserve RM	Retained earnings RM	
Group					
At 1 August 2020		205,175,876	41,634,971	323,414,318	570,225,165
Total comprehensive income for the financial year					
Profit for the financial year		-	-	36,761,315	36,761,315
Other comprehensive income for the financial year		-	112,191	-	112,191
Total comprehensive income		-	112,191	36,761,315	36,873,506
Transactions with owners					
Dividends	34	-	-	(4,924,221)	(4,924,221)
Total transaction with owners		-	-	(4,924,221)	(4,924,221)
At 31 July 2021		205,175,876	41,747,162	355,251,412	602,174,450
At 1 August 2019		205,175,876	41,634,971	303,904,833	550,715,680
Profit for the financial year, representing total comprehensive income for the financial year					
		-	-	24,433,706	24,433,706
Transactions with owners					
Dividends	34	-	-	(4,924,221)	(4,924,221)
Total transaction with owners		-	-	(4,924,221)	(4,924,221)
At 31 July 2020		205,175,876	41,634,971	323,414,318	570,225,165

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

S Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

		← Attributable to owners of the Company →		
	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 August 2019		205,175,876	50,921,157	256,097,033
Loss for the financial year, representing total comprehensive loss for the financial year		-	(3,023,806)	(3,023,806)
Transactions with owners				
Dividends	34	-	(4,924,221)	(4,924,221)
Total transaction with owners		-	(4,924,221)	(4,924,221)
At 31 July 2020		205,175,876	42,973,130	248,149,006
Profit for the financial year, representing total comprehensive income for the financial year		-	11,298,018	11,298,018
Transactions with owners				
Dividends	34	-	(4,924,221)	(4,924,221)
Total transaction with owners		-	(4,924,221)	(4,924,221)
At 31 July 2021		205,175,876	49,346,927	254,522,803

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

S Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit before tax		52,817,363	38,976,123	13,781,642	1,182,398
Adjustments for:					
Bad debts written off		2,160	26,099	-	-
COVID-19-related rent concession income		(3,226,745)	(2,364,820)	-	(2,000)
Depreciation of:					
- investment properties		303,394	438,106	-	-
- property, plant and equipment		7,333,163	6,932,431	575,105	667,716
- right-of-use assets		22,188,709	24,409,915	519,876	469,097
Gain on disposal of property, plant and equipment		(65,484)	(174,415)	(5,000)	-
Gain on lease modification		-	(16,284)	-	-
Impairment loss on:					
- investment properties		953,912	-	-	-
- trade receivables		121,772	47,428	-	-
Interest expense		8,153,469	9,568,908	106,725	118,733
Interest income		(369,631)	(533,595)	(362,735)	(359,183)
Loss/(Gain) on dissolution of subsidiaries		63,752	24,340	(461,754)	4,906
Reversal of impairment loss on trade receivables		-	(8,117)	-	-
Reversal of written down of inventories		(108,694)	-	-	-
Share of results of an associate		(368,392)	(848,391)	-	-
Unrealised gain on foreign exchange		(45,651)	(2,316)	-	-
Write down of inventories		-	4,648,999	-	-
Written off of:					
- inventories		12,541	87,719	-	-
- property, plant and equipment		99,139	387,004	-	-
Operating profit before changes in working capital		87,864,777	81,599,134	14,153,859	2,081,667
Changes in working capital:					
Inventories		(45,767,578)	19,975,436	(7,888,369)	(1,961,625)
Receivables		1,540,631	(1,273,361)	3,743,345	(5,240,124)
Payables		1,613,553	(3,794,988)	(4,106,560)	(11,905,144)
Contract liabilities		2,170,534	294,398	-	-
		47,421,917	96,800,619	5,902,275	(17,025,226)

S Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Income tax paid		(17,187,698)	(10,637,322)	(136,203)	(408,008)
Income tax refunded		-	887,708	-	-
Net cash from/(used in) operating activities		30,234,219	87,051,005	5,766,072	(17,433,234)
Cash flows from investing activities					
Dividend received		899,994	299,998	-	-
Interest received		369,631	533,595	362,735	359,183
Proceeds from disposal of property, plant and equipment		69,968	175,303	5,000	-
Net proceeds from disposal of asset held for sale		-	1,470,000	-	-
Net outflows arising from dissolution of subsidiaries		(63,752)	(24,340)	-	-
Purchase of property, plant and equipment		(1,412,199)	(3,942,246)	(213,404)	(67,203)
Placement of fixed deposits		(24,534)	(37,050)	-	-
Net repayment from subsidiaries		-	-	117,676,291	29,695,295
Net cash (used in)/from investing activities		(160,892)	(1,524,740)	117,830,622	29,987,275
Cash flows from financing activities (a)					
Drawdown of banker's acceptance		180,565,000	159,665,000	-	-
Repayment of banker's acceptance		(186,319,000)	(190,221,000)	-	-
Drawdown of revolving credit		1,000,000	18,000,000	-	-
Repayment of revolving credit		-	(30,000,000)	-	-
Drawdown of term loans		2,050,284	4,104,552	-	-
Repayment of term loans		(9,034,923)	(6,603,130)	-	-
Payment of lease liabilities		(19,824,544)	(21,186,157)	(682,403)	(431,836)
Interest paid		(8,153,469)	(9,568,908)	(106,725)	(118,733)
Dividend paid		(4,924,221)	(4,924,221)	(4,924,221)	(4,924,221)
(Repayment to)/Advances from directors		(231,083)	327,829	(105,319)	139,980
Advances from holding company		14,800	19,854	14,800	19,854
Repayment to subsidiaries		-	-	(117,746,679)	(8,369,417)
Net cash used in financing activities		(44,857,156)	(80,386,181)	(123,550,547)	(13,684,373)
Net (decrease)/increase in cash and cash equivalents		(14,783,829)	5,140,084	46,147	(1,130,332)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash and cash equivalents at the beginning of the financial year		33,148,030	28,007,946	392,653	1,522,985
Cash and cash equivalents at the end of the financial year		18,364,201	33,148,030	438,800	392,653
Cash and cash equivalents including in statements of cash flows comprise following amounts:					
Cash and bank balances		9,414,201	11,198,030	438,800	392,653
Fixed deposits placed with licensed banks	17	10,259,311	23,234,777	-	-
		19,673,512	34,432,807	438,800	392,653
Less: fixed deposits pledged to licensed banks	17	(1,309,311)	(1,284,777)	-	-
		18,364,201	33,148,030	438,800	392,653

S Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

(a) Changes in liabilities arising from financing activities

	1 August 2020 RM	Cash flows RM	Non-cash Addition RM	Others RM	31 July 2021 RM
2021					
Group					
Revolving credit	-	1,000,000	-	-	1,000,000
Term loan	63,676,587	(6,984,639)	-	-	56,691,948
Bankers' acceptance	70,406,000	(5,754,000)	-	-	64,652,000
Lease liabilities	40,081,645	(19,824,544)	17,603,716	(3,226,745)	34,634,072
Amount due to holding company	1,316,494	14,800	-	-	1,331,294
Amount due to directors	2,125,137	(231,083)	-	-	1,894,054
	177,605,863	(31,779,466)	17,603,716	(3,226,745)	160,203,368
Company					
Lease liabilities	1,450,402	(682,403)	212,314	-	980,313
Amount due to holding company	1,316,494	14,800	-	-	1,331,294
Amount due to subsidiaries	193,971,822	(126,693,934)	-	-	67,277,888
Amount due to directors	1,125,542	(105,319)	-	-	1,020,223
	197,864,260	(127,466,856)	212,314	-	70,609,718

(a) Changes in liabilities arising from financing activities (Cont'd)

	1 August 2019 RM	Cash flows RM	Non-cash Addition RM	Others RM	31 July 2020 RM
2020					
Group					
Revolving credit	12,000,000	(12,000,000)	-	-	-
Term loan	66,175,165	(2,498,578)	-	-	63,676,587
Bankers' acceptance	100,962,000	(30,556,000)	-	-	70,406,000
Lease liabilities	56,569,830	(21,186,157)	7,467,480	(2,769,508)	40,081,645
Amount due to holding company	1,296,640	19,854	-	-	1,316,494
Amount due to directors	1,797,308	327,829	-	-	2,125,137
	238,800,943	(65,893,052)	7,467,480	(2,769,508)	177,605,863
Company					
Lease liabilities	730,100	(431,836)	1,154,138	(2,000)	1,450,402
Amount due to holding company	1,296,640	19,854	-	-	1,316,494
Amount due to subsidiaries	202,415,213	(8,443,391)	-	-	193,971,822
Amount due to directors	985,562	139,980	-	-	1,125,542
	205,427,515	(8,715,393)	1,154,138	(2,000)	197,864,260

(b) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM23,159,365 (2020: RM26,438,964) and RM1,186,537 (2020: RM1,336,213) respectively.

N 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 investment holding, provision of management services, distributor and supplier of jewellery, precious stones, semi-precious stones and gold ornaments. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 October 2021.

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 for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

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.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of amendments/improvements to MFRSs (Cont'd)

Amendment to MFRS 16 Leases

The Group and the Company have early adopted the amendment to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022.

The Group and the Company elected the practical expedient not to assess whether a rent concession received from landlord is a lease modification. The effect of adoption of the above amendment is disclosed in Note 30 to the financial statements as rent concession income.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2021/ 1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023

N Notes to the Financial Statements

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (Cont'd)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Cont'd)</u>		
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRSs 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

2.3.2 The initial application of the above applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior years financial statements of the Group and of the Company.

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 they operate ("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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

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

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 been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

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

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, a joint venture or a 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) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gain or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) 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.

Unrealised gains arising from transaction with equity-accounted associates is eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 3.8(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

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 each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

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. When 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions (Cont'd)

Translation of foreign currency transactions (Cont'd)

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 arising 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 3.8(b) 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 3.8(b) to the financial statements.

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

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

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

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

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.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(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

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis over the estimated useful lives at the following principal annual rate:

Buildings	2%
Equipment, furniture and fittings	10% – 33.33%
Plant and machinery	20%
Motor vehicles	20%

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. The policy for the recognition and measurement of impairment losses in accordance with Note 3.8(b) to the financial statements.

Depreciation of investment properties is provided for on a straight-line basis over their estimated useful lives, at the following principal annual rates:

Buildings	2%
Leasehold land	remaining lease period ranges from 46 to 73 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties (Cont'd)

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

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

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

3.7 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 contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify their debt instruments as follows:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as follows:

Financial liabilities at amortised cost

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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 instruments

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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.8 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets (Cont'd)

(a) Impairment of financial assets (Cont'd)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and to the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets (Cont'd)

(a) Impairment of financial assets (Cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to;
- the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) 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.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3.9 Inventories

Inventories are valued at the lower of the cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Trading

- raw materials and finished goods: costs are determined on a first-in-first out basis.

Manufacturing

- raw materials, work-in-progress and finished goods: costs are assigned on a weighted average cost basis. Work-in-progress and finished goods include costs of direct materials and labour and a proportion 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 the estimated costs necessary to make the sale.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Cash and cash equivalents

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

3.11 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.12 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use as separate lines in the financial statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset (other than leasehold land) is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

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

The right-of-use asset (other than leasehold land) is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Leasehold land is depreciated on straight-line basis over the remaining lease period ranges from 33 to 94 years. If the lessee expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.12(b), then it classifies the sub-lease as an operating lease.

If the Group and the Company are 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.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Borrowing costs (Cont'd)

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 cost

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.

3.15 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

N Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee benefits (Cont'd)

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.16 Share capital

Ordinary shares

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 and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with same customer (or related parties of the customer).

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Revenue and other income (Cont'd)

(a) Sales of goods - manufacturing

The Group manufactures and sells a range of jewellery, precious stones and gold ornaments. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term ranging from 11 to 15 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(b) Sales of goods

The Group and the Company sell a range of jewellery, precious stones and gold ornaments. Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made either in cash term or with credit term of 7 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of goods, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of goods to the customer.

(c) Rendering of services and repairs

Revenue from a contract to provide services and repairs is recognised at a point in time when the services and repairs were completed and delivered to the customers.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(g) Management income

Management income is recognised in the profit or loss as it accrues.

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Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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.

(c) Sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 with the amount of sales and services tax included.

The amount of sales and services tax payable to, the taxation authority is included as part of 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 ("EPS") data for its ordinary shares.

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 weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Fair value measurements (Cont'd)

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 disclosure 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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Net realisable values of inventories (Note 13)

Reviews are made periodically by directors on design of inventories coupled with market knowledge of retail department and the valuation of inventories which is subject to the fluctuation of the market price. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The economic uncertainties resulting from the COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

4.2 Deferred tax assets (Note 12)

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profit of the Group and the Company, after taking into consideration of the possible near-term impact of the COVID-19 pandemic. Any changes in these estimates or future actual financial performance of the Group and the Company will have an impact on the carrying amount of deferred tax assets.

Assumptions about generation of future taxable profits depend on directors' estimate of future cash flows. These depend on estimates of future income, operating costs, capital expenditure and dividends. 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.

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Notes to the Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group						
2021						
Cost/Valuation						
At 1 August 2020	26,510,000	43,982,801	91,116,986	7,950,200	3,090,462	172,650,449
Additions	-	-	1,195,199	217,000	-	1,412,199
Disposals	-	-	(8,968)	-	(498,625)	(507,593)
Written off	-	-	(332,563)	-	-	(332,563)
Revaluation	20,000	(2,255,031)	-	-	-	(2,235,031)
Reclassified from right-of-use assets (Note 6)	-	-	2,523,430	-	316,074	2,839,504
At 31 July 2021	26,530,000	41,727,770	94,494,084	8,167,200	2,907,911	173,826,965
Representing:						
- cost	-	-	94,494,084	8,167,200	2,907,911	105,569,195
- valuation	26,530,000	41,727,770	-	-	-	68,257,770
	26,530,000	41,727,770	94,494,084	8,167,200	2,907,911	173,826,965

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

	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group						
2021						
Accumulated depreciation						
At 1 August 2020	-	2,388,597	65,357,507	7,059,811	2,896,043	77,701,958
Depreciation for the financial year	-	1,079,335	5,929,129	276,933	47,766	7,333,163
Disposals	-	-	(4,484)	-	(498,625)	(503,109)
Written off	-	-	(233,424)	-	-	(233,424)
Revaluation	-	(3,467,932)	-	-	-	(3,467,932)
Reclassified from right-of-use assets (Note 6)	-	-	479,254	-	237,205	716,459
At 31 July 2021	-	-	71,527,982	7,336,744	2,682,389	81,547,115
Carrying amount						
At 31 July 2021	26,530,000	41,727,770	22,966,102	830,456	225,522	92,279,850
Representing:						
- cost	-	-	22,966,102	830,456	225,522	24,022,080
- valuation	26,530,000	41,727,770	-	-	-	68,257,770
	26,530,000	41,727,770	22,966,102	830,456	225,522	92,279,850

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Notes to the Financial Statements

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

	Freehold land RM	Buildings RM	Buildings-in- progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group							
2020							
Cost/Valuation							
At 1 August 2019	26,510,000	43,153,221	-	85,288,642	7,876,765	3,748,238	166,576,866
Additions	-	-	2,231,360	1,457,821	76,635	176,430	3,942,246
Disposals	-	-	-	(2,880)	-	(897,717)	(900,597)
Written off	-	-	-	(1,874,700)	(3,200)	-	(1,877,900)
Reclassification	-	829,580	(2,231,360)	1,401,780	-	-	-
Reclassified from right-of-use assets (Note 6)	-	-	-	4,846,323	-	63,511	4,909,834
At 31 July 2020	26,510,000	43,982,801	-	91,116,986	7,950,200	3,090,462	172,650,449
Representing:							
- cost	-	-	-	91,116,986	7,950,200	3,090,462	102,157,648
- valuation	26,510,000	43,982,801	-	-	-	-	70,492,801
	26,510,000	43,982,801	-	91,116,986	7,950,200	3,090,462	172,650,449

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

	Freehold land RM	Buildings RM	Buildings-in- progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Group							
2020							
Accumulated depreciation							
At 1 August 2019	-	1,372,475	-	59,552,112	6,762,850	3,673,341	71,360,778
Depreciation for the financial year	-	1,016,122	-	5,559,240	300,161	56,908	6,932,431
Disposals	-	-	-	(1,992)	-	(897,717)	(899,709)
Written off	-	-	-	(1,487,696)	(3,200)	-	(1,490,896)
Reclassified from right-of-use assets (Note 6)	-	-	-	1,735,843	-	63,511	1,799,354
At 31 July 2020	-	2,388,597	-	65,357,507	7,059,811	2,896,043	77,701,958
Carrying amount							
At 31 July 2020	26,510,000	41,594,204	-	25,759,479	890,389	194,419	94,948,491
Representing:							
- cost	-	-	-	25,759,479	890,389	194,419	26,844,287
- valuation	26,510,000	41,594,204	-	-	-	-	68,104,204
	26,510,000	41,594,204	-	25,759,479	890,389	194,419	94,948,491

N Notes to the Financial Statements

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

	Furniture and fittings RM	Motor vehicles RM	Total RM
Company			
2021			
Cost			
At 1 August 2020	7,826,243	345,750	8,171,993
Additions	213,404	-	213,404
Disposal	-	(39,996)	(39,996)
Reclassified from right-of-use assets (Note 6)	-	156,537	156,537
At 31 July 2021	8,039,647	462,291	8,501,938
Accumulated depreciation			
At 1 August 2020	6,098,201	345,750	6,443,951
Depreciation for the financial year	575,105	-	575,105
Disposal	-	(39,996)	(39,996)
Reclassified from right-of-use assets (Note 6)	-	114,793	114,793
At 31 July 2021	6,673,306	420,547	7,093,853
Carrying amount			
At 31 July 2021	1,366,341	41,744	1,408,085

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

	Furniture and fittings RM	Motor vehicles RM	Total RM
Company			
2020			
Cost			
At 1 August 2019	7,053,263	345,750	7,399,013
Additions	67,203	-	67,203
Reclassified from right-of-use assets (Note 6)	705,777	-	705,777
At 31 July 2020	7,826,243	345,750	8,171,993
Accumulated depreciation			
At 1 August 2019	5,113,295	345,750	5,459,045
Depreciation for the financial year	667,716	-	667,716
Reclassified from right-of-use assets (Note 6)	317,190	-	317,190
At 31 July 2020	6,098,201	345,750	6,443,951
Carrying amount			
At 31 July 2020	1,728,042	-	1,728,042

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Notes to the Financial Statements

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

(a) Assets pledged as security

Carrying amount of properties pledged as securities for bank borrowings as disclosed in Note 20 to the financial statements are as follows:

	Group	
	2021 RM	2020 RM
At valuation		
- Freehold land	3,950,000	4,250,000
- Buildings	3,425,770	3,322,495

(b) Had the revalued land 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	
	2021 RM	2020 RM
- Freehold land	4,353,093	4,353,093
- Buildings	25,012,931	25,575,058

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

(c) Fair value information

Fair value of land and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
Group				
2021				
- Freehold land	- 26,530,000		- 26,530,000	
- Buildings	- 41,727,770		- 41,727,770	
	- 68,257,770		- 68,257,770	
2020				
- Freehold land	- 27,230,000		- 27,230,000	
- Buildings	- 41,700,000		- 41,700,000	
	- 68,930,000		- 68,930,000	

Level 2 fair value

The fair value on freehold land and buildings of the Group were revalued on 31 July 2021 using the sales comparison and cost approach based on valuation performed by independent firms of professional valuers.

The significant inputs into this valuation approach are location/floor, size, time lapse, tenure and market sentiment, if any.

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.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2021 and 31 July 2020.

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Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS

The Group and the Company leases several assets including leasehold land, buildings, equipment, furniture and fittings, plant and machinery and motor vehicles.

Information about leases for which the Group and the Company is lessee is presented below:

	Leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Group					
2021					
Cost/Valuation					
At 1 August 2020	22,200,979	54,874,858	4,267,942	8,280,034	89,623,813
Additions	-	18,698,988	-	264,889	18,963,877
Written off	-	(887,610)	-	-	(887,610)
Revaluation	(3,370,000)	-	-	-	(3,370,000)
Reclassified to property, plant and equipment (Note 5)	-	-	(2,523,430)	(316,074)	(2,839,504)
At 31 July 2021	18,830,979	72,686,236	1,744,512	8,228,849	101,490,576
Representing:					
- cost	-	72,686,236	1,744,512	8,228,849	82,659,597
- valuation	18,830,979	-	-	-	18,830,979
	18,830,979	72,686,236	1,744,512	8,228,849	101,490,576

6. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Group					
2021					
Accumulated depreciation					
At 1 August 2020	684,024	20,577,279	706,097	6,597,571	28,564,971
Depreciation for the financial year	228,008	20,583,390	254,195	1,123,116	22,188,709
Written off	-	(887,610)	-	-	(887,610)
Revaluation	(912,032)	-	-	-	(912,032)
Reclassified to property, plant and equipment (Note 5)	-	-	(479,254)	(237,205)	(716,459)
At 31 July 2021	-	40,273,059	481,038	7,483,482	48,237,579
Accumulated impairment loss					
At 1 August 2020/31 July 2021	210,979	-	-	-	210,979
Carrying amount					
At 31 July 2021	18,620,000	32,413,177	1,263,474	745,367	53,042,018
Representing:					
- cost	-	32,413,177	1,263,474	745,367	34,422,018
- valuation	18,620,000	-	-	-	18,620,000
	18,620,000	32,413,177	1,263,474	745,367	53,042,018

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Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Group					
2020					
Cost/Valuation					
At 1 August 2019	22,200,979	50,282,666	8,215,515	8,343,545	89,042,705
Additions	-	6,568,730	898,750	-	7,467,480
Modification of lease	-	(525,200)	-	-	(525,200)
Written off	-	(1,451,338)	-	-	(1,451,338)
Reclassified to property, plant and equipment (Note 5)	-	-	(4,846,323)	(63,511)	(4,909,834)
At 31 July 2020	22,200,979	54,874,858	4,267,942	8,280,034	89,623,813
Representing:					
- cost	-	54,874,858	4,267,942	8,280,034	67,422,834
- valuation	22,200,979	-	-	-	22,200,979
	22,200,979	54,874,858	4,267,942	8,280,034	89,623,813

6. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land RM	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Group					
2020					
Accumulated depreciation					
At 1 August 2019	534,213	-	1,447,930	5,560,401	7,542,544
Depreciation for the financial year	149,811	22,165,413	994,010	1,100,681	24,409,915
Modification of lease	-	(136,796)	-	-	(136,796)
Written off	-	(1,451,338)	-	-	(1,451,338)
Reclassified to property, plant and equipment (Note 5)	-	-	(1,735,843)	(63,511)	(1,799,354)
At 31 July 2020	684,024	20,577,279	706,097	6,597,571	28,564,971
Accumulated impairment loss					
At 1 August 2019/31 July 2020	210,979	-	-	-	210,979
Carrying amount					
At 31 July 2020	21,305,976	34,297,579	3,561,845	1,682,463	60,847,863
Representing:					
- cost	-	34,297,579	3,561,845	1,682,463	39,541,887
- valuation	21,305,976	-	-	-	21,305,976
	21,305,976	34,297,579	3,561,845	1,682,463	60,847,863

N Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS (CONT'D)

	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company				
2021				
Cost/Valuation				
At 1 August 2020	954,227	630,000	156,537	1,740,764
Additions	212,314	-	-	212,314
Reclassified to property, plant and equipment (Note 5)	-	-	(156,537)	(156,537)
At 31 July 2021	1,166,541	630,000	-	1,796,541
Representing:				
- cost	1,166,541	630,000	-	1,796,541
- valuation	-	-	-	-
	1,166,541	630,000	-	1,796,541
Accumulated depreciation				
At 1 August 2020	290,455	73,500	83,487	447,442
Depreciation for the financial year	362,570	126,000	31,306	519,876
Reclassified to property, plant and equipment (Note 5)	-	-	(114,793)	(114,793)
At 31 July 2021	653,025	199,500	-	852,525
Carrying amount				
At 31 July 2021	513,516	430,500	-	944,016

6. RIGHT-OF-USE ASSETS (CONT'D)

	Buildings RM	Equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company				
2020				
Cost/Valuation				
At 1 August 2019	430,089	705,777	156,537	1,292,403
Additions	524,138	630,000	-	1,154,138
Reclassified to property, plant and equipment (Note 5)	-	(705,777)	-	(705,777)
At 31 July 2020	954,227	630,000	156,537	1,740,764
Representing:				
- cost	954,227	630,000	156,537	1,740,764
- valuation	-	-	-	-
	954,227	630,000	156,537	1,740,764
Accumulated depreciation				
At 1 August 2019	-	243,355	52,180	295,535
Depreciation for the financial year	290,455	147,335	31,307	469,097
Reclassified to property, plant and equipment (Note 5)	-	(317,190)	-	(317,190)
At 31 July 2020	290,455	73,500	83,487	447,442
Carrying amount				
At 31 July 2020	663,772	556,500	73,050	1,293,322

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Notes to the Financial Statements

6. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The Group lease land for their office space and operation site with lease term between 32 to 93 years.

The Group and Company also lease buildings for their office space and operation site. The leases for office space and operation site generally have lease term between 2 to 6 years.

The Group and the Company also lease equipment, furniture and fittings, plant and machinery and motor vehicles with lease term of 2 to 5 years.

- (b) Leasehold land with net carrying amount of RM11,700,000 (2020: RM11,291,693) were pledged as security for borrowings as disclosed in Note 20 to the financial statements.
- (c) Had the revalued leasehold land been carried at historical cost less accumulated depreciation, the carrying amount of the leasehold land that would have been included in the financial statements of the Group is as follows:

	Group	
	2021 RM	2020 RM
- Leasehold land	3,908,449	3,997,326

(d) Fair value information

Fair value of land is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Level 4 RM
Group				
2021				
- Leasehold land	-	18,620,000	-	18,620,000
2020				
- Leasehold land	-	18,620,000	-	18,620,000

Level 2 fair value

The fair value on leasehold land of the Group were revalued on 31 July 2021 using the sales comparison based on valuation performed by independent firms of professional valuers.

The significant inputs into this valuation approach are location, size, time lapse, tenure and market sentiment, if any.

6. RIGHT-OF-USE ASSETS (CONT'D)

(d) 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.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2021 and 31 July 2020.

- (e) Some of the lease buildings for operation site contain variable lease payments that are based on sales generated from the leased outlets. Fixed and variable lease payments for the year ended 31 July 2021 and 31 July 2020 were as follows:

	Fixed payments RM	Variable payments RM	Total payments RM	Estimated annual impact on rent of a 1% increase in sales RM
2021				
Leases with lease payments based on sales	22,796,728	141,305	22,938,033	1,413
2020				
Leases with lease payments based on sales	24,568,724	127,477	24,696,201	1,275

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7. INVESTMENT PROPERTIES

	Leasehold land RM	Buildings RM	Total RM
Group			
2021			
At cost			
At 1 August 2020/31 July 2021	7,360,000	8,966,638	16,326,638
Accumulated depreciation			
At 1 August 2020	547,399	1,521,458	2,068,857
Depreciation for the financial year	78,200	225,194	303,394
At 31 July 2021	625,599	1,746,652	2,372,251
Accumulated impairment losses			
At 1 August 2020	-	291,200	291,200
Impairment losses for the financial year	-	953,912	953,912
At 31 July 2021	-	1,245,112	1,245,112
Carrying amount			
At 31 July 2021	6,734,401	5,974,874	12,709,275

7. INVESTMENT PROPERTIES (CONT'D)

	Leasehold land RM	Buildings RM	Total RM
Group			
2020			
At cost			
At 1 August 2019/31 July 2020	7,360,000	8,966,638	16,326,638
Accumulated depreciation			
At 1 August 2019	469,199	1,161,552	1,630,751
Depreciation for the financial year	78,200	359,906	438,106
At 31 July 2020	547,399	1,521,458	2,068,857
Accumulated impairment losses			
At 1 August 2019/31 July 2020	-	291,200	291,200
Carrying amount			
At 31 July 2020	6,812,601	7,153,980	13,966,581

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Notes to the Financial Statements

7. INVESTMENT PROPERTIES (CONT'D)

- (a) The investment properties comprise of shop lots and condominium.
- (b) Investment properties with aggregate carrying amount of RM9,839,721 (2020: RM10,081,454) are pledged as securities for bank borrowings facilities granted to the Group as disclosed in Note 20 to the financial statements.
- (c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM	2020 RM
Rental income	328,980	390,947
Direct operating expenses from income generating investment properties	242,586	263,669

- (d) Fair value information of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2021				
- Leasehold land	-	6,400,000	-	6,400,000
- Buildings	-	6,220,000	-	6,220,000
2020				
- Leasehold land	-	6,400,000	-	6,400,000
- Buildings	-	6,730,000	-	6,730,000

Level 2 fair value

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 significant inputs into this valuation approach are location/floor, size, time lapse, tenure and market sentiment, if any.

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.

7. INVESTMENT PROPERTIES (CONT'D)

(d) Fair value information of investment properties are categorised as follows: (Cont'd)

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2021 and 31 July 2020.

(e) **Impairment losses**

During the financial year, an impairment loss of RM953,912 was recognised in profit or loss under other expenses, representing the impairment of certain buildings with reference to the independent valuation report.

The recoverable amount on the said impairment assessment was based on fair value less costs to sell which fall under Level 2 of the fair value hierarchy.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares - at cost	135,482,316	143,967,817
Loans that are part of net investments	16,204,870	15,538,458
	151,687,186	159,506,275

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.

N Notes to the Financial Statements

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Ownership interest		Principal activities
	2021 %	2020 %	
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 (Shah Alam) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Jaya) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Maluri) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (The Mall) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Wangsa Maju) Sdn. Bhd.#	-	100	Dissolved during the financial year

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

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.

Dissolution of subsidiaries

During the financial year, 4 subsidiaries (2020: 1 subsidiary) have been dissolved. The Group has deconsolidated these former subsidiaries. The deconsolidation had the following effects on the financial position of the Group at the end of the financial year:

	Group	
	2021 RM	2020 RM
Carrying amount, at the date of deconsolidation		
Asset		
Cash and bank balances	89,827	25,153
Net asset deconsolidated	89,827	25,153
Total final distribution	26,075	813
Loss on dissolution of subsidiaries	(63,752)	(24,340)
The effect of deconsolidation on cash flows is as follows:		
Final distribution	26,075	813
Less: Cash and cash equivalents of subsidiaries dissolved	(89,827)	(25,153)
Net outflows arising from dissolution of subsidiaries	(63,752)	(24,340)

N Notes to the Financial Statements

9. INVESTMENT IN AN ASSOCIATE

	Group	
	2021 RM	2020 RM
Unquoted shares, in Malaysia		
At cost	7,530,637	7,530,637
Group's share of post-acquisition reserves, net of dividends received	233,884	765,486
	7,764,521	8,296,123

Details of associate are as follows:

Name of company	Ownership interest		Principal activities
	2021 %	2020 %	
Lian Sin Tang Sdn. Bhd.*#	14.29	14.29	Pawnshop owners and suppliers of goldsmiths and jewellers

* Audited by audit firm other than Baker Tilly Monteiro Heng PLT

Financial year end of 31 December

The Group's interest in the above investment is regarded as associate although the Group holds less than 20% of the equity interest in the entity. The Group has a corporate representative which is a member of the Board of Directors of Lian Sin Tang Sdn. Bhd.. Accordingly, this entity is accounted for using the equity method in the consolidated financial statements as the Group is deemed to have significant influence.

For the purpose of applying the equity method for associated company with financial year end of 31 December, the last audited financial statements available and the management account for the financial statements to 31 July of the associate company have been used.

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

Lian Sin Tang Sdn. Bhd.	
RM	
Group	
2021	
Assets and liabilities	
Current assets	25,456,626
Non-current assets	21,258,895
Current liabilities	(1,481,429)
Net assets	45,234,092
Results:	
Revenue	23,874,046
Profit for the financial year	2,577,968
Total comprehensive income	2,577,968
Reconciliation of net assets to carrying amount as at year end:	
Share of net assets at initial recognition date, at fair value	7,530,637
Share of post-acquisition profit (cumulative)	2,033,872
Dividend received (cumulative)	(1,799,988)
Carrying amount in the statement of financial position	7,764,521
Group's share of results:	
Group's share of profit	368,392
Group's share of other comprehensive income	-
Carrying amount in the statement of financial position	368,392
Dividend received during the year	(899,994)

N Notes to the Financial Statements

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

Lian Sin Tang Sdn. Bhd.
RM

Group

2020

Assets and liabilities

Current assets	27,115,810
Non-current assets	24,378,506
Current liabilities	(517,369)
Net assets	50,976,947

Results:

Revenue	69,102,287
Profit for the financial year	5,936,961
Total comprehensive income	5,936,961

Reconciliation of net assets to carrying amount as at year end:

Share of net assets at initial recognition date, at fair value	7,530,637
Share of post-acquisition profit (cumulative)	1,665,480
Dividend received (cumulative)	(899,994)
Carrying amount in the statement of financial position	8,296,123

Group's share of results:

Group's share of profit	848,391
Group's share of other comprehensive income	-
Carrying amount in the statement of financial position	848,391
Dividend received during the year	(299,998)

10. CLUB MEMBERSHIPS

	Group	
	2021 RM	2020 RM
At cost:		
Club memberships	233,000	233,000
Less: Accumulated impairment losses	(5,000)	(5,000)
	228,000	228,000

11. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM	2020 RM
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	
	2021 RM	2020 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.

N Notes to the Financial Statements

11. GOODWILL ON CONSOLIDATION (CONT'D)

(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 9.11% (2020: 16.45%).

(ii) Growth rate

The average growth rate used of 4% (2020: 4%) 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.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 August	(95,647)	1,545,550	10,619,989	14,418,185
Recognised in profit or loss (Note 32)	(2,002,244)	(1,641,197)	(2,310,364)	(3,798,196)
Recognised in other comprehensive income	(22,903)	-	-	-
At 31 July	(2,120,794)	(95,647)	8,309,625	10,619,989
Presented after appropriate offsetting:				
Deferred tax assets	11,848,640	14,161,098	8,309,625	10,619,989
Deferred tax liabilities	(13,969,434)	(14,256,745)	-	-
	(2,120,794)	(95,647)	8,309,625	10,619,989

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 August	14,161,098	17,517,800	10,619,989	14,418,185
Recognised in profit or loss	(2,312,458)	(3,356,702)	(2,310,364)	(3,798,196)
At 31 July	11,848,640	14,161,098	8,309,625	10,619,989

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 2019 RM	Recognised in profit or loss RM	At 31 July 2020 RM	Recognised in profit or loss RM	At 31 July 2021 RM
Group					
Unrealised profits arising from intercompany transaction	3,099,615	441,494	3,541,109	(2,094)	3,539,015
Unutilised tax losses	12,942,949	(3,550,861)	9,392,088	(1,331,743)	8,060,345
Unabsorbed capital allowances	1,601,926	(348,682)	1,253,244	(853,875)	399,369
Excess of capital allowances over depreciation	(126,690)	101,347	(25,343)	(124,746)	(150,089)
	17,517,800	(3,356,702)	14,161,098	(2,312,458)	11,848,640
Company					
Unutilised tax losses	12,942,949	(3,550,861)	9,392,088	(1,331,743)	8,060,345
Unabsorbed capital allowances	1,601,926	(348,682)	1,253,244	(853,875)	399,369
Excess of capital allowances over depreciation	(126,690)	101,347	(25,343)	(124,746)	(150,089)
	14,418,185	(3,798,196)	10,619,989	(2,310,364)	8,309,625

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Notes to the Financial Statements

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(a) Deferred tax assets (Cont'd)

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.

The unutilised tax losses are available for offset against future taxable profit of the Group and the Company which will expire in the following financial year:

	2021		2020	
	Group RM	Company RM	Group RM	Company RM
Year of assessment 2025	33,584,771	33,584,771	33,584,771	33,584,771

(b) Deferred tax liabilities

	Group	
	2021 RM	2020 RM
At 1 August	14,256,745	15,972,250
Recognised in profit or loss	(310,214)	(1,715,505)
Recognised in equity	22,903	-
At 31 July	13,969,434	14,256,745

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

	At 1 August 2019 RM	Recognised in profit or loss RM	At 31 July 2020 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	At 31 July 2021 RM
Group						
Property, plant and equipment	3,861,068	(1,715,505)	2,145,563	(310,214)	-	1,835,349
Revaluation	12,111,182	-	12,111,182	-	22,903	12,134,085
	15,972,250	(1,715,505)	14,256,745	(310,214)	22,903	13,969,434

13. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost				
Raw material	12,848,612	25,388,264	1,804,447	2,047,610
Work-in-progress	24,656,577	16,502,503	-	-
Finished goods	557,272,385	507,023,076	24,332,311	16,200,779
	594,777,574	548,913,843	26,136,758	18,248,389

During the financial year, the cost of inventories recognised as cost of sales in the Group and the Company amounted to RM705,587,429 (2020: RM550,015,652) and RM407,833,147 (2020: RM279,665,614) respectively.

In previous financial year, the Group have written down inventories to their net realisable value amounted to RM4,648,999.

14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables	(a)	1,069,298	3,081,076	-	-
Amount due by subsidiaries	(b)	-	-	14,427,067	17,952,636
Less:					
Impairment for trade receivables		(169,200)	(47,428)	-	-
		900,098	3,033,648	14,427,067	17,952,636
Non-trade					
Other receivables	(c)	1,989,802	2,086,913	-	-
		1,989,802	2,086,913	-	-
Total trade and other receivables		2,889,900	5,120,561	14,427,067	17,952,636

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Notes to the Financial Statements

14. 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 (2020: 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of the trade receivables are as follows:

	Group	
	2021 RM	2020 RM
At 1 August 2020/2019	47,428	70,310
Charge for the financial year		
- Individually assessed	121,772	47,428
Reversal of impairment losses	-	(8,117)
Written off	-	(62,193)
At 31 July	169,200	47,428

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.

The information about the credit exposures are disclosed in Note 38(b) to the financial statements.

(b) Amount due by subsidiaries

The amount due by subsidiaries are trade in nature and non-interest bearing the Company's normal trade credit terms range from 7 to 30 days (2020: 7 to 30 days).

(c) 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 RM350,000 (2020: RM370,000) due by fellow subsidiary of holding company. The amounts due are unsecured, interest free, repayable on demand and is expected to be settled in cash.

15. DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Deposits	(a)	8,449,908	8,745,071	27,885	29,954
Prepayments		2,342,210	1,480,949	266,860	482,567
		10,792,118	10,226,020	294,745	512,521

(a) Deposits

Included in deposits of the Group are deposits in relation to rental and utilities deposits for retail spaces and staff hostels amounted to RM7,532,027 (2020: RM7,851,366).

16. 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.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group earn interest rate ranging from 1.20% to 2.55% (2020: 0.90% to 2.90%) per annum respectively.

Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,309,311 (2020: RM1,284,777), which have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

18. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up:				
At 1 August 2020/2019/31 July	410,351,752	205,175,876	410,351,752	205,175,876

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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Notes to the Financial Statements

19. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revaluation reserve	41,747,162	41,634,971	-	-
Retained earnings	355,251,412	323,414,318	49,346,927	42,973,130
	396,998,574	365,049,289	49,346,927	42,973,130

Revaluation reserve

The revaluation reserve of the Group represents increases in the fair value of freehold land, leasehold land and buildings of the Group, 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.

20. LOANS AND BORROWINGS

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-current					
Secured					
Term loans	20.1	27,676,029	34,080,894	-	-
Lease liabilities	20.2	18,448,128	19,940,544	372,413	787,118
		46,124,157	54,021,438	372,413	787,118
Current					
Secured					
Term loans	20.1	29,015,919	29,595,693	-	-
Lease liabilities	20.2	16,185,944	20,141,101	607,900	663,284
Bankers' acceptance	20.3	64,652,000	70,406,000	-	-
Revolving credit	20.4	1,000,000	-	-	-
		110,853,863	120,142,794	607,900	663,284

20. LOANS AND BORROWINGS (CONT'D)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Total loan and borrowings					
Term loans	20.1	56,691,948	63,676,587	-	-
Lease liabilities	20.2	34,634,072	40,081,645	980,313	1,450,402
Bankers' acceptance	20.3	64,652,000	70,406,000	-	-
Revolving credit	20.4	1,000,000	-	-	-
		156,978,020	174,164,232	980,313	1,450,402

20.1 Term loans

Term loan facilities of the Group are mature between year 2020 and year 2036 and denominated in RM.

Term loan 1 of a subsidiary of RM1,911,211 (2020: RM2,056,443) bears interest at BLR – 2.00% (2020: 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:

- (a) A legal charge over properties of the subsidiary as disclosed in Note 7 to the financial statements; and
- (b) Corporate guarantee and indemnity provided by the Company.

Term loan 2 of a subsidiary of RM3,208,181 (2020: RM3,717,849) bears interest at BLR – 2.40% (2020: 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 and Note 6 to the financial statements;
- (c) Corporate guarantee provided by the Company; and
- (d) Where security is taken over property without individual title:
 - (i) 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.
 - (ii) Irrevocable Power of Attorney from the subsidiary to enable the Bank to deal with the security offered.

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Notes to the Financial Statements

20. LOANS AND BORROWINGS (CONT'D)

20.1 Term loans (Cont'd)

Term loan 3 of a subsidiary of RM414,622 (2020: RM426,546) bears interest at BLR – 2.20% (2020: 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 provided by the Company; and
- (c) Where security is taken over property without individual title:
 - (i) A registered open all monies first party charge stamped nominally over the property.
 - (ii) A close charge over property created as security for facility granted as disclosed in Note 5 to the financial statements.

Term loan 4 of a subsidiary of RM1,290,753 (2020: RM1,349,572) bears interest at BLR – 2.00% (2020: 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 RM2,000,000 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 provided by the Company.

Term loan 5 of subsidiaries of RM21,855,321 (2020: RM20,561,984) bears interest at 2.80% (2020: 2.80%) per annum is repayable on demand and is secured and supported as follows:

- (a) Fixed deposit placed with a licensed bank of the Company as disclosed in Note 17 to the financial statements; and
- (b) Corporate guarantee provided by the Company.

Term loan 6 of subsidiaries of RM3,634,618 (2020: RM3,737,637) bears interest at BLR – 0.75% (2020: BLR – 0.75%) per annum and is repayable by monthly instalments of RM32,903 over fifteen 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 RM4,207,500; and
- (b) Corporate guarantee provided by the Company.

Term loan 7 of subsidiaries of RM20,740,760 (2020: RM27,407,420) bears interest at BR + 1.00% (2020: BR + 1.00%) per annum and is repayable by 54 equal monthly instalments with the first instalment commencing 6 months from the date of first drawdown and is secured and supported as follows:

- (a) Fixed deposit placed with a licensed bank of the Company as disclosed in Note 17 to the financial statements;
- (b) Irrevocable and unconditional letter of undertaking from the holding company to cover any shortfall in any payment obligations in relation to the facility; and
- (c) Corporate guarantee provided by the Company.

Term loan 8 of subsidiaries of RM2,338,697 (2020: RM3,010,697) bears interest at 5.56% (2020: 5.56%) per annum is repayable by monthly instalments of RM56,000 over five years commencing from 1 February 2020 and is secured by corporate guarantee provided by the Company.

20. LOANS AND BORROWINGS (CONT'D)

20.1 Term loans (Cont'd)

Term loan 9 of subsidiaries of RM649,529 (2020: RM704,921) bears interest at BFR – 1.50% (2020: BFR – 1.50%) per annum is repayable by monthly instalments of RM6,202 (2020: RM6,027) over sixteen years commencing from first day after the full release and is secured and supported as follows:

- (a) A first party legal charge over the properties of the subsidiary as disclosed in Note 7 to the financial statements; and
- (b) by corporate guarantee provided by the Company.

Term loan 10 of subsidiaries of RM648,256 (2020: RM703,518) bears interest at BFR – 1.50% (2020: BFR – 1.50%) per annum is repayable by monthly instalments of RM6,188 (2020: RM6,027) over sixteen years commencing from first day after the full release and is secured and supported as follows:

- (a) A first party legal charge over the properties of the subsidiary as disclosed in Note 7 to the financial statements; and
- (b) by corporate guarantee provided by the Company.

20.2 Lease liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Minimum lease payments:				
- not later than one year	18,011,159	22,758,847	663,560	738,784
- later than one year but not later than five years	20,095,191	22,121,722	400,680	856,240
	38,106,350	44,880,569	1,064,240	1,595,024
Less: Future finance charges	(3,472,278)	(4,798,924)	(83,927)	(144,622)
Present value of minimum lease payments	34,634,072	40,081,645	980,313	1,450,402
Present value of minimum lease payments				
- not later than one year	16,185,944	20,141,101	607,900	663,284
- later than one year but not later than five years	18,448,128	19,940,544	372,413	787,118
	34,634,072	40,081,645	980,313	1,450,402
Less: Amount due within 12 months	(16,185,944)	(20,141,101)	(607,900)	(663,284)
Amount due after 12 months	18,448,128	19,940,544	372,413	787,118

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Notes to the Financial Statements

20. LOANS AND BORROWINGS (CONT'D)

20.2 Lease liabilities (Cont'd)

Certain equipment, furniture and fittings, plant and machinery and motor vehicles of the Group and the Company as disclosed in Note 5 and Note 6 are pledged for leases. Such leases give the Group and the Company an option to purchase at the end of lease term. The effective interest rate implicit in the leases of the Group and the Company are at a ranging from 2.18% to 4.00% (2020: 2.33% to 6.00%) and 4.00% (2020: 3.23% to 4.86%) per annum respectively.

The incremental borrowing rate applied to the other lease liabilities of the Group and the Company are ranges from 7.56% to 8.81% (2020: 7.56% to 8.81%) and 7.56% to 8.81% (2020: 8.81%) per annum respectively.

20.3 Bankers' acceptance

The bankers' acceptance of the Group are denominated in RM and are secured by a combination of the following:

- (a) Corporate guarantees and indemnity provided by the Company; and
- (b) Fixed deposits placed with licensed banks of the Group as disclosed in Note 17 to the financial statements.

The Group's effective interest rates at the end of the reporting period for bankers' acceptance was as follows:

	Group	
	2021 %	2020 %
Bankers' acceptance	2.76 - 3.33	3.30 - 4.05

20.4 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 17 to the financial statements;
- (b) Irrevocable and unconditional letter of undertaking from the holding company to cover any shortfall in any payment obligations in relation to the facility; and
- (c) Corporate guarantee provided by the Company.

20. LOANS AND BORROWINGS (CONT'D)

20.4 Revolving credit (Cont'd)

The Group's effective interest rates at the end of the reporting period for revolving credit was as follows:

	Group	
	2021 %	2020 %
Revolving credit	4.16	-

21. PROVISION FOR RESTORATION COSTS

	Group	
	2021 RM	2020 RM
At 1 August 2020/2019/31 July	400,000	400,000

The provision is in relation to restoration costs for the Group's rented premises and is made based on historical expenses incurred and directors' best estimate in relation to restoration cost. The Group expects to incur the liability when the leases are terminated.

22. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	(a)	4,256,129	3,922,456	3,009,270	7,607,069
Other payables	(b)	6,760,211	5,549,728	1,032,808	541,404
		11,016,340	9,472,184	4,042,078	8,148,473

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Notes to the Financial Statements

22. TRADE AND OTHER PAYABLES (CONT'D)

(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 (2020: 1 to 180 days) and 1 to 180 days (2020: 1 to 180 days) respectively.

Included in trade payables of the Company are amounts due to subsidiaries of RM2,328,716 (2020: RM4,921,397).

The currency profile of trade payables is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar	333,403	196	-	-
Hong Kong Dollar	124,656	90,323	-	-
Singapore Dollar	-	273,535	-	-
Ringgit Malaysia	3,798,070	3,558,402	3,009,270	7,607,069
	4,256,129	3,922,456	3,009,270	7,607,069

(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 is an amount of RM715,000 (2020: RM805,000) due to family members of a deceased director.

23. DEPOSITS AND ACCRUALS

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Deposits		292,937	181,751	-	-
Accruals	(a)	6,405,498	6,492,938	500,162	500,327
		6,698,435	6,674,689	500,162	500,327

(a) Accruals

Included in accruals of the Group is salary payable amounted to RM3,519,363 (2020: RM4,249,948).

24. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is non-trade in nature, unsecured, bears interest at rate of 6.00% (2020: 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 non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

26. CONTRACT LIABILITIES

	Note	Group	
		2021 RM	2020 RM
Customer deposits	(a)	7,147,092	5,950,180
Unutilised cash vouchers	(b)	1,469,450	926,282
Loyalty programme	(c)	608,801	178,347
		9,225,343	7,054,809

(a) The amount will be recognised as revenue when the goods and services are delivered to the customers.

(b) The amount will be recognised as revenue when the cash vouchers are utilised by customers.

(c) Amount relates to the value of awarded points under Poh Kong Jeweland Loyalty Programme.

Significant changes in contract liabilities

	Group	
	2021 RM	2020 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	7,054,809	6,760,411
Increases due to consideration received from customers, but revenue not recognised	(9,225,343)	(7,054,809)

N Notes to the Financial Statements

27. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contract customers:				
Sale of goods	903,099,829	748,801,630	413,925,985	285,729,057
Management fee	-	-	15,519,621	14,219,921
	903,099,829	748,801,630	429,445,606	299,948,978
Revenue from other sources:				
Dividend income	-	-	10,366,000	-
Interest income	-	-	331,742	335,000
	903,099,829	748,801,630	440,143,348	300,283,978

(a) Disaggregation of revenue

The Group and the Company report the following major segments: trading, manufacturing and others in accordance with MFRS 8 Operating Segments. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Trading RM	Manufacturing RM	Total RM
Group			
2021			
<i>Major goods or services</i>			
Sale of goods	866,314,845	36,784,984	903,099,829
<i>Timing of revenue recognition</i>			
At a point in time	866,314,845	36,784,984	903,099,829
2020			
<i>Major goods or services</i>			
Sale of goods	723,002,990	25,798,640	748,801,630
<i>Timing of revenue recognition</i>			
At a point in time	723,002,990	25,798,640	748,801,630

27. REVENUE (CONT'D)

(a) Disaggregation of revenue (Cont'd)

	Trading RM	Other RM	Total RM
Company			
2021			
<i>Major goods or services</i>			
Dividend income	-	10,366,000	10,366,000
Interest income	-	331,742	331,742
Mangement fee	-	15,519,621	15,519,621
Sale of goods	413,925,985	-	413,925,985
	413,925,985	26,217,363	440,143,348
<i>Timing of revenue recognition</i>			
At a point in time	413,925,985	10,697,742	424,623,727
Over time	-	15,519,621	15,519,621
	413,925,985	26,217,363	440,143,348
2020			
<i>Major goods or services</i>			
Interest income	-	335,000	335,000
Mangement fee	-	14,219,921	14,219,921
Sale of goods	285,729,057	-	285,729,057
	285,729,057	14,554,921	300,283,978
<i>Timing of revenue recognition</i>			
At a point in time	285,729,057	335,000	286,064,057
Over time	-	14,219,921	14,219,921
	285,729,057	14,554,921	300,283,978

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Notes to the Financial Statements

28. FINANCE INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income from fixed deposits	111,974	192,059	-	-
Interest income from banks	257,657	341,536	30,993	24,183
	369,631	533,595	30,993	24,183

29. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on:				
- Bankers' acceptance	3,200,202	3,369,723	-	-
- Bank overdraft	23,470	28,903	-	-
- Revolving credit	3,419	388,050	-	-
- Term loans	1,266,256	1,722,759	-	-
- Lease liabilities	2,917,612	3,927,075	86,925	93,325
- Others	742,510	132,398	19,800	25,408
	8,153,469	9,568,908	106,725	118,733

30. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration	310,000	310,000	60,000	60,000
Bad debts written off	2,160	26,099	-	-
Depreciation of:				
- investment properties	303,394	438,106	-	-
- property, plant and equipment	7,333,163	6,932,431	575,105	667,716
- right of-use-assets	22,188,709	24,409,915	519,876	469,097
Employee benefits expenses (Note 31)	72,253,075	82,903,340	11,774,693	11,665,929
Expenses relating to:				
- low value leases	417,209	802,257	417,209	797,052
- short term leases	-	523,475	-	14,000
- variable leases payment not included in the measurement of lease liabilities	141,305	127,477	-	-
Impairment losses on:				
- investment properties	953,912	-	-	-
- trade receivables	121,772	47,428	-	-
Loss/(Gain) on dissolution of subsidiaries (Note 8)	63,752	24,340	(461,754)	4,906
Written off of:				
- inventories	12,541	87,719	-	-
- property, plant and equipment	99,139	387,004	-	-
Write down of inventories	-	4,648,999	-	-
Car rental income	-	-	-	(5,500)
COVID-19-related rent concession income	(3,226,745)	(2,364,820)	-	(2,000)
Dividend income	-	-	(10,366,000)	-
Gain on disposal of property, plant and equipment	(65,484)	(174,415)	(5,000)	-
Gain on lease modification	-	(16,284)	-	-
Rental income from equipment	-	-	-	(275)
Rental income from premises	(496,560)	(575,257)	-	-
Realised gain on foreign exchange	(355,642)	(520,846)	(227,216)	(175,735)
Reversal of impairment loss on trade receivables	-	(8,117)	-	-
Reversal of write down of inventories	(108,694)	-	-	-
Unrealised gain on foreign exchange	(45,651)	(2,316)	-	-

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31. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, bonus, overtime and allowances	61,489,849	71,305,990	10,394,570	10,313,634
Defined contribution plan	6,628,783	6,964,046	1,153,278	1,131,112
Other staff related expenses	4,134,443	4,633,304	226,845	221,183
	72,253,075	82,903,340	11,774,693	11,665,929

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Executive directors</u>				
- Salaries and other emoluments	7,214,581	8,046,871	3,677,142	3,750,308
- Fees	18,000	18,000	-	-
	7,232,581	8,064,871	3,677,142	3,750,308
<u>Non-executive directors</u>				
- Fees	150,000	144,000	150,000	144,000
- Allowance	126,200	120,800	126,200	120,800
	276,200	264,800	276,200	264,800
Total directors' remuneration	7,508,781	8,329,671	3,953,342	4,015,108

32. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Income tax				
- current year	14,062,437	12,696,259	87,056	-
- prior years	(8,633)	204,961	86,204	408,008
	14,053,804	12,901,220	173,260	408,008
Deferred tax (Note 12)				
- current year	642,786	1,937,247	713,902	3,816,061
- prior years	1,359,458	(296,050)	1,596,462	(17,865)
	2,002,244	1,641,197	2,310,364	3,798,196
Income tax expense recognised in profit or loss	16,056,048	14,542,417	2,483,624	4,206,204

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the financial year.

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	52,817,363	38,976,123	13,781,642	1,182,398
Tax at Malaysian statutory income tax rate of 24% (2020: 24%)	12,676,167	9,354,270	3,307,594	283,776
Share of results of associate	(88,414)	(203,614)	-	-
Reversal of deferred tax assets recognised in prior financial year	-	3,550,861	-	3,550,861
Deferred tax assets not recognised	88,689	164,027	-	-
Utilisation of previously unrecognised tax losses and capital allowance	(164,091)	-	-	-
Tax effects arising from:				
- non-deductible expenses	2,216,132	1,958,651	90,873	67,628
- non-taxable income	(23,260)	(190,689)	(2,597,509)	(86,204)
- prior years	1,350,825	(91,089)	1,682,666	390,143
Income tax expense for the financial year	16,056,048	14,542,417	2,483,624	4,206,204

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Notes to the Financial Statements

33. 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	
	2021 RM	2020 RM
Profit attributable to owners of the Company	36,761,315	24,433,706
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)	8.96	5.95

- (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.

34. DIVIDENDS

	Group and Company	
	2021 RM	2020 RM
Single tier first and final dividend of 1.20 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2020, paid on 12 March 2021	4,924,221	-
Single tier first and final dividend of 1.20 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2019, paid on 13 March 2020	-	4,924,221

At the forthcoming Annual General Meeting, a single tier final dividend of 1.20 sen on 410,351,752 ordinary shares amounting to RM4,924,221 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 2022.

35. OPERATING LEASE ARRANGEMENTS

Operating lease commitments - as lessor

The Group leases several of its investment properties which have remaining lease term between one to three years.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Group	
	2021 RM	2020 RM
- Not later than one year	403,836	286,400
- one to two years	244,560	55,500
- two to three years	140,920	-
	789,316	341,900

36. RELATED PARTIES

(a) Identity 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) Associate;
- (iv) Entities in which directors have substantial financial interests; 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.

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Notes to the Financial Statements

36. RELATED PARTIES (CONT'D)

(b) Related party transactions and balances

Related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income received and receivable from subsidiaries	-	-	10,366,000	-
Interest income received and receivable from subsidiaries	-	-	331,742	335,000
Management fee received and receivable from subsidiaries	-	-	15,519,621	14,219,921
Car rental received and receivable from subsidiaries	-	-	-	5,500
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	-	-	-	275
Sale of goods to				
- certain directors of the Company	275,629	114,686	-	-
- certain directors of subsidiaries	42,675	73,006	-	-
- key management personnel	85,946	56,390	-	-
- subsidiaries	-	-	237,668,628	169,942,108
Hostel rental paid to				
- certain directors of the Company	144,000	144,000	114,000	114,000
- certain directors of subsidiaries	108,000	108,000	-	-
Purchase of goods from				
- certain directors of the Company	114,656	7,183	-	-
- certain directors of subsidiaries	4,664	3,033	-	-
- key management personnel	97,002	2,969	-	-
- subsidiaries	-	-	29,372,840	55,415,760
Legal and professional fees paid to a firm connected to a director of the Company	82,600	179,680	-	-
Interest expenses paid to holding company	19,800	19,854	19,800	19,854
Dividend received from associate	899,994	299,998	-	-

36. RELATED PARTIES (CONT'D)

(b) Related party transactions and balances (Cont'd)

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 14, Note 16, 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 38(b)(i) 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	6,722,337	7,431,970	3,376,953	3,451,652
Post employment benefits	510,244	632,901	300,189	298,656
	7,232,581	8,064,871	3,677,142	3,750,308
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	19,137,805	19,814,252	2,397,596	2,226,992
Post employment benefits	1,574,610	1,653,388	263,387	237,024
	20,712,415	21,467,640	2,660,983	2,464,016

37. SEGMENTS REPORTING

The information reported to the Group Managing Director, as the chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

N Notes to the Financial Statements

37. SEGMENTS REPORTING (CONT'D)

Measurement of reportable segments (Cont'd)

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

(a) Business segments

The Group is organised into three major business segments:

- (i) Trading : suppliers and retailers of jewellerys, precious stones, gold ornaments and gold bullion
- (ii) Manufacturing : manufacturer and dealers of jewellerys, precious stones and gold ornaments
- (iii) Others : investment holding

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2021						
Revenue						
External sales	866,314,845	36,784,984	-	-		903,099,829
Inter-segment sales	405,075,704	287,644,739	27,689,627	(720,410,070)	37(b)	-
Total Revenue	1,271,390,549	324,429,723	27,689,627	(720,410,070)		903,099,829
Results						
Segment results	88,925,940	9,421,357	8,234,368	(46,348,856)	37(c)	60,232,809
Results from operating activities	88,925,940	9,421,357	8,234,368	(46,348,856)		60,232,809
Interest income	198,169	139,677	31,785	-	37(d)	369,631
Finance costs	(7,418,304)	(427,049)	(794,678)	486,562	37(d)	(8,153,469)
Share of results of an associate, net of tax	368,392	-	-	-		368,392
Profit before tax	82,074,197	9,133,985	7,471,475	(45,862,294)		52,817,363
Income tax expense	(10,758,509)	(2,572,323)	(2,765,420)	40,204	37(d)	(16,056,048)
Profit for the financial year	71,315,688	6,561,662	4,706,055	(45,822,090)		36,761,315

37. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2021						
Assets						
Segment assets	809,775,806	138,320,071	319,780,743	(459,551,204)	37(e)	808,325,416
Total assets	809,775,806	138,320,071	319,780,743	(459,551,204)		808,325,416
Liabilities						
Segment liabilities	414,843,831	18,856,716	79,437,486	(306,987,067)	37(f)	206,150,966
Total liabilities	414,843,831	18,856,716	79,437,486	(306,987,067)		206,150,966
Other information						
Additions of :						
- property, plant and equipment	829,033	583,166	-	-	37(d)	1,412,199
- right-of-use assets	18,048,702	98,130	-	817,045	37(d)	18,963,877
Depreciation of:						
- property, plant and equipment	5,385,149	1,165,324	-	782,690	37(d)	7,333,163
- investment properties	134,711	-	665,633	(496,950)	37(d)	303,394
- right-of-use assets	23,104,083	485,385	-	(1,400,759)	37(d)	22,188,709
Other material non-cash items other than depreciation						
Bad debts written off	2,160	-	-	-	-	2,160
COVID-19-related rent concession income	(3,226,745)	-	-	-	-	(3,226,745)
Gain on disposal of property, plant and equipment	(61,000)	(4,484)	-	-	-	(65,484)
Loss on dissolution of subsidiaries	63,752	-	-	-	-	63,752
Written off of:						
- Inventories	12,541	-	-	-	-	12,541
- Property, plant and equipment	98,989	150	-	-	-	99,139
Impairment loss on trade receivables	121,772	-	-	-	-	121,772
Impairment loss on investment properties	953,912	-	-	-	-	953,912

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Notes to the Financial Statements

37. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2020						
Revenue						
External sales	723,002,990	25,798,640	-	-		748,801,630
Inter-segment sales	330,966,414	203,661,104	15,935,732	(550,563,250)	37(b)	-
Total Revenue	1,053,969,404	229,459,744	15,935,732	(550,563,250)		748,801,630
Results						
Segment results	46,393,539	8,992,219	(5,560,762)	(2,661,951)	37(c)	47,163,045
Results from operating activities	46,393,539	8,992,219	(5,560,762)	(2,661,951)		47,163,045
Interest income	233,623	274,935	25,037	-	37(d)	533,595
Finance costs	(8,731,615)	(400,465)	(918,502)	481,674	37(d)	(9,568,908)
Share of results of an associate, net of tax	848,391	-	-	-		848,391
Profit/(Loss) before tax	38,743,938	8,866,689	(6,454,227)	(2,180,277)		38,976,123
Income tax (expense)/income	(8,108,021)	(2,505,785)	(4,370,106)	441,495	37(d)	(14,542,417)
Profit/(Loss) for the financial year	30,635,917	6,360,904	(10,824,333)	(1,738,782)		24,433,706
Assets						
Segment assets	851,465,775	136,995,709	446,060,860	(640,942,683)	37(e)	793,579,661
Total assets	851,465,775	136,995,709	446,060,860	(640,942,683)		793,579,661
Liabilities						
Segment liabilities	471,545,922	22,148,428	208,801,835	(479,141,689)	37(f)	223,354,496
Total liabilities	471,545,922	22,148,428	208,801,835	(479,141,689)		223,354,496

37. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2020						
Other information						
Additions of :						
- property, plant and equipment	1,303,169	2,639,077	-	-	37(d)	3,942,246
- right-of-use assets	9,684,159	194,185	-	(2,410,864)	37(d)	7,467,480
Depreciation of:						
- property, plant and equipment	5,021,170	1,126,059	-	785,202	37(d)	6,932,431
- investment properties	134,711	-	665,633	(362,238)	37(d)	438,106
- right-of-use assets	25,347,302	488,122	-	(1,425,509)	37(d)	24,409,915
Other material non-cash items other than depreciation						
Bad debts written off	26,099	-	-	-		26,099
COVID-19-related rent concession income	(2,364,820)	-	-	-		(2,364,820)
Write down of inventories	-	4,648,999	-	-		4,648,999
Net gain on disposal of property, plant and equipment	(69,000)	(105,415)	-	-		(174,415)
Loss on dissolution of subsidiaries	24,340	-	-	-		24,340
Written off of:						
- Inventories	-	87,719	-	-		87,719
- Property, plant and equipment	386,972	32	-	-		387,004
Impairment loss on trade receivables	47,428	-	-	-		47,428

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Notes to the Financial Statements

37. 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:

	2021 RM	2020 RM
Investment in subsidiaries	(152,415,195)	(161,190,950)
Inter-segment assets elimination	(307,136,009)	(479,751,733)
	(459,551,204)	(640,942,683)

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

	2021 RM	2020 RM
Inter-segment liabilities elimination	(306,987,067)	(479,141,689)

(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.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

	Carrying amount RM	Amortised costs RM
2021		
Financial assets		
Group		
Trade and other receivables	2,889,900	2,889,900
Deposits	8,449,908	8,449,908
Fixed deposits placed with licensed banks	10,259,311	10,259,311
Cash and bank balances	9,414,201	9,414,201
	31,013,320	31,013,320
Company		
Trade and other receivables	14,427,067	14,427,067
Deposits	27,885	27,885
Amount due by subsidiaries	125,998,200	125,998,200
Cash and bank balances	438,800	438,800
	140,891,952	140,891,952
Financial liabilities		
Group		
Loan and borrowings *	122,343,948	122,343,948
Trade and other payables	11,016,340	11,016,340
Deposits and accruals	6,698,435	6,698,435
Amount due to holding company	1,331,294	1,331,294
Amount due to directors	1,894,054	1,894,054
	143,284,071	143,284,071
Company		
Trade and other payables	4,042,078	4,042,078
Accruals	500,162	500,162
Amount due to holding company	1,331,294	1,331,294
Amount due to subsidiaries	67,277,888	67,277,888
Amount due to directors	1,020,223	1,020,223
	74,171,645	74,171,645

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

(i) Amortised cost (Cont'd)

2020	Carrying amount RM	Amortised costs RM
Financial assets		
Group		
Trade and other receivables	5,120,561	5,120,561
Deposits	8,745,071	8,745,071
Fixed deposits placed with licensed banks	23,234,777	23,234,777
Cash and bank balances	11,198,030	11,198,030
	48,298,439	48,298,439
Company		
Trade and other receivables	17,952,636	17,952,636
Deposits	29,954	29,954
Amount due by subsidiaries	244,340,903	244,340,903
Cash and bank balances	392,653	392,653
	262,716,146	262,716,146
Financial liabilities		
Group		
Loan and borrowings *	134,082,587	134,082,587
Trade and other payables	9,472,184	9,472,184
Deposits and accruals	6,674,689	6,674,689
Amount due to holding company	1,316,494	1,316,494
Amount due to directors	2,125,137	2,125,137
	153,671,091	153,671,091
Company		
Trade and other payables	8,148,473	8,148,473
Accruals	500,327	500,327
Amount due to holding company	1,316,494	1,316,494
Amount due to subsidiaries	193,971,822	193,971,822
Amount due to directors	1,125,542	1,125,542
	205,062,658	205,062,658

* Excluded lease liabilities

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risks, to which the Group and the Company are exposed to in their daily operations. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's Senior Management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(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, arises mainly from trade and other receivables and amount due by subsidiaries and from its financing activities, including deposits with banks and financial institutions. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an individual credit limits are defined in accordance with this assessment.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's and the Company's trade receivables credit risk is concentrated in Malaysia.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the impairment losses, trade receivable have been grouped based on shared credit risk characteristics and day past due. The impairment losses also incorporate forward looking information.

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables as at 31 July 2021 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
2021			
Group			
Trade receivables			
Current (not past due)	770,373	-	770,373
1 to 30 days past due	-	-	-
31 to 60 days past due	18,728	-	18,728
61 to 90 days past due	48,656	-	48,656
91 to 120 days past due	12,682	-	12,682
More than 120 days past due	49,659	-	49,659
Credit impaired:			
- Individually assessed	169,200	(169,200)	-
	1,069,298	(169,200)	900,098
Company			
Trade receivables			
Current (not past due)	3,263,159	-	3,263,159
1 to 30 days past due	108,098	-	108,098
31 to 60 days past due	332,299	-	332,299
61 to 90 days past due	6,641,465	-	6,641,465
91 to 120 days past due	4,032,148	-	4,032,148
More than 120 days past due	49,898	-	49,898
	14,427,067	-	14,427,067

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables as at 31 July 2020 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
2020			
Group			
Trade receivables			
Current (not past due)	1,608,389	-	1,608,389
1 to 30 days past due	1,309,278	-	1,309,278
31 to 60 days past due	14,390	-	14,390
91 to 120 days past due	2,827	-	2,827
More than 120 days past due	98,764	-	98,764
Credit impaired:			
- Individually assessed	47,428	(47,428)	-
	3,081,076	(47,428)	3,033,648
Company			
Trade receivables			
Current (not past due)	3,300,289	-	3,300,289
1 to 30 days past due	13,768,658	-	13,768,658
31 to 60 days past due	29,450	-	29,450
More than 120 days past due	854,239	-	854,239
	17,952,636	-	17,952,636

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses during the financial year.

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk of the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the related company does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.8(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

The Group and the Company consider these financial assets to have low credit risk. As such, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

Financial guarantee contracts

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by subsidiaries.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loan granted to subsidiaries.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantee contracts (Cont'd)

The maximum exposure to credit risk representing the maximum amount the Company could pay if the guarantee is called as follows:

	Company	
	2021 RM	2020 RM
<u>Secured</u>		
Guarantees given in support of banking facilities granted to subsidiaries	229,987,160	229,987,160
<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	1,998,216	1,317,576

Generally, the Company considers the financial guarantees have low credit risk. As at reporting date, there was no allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancement to the subsidiaries' borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
Group					
2021					
Financial liabilities					
Trade and other payables	11,016,340	11,016,340	11,016,340	-	-
Deposits and accruals	6,698,435	6,698,435	6,698,435	-	-
Term loans	56,691,948	60,231,505	29,969,698	23,993,057	6,268,750
Lease liabilities	34,634,072	38,106,350	18,011,159	20,095,191	-
Bankers' acceptance	64,652,000	64,652,000	64,652,000	-	-
Revolving credit	1,000,000	1,000,000	1,000,000	-	-
Amount due to holding company	1,331,294	1,411,172	1,411,172	-	-
Amount due to directors	1,894,054	1,894,054	1,894,054	-	-
	177,918,143	185,009,856	134,652,858	44,088,248	6,268,750
2020					
Financial liabilities					
Trade and other payables	9,472,184	9,472,184	9,472,184	-	-
Deposits and accruals	6,674,689	6,674,689	6,674,689	-	-
Term loans	63,676,587	70,229,717	31,174,795	31,513,160	7,541,762
Lease liabilities	40,081,645	44,880,569	22,758,847	22,121,722	-
Bankers' acceptance	70,406,000	70,406,000	70,406,000	-	-
Amount due to holding company	1,316,494	1,395,484	1,395,484	-	-
Amount due to directors	2,125,137	2,125,137	2,125,137	-	-
	193,752,736	205,183,780	144,007,136	53,634,882	7,541,762

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting date based on contractual undiscounted repayment obligations are as follows: (Cont'd)

	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM
Company				
2021				
Financial liabilities				
Trade and other payables	4,042,078	4,042,078	4,042,078	-
Accruals	500,162	500,162	500,162	-
Lease liabilities	980,313	1,064,240	663,560	400,680
Amount due to holding company	1,331,294	1,411,172	1,411,172	-
Amount due to subsidiaries	67,277,888	67,277,888	67,277,888	-
Amount due to directors	1,020,223	1,020,223	1,020,223	-
Financial guarantee contracts	-	242,985,376	242,985,376	-
	75,151,958	318,301,139	317,900,459	400,680
2020				
Financial liabilities				
Trade and other payables	8,148,473	8,148,473	8,148,473	-
Accruals	500,327	500,327	500,327	-
Lease liabilities	1,450,402	1,595,024	738,784	856,240
Amount due to holding company	1,316,494	1,395,484	1,395,484	-
Amount due to subsidiaries	193,971,822	193,971,822	193,971,822	-
Amount due to directors	1,125,542	1,125,542	1,125,542	-
Financial guarantee contracts	-	242,304,736	242,304,736	-
	206,513,060	449,041,408	448,185,168	856,240

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (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:

	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
Group					
2021					
Financial asset					
Fixed deposits placed with licensed banks	1.20 - 2.55	10,259,311	-	-	10,259,311
Financial liabilities					
Amount due to holding company	6.00	1,331,294	-	-	1,331,294
Term loans	2.80 - 5.56	29,015,919	22,079,528	5,596,501	56,691,948
Lease liabilities	2.18 - 8.81	16,185,944	18,448,128	-	34,634,072
Bankers' acceptance	2.76 - 3.33	64,652,000	-	-	64,652,000
Revolving credit	4.16	1,000,000	-	-	1,000,000

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

Interest rate profile (Cont'd)

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows: (Cont'd)

	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
Group					
2020					
Financial asset					
Fixed deposits placed with licensed banks	0.90 - 2.90	23,234,777	-	-	23,234,777
Financial liabilities					
Amount due to holding company	6.00	1,316,494	-	-	1,316,494
Term loans	2.80 - 5.56	29,595,693	26,187,924	7,892,970	63,676,587
Lease liabilities	2.33 - 8.81	20,141,101	19,940,544	-	40,081,645
Bankers' acceptance	3.30 - 4.05	70,406,000	-	-	70,406,000
Company					
2021					
Financial liabilities					
Amount due to holding company	6.00	1,331,294	-	-	1,331,294
Lease liabilities	4.00 - 8.81	607,900	372,413	-	980,313
2020					
Financial liabilities					
Amount due to holding company	6.00	1,316,494	-	-	1,316,494
Lease liabilities	3.23 - 8.81	663,284	787,118	-	1,450,402

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets. This strategy allows them 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 2021, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Borrowings at floating rates of the Group are amounting to RM100,488,627 (2020: RM113,520,603) respectively are exposed to cash flow interest rate risk. Whilst, borrowings of the Group and of the Company at fixed rate amounting to RM57,820,687 and RM2,311,607 (2020: RM61,960,123 and RM2,766,896) respectively are exposed to the fair value interest rate risk.

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.

	Interest	Profit for the year RM
Group		
31 July 2021	+ 1%	763,714
	- 1%	(763,714)
31 July 2020	+ 1%	862,757
	- 1%	(862,757)

(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.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(v) Market price risk

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market prices.

The Group and the Company are exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity to a reasonable change in gold price, with all other variables held constant on the Group's and the Company's profit for the financial year.

	Change in gold price	Profit for the year RM
Group		
31 July 2021	+ 5%	17,275,961
	- 5%	(17,275,961)
31 July 2020		
	+ 5%	15,132,705
	- 5%	(15,132,705)
Company		
31 July 2021	+ 5%	990,120
	- 5%	(990,120)
31 July 2020		
	+ 5%	692,400
	- 5%	(692,400)

38. 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.

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		
2021								
Financial liabilities								
Amount due to holding company	-	-	-	-	-	-	1,331,294	1,331,294
Lease liabilities	-	-	-	-	-	-	34,634,072	34,634,072
	-	-	-	-	-	-	35,965,366	35,965,366
2020								
Financial liabilities								
Amount due to holding company	-	-	-	-	-	-	1,316,494	1,316,494
Finance lease liabilities	-	-	-	-	-	-	40,081,645	40,081,645
	-	-	-	-	-	-	41,398,139	41,398,139

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Notes to the Financial Statements

38. FINANCIAL INSTRUMENTS (CONT'D)

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

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. (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	Total 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			
Company											
2021											
Financial liabilities											
Amount due to holding company	-	-	-	-	-	-	1,331,294	1,331,294	1,331,294	1,331,294	1,331,294
Lease liabilities	-	-	-	-	-	-	980,313	980,313	980,313	980,313	980,313
	-	-	-	-	-	-	2,311,607	2,311,607	2,311,607	2,311,607	2,311,607
2020											
Financial liabilities											
Amount due to holding company	-	-	-	-	-	-	1,316,494	1,316,494	1,316,494	1,316,494	1,316,494
Finance lease liabilities	-	-	-	-	-	-	1,450,402	1,450,402	1,450,402	1,450,402	1,450,402
	-	-	-	-	-	-	2,766,896	2,766,896	2,766,896	2,766,896	2,766,896

N Notes to the Financial Statements

38. 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.

There has been no transfer between Level 1 and Level 2 during the financial year (2020: no transfer in either direction).

39. CAPITAL MANAGEMENT

The primary objective of the Group's and of 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 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.

No changes were made in the objectives, policies and processes during the financial years ended 31 July 2021 and 31 July 2020.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by equity. Net debts comprise lease liabilities, bank overdrafts, term loans and other borrowings less cash and bank balances and fixed deposits placed with licensed banks whilst total capital is the shareholders' funds of the Group and of the Company.

39. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio for the Group and for the Company respectively as at 31 July 2021 and 31 July 2020, are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	156,978,020	174,164,232	980,313	1,450,402
Less:				
Fixed deposits placed with licensed banks	10,259,311	23,234,777	-	-
Cash and bank balances	9,414,201	11,198,030	438,800	392,653
Net debts	137,304,508	139,731,425	541,513	1,057,749
Equity	602,174,450	570,225,165	254,522,803	248,149,006
Gearing ratio	0.23	0.25	#	#

Represent less than 0.01

The Group is also required to maintain Debt Services Coverage Ratio and Current Ratio to comply with a bank covenant, failing which, the bank may consider this as an event of default. This externally imposed capital requirement has been complied with for the financial years ended 31 July 2021 and 31 July 2020.

40. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as pandemic as a result of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 outbreak in Malaysia. Subsequently this was followed by Recovery MCO and Conditional MCO. On 12 May 2021, the Government again imposed a nationwide MCO in view of the escalating infection rate of COVID-19. The COVID-19 outbreak resulted in restriction of populace movement, international border restrictions and shutting down of vulnerable parts of industries.

The COVID-19 outbreak has adversely impacted revenue causing temporary disruption of the Group and of the Company's operations as gold was not included in the list of essential items. The Group and the Company were ordered to suspend its over the counter retail operation and its manufacturing activities. As a result, customers were only able to purchase through online platforms.

Given the fluidity of the situation, the Group and the Company were unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 July 2022. The Group and the Company will monitor any material changes to future economic conditions that will affect the Group and the Company.

S 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 101 to 209 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 2021 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: 27 October 2021

S 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 101 to 209 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 27 October 2021.

Before me,

Commissioner for Oaths

I Independent Auditors' Report

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD

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 2021 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 significant accounting policies, as set out on pages 101 to 209.

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 2021, and of their financial performance and cash flows for the financial year then ended in accordance with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

Key Audit Matters (Cont'd)

Group

Inventories (Note 4.1 and Note 13 to the financial statements)

Risk:

As at 31 July 2021, the Group's inventories amounted to RM594.78 million, representing 74% of the Group's total assets. The Group measures inventories at the lower of cost and net realisable value. Judgement is required in estimating their net realisable value.

Our response:

Our audit procedures included, among others:

- attending year end physical inventory count to observe physical existence and condition of the raw material, work-in progress and finished goods and understanding the design and the implementation of controls during the count;
- checking subsequent sales and reviewing the Group's assessment on estimated net realisable value on selected inventory; and
- reviewing whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

Group and Company

Deferred tax assets (Note 4.2 and Note 12 to the financial statements)

Risk:

As at 31 July 2021, the Group and the Company have recognised deferred tax assets for unused tax losses and deductible temporary differences amounting to RM11.85 million and RM8.31 million, respectively. The recognition of deferred tax assets is dependent on the Group's and the Company's ability to generate future taxable profits sufficient to be utilised against the unused tax losses.

We focused on this area because judgement is made by the Group and the Company in estimating the realisation of these deferred tax assets which is 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.

I Independent Auditors' Report

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD

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 the 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.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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, actions taken to eliminate threats or safeguards applied.

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.

I Independent Auditors' Report

TO THE MEMBERS OF POH KONG HOLDINGS BERHAD

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 PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2023 J
Chartered Accountant

Kuala Lumpur

Date: 27 October 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 29 OCTOBER 2021

POH KONG HOLDINGS BERHAD

Paid-up & Issued Share Capital	:RM 205,175,876
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 29 OCTOBER 2021

Size of Shareholdings	No. of Shareholders	Percentage (%)	No. of Shareholdings	Percentage (%)
1 - 999	1,153	14.76	319,476	0.08
1,000 – 10,000	4,998	63.98	22,006,966	5.36
10,001 – 100,000	1,493	19.11	44,784,718	10.91
100,001 – 20,517,586 (*)	167	2.14	104,031,706	25.36
20,517,587 and above (**)	1	0.01	239,208,886	58.29
Total	7,812	100.00	410,351,752	100.00

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

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 OCTOBER 2021

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)	18,750,000	4.57
3.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	11,899,300	2.90
4.	CHOON YEE SEIONG	11,512,746	2.81
5.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	5,898,800	1.44
6.	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	4,250,000	1.04
7.	SUSY DING	3,100,000	0.76

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 OCTOBER 2021 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG WEI KING	2,728,800	0.66
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VELOO A/L KARUPAYAH	2,050,000	0.50
10.	CHOON WAN JOO	1,820,080	0.44
11.	CHOON NEE SIEW	1,162,242	0.28
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN LEANG KOK (M01)	1,085,000	0.26
13.	GEE HIN ENGINEERING SDN BHD	1,001,300	0.24
14.	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR LIM & TAN SECURITIES PTE LTD (CLIENTS A/C)	1,000,000	0.24
15.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOON YOKE YING (M&A)	1,000,000	0.24
16.	VM TEAM ENGINEERING SDN BHD	1,000,000	0.24
17.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	972,200	0.24
18.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW TAK HON (MY4270)	965,200	0.24
19.	HON WEE FONG	903,266	0.22
20.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	855,000	0.21
21.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	639,500	0.16
22.	YONG KOON WOUI	607,000	0.15

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 OCTOBER 2021 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
23.	LINDA CHUO SIIK ING	600,000	0.15
24.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VM TEAM ENGINEERING SDN BHD	600,000	0.15
25.	BEH CHUN CHUAN	520,800	0.13
26.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	501,000	0.12
27.	LEE ENG GEE	500,000	0.12
28.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KARICH SDN BHD	500,000	0.12
29.	TEH KOK HIN @ TEH KOK CHIN	500,000	0.12
30.	TEE YOON HWA	457,900	0.11
	Total	316,589,020	77.15

ANALYSIS OF SHAREHOLDINGS

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 OCTOBER 2021

	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Poh Kong Sdn. Bhd.	239,208,886	58.29	0	0.00
Dato' Choon Yee Seiong	11,600,246	2.83	244,634,228 ⁽¹⁾	59.62
Cheong Teck Chong	2,328	0.00	239,418,898 ⁽²⁾	58.34
Datin Hon Wee Fong	903,310	0.22	251,215,132 ⁽³⁾	61.22
Choon Nee Siew	1,262,242	0.31	253,736,322 ⁽⁴⁾	61.83
Dato' Choon Yoke Ying	1,005,072	0.24	254,188,498 ⁽⁵⁾	61.94
Choon Wan Joo	1,820,080	0.44	253,078,502 ⁽⁵⁾	61.67
Choon Yee Bin	30	0.00	255,070,034 ⁽⁶⁾	62.16
Mohd Annuar Choon Bin Abdullah	30	0.00	254,926,534 ⁽⁶⁾	62.12
Estate of Choon Yee Fook	82	0.00	254,898,482 ⁽⁷⁾	62.12
Choon Ching Yih	1,896	0.00	254,896,668 ⁽⁸⁾	62.12
Choong Bee Chu	0	0.00	251,478,564 ⁽⁹⁾	62.01
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	239,211,214 ⁽¹⁰⁾	58.29
Cheong Poh See	100,000	0.02	240,480,456 ⁽¹¹⁾	58.60
Cheong Chee Kong	7,000	0.00	240,580,456 ⁽¹¹⁾	58.62
Cheong Chee Khoon	0	0.00	240,580,456 ⁽¹¹⁾	58.62
Choon King Han	177,000	0.04	251,941,442 ⁽¹¹⁾	61.40
Elizabeth Choon Ee Ling	11,000	0.00	252,104,442 ⁽¹¹⁾	61.44
Choon Ee Teng	218,000	0.05	251,900,442 ⁽¹¹⁾	61.39
Pang Cheow Mooi	0	0.00	239,211,214 ⁽¹²⁾	58.29
Chang Kwong Him	295,006	0.07	240,214,128 ⁽¹²⁾	58.54
Siow Der Ming	18	0.00	241,028,966 ⁽¹²⁾	58.74

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 siblings 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, 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.
- (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(11)(c), 8 and 197 of the Act.
- (5) Deemed interest by virtue of the direct shareholding of her spouse and siblings and her indirect interest in PKSB via PKSB pursuant to Sections 59(11)(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(11)(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.

**SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 OCTOBER 2021
(CONT'D)**

- (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 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 parents 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.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 29 OCTOBER 2021

	← Direct →		← Indirect →	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
Dato' Choon Yee Seiong	11,600,246	2.83	244,634,288 ⁽¹⁾	59.62
Cheong Teck Chong	2,328	0.00	239,418,898 ⁽²⁾	58.34
Choon Nee Siew	1,262,242	0.31	253,736,322 ⁽³⁾	61.83
Datin Hon Wee Fong	903,310	0.22	251,215,132 ⁽⁴⁾	61.22
Choon Yee Bin	30	0.00	255,070,064 ⁽⁵⁾	62.16
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 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 direct shareholding of his siblings 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 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 direct shareholding of her siblings, 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 PKSB 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 2021

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 No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 49 years	3,526,000	27.12.94
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.20, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2094)	Shophouse	174.1875 square metres	Approximately 49 years	4,300,000	5.1.95
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	23 years	1,950,000	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	24 years	550,000	4.2.03
H.S.(D) 153914, PT10 Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan No.10, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 49 years	3,068,403	14.8.09
No.3, Jalan OZ 17 Ozana Impian Bukit Katil 75450 Melaka	Double storey house	Leasehold (Expiring in 2094)	Residential	143 square metres	Approximately 21 years	370,000	25.8.14

HELD BY THE GROUP AS AT 31 JULY 2021

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 44 years	4,200,000	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 44 years	4,200,000	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	20.5 years	28,500,000	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	0.7179 hectare	32 years	5,381,770	15.8.97
No.276, Jalan 4D Kampung Baru Subang 40100 Shah Alam Selangor Darul Ehsan							

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2021

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	54 square metres	24 years	563,896	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shoplot	Freehold	Shopping Complex Lot	100 square metres	28 years	165,691	30.8.94
G-14, Ground Floor Mahkota Parade Jalan Merdeka 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2101)	Shopping Complex Lot	83.98 square metres	29 years	2,570,000	3.3.99
G-29, Ground Floor Mahkota Parade Jalan Taman 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2101)	Shopping Complex Lot	103.96 square metres	29 years	2,850,000	13.3.99
Parcel No. GF119 and GF120 Ground Floor Queensbay Shopping Mall	Commercial shoplot	Freehold	Shopping Complex Lot	GF119: 56 square metres GF120: 56 square metres	15 years	4,580,000	10.6.96
Lot 27 and G28 Ground Floor Kuantan Parade Jalan Haji Abdul Rahman 25000 Kuantan	Commercial shoplot	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 23 years	1,820,000	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 37 years	3,300,000	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	21 years	250,000	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	101 square metres	24 years	415,000	21.11.94

HELD BY THE GROUP AS AT 31 JULY 2021

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 29 years	180,000	15.8.97
302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka							
PT 16, HS(D) 143184 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2059)	Shophouse	174.1875 square metres	Approximately 49 years	4,100,000	6.6.00
No.16, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan							
Lot 18, HS(D) 142695 (formerly QT(R)84/60) Section 25 (formerly PJ 24/60) Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2060)	Shophouse	174.1875 square metres	Approximately 49 years	3,750,000	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 21 years	370,000	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 26 years	895,000	11.7.97
No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan							
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 square metres	Approximately 36 years	780,000	10.6.95
No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan							

List of Properties

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)							
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	29 years	300,000	15.7.97
No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor Darul Ehsan							
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107 square metres	27 years	460,000	27.3.00
No.33-A-17-5, 17th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107 square metres	27 years	460,000	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold (Expiring in 2114)	Factory	12,959 square feet	7 years	8,500,000	30.5.13
Lot No. 18 Section 51 Petaling Jaya Selangor Darul Ehsan							
Unit 10G Block A Mawar Apartment Taman Gohtong Jaya Genting Highlands 69000 Pahang	Apartment	Freehold	Residential	105 square metres	10 years	820,000	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	49 years	4,400,908	18.8.17
E3-20-02 Ion Delemen Serviced Apartment Block No E3 Genting Highlands Bentung	Serviced Apartment	Freehold	Residential	1,304 square feet	3 years	1,004,010	1.9.15
E3-21-02 Ion Delemen Serviced Apartment Block No E3 Genting Highlands Bentung	Serviced Apartment	Freehold	Residential	1,304 square feet	3 years	1,006,368	1.9.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of **POH KONG HOLDINGS BERHAD** will be conducted entirely through live streaming from the Broadcast Venue at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor on Monday, 3 January 2022 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the year ended 31 July 2021 together with the Reports of the Directors and Auditors thereon. | Please refer to Note C on the Agenda |
| 2. To declare a First and Final Single-Tier Dividend of 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2021. | Resolution 1 |
| 3. To approve Directors' Fees and Allowances of an amount not exceeding RM500,000.00 from 1 August 2021 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 2 |
| 4. To re-elect the following Directors retiring under Clause 97 of the Constitution of the Company: | |
| (a) Mr. Cheong Teck Chong | Resolution 3 |
| (b) Madam Choon Nee Siew | Resolution 4 |
| (c) Encik Fazrin Azwar Bin Md Nor | Resolution 5 |
| 5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modifications, the following Resolution:-

Authority for Encik Fazrin Azwar Bin Md Nor to continue in Office as Independent Director

Resolution 7

"THAT authority be and is hereby given to Encik Fazrin Azwar Bin Md Nor who has served as an Independent Director of the Company for a cumulative term of about seventeen (17) years (i.e. since 13 January 2004), to act as an Independent Director of the Company until the conclusion of the Twentieth Annual General Meeting of the Company in accordance with the Malaysian Code on Corporate Governance 2017.

NOTICE OF ANNUAL GENERAL MEETING

ANY OTHER BUSINESS

7. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single-Tier Dividend of 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2021 will be payable on 18 March 2022 to Depositors registered in the Record of Depositors at the close of business on 25 February 2022.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred to the Depositor's Securities Account before 4:30 pm on 25 February 2022 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)
SSM Practicing Certificate No.: 202008000309
Company Secretary
Petaling Jaya

Dated: 18 November 2021

Notes:-

A. BROADCAST VENUE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Nineteenth Annual General Meeting ("AGM") to be present at the main venue of the meeting.

Neither shareholders nor proxy holders from the public shall be physically present at or be admitted to the Broadcast Venue on the day of the AGM. Therefore, members are strongly advised to participate and vote remotely at the AGM through live streaming and online remote voting using the Remote Participation and Voting facilities provided by the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd.

B. 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, speak, participate and vote at a meeting of a Company shall have the same rights as the member to attend speak, participate and vote at the meeting.
3. A member may appoint more than one (1) but not exceeding two (2) proxies to attend the same meeting, provided that 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 is an Authorised Nominee as defined under SICDA it may appoint at least one (1) proxy in respect of each Securities Account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.
6. 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.
7. The appointment of a proxy may be made in a hard copy form and submit to the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. In the case of an appointment made via Boardroom Smart Investor Portal, the proxy form must be deposited at <https://investor.boardroomlimited.com> Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar, namely Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is Saturday, 1 January 2022 at 10.00a.m.
11. Please read the Administrative Guide regarding the Revocation of Proxy.

NOTICE OF ANNUAL GENERAL MEETING

C. 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

Item 6 of the Agenda (Resolution 7)

(i) **Authority for Encik Fazrin Azwar Bin Md Nor to continue to act as an Independent Director of the Company pursuant to the Malaysian Code on Corporate Governance 2017**

Encik Fazrin Azwar Bin Md Nor has served as an Independent Director of the Company for a cumulative term of about seventeen (17) years (i.e. since 13 January 2004) and has met the definition of “independent director” as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Director of the Company. Refer to the rationale supporting the re-appointment of Encik Fazrin Azwar Bin Md Nor in Nomination Committee Statement on page 84 to 85 of the Annual Report.

The proposed Resolution 7, if passed, will enable Encik Fazrin Azwar Bin Md Nor to continue to act as an Independent Director of the Company until the end of the next Annual General Meeting of the Company.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 68(d) of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 23 December 2021. Only a depositor whose name appears on the Record of Depositors as at 23 December 2021 shall be entitled to participate, attend, speak and vote at this AGM or appoint proxy/proxies, corporate representative(s) or power of attorney to attend and/or vote in his stead.

Form of Proxy

I/We _____ (NRIC No./Passport No./Company No.)
of _____

being a member of **POH KONG HOLDINGS BERHAD** hereby appoint:

Full Name (in Block) and as per NRIC/Passport	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and

Full Name (in Block) and as per NRIC/Passport	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the meeting as my/our Proxy(ies) to vote for me/us and act on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at the Broadcast Venue at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor on Monday, 3rd January 2022 at 10.00a.m. at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

*My/*our Proxy(ies) is/are to vote as indicated below:-

Ordinary Resolutions	Ordinary Business	For	Against
1.	To declare a First and Final Single-Tier Dividend of 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2021.		
2.	To approve Directors' Fees and Allowances of an amount not exceeding RM500,000.00 from 1 August 2021 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.		
3.	To re-elect Mr. Cheong Teck Chong retiring under Clause 97 of the Company's Constitution.		
4.	To re-elect Madam Choon Nee Siew retiring under Clause 97 of the Company's Constitution.		
5.	To re-elect Encik Fazrin Azwar Bin Md Nor retiring under Clause 97 of the Company's Constitution.		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
Special Business			
7.	To authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent 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 _____ 2020/2021

[Signature/Common Seal of Shareholder]

CDS Account No.	
Number of shares held:	

Notes:

A. BROADCAST VENUE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Nineteenth Annual General Meeting ("AGM") to be present at the main venue of the meeting.

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- A member may appoint more than one (1) but not exceeding two (2) proxies to attend the same meeting, provided that 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 is an Authorised Nominee as defined under SICDA it may appoint at least one (1) proxy in respect of each Securities Account it holds with Ordinary Shares of the Company standing to the credit of the said Securities Account.

- 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.
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- Last date and time for lodging the proxy form is Saturday, 1 January 2022 at 10.00a.m.
- Please read the Administrative Guide regarding the Revocation of Proxy.

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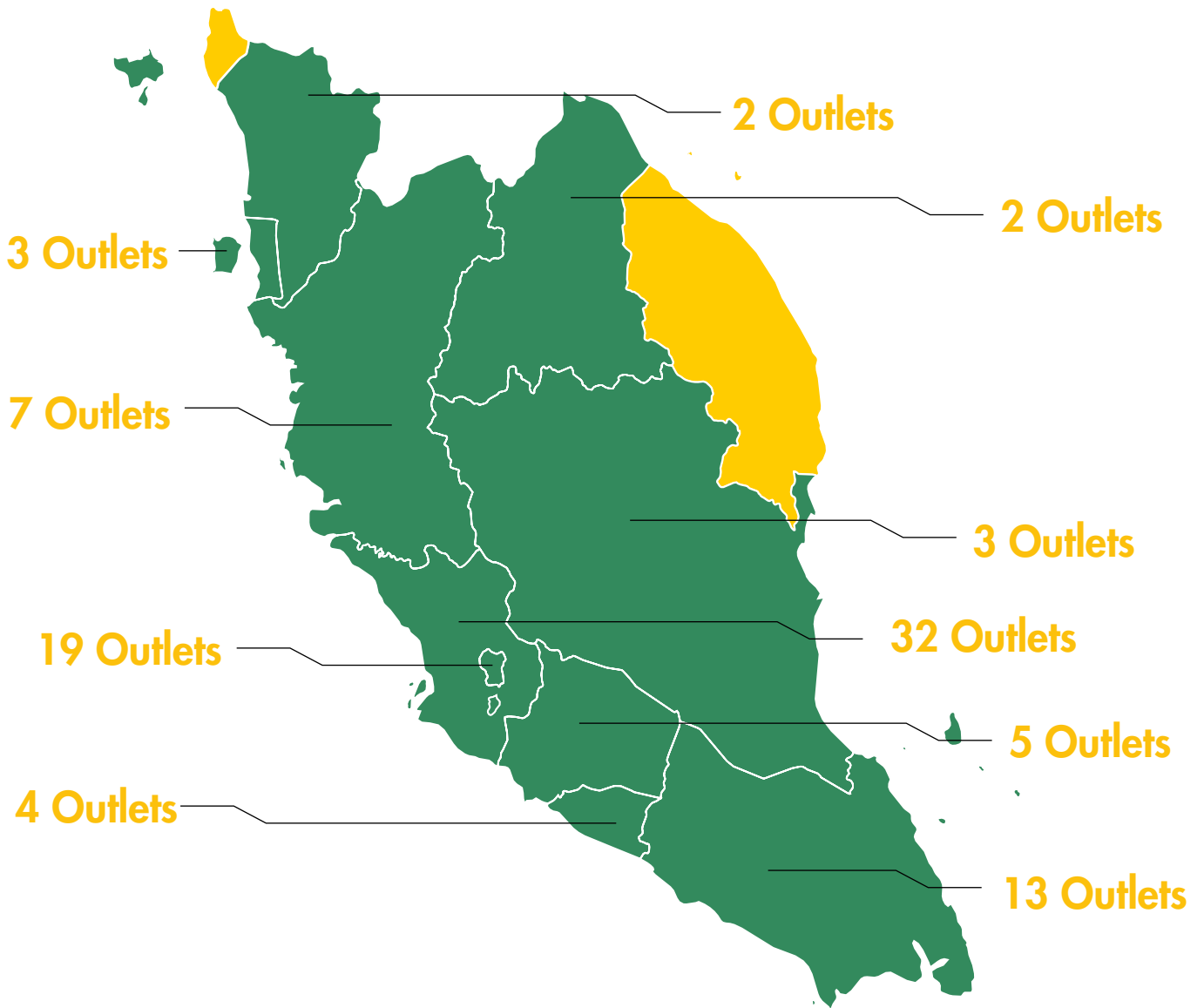
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The Share Registrar

**Poh Kong Holdings Berhad
(200201018476/586139-K)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan**

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Our Locations



“Founded in 1976 and headquartered in Petaling Jaya Malaysia, continues to be at the forefront of growth. ”

RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- 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

- Lotus's Ampang, KL
T: 603-9282 5857

- Lotus's Klang
T: 603-3323 9021

- 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

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

POH KONG RETAIL STORES

- 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 Pernas 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

- Pavilion Bukit Jalil,
T: 603-8082 3439

- Pavilion, Lot 1.40.00
T: 603-2141 9090

- Pandan Kapital
T: 603-4297 5301

- 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

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 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
- AEON Nilai
T: 606-797 1660

SEREMBAN

- The Store Seremban
T: 606-762 4315
- Terminal One
T: 606-762 7933
- AEON Seremban 2 Shopping Centre
T: 606-601 5505

BUKIT MERTAJAM

- AEON Mall Bukit Mertajam
T: 604-548 5980

PENANG

- Queensbay Mall Lot GF119 & GF120
T: 604-641 1560
- Mydin, Kompleks Bukit Jambul
T: 604-641 3977

ALOR SETAR

- Alor Star Mall
T: 604-772 5351
- 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 Bahru
T: 609-741 2166
- AEON Mall Kota Bahru
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

- Mid Valley Southkey Megamall
T: 607-336 1433

GENTING

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

BATU PAHAT

- Batu Pahat Mall
T: 607-433 1918

POH KONG®

DIAMOND & GOLD
by **POH KONG**

POH KONG
G A L L E R Y

diamond
B O U T I Q U E

G O L D
B O U T I Q U E

ORO BIANCO
by **POH KONG**

Our Annual Report, financial and other information about Poh Kong Holdings Berhad
can also be found at www.pohkong.com.my

No. 16-20 Jalan 52/4, 46200 Petaling Jaya,
Selangor Darul Ehsan
Tel : 603-7940 3333 Fax : 603-7957 2404