

POH KONG®

POH KONG HOLDINGS BERHAD
(586139-K)



*To Achieve Product
and Service Excellence*

40
YEARS OF JOY

Annual Report 2016

Core Business

Philosophy

Quality

Product | Service | Excellence | Craftsmanship

Value

Preference | Profit | Worth | Return-On-Investment

Trust

Reputation | Commitment | Honesty | Transparency

Choice

Design | Price | Location | Convenience

Let's redefine joy together

Few activities mark the height of corporate achievements such as an anniversary.

Poh Kong's 40th Anniversary Celebrations this year is one of those occasions that is toasted with joy and happiness. This historic milestone signifies success in the past, strength for the present and confidence for the future.

Starting from humble roots in 1976 with a small outlet in Petaling Jaya, the Group continues to enjoy business success to become Malaysia's fastest growing and the largest jewellery retail chain store.

Poh Kong has over 100 chain stores throughout the country with a manufacturing facility in Shah Alam, offering charming in-house brands and bespoke international jewellery for every joyous celebration. It is a story of remarkable leadership, management and staff's hard work, having the right attitude and staying focused to its strategies and goals.

Poh Kong's business success lies in its passion and its dedication to provide the finest jewellery of top notch quality that meets with international standards and the hallmarks of the industry. Poh Kong ensures that stringent measures are constantly undertaken without compromising design patterns, product innovation and excellence.

The name Poh Kong is a brand that is synonymous to superior quality and meticulous craftsmanship. Poh Kong is committed to bringing more joy and excellence for the generations to come.



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40
YEARS OF JOY



PRODUCT | SERVICE | EXCELLENCE | CRAFTSMENSHIP

Quality

BOARD OF DIRECTORS

DATO' CHOON YEE SEIONG

MR CHEONG TECK CHONG

MADAM CHOON NEE SIEW

DATO' CHOON YOKE YING

MADAM CHOON WAN JOO

MR CHOON YEE BIN

DATIN HON WEE FONG

DATO' DR CHOONG TUCK YEW

ENCIK FAZRIN AZWAR BIN MD NOR

DATIN SHIRLEY YUE SHOU HOW

DATO' ESTHER TAN CHOON HWA

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd

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

CORPORATE OFFICE

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

AUDITORS

Messrs Baker Tilly Monteiro Heng (Firm No. AF 0117)

Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

SOLICITORS

Soo Thien Ming & Nashrah

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

PRINCIPAL BANKERS

RHB Bank Berhad (6171-M)

Level 7, Tower Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-9280 8888

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

Level 7, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel : 03-2692 7722

Malayan Banking Berhad (3813-K)

Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel : 03-2059 1888



SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7849 0777
Fax : 03-7841 8151

STOCK EXCHANGE LISTING

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

POH KONG

Website:

www.pohkong.com.my

Facebook:

www.facebook.com/pohkongjewellers

Corporate *Structure*

100%

POH KONG HOLDINGS BERHAD

Poh Kong Jewellers (Ampang Point) S/B*

Poh Kong Jewellers (Bangsar) S/B*

Poh Kong Jewellers (Banting) S/B*

Poh Kong Jewellers (Franchise) S/B

Poh Kong Jewellers (Ipoh) S/B*

Poh Kong Jewellers (Jaya) S/B*

Poh Kong Jewellers (Jln Taman Malacca) S/B*

Poh Kong Jewellers (Kajang) S/B*

Poh Kong Jewellers (Klang) S/B

Poh Kong Jewellers (Kuantan) S/B*

Poh Kong Jewellers (Malacca) S/B*

Poh Kong Jewellers (Maluri) S/B*

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

Poh Kong Jewellers (Permas Jaya) S/B*

Poh Kong Jewellers (Shah Alam) S/B*

Poh Kong Jewellers (SS 2) S/B

Poh Kong Jewellers (Subang Parade) S/B*

Poh Kong Jewellers (The Mall) S/B*

Poh Kong Jewellers (Wangsamaju) S/B*

PK Jewellery Export S/B

Poh Kong Bullion S/B

Poh Kong International S/B

Poh Kong Jewellers S/B

Poh Kong Jewellery Manufacturer S/B

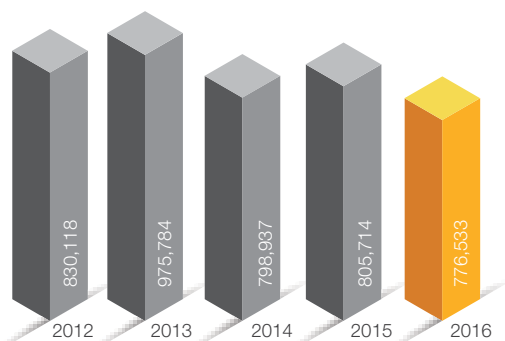
Poh Kong Properties S/B

Poh Kong Wholesale S/B

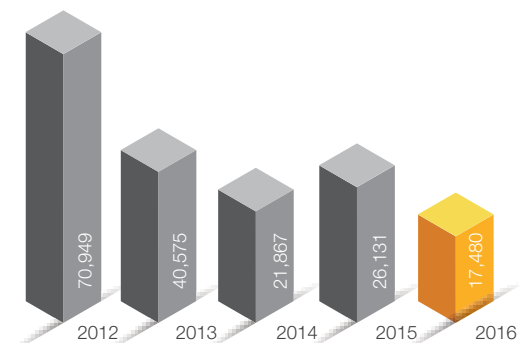
* As a result of the restructuring exercise on internal reorganisation undertaken by the Group, the Subsidiaries are under members' voluntary winding up

5-Year Group *Financial Highlights*

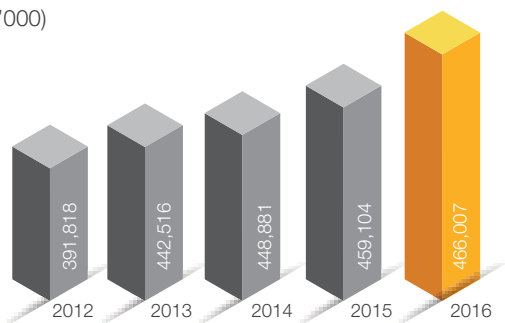
REVENUE
(RM'000)



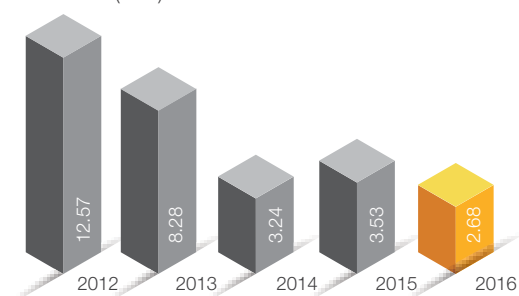
PROFIT BEFORE
TAXATION (RM'000)



TOTAL EQUITY
(RM'000)



BASIC EARNINGS
PER SHARE (Sen)



FYE 31 JULY (RM'000)

	2012	2013	2014	2015	2016
Revenue	830,118	975,784	798,937	805,714	776,533
Profit before taxation	70,949	40,575	21,867	26,131	17,480
Taxation	(19,383)	(6,606)	(8,557)	(11,647)	(6,473)
Profit after taxation	51,566	33,969	13,310	14,484	11,007
Profit after taxation attributable to owners of the Company (RM'000)	51,566	33,969	13,310	14,484	11,007
Total equity (RM'000)	391,818	442,516	448,881	459,104	466,007
Basic earnings per share (sen)	12.57	8.28	3.24	3.53	2.68
Net dividend per share (sen)	1.50	1.40	1.00	1.00	1.00
Gearing ratio	0.34	0.33	0.36	0.29	0.29

Corporate *Milestones*

1976

The story begins...

Poh Kong Jewellers (PKJ) commenced business on 26 March 1976 with its first outlet at Jalan 52/4, 46200 Petaling Jaya. Today Poh Kong is a household name in Malaysia. The Company was co-founded 40 years ago by Dato' Eddie Choon, Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director.

1982 – 1992

-
- PKJ opened its first branch in SS2, Petaling Jaya, taking up retail space of 1,500 sq ft and hiring a workforce of 20 employees.
 - PKJ opened another 13 branches.

1993 – 2003

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



Poh Kong Headquarters



Manufacturing Plant in Shah Alam

2004

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

2005

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

2006

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

2007

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





2009

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

2010

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

2011

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

2012

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

2013

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

2014

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

2016

- Poh Kong launched its 40th Anniversary "Shop & Win Big" customers rewards campaign offering chances to win a total of RM4 million in jewellery prizes and cash vouchers.
- Poh Kong was again named one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for the three consecutive years.
- Poh Kong received the "Outstanding CSR Award" from the Malaysia Retailer Chain Association.



2015

- Poh Kong won the people's choice gold award in the "Putra Brand Awards 2015" in the Apparel and Accessories category, based on a nationwide annual survey of 6,000 consumers measured by brand preference.
- Poh Kong's in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia at a presentation ceremony held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.
- Retail Asia Publishing magazine (June issue) listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for the second year.

40
YEARS OF JOY

..... *and our journey continues.*

Significant *Highlights*

CORPORATE EVENTS

13TH ANNUAL GENERAL MEETING

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



POH KONG WINS MALAYSIA'S TOP 10 RETAIL AWARDS

Poh Kong continued to be listed in the 2016 Retail Asia-Pacific Top 500 and ranked 8th position among Malaysia's Top 10 retailers, earning the glory and distinction of winning this award for three consecutive years since 2014.



MARKETING EVENTS

SPRING DATE WITH POH KONG SHOWCASE

Poh Kong unveiled its 'Auspicious Collection' and signature 'Happy Love' Collection at their themed, 'Spring Date with Poh Kong'

pre-Chinese New Year 2016 golden Auspicious Collection series showcased by models in Lunar costumes paired with impeccable pieces, exhibiting the excellent craftsmanship and intricacy of the jewellery.

ANGEL DIAMOND BABY BUMP ART IN KL

Renowned mural artist, Annie Newman in collaboration with sponsor Poh Kong and other contributors, displayed her artistry on expectant mother, Estee Leong by painting on her stomach, beautiful orchids using exclusive Angel Diamond and Tranz gold leaves. The project focusing on health and happiness was undertaken to inspire women to share and support each other.



PROJECT 'BESTNYA KAHWIN PENGANTIN'

Poh Kong collaborated with Pesona Pengantin, Malaysia's renowned Malay wedding magazine "Projek Bestnya Kahwin Pengantin" to promote the Anggun Collection among the Malay community as bridal gifts (hantaran) jewellery in a photo contest. The couple with the highest votes won RM10,000 worth of Anggun jewellery and cash on their wedding day with the gifts handed to them in a surprise ambush.

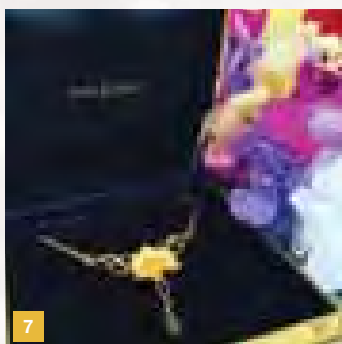


PHOTO CAPTIONS:

1. The 13th Annual General Meeting.
2. Fashion show by models in their Lunar New Year outfits posing the Happy Love Collection series.
3. Ms Jessie Lee, professional Feng Shui Master, sharing fortunes and predictions in the Year of the Monkey with guests at the "Spring Date with Poh Kong" event.
4. Body artist Annie Newman painting on the stomach of Estee Leong, Founder, LiFE Ribbon Community.
5. Estee Leong with guests (L-R) Annie Newman, Dato' Michael Tio, CEO of PKT Logistics Group Sdn Bhd, Datin Winnie Loo, Founder of A Cut Above Salons & Academy and Datuk Professor Jimmy Choo of Jimmy Choo Couture boutique in London.
6. The bridal couple posing with family members, friends and colleagues during their wedding ceremony.
7. The sparking Anggun jewellery set for the bride.
8. All smiles from the winning couple in the project.
9. Behind the scenes : Crew members from Poh Kong and Pesona Pengantin waiting behind the canopy to surprise the couple.



40TH ANNIVERSARY CELEBRATIONS

Poh Kong commemorated its 40th anniversary celebrations with the Group's corporate partners, friends and the media in a luncheon, cake cutting and jewellery fashion shows of Poh Kong's Collection and the Anggun Series.



FASHION & BESPOKE JEWELLERY IN SUMMER BLISS

The exclusive Summer Bliss Prestigious Event held in conjunction with Poh Kong's 40th Anniversary celebration in KL showcased an array of prestigious jewellery including world famous brands like Schoeffel, Luca Carati and Moraglione 1922.

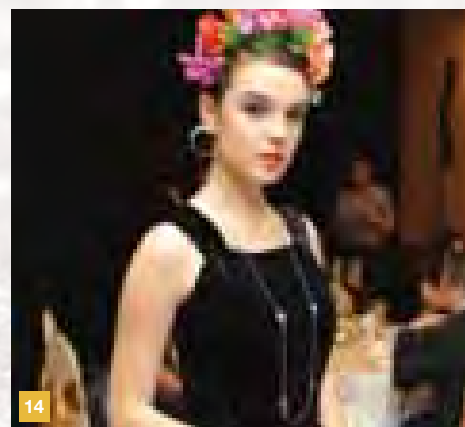




PHOTO CAPTIONS:

10. 40 Years of Joy... Dato' Choon Yee Seiong (centre), Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director, flanked by Directors. From left are Ms Christine Choon, Executive Director, Ms Irene Choon, Executive Director, Datin Jennifer Hon, Executive Director, Mr Francis Cheong, Executive Director, Mr Ermin Siow and Mr Gary Chang, both Key Senior Management of Group (Director of Subsidiaries).
11. Model adorned in diamonds and gems.
12. High fashion models posing with Dato' Choon Yee Seiong, Executive Chairman & Group Managing Director, Poh Kong Holdings Berhad and Datin Jennifer Hon (fourth from left), Executive Director, Poh Kong Holdings Berhad.
13. Poh Kong sales personnel displaying a jewellery set to a guest.
14. Model wearing diamonds and gems jewellery.
15. Models showcasing a range of Poh Kong jewellery.
16. Models with the latest "Anggun Kahwin" collection.
17. A lucky draw winner receiving her prize from Dato' Choon Yee Seiong, Poh Kong Holdings Berhad's Executive Chairman & Group Managing Director.
18. Model showing off fine jewellery to the guests.
19. The 40th Anniversary "Shop & Win Big" consumer promotion.



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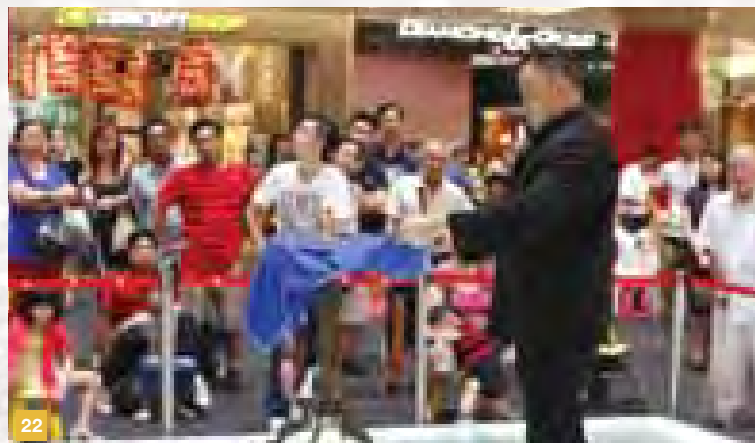
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ROADSHOWS

Roadshows were organised to promote Poh Kong's 40th Anniversary "Shop & Win Big" campaign and its latest jewellery collections, with offers and activities to engage and delight shoppers at major malls understand more about our products innovation and designs.

PHOTO CAPTIONS:

20. Models parade in dazzling jewellery @ 1 Utama, PJ.
21. "Sand Art" performed by Esther Yap @ 1 Utama, PJ.
22. Poh Kong's magical moments – illusionist Vincent Tan impresses the crowd @ 1 Utama, PJ.



22



23



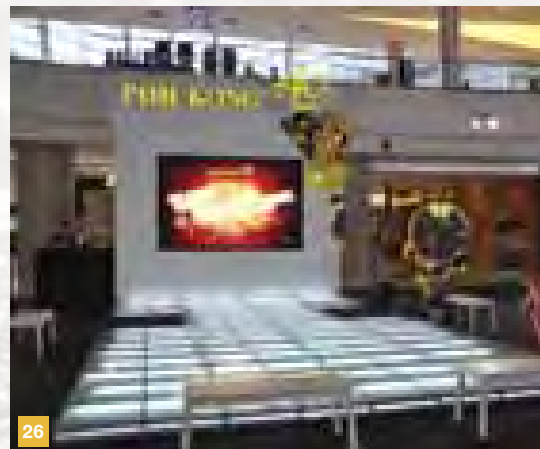
24



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PHOTO CAPTIONS:

- 23. Poh Kong's road show @ 1 Utama, PJ.
- 24. Poh Kong's road show @ Mahkota Parade, Malacca.
- 25. Poh Kong's road show @ AEON Mall Bukit Indah, Johor Bahru.
- 26. Poh Kong's road show @ IOI City Mall, PutraJaya.



26





40
YEARS OF JOY

PREFERENCE | PROFIT | WORTH | RETURN-ON-INVESTMENT

Value

Board of *Directors*



DATO' CHOON YEE SEIONG

*Executive Chairman &
Group Managing Director*

MADAM CHOON WAN JOO

Executive Director

ENCIK FAZRIN AZWAR BIN MD NOR

Independent Non-Executive Director

MR CHEONG TECK CHONG

Executive Director

MR CHOON YEE BIN

Executive Director

DATIN SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

MADAM CHOON NEE SIEW

Executive Director

DATIN HON WEE FONG

Executive Director

DATO' ESTHER TAN CHOON HWA

Independent Non-Executive Director

DATO' CHOON YOKE YING

Executive Director

DATO' DR CHOONG TUCK YEW

*Senior Independent Non-Executive
Director*



Profile of Board of *Directors & Key Senior* Management Group

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

Dato' Choon Yee Seiong, age 62 years, a Malaysian, was appointed to the Board of Directors of Poh Kong Holdings Berhad (PKHB) as Executive Chairman & Group Managing Director on 13 January 2004. A visionary and influential leader, Dato' Choon was one of the founders of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when he started a modest jewellery store in Petaling Jaya at the age of 22. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 102 outlets nationwide. He holds several directorships in the companies within the Group. He is the Chairman of the Executive Committee and also serves as a member of the Remuneration Committee and Risk Management Committee of PKHB.

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

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

He has won several domestic acclaim for his outstanding achievements as a leading jeweller. These include the "19 Years At The Top Award" given by Malaysia Tatler in 2008, "Super Star Of The Year 2008" by the Malaysia Retailer Chain Association (MRCA), and recognition in the "MRCA Achievers Book 2010" for being one of the outstanding and leading entrepreneurs in the development of the retail chains industry for over two decades. In 2014, he received Poh Kong's award as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies ranking by Retail Asia Publishing and Euromonitor International. Poh Kong has won this award for three consecutive years from 2014 to 2016.

In 2015, Poh Kong won the gold award in the prestigious Putra Brand Awards in the Apparel and Accessories category, while its in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia. The MRCA honoured Dato Choon's leadership in 2015 by conferring him the "Outstanding Entrepreneur" in the MRCA Crown Awards category at its annual anniversary celebrations and in 2016 the "Visionary Retailer Award," as well as "Exemplary Top Retailer Award".

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

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

Profile of Board of
Directors & Key Senior
Management Group

MR CHEONG TECK CHONG

Executive Director

Mr Cheong Teck Chong, age 67 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

A veteran in the jewellery industry, he was a co-founder of PKJ in 1976. Mr Cheong began his career in the gold jewellery industry in 1967 and rose to the rank of General Manager in Lian Sin Pawnshop. He became a Partner of Lian Yik Goldsmith in 1972 until 1980. In 1982, he was appointed Managing Director of PKJ (SS2) Sdn Bhd, Petaling Jaya. Mr Cheong assists in the growth, development and expansion of the Group. He is a member of the Executive Committee and a member of the Risk Management Committee of PKHB.

MADAM CHOON NEE SIEW

Executive Director

Madam Choon Nee Siew, age 61 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

She brings with her more than 40 years of experience in the jewellery industry having held several portfolios over the years. She started her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she left the company to join PKJ as a Sales Manager. Two years later, she was appointed Director of PKJ (SS2) Sdn Bhd and in 1991 was promoted to Managing Director of PKJ (Subang Parade) Sdn Bhd.

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



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

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

Madam Choon Nee Siew's sibilings 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 are also shareholders of the Company. Her sister-in-law Datin Hon Wee Fong is also a shareholder of the Company. Her children Ms Cheong Poh See and Mr Cheong Chee Kong are shareholders of the Company.

DATO' CHOON YOKE YING

Executive Director

Dato' Choon Yoke Ying, age 59 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 23 March 2016. She last served as Executive Director of PKHB from 2008 to 2011.

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

Her current responsibilities are marketing and merchandising for the Group. In addition, she is also in charge of research and development of the Group. She attends trade fairs regularly

to constantly keep up-to-date on the latest technology, development and trends in the jewellery industry. She is also a Director of various companies within the Group.

She was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) in 2014 which carries the title of Dato'.

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

MADAM CHOON WAN JOO

Executive Director

Madam Choon Wan Joo, age 55 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 23 March 2016. She last served as Executive Director of PKHB from 2008 to 2011.

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

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

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

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

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

Profile of Board of *Directors & Key Senior* Management Group

MR CHOON YEE BIN

Executive Director

Mr Choon Yee Bin, age 48 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012.

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

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

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

DATIN HON WEE FONG

Executive Director

Datin Hon Wee Fong, age 56 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 11 April 2014.

Datin Hon has 35 years experience in the jewellery business and has been actively involved in the financial matters of Poh Kong Jewellers Sdn Bhd. She joined Poh Kong Jewellers in 1980 as a partner before being appointed as Finance Director of Poh Kong Jewellers Sdn Bhd in 1993. Her main responsibilities are primarily in treasury, finance and administrative matters of the Company. She is a Director of other companies within the Group.

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

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

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



DATO' DR CHOONG TUCK YEW

Senior Independent Non-Executive Director

Dato' Dr Choong Tuck Yew, age 78 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 13 January 2004. He was promoted to Senior Independent Non-Executive Director in 2005.

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

In the early years of his career, Dato' Dr Choong worked as an accountant in several companies. In 1968, he joined Bank Negara Malaysia (Central Bank of Malaysia) and in 1987, he was

appointed as the Chief Manager of the Central Bank of Malaysia. In 1990, he was seconded as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dato' Dr Choong is the Deputy Chairman of C & C Investigation Services Sdn Bhd, a licensed private investigation company.

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

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

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

ENCIK FAZRIN AZWAR BIN MD NOR

Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 50 years, a Malaysian, was appointed to the Board of Directors of PKHB as a Non-Independent Non-Executive Director on 13 January 2004. He was later re-designated as an Independent Non-Executive Director in 2005.

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

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

previously an Independent Non-Executive Director of EngloTechs Holding Berhad, Tek Seng Holdings Berhad, DPS Resources Berhad and Ire-Tex Corporation Berhad.

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

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

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

Profile of Board of *Directors & Key Senior* Management Group

DATIN SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

Datin Shirley Yue Shou How, age 67 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

She has 25 years experience in the local and foreign luxury fashion retail, business development and consulting, and investment banking industry.

She was Managing Director/General Manager of Fine Lines, a company dealing with imported lady apparels and high-end bespoke orders from 1985 to 1993. Subsequently, she served as Investment Advisor of Credit Lyonnais Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker of Solomon

Smith Barney, and Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager of Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

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

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

DATO' ESTHER TAN CHOON HWA

Independent Non-Executive Director

Dato' Esther Tan Choon Hwa, age 66 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 11 April 2014.

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

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

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

In 2006, Dato' Esther Tan received the award from the National Association of Women Entrepreneur Malaysia as "the woman entrepreneur of the year" under the Finance section. She was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) on 11 March 2016 which carries the title of Dato'.

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

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

ENCIK MOHD ANNUAR CHOON BIN ABDULLAH

Key Senior Management of Group (Director of Subsidiaries)

Encik Mohd Annuar Choon Bin Abdullah, age 58, a Malaysian was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004 and served in the same capacity until 2007.

He joined PKJ in 1977 and in 1984, he became a Sales Representative in the PKJ outlet in SS2 Sdn Bhd. In 1985, he was appointed Managing Director of PKJ (Great Wall) Sdn Bhd in Klang.

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

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

MR CHANG KWONG HIM

Key Senior Management of Group (Director of Subsidiaries)

Mr Chang Kwong Him, age 66 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director from 15 March 2012 to 27 January 2016. He last served as Executive Director of PKHB from 2004 to 2007.

He joined Chang Kam Yee Sawmill in 1969 as Factory Manager. In 1982, he became a Director of PKJ (SS2) Sdn Bhd and returned as a Factory Manager at Chang Kam Yee Sawmill in 1985. He was appointed Managing Director of PKJ (The Mall) Sdn Bhd in 1987. His main responsibility is managing several retail outlets at Sunway Putra Mall, Kompleks Pernas Sogo and AEON Cheras Selatan Shopping Centre. Besides the Mall, he holds directorships of other companies within the Group.

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

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

MR SIOW DER MING

Key Senior Management of Group (Director of Subsidiaries)

Mr Siow Der Ming, age 59 years, a Malaysian, was re-appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012 to 27 January 2016. He last served as Executive Director of PKHB from 2004 to 2007.

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

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

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

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

Save as disclosed above, none of the Directors has :

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



Chairman's

Statement

“ Dear Valued Shareholders.

On behalf of the Board of Directors (“Board”) of Poh Kong Holdings Berhad (“the Company” or “Poh Kong”), I am pleased to present the Annual Report and audited financial statements of the Company and its Subsidiaries (“the Group”) for the financial year ended 31 July 2016 (“FYE2016”).

The Group recognised the competitive business environment in FYE2016 and will continue to review, revise and consolidate its business strategies to meet headwinds and challenges in the year ahead. ”

OVERALL FINANCIAL PERFORMANCE

The Group recorded a lower revenue of RM776.53 million for FYE2016 compared to RM805.71 million for the preceding year. The decrease in group revenue of RM29.18 million was due to the reduced demand for jewellery and gold related investment products.

The Group's profit before tax of RM17.48 million in FYE2016 compared to RM26.13 million in the previous year in FYE2015 was lower by RM8.65 million. The decrease was mainly due to a decline in consumer demand. Profit after tax was RM11.01 million for FYE2016 compared to RM14.48 million in FYE2015.

The Group's net assets stood at RM466.01 million over the previous year of RM459.10 million.

REVIEW OF OPERATIONS

The Group's Review of Operations are covered separately on pages 39 to 41 in this Annual Report.

CORPORATE DEVELOPMENT

The Group has appointed two women directors, Dato' Choon Yoke Ying and Madam Choon Wan Joo, as Executive Directors on 23 March 2016, following the resignations of Mr Chang Kwong Him and Mr Siow Der Ming, as Executive Directors on 27 January 2016.

In line with its commitment to board diversity in terms of gender, the Board now has six female directors that represents 54.5% of seats at Board level, out of a total of 11 directors.

On the accumulation of shares by Yeoman Capital Management Pte Ltd and Yeoman 3-Rights Value Asia Fund, the Group wishes to state on record that these substantial shareholders have clarified that they are passive investors following a recent discussion held with the management of the Group.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Poh Kong continues to build sustainable practices in every aspect of the Group's business in achieving high levels of integrity and excellence in its CSR activities. The Group's sustainability and CSR initiatives are set out separately on pages 42 to 44 in this Annual Report.

POH KONG RANKED 8TH IN MALAYSIA'S TOP 10 RETAILERS AWARD

Poh Kong continued to be listed in 2016 Retail Asia-Pacific Top 500 and ranked 8th position among Malaysia's Top 10 Retailers, reinforcing Poh Kong as a prominent brand in the minds of consumers. The 2016 Retail Asia-Pacific Top 500 award is a research survey conducted by Retail Asia Publishing magazine.

EARNINGS PER SHARE

The basic earnings per share for FYE 2016 stands at 2.68 sen (FYE2015: 3.53 sen).

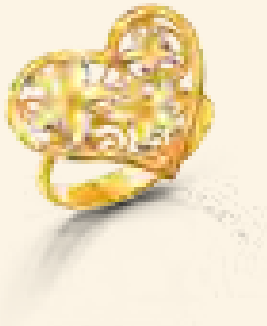
DIVIDEND

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

The Board of Directors has recommended a first and final single-tier dividend of 1 sen per ordinary share of RM0.50 each in respect of FYE2016 for shareholders' approval at the forthcoming Annual General Meeting. (FYE2015 : 1 sen single-tier dividend per ordinary share of RM0.50 each).

If approved, this would amount to a payout of RM4,103,518 to shareholders or 37% from the profit attributable to owners of the Company.





INDUSTRY TRENDS

The Group has identified several industry trends and development as follows :-

- The projected retail industry sales growth in 2016 has been reported at 3.5% or RM99.5 billion in retail sales value with positive growth in the fashion and fashion accessories sector, according to the industry report of leading consulting firm Retail Group Malaysia;
- Poh Kong has managed to broaden its traditional customer base in supplying to even wider and diverse groups with more affordable prices and good mix of jewellery, including its in-house brands;
- We will continue to manufacture our products to meet more stringent quality standards;
- We have leveraged on new technology in our manufacturing plant for products innovation and design, and
- Continuous efforts have been made to grow our online business.

BUSINESS PROSPECTS

Malaysia's GDP growth is anticipated to moderate to a range of 4.0% - 4.5% in 2016 (from 5% in 2015) as private consumption and private investment spending are envisaged to ease. (Source - Bank Negara Report)

The Group is optimistic in maintaining our growth and leading position in Malaysia despite the more challenging and competitive conditions in the domestic jewellery market.

Notwithstanding uncertainties in the global and regional economies, fundamentals in Malaysia remain resilient which have enabled corporate and industry players to meet their challenges and business performance.

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

Barring unforeseen circumstances, the Board of Directors is confident of the Group's resilience to weather the challenges ahead for financial year ending 31 July 2017.

ACKNOWLEDGEMENTS

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

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

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

Petaling Jaya
21 November 2016



Penyata

Pengerusi

*“Pemegang-
pemegang
Saham Dihargai.”*

Bagi pihak Lembaga Pengarah (“Lembaga”) Poh Kong Holdings Berhad (“Syarikat” atau “Poh Kong”), saya dengan sukacitanya membentangkan Laporan Tahunan dan penyata kewangan teraudit Syarikat dan Anak-anak Syarikatnya (“Kumpulan”) bagi tahun kewangan berakhir 31 Julai 2016 (“FYE2016”).

Kumpulan menyedari akan persekitaran perniagaan yang bersaing dalam FYE 2016 dan akan terus mengkaji, menyemak dan mengukuh strategi perniagaannya untuk menghadapi gelora dan cabaran pada tahun mendatang. ”



PRESTASI KEWANGAN MENYELURUH

Kumpulan mencatat hasil yang lebih rendah sebanyak RM776.53 juta bagi FYE 2016 berbanding dengan RM805.71 juta bagi tahun sebelumnya. Pengurangan dalam hasil kumpulan sebanyak RM29.18 juta adalah akibat daripada permintaan berkurangan bagi barang kemas dan produk pelaburan berkaitan emas.

Keuntungan sebelum cukai Kumpulan sebanyak RM17.48 juta dalam FYE 2016 berbanding dengan RM26.13 juta dalam tahun sebelumnya pada FYE 2015 adalah lebih rendah sebanyak RM8.65 juta. Pengurangan terutamanya disebabkan kemerosotan dalam permintaan pengguna. Keuntungan selepas cukai adalah RM11.01 juta bagi FYE 2016 berbanding dengan RM14.48 juta dalam FYE 2015.

Aset bersih Kumpulan berjumlah RM466.01 juta berbanding tahun lepas sebanyak RM459.10 juta.

ULASAN OPERASI

Ulasan Operasi Kumpulan diliputi secara berasingan pada muka surat 39 hingga 41 dalam Laporan Tahunan ini.

PERKEMBANGAN KORPORAT

Kumpulan telah melantik dua pengarah wanita, Dato' Choon Yoke Ying dan Puan Choon Wan Joo, sebagai Pengarah-Pengarah Eksekutif pada 23 Mac 2016, berikutan perletakan jawatan Encik Chang Kwong Him dan Encik Siow Der Ming, sebagai Pengarah-Pengarah Eksekutif pada 27 Januari 2016.

Sejajar dengan komitmennya ke arah mempelbagaian lembaga dari segi jantina, Lembaga kini mempunyai enam pengarah wanita yang mewakili 54.5% daripada keanggotaan pada tahap Lembaga, daripada jumlah 11 pengarah.

Mengenai pengumpulan saham oleh Yeoman Capital Management Pte Ltd dan Yeoman 3-Rights Value Asia Fund, Kumpulan ingin menyatakan pada rekod bahawa pemegang-pemegang saham utama telah menjelaskan bahawa mereka mempunyai pelabur-pelabur pasif berikutan perbincangan yang diadakan baru-baru ini dengan pihak pengurusan Kumpulan.

KEMAPANAN DAN TANGGUNGJAWAB SOSIAL KORPORAT (CSR)

Inisiatif-inisiatif CSR yang dilaksanakan oleh Kumpulan sebagai program penglibatan komuniti adalah ditumpukan pada tempat kerja, hubungan komuniti dan alam sekitar.

Poh Kong terus membina amalan-amalan kemapanan dalam setiap aspek perniagaan Kumpulan dalam mencapai tahap tinggi integriti dan kecemerlangan dalam aktiviti CSR nya. Kemapanan dan inisiatif CSR Kumpulan dinyatakan secara berasingan pada muka surat 42 hingga 44 dalam Laporan Tahunan ini.

POH KONG BERADA PADA TEMPAT KE-LAPAN DALAM ANUGERAH PERUNCIT 10 TERATAS

Poh Kong terus disenaraikan dalam Retail Asia-Pacific Top 500 tahun 2016 dan menduduki tempat ke-lapan di kalangan 10 Peruncit Teratas Malaysia, mengukuhkan lagi kedudukan Poh Kong sebagai jenama terunggul dalam minda-

minda pengguna. Anugerah Retail Asia-Pacific Top 500 tahun 2016 adalah hasil kajian penyelidikan yang dijalankan oleh majalah Retail Asia Publishing.

PENDAPATAN SETIAP SAHAM

Pendapatan asas setiap saham bagi FYE 2016 adalah 2.68 sen (FYE2015: 3.53 sen).

DIVIDEN

Polisi dividen Kumpulan adalah untuk mengagih 10% daripada keuntungan bersih tahunannya sebagai dividen bersih yang akan membolehkan pemegang-pemegang saham untuk sama-sama mengecapi keuntungan Syarikat.

Lembaga Pengarah telah mengesyorkan dividen satu tier pertama dan akhir sebanyak 1 sen setiap saham biasa bernilai RM0.50 sesaham berhubung dengan FYE 2016 bagi kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan akan datang. (FYE2015:1 sen dividen satu tier setiap saham biasa bernilai RM0.50 sesaham).

Sekiranya diluluskan, ini akan bermakna bayaran sebanyak RM4,103,518 kepada pemegang-pemegang saham atau 37% daripada keuntungan boleh diagih kepada pemilik-pemilik Syarikat.





TREND INDUSTRI

Kumpulan telah mengenal pasti beberapa trend dan perkembangan industri seperti berikut:-

- Pertumbuhan jualan industri runcit pada 2016 telah dilaporkan pada 3.5% atau RM99.5 bilion dalam nilai jualan runcit dengan pertumbuhan positif dalam sektor fesyen dan aksesori fesyen, mengikut laporan industri firma peruncing terkenal Retail Group Malaysia;
- Poh Kong telah berjaya meluaskan lagi asas pelanggan tradisional dengan meluaskan pembekalan barangan kemas, termasuk jenama syarikat sendiri, pada harga yang berpatutan;
- Kami akan terus mengeluarkan produk kami untuk memenuhi standard kualiti yang lebih ketat;
- Kami akan terus memanfaatkan teknologi baru dalam loji pembuatan kami bagi inovasi dan rekaan produk, dan
- Usaha berterusan telah diambil untuk meluaskan perniagaan dalam talian kami.

PROSPEK PERNIAGAAN

Pertumbuhan KDNK Malaysia diunjur akan perlahan kepada julat 4.0% - 4.5% pada 2016 (daripada 5% pada 2015) memandangkan penggunaan persendirian dan perbelanjaan pelaburan persendirian diramalkan akan berkurangan. (Sumber - Laporan Bank Negara)

Kumpulan yakin dapat mengekal pertumbuhan kami dan kedudukan terunggul di Malaysia di sebalik keadaan yang lebih mencabar dan lebih persaingan dalam pasaran barang kemas domestik.

Di sebalik ketidakpastian ekonomi global dan serantau, asas-asas di Malaysia kekal anjal yang telah membolehkan pengusaha-pengusaha korporat dan industri mengatasi cabaran dan menggerakkan prestasi perniagaan mereka.

Poh Kong adalah komited untuk memperbaiki prestasinya dengan mengukuhkan lagi model perniagaan kami, menyepadu dan meningkatkan kecekapan operasi, memberi penekanan yang lebih tinggi ke atas inovasi dan rekaan produk dan inisiatif kawalan kos untuk mengurangkan kos pinjaman dan penggearan.

Tanpa mengambil kira keadaan di luar jangkaan, Lembaga Pengarah yakin akan keupayaan Kumpulan untuk mengharungi cabaran mendatang bagi tahun kewangan yang berakhir 31 Julai 2017.

PENGHARGAAN

Saya ingin menyampaikan ucapan terima kasih kepada semua pemegang saham yang kami hargai, pelanggan-pelanggan, rakan strategik, pembiayaan-pembiaya, pembekal-pembekal, pihak-pihak berkuasa Kerajaan dan pihak-pihak berkuasa berperaturan bagi panduan dan bantuan mereka yang diberi kepada Kumpulan.

Saya juga ingin mengucapkan terima kasih kepada ahli-ahli Lembaga Pengarah di atas sumbangan berkesan dan kepimpinan mereka, pihak Pengurusan dan kakitangan di atas dedikasi berterusan dan usaha tidak kenal penat lelah mereka ketika berdepan cabaran ekonomi global dan domestik.

DATO' CHOON YEE SEIONG

Pengerusi Eksekutif & Pengarah Urusan Kumpulan

Petaling Jaya
21 November 2016



主席报告



“致尊敬的股东，

我谨代表宝光控股公司("本公司"或"宝光")董事会("董事会")欣然提呈本公司及各子公司("本集团")截至 2016 年 7 月 31 日之财政年("2016 财政年")的年度报告和已审计财务报告。

本集团认同 2016 财政年的商业环境具挑战性，并将继续检讨，修订和巩固其经营战略以应对来年的逆境和挑战。

”

整体财务表现

本集团在2016财政年取得较低的RM7亿7千6百53万营业额，相较于前一年的 RM8亿零 5百71万。集团的营业额减少了 RM2千9百18万主要是因为珠宝和黄金相关投资产品的需求降低。

在2016财政年，本集团取得RM1千7百48万的扣税前盈利，相较于2015财政年的RM2千6百13万，即减少了RM8百65万。扣税前盈利减少主要是因为消费人的需求降低。2016财政年的扣税后盈利是RM1千1百零1万，相较于2015财政年的 RM1千4百48万。

本集团的净资产则已由前一年的RM4亿 5千9百10万增至RM4亿6千6百零1万。

营运检讨

本集团的营运检讨已列于本年度报告的第39至41页。

企业发展

本集团在2016年3月23日委任了两位女董事拿督 Choon Yoke Ying 和 Choon Wan Joo 女士出任执行董事，这是继 Chang Kwong Him 先生和 Siow Der Ming 先生在2016年1月27日辞去执行董事职位。

配合让各董事的性别更加多元化的承诺，由11位董事组成的董事会目前已有六位女董事，她们在董事会的占席率高达 54.5%。

至于 Yeoman Capital Management Pte Ltd 和 Yeoman 3-Rights Value Asia Fund 所增购的股份，本集团谨此声明，这些大股东在最近与本集团管理层讨论后，已澄清它们乃是静态的投资者。

永续性和企业社会责任(CSR)

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

宝光继续在本集团业务的每一方面打造永续性做法，以确保其各项企业社会责任活动具有崇高威望和卓越成就。本集团的各项永续性和企业社会责任倡议已分别列于本年度报告的第 42 至 44 页。

宝光荣获马来西亚十大零售商奖的第八名

宝光继续名列2016年零售亚洲太平洋500强和荣获马来西亚十大零售商奖的第八名，这巩固了宝光在消费人心目中的显赫品牌地位。该2016年零售亚洲太平洋500强奖乃是零售亚洲出版杂志所进行的一项研究调查。

每股收益

2016财政年的基本每股收益是2.68分(2015 财政年: 3.53 分)。

股息

本集团的股息政策是派发其年度净盈利的10%为股息，让股东们得以分享本公司的盈利。

董事会建议在2016财政年派发每一RM0.50 普通股1分的首期和终期单层次股息，并须在即将举行的年度大会上获得股东通过。(2015财政年: 每一 RM0.50 普通股 1 分的单层次股息)。

若获通过，占可归本公司拥有者盈利之 37% 或总数 RM4,103,518 将派发给股东们。



行业趋势

本集团已鉴定多项行业趋势和发展如下:-

- 据领先的咨询公司 Retail Group Malaysia (RGM) 透露, 预料2016年的零售业销售额成长率为3.5%或零售销售价值达RM995亿, 而时尚和时尚饰件领域将取得正面成长;
- 宝光已成功扩大其传统顾客群而供应给更加广大和多元化的群体, 迎合顾客对珠宝更多选择的要求和价格, 包括其自创品牌;
- 我们将继续制造符合更严格质量标准的产品;
- 我们已充分利用本公司制造厂的新科技以进行产品创新和设计, 以及
- 锲而不舍地努力扩展我们的网络业务。

业务展望

在2016年, 马来西亚的国内生产总值成长预料将保持适中, 即介于4.0%至4.5%(2015年为5%), 这是因为私人消费和私人投资开销预料将放缓(资料来源: 中央银行报告)。

本集团对维持我们在马来西亚的成长率和领先地位感到乐观, 尽管国内珠宝市场的挑战性和竞争状况更加剧烈。

尽管全球和本区域各经济体的前景不明朗, 马来西亚的基本面仍然具有弹性, 并且可让各企业和行业的业者应对各项挑战和实现营业表现。

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

若无出现不可预见的情况, 董事会有信心本集团具有弹性以在截至2017年7月31日的财政年应对未来挑战。

鸣谢

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

我也要感谢诸位董事的实际贡献和领导, 管理层和员工们在面对全球和国内经济挑战之际, 继续表现出献身精神和坚强意志。

拿督锺义翔

执行主席兼集团董事经理

2016年11月21日于八打灵再也



Review of *Operations*

BUSINESS OVERVIEW – AN ESTABLISHED JEWELLERY BRAND NAME

Poh Kong, founded in Petaling Jaya New Town 40 years ago, has transformed from a small outlet into the largest jewellery retail chain store in Malaysia today.

The Poh Kong brand name is synonymous with superior quality jewellery nationwide. The Group is an integrated one-stop jeweller anchored by two businesses; manufacturing and retailing of gold jewellery, diamonds, gems, precious stones and gold investment products.

The Group has reached 100 outlets spread across Peninsular Malaysia, located mainly in major shopping malls with concept stores, such as Poh Kong, Poh Kong Gallery, Diamond & Gold outlets, Diamond Boutique, Gold Boutique and Oro Bianco.

Poh Kong offers a wide range of gold and gold-related ornaments, diamonds and gems specially created by its team of skilled craftsmen and designers at its manufacturing plant in Shah Alam.

The principal activity of Poh Kong Holdings Berhad is an investment holding company, while its subsidiaries are involved in manufacturing and in trading, supplying and retailing of gold, gold-related jewellery and gems at its chain stores.

GROUP REVENUE AND PROFIT

Summary (FYE2016 vs FYE2015)

- Group Revenue :RM776.533 million (FYE2015 : RM805.714 million).
- Profit Before Tax :RM17.480 million (FYE2015 : RM26.131 million).

PROFIT TO OWNERS OF THE COMPANY/ EARNINGS PER SHARE

Summary (FYE2016 vs FYE2015)

- Profit after taxation attributable to owners of the Company was at RM11.007 million (FYE2015 : RM14.484 million).
- Basic earnings per share stood at 2.68 sen (FYE2015 : 3.53 sen) based on the weighted average number of ordinary shares of 410,351,752 (FYE2015 : 410,351,752).

FINANCIAL POSITION

Summary (FYE2016 vs FYE2015)

- Total shareholders' equity stood at RM466.007 million (FYE2015 : RM459.104 million).
- Gearing ratio stood at 0.29 (FYE2015 : 0.29).
- Net cash position was recorded at RM27.406 million (FYE2015 : RM35.878 million).
- Net dividend per share was 1 sen per ordinary share of RM0.50 each (FYE2015 : 1 sen).

FINANCIAL REVIEW

The Group recorded lower sales revenue of RM776.53 million for FYE2016 as compared to RM805.71 million in FYE2015, a decrease of RM29.18 million. Pre-tax profit registered RM17.48 million compared to RM26.13 million in the preceding year was lower by RM8.65 million. The decrease was mainly due to a decline in consumer demand. Profit after tax was RM11.01 million for FYE2016 compared to RM14.48 million in FYE2015.

During the financial year under review, the Group has in place brand building activities via advertising, promotions and roadshows

to create and reinforce awareness, innovative products at affordable prices were introduced to boost revenue. In addition, several financial measures were also undertaken which included streamlining of businesses, stringent inventories and procurement management, lower cost of sales through bulk purchase to enjoy economies of scale, reducing overheads and enhancing the Group's debt portfolio.

The weakening of the Ringgit including other currencies against the USD, had no significant impact on Poh Kong's operational costs as all its borrowings are transacted in Ringgit Malaysia. The continued global economic uncertainty have fuelled demand for gold and boosted gold prices to rally around US\$1,182 to US\$1,259 per oz from January to June 2016 (Source - World Gold Council, Gold Demand Trends Q2, August 2016).

The weaker Ringgit has also pushed the gold price higher in Ringgit terms, therefore making it more attractive to investors.

LARGEST JEWELLERY RETAIL CHAIN STORE

Poh Kong has a total of 102 outlets under various brands including retail concept stores nationwide that occupy a total retail space of approximately 126,000 sq ft as at FYE2016.

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

Besides its market reach and economies of scale, the Group's large and extensive network also reinforces Poh Kong's brand in the jewellery industry.

Review of *Operations*

In FYE2016, the Group opened five outlets in IOI Mall Puchong, AEON Midtown Falim Shopping Centre Ipoh, AEON Mall Klebang Ipoh, AEON Mall Shah Alam and AEON Mall Kota Bharu which contributed a total of RM13.37 million revenue or a 1% growth for the financial year. It has also extended its Mid Valley store to cater for non-yellow gold jewellery inventory to meet the needs and demands of consumers.

In FYE2017, it plans to open another 3 to 5 stores with an estimated total capital expenditure including inventories of about RM3 million to RM5 million per store.

The Group has been consolidating and streamlining its business, especially low-performing outlets to make way for retail expansion in locations with better growth potential. For the year under review, it voluntarily wound up six subsidiaries and dissolved one subsidiary from the Group as an internal restructuring exercise.

RETAIL SALES THE KEY EARNING DRIVER

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

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

The number of outlets by state or territory as at FYE2016 was as follows: Selangor/ Kuala Lumpur 59 (58 %), Johore 11 (10 %), Negeri Sembilan 5 (5 %), Perak 9 (9 %), Malacca 5 (5 %), Penang 5 (5

%), Kedah 3 (3 %), Pahang 3 (3 %), and Kelantan 2 (2 %).

Retail outlets located within Kuala Lumpur and Selangor contributed 71 % of the total revenue for FYE2016.

IN-HOUSE AND INTERNATIONAL BRANDS

Poh Kong is a one-stop, preferred family jeweller with a comprehensive range of in-house jewellery brands and exclusively designed international products, for a new generation of customers.

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

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

The Group continuously launches new exclusive designs, and new fine jewellery pieces of European brands and to enhance product variety. It has also GST exempted gold bars, namely the LBMA gold bars with iconic Bunga Raya motifs,

ranging from 5 grams to 100 grams, at attractive prices to cater for various consumers and investors.

RETAIL CONCEPT STORES

In addition to gold jewellery, Poh Kong outlets also carry diamonds and gems so as to provide customers wider choices and collections of exquisite jewellery at our retail concept stores which carry high-end bespoke international brands – Schoeffel, Luca Carati, Moraglione 1922, Angel and Hemera Diamond.

Retail concept stores include Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Gold Boutique and Oro Bianco. These concept stores offer a wide range of jewellery from gold related jewellery to gold investment products, diamonds and coloured gems, specially created by its team of skilled craftsmen and designers.

MARKETING CAMPAIGNS

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

The Company also focuses on brand and product advertising and creates various innovative campaigns to engage with the public via traditional and new social media.

Marketing campaigns, leveraging on-line platforms, social media and on-ground activities were implemented successfully during the year.



AEON Mall Klebang Ipoh



AEON Mall Shah Alam



IOI Mall Puchong

In view of changing consumer buying pattern, especially young consumers, the Company introduced alternative channels and various interactive platforms in delivering online business to its customers on e-commerce portal and websites.

RETAIL ASIA-PACIFIC TOP 500 AWARD

Poh Kong has won numerous awards including Fair Price Shop Awards (2013), The People's Choice Gold for Putra Brand Awards (2015), Retail Asia-Pacific Top 500 Award and Malaysia's Top 10 Retailers Award for three consecutive years (2014, 2015, 2016).

MANUFACTURING PLANT REINFORCES RETAIL NETWORK

Poh Kong Jewellery Manufacturer Sdn Bhd set up in Shah Alam, produces and supplies the majority of Poh Kong's finished gold related jewellery and gem sets to the retail stores.

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

The RM16.7 million manufacturing plant and offices with a staff force of about 140 people, is equipped with modern technology. This plant is home to designers and craftsmen who create new in-house designs, seasonal jewellery, including exclusive and mass quantity products, based on the Group's research and development activities.

Advanced IT systems and key innovative technologies are also continuously improved to reduce labour intensive operations.

PROSPECTS - FORWARD LOOKING STATEMENT

The Group will continue growing Poh Kong's business model, comprising the retailing segment and manufacturing operations, to complement each other, and leveraging on their strengths to synergise for further expansion, profitability and sustainability.

Recent World Gold Council (WGC) data show that gold prices have jumped 26% in 2016, touching a two-year high of US\$1,375.34 an ounce in July.

Gold prices have rebounded this year as the Federal Reserve refrained from increasing US borrowing costs, and Europe and Japan embraced negative rates to spur growth. More investors have begun to buy bullion as an alternative asset while geopolitical turbulence and financial market volatility have boosted the appeal of gold as a store of value.

The Group is optimistic the demand for gold and gold related products will still remain resilient notwithstanding the uncertainty in the global and subdued domestic economy affected by a weaker Ringgit, higher cost-of-living and prudent consumer spending.

Gold is considered a "safe haven" asset that encourages consumers to purchase as an alternative investment to hedge against a declining Ringgit.

In view of the price uptrend of gold and future prospects, the Group is confident to deliver a better performance and to meet the challenges in the year ahead.

Sustainability and *Corporate Responsibility*



Poh Kong was sponsor of a jewellery set for silent auction to help raise funds. There were also individual pledges and table sponsorships.

The Group integrates sustainability and corporate social responsibility (CSR) into its operations to achieve greater efficiency, better performance and improved quality of life to society. During the year, our CSR initiatives were focused on employees, community and the environment.

THE WORKPLACE



Training and Development

The Company continues to build and upgrade human resources to ensure employees realise their full potential and talents by conducting in-house staff training and development programmes so that they are equipped with competencies in their present jobs, as well as for future advancement.

THE COMMUNITY



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

National Cancer Society Malaysia (NCSM) 50th Anniversary Gala Dinner

Poh Kong sponsored a jewellery set for auction at the NCSM's 50th Anniversary celebrations at a dinner and charity fundraiser to further aid their cause of providing services to cancer patients, survivors, caregivers and the public.

The celebration was graced by NCSM royal patron, Perak's Sultan Nazrin Muizzuddin Shah and Raja Permaisuri Perak Tuanku Zara Salim.

Malaysia AEON Foundation (MAF) Fund Raising

Poh Kong was one of the participating contributors to the MAF Charity Gala Dinner to raise more funds for the needy and a sponsor of the MAF Golf Tournament at Glenmarie Golf & Country Club organised for charity and welfare homes.

Poh Kong was the jewellery sponsor for the Lucky Draw at the dinner and one of the donors for the charity golf event. To date, the MAF has raised and donated more than RM7 million to various charitable organizations and less privileged individuals.



Datuk Albert Chiang Heng Kieng (left) of MRCA presenting a mock cheque to Ms Lin Li, CEO of Dual Blessing Sdn Bhd.



**Poh Kong Receives MRCA's
"Outstanding CSR Award"**

Poh Kong Holdings Berhad (PKHB) has been given the "Outstanding CSR Award" by the Malaysia Retailer Chain Association (MRCA) in conjunction with their third MRCA Crown Awards annual ceremony created to cultivate excellent business principles and practices.

MRCA founder Dato' Choon Yee Seiong, PKHB's Executive Chairman and Group Managing Director, was also honoured with the "Visionary Retailer Award" and "Exemplary Top Retailer Award".

Minister of Tourism and Culture Dato' Seri Mohamed Nazri Abdul Aziz (fourth from left) presenting the CSR Award to Dato' Choon (fourth from right) in the presence of MRCA Crown Awards 2016 winners and MRCA council members.



(L-R) Mr Kenji Fujita, ACS Managing Director and MAF Vice President, Dato' Choon Yee Seiong, PKHB Executive Chairman & Group Managing Director, Dato' Basaruddin bin Sadali, Dato' Abdullah Mohd Yusof, AEON Co (M) Bhd, Chairman and MAF President and Mr Poh Ying Loo, AEON Co (M) Bhd Executive Director and MAF Treasurer.



Mr Shinobu Washizawa (left) Managing Director, AEON Asia Sdn Bhd presenting a Poh Kong jewellery set to a Lucky Draw prize winner.

Sustainability and *Corporate Responsibility*

VIP Charity Golf 2016

Malaysia Retailer Chain Association (MRCA) organized their exclusive VIP Charity Golf 2016 for SME's to promote health and wellness and raise funds for a host of charities in Malaysia. Poh Kong was one of the Hole-in-One sponsors in the tournament held at the Tropicana Golf & Country Club.

Her Majesty Seri Paduka Baginda Raja Permaisuri Agong Tuanku Hajah Haminah graced the event as the Guest-of-Honour.



The brochure promoting the tournament.



(L-R) Dato' Choon Yee Seiong, Dato' Garry Chua, Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid and Datuk Seri Nelson Kwok preparing to tee off.

Persatuan Pengajian Yuan Man KL and Selangor Seminar

The purpose of this charity event was to raise funds for Chinese primary schools. Poh Kong was among one of the contributors to the seminar.



The certificate of appreciation.



Yuan Man representative Mr Phua (left) presenting the certificate of appreciation to a Poh Kong official.

THE ENVIRONMENT



The Group is committed in upholding responsible practices in promoting green awareness activities, such as reducing and recycling paper bags, the usage of energy efficient appliances or LED lighting and encouraging environment-friendly lifestyles.

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

Statement on *Corporate Governance*

INTRODUCTION

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

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

The Board of Directors is pleased to report that this statement sets out the extent of the Group’s compliance with the recommendations of the Code for the financial year ended 31 July 2016. Where there are gaps in the Company’s observation of any of the recommendations of the Code, these are disclosed with explanations.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear function of The Board and Management

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

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

Board Committees

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



Statement on *Corporate Governance*

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

The Board retains full responsibility for guiding and monitoring the Company in discharging its responsibilities. The various committees perform certain of the Board’s functions and to provide it with recommendations and advice.

Role of Chairman and Group Managing Director

The role of the Chairman is to ensure the orderly conduct and performance of the Board while the Group Managing Director (“GMD”) is responsible for the implementation of the Board’s decisions and the day-to-day running of the business in line with the Company’s goals and policies developed by the EC and approved by the Board.

Role of EC

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

Role of Independent Directors

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

Role of Senior Independent Director

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

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

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



1.2 Clear Roles and Responsibilities

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

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

The Board approves the strategy and business plan presented by the Management and also reviews the strategic direction on a quarterly basis and guides the Group in promoting its core values, policies and meeting targets and objectives.

b. Overseeing the Conduct of the Company's Business

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

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

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

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks. A Gross Risk Scorecard was also implemented at corporate level and subject to review on a regular basis. Details of the RMC and the Company's ERM are set out in the Statement on Risk Management and Internal Control in this Annual Report on pages 70 to 74.

The members of the RMC are:-

Dato' Esther Tan Choon Hwa

Encik Fazrin Azwar Bin Md Nor

Dato' Choon Yee Seiong

Mr Cheong Teck Chong

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

d. Succession Planning

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

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

Statement on *Corporate Governance*

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

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

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

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

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

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

f. Matters Reserved for the Board's Decisions

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

1.3 Formalised Ethical Standards through Code of Conduct

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

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

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

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

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

1.4 Strategies Promoting Sustainability

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

The Group's activities on sustainability are included in the Sustainability and Corporate Responsibility report on pages 42 to 44 of this Annual Report and in the Company's website.

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

1.5 Supply and Access to Information

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

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

1.6 Qualified and Competent Company Secretary

The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and knowledgeable on statutory and regulatory requirements relating to the Companies Act, 1965, and updates on provisions of the forthcoming new Companies Bill, amendments to the Main Market Listing Requirements of Bursa Securities ("MMLR") and Corporate Governance practices and guidelines, and the implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary facilitates the flow of information to the Board and its committees.

Statement on *Corporate Governance*

The Directors have ready and unrestricted access to the advice and services of the Company Secretary pertaining to Board policies, procedures, the Companies Act, 1965, the MMLR, the MCCG 2012, and timing of material announcements, to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for trading in the Company's shares.

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

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

1.7 Board Charter

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

The Board Charter also outlines:-

- The division of responsibilities and powers between the Board and management, the different committees established by the Board and position of the Chairman and the Group Managing Director;
- Set out 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;
- List of matters reserved for decision by the Board;
- Board's access to information and independent advice, and
- The role of the Company Secretary.

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

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



PRINCIPLE 2 – STRENGTHEN COMPOSITION

2.1 The Board Composition and Management

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

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

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

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

2.2 Nomination Committee

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

Encik Fazrin Azwar Bin Md Nor

Chairman, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Datin Shirley Yue Shou How

Independent Non-Executive Director

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

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

The NC met twice (2) during the financial year to deliberate on the above matters.

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

Appointment of Directors

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

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

During the year under review, the NC had reviewed the resignations of two Executive Directors, Mr Chang Kwong Him and Mr Siow Der Ming and replacements of two other Executive Directors, Dato' Choon Yoke Ying and Madam Choon Wan Joo, in accordance with the Management's internal rotation programme.

Re-election of Directors

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

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

Retiring Directors :-

Encik Fazrin Azwar Bin Md Nor
Madam Choon Nee Siew
Mr Choon Yee Bin

The Articles of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment. At the forthcoming AGM, Dato' Choon Yoke Ying and Madam Choon Wan Joo who were both appointed during the financial period will retire and being eligible, have consented to be re-elected.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(2) of the Companies Act, 1965. At the forthcoming AGM, Dato' Dr Choong Tuck Yew is the only Director who is required to be re-appointed in accordance with Section 129(2) of the Companies Act 1965.

Diversity Policy

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

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

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

Annual Assessment

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

- The effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;
- The effectiveness of the Board Committees and the Board as a whole;
- The Independent Directors' self-assessment;
- Key officers' evaluation;
- The AC's financial literacy and evaluation;
- The AC members' self and peer evaluation;
- The Internal Audit function evaluation;
- The External Auditors' performance and independence, and informal dialogue sessions with the External Auditors.

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

2.4 Directors' Remuneration

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

The RC plays an essential role in overseeing the quality of the remuneration for Executives and Non-Executives Directors. The Company's remuneration policies and outcomes strike an appropriate balance between the interests of the shareholders, and rewarding the Company's executives and employees, and the human resources policies are consistent with and complementary to the strategic direction and objectives of the Company as determined by the Board.

The RC ensures that the remuneration decisions remunerate Executive and Non-Executive Directors fairly and responsibly, and that it reflects the commitment of the Director concerned. The remuneration policy for Executive Directors is based on the executive functions and responsibilities, as well as the contributions and performance of each member to the business.

Non-Executive Directors receive Directors' fees not linked to profits or performance of the Company, but in consideration of their roles, responsibilities and time commitment to the Company, including in Board Committees.

Statement on Corporate Governance

The Board determines the remuneration of Executive Directors and Non-Executive Directors taking into consideration the recommendations of the RC. No Director takes part in discussion and decision making on his/her own remuneration. The aggregate amount of Directors' fees to be paid to Non-executive Directors is subject to the approval of the shareholders at the Annual General Meeting ("AGM").

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

Datin Shirley Yue Shou How

Chairperson, Independent Non-Executive Director

Dato' Dr Choong Tuck Yew

Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Independent Non-Executive Director

Dato' Choon Yee Seiong

Executive Chairman & Group Managing Director

The details of the remuneration for Directors of the Company during the financial year ended 31 July 2016 are as follows:-

Aggregate Remuneration Categorization	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	27	192
Non-Fees	2,350	148
Salaries	5,458	-
Bonuses	1,340	-
Benefits-in-kind	118	-
Total	9,293	340

The number of Directors of the Company whose total remuneration falls within the following bands:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM50,001 to RM100,000	-	4
RM750,001 to RM800,000	1	-
RM850,001 to RM900,000	1	-
RM1,150,001 to RM1,200,000	3	-
RM1,400,001 to RM1,450,000	1	-
RM2,750,001 to RM2,800,000	1	-

The RC met once (1) during the financial year ended 31 July 2016.

PRINCIPLE 3 - REINFORCE INDEPENDENCE

3.1 Assessment of Independence

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

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

3.2 Tenure of Independent Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Composition of the Board

Presently, the Board comprises four (4) Independent Non-Executive Directors and seven (7) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. The profiles of the Directors are set out on pages 23 to 29 of this Annual Report.

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

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

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

PRINCIPLE 4 – FOSTER COMMITMENT

4.1 Board Meetings

The Board met five (5) times during the financial year ended 31 July 2016. Details of attendance are as follows:-

	No. of Meetings attended by Directors	15.9.15					21.10.15		16.12.15		23.3.16		17.6.16	
EXECUTIVE DIRECTORS														
Dato' Choon Yee Seiong (Executive Chairman & Group Managing Director)	5/5	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Cheong Teck Chong	5/5	√	√	√	√	√	√	√	√	√	√	√	√	√
Madam Choon Nee Siew	4/5	-	√	√	√	√	√	√	√	√	√	√	√	√
Datin Hon Wee Fong	5/5	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Chang Kwong Him (Resigned on 27 January 2016)	3/3	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Siow Der Ming (Resigned on 27 January 2016)	3/3	√	√	√	√	√	√	√	√	√	√	√	√	√

Statement on Corporate Governance

	No. of Meetings attended by Directors	15.9.15	21.10.15	16.12.15	23.3.16	17.6.16
EXECUTIVE DIRECTORS						
Mr Choon Yee Bin	4/5	-	✓	✓	✓	✓
Dato' Choon Yoke Ying (Appointed on 23 March 2016)	1/2	N/A	N/A	N/A	✓	-
Madam Choon Wan Joo (Appointed on 23 March 2016)	2/2	N/A	N/A	N/A	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS						
Dato' Dr Choong Tuck Yew	5/5	✓	✓	✓	✓	✓
Encik Fazrin Azwar Bin Md Nor	5/5	✓	✓	✓	✓	✓
Datin Shirley Yue Shou How	4/5	-	✓	✓	✓	✓
Dato' Esther Tan Choon Hwa	4/5	✓	✓	-	✓	✓

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

4.2 Directors' Training

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

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

Dato' Choon Yee Seiong	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Datin Hon Wee Fong	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Mr Cheong Teck Chong	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Madam Choon Nee Siew	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.

Dato' Choon Yoke Ying	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Madam Choon Wan Joo	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Mr Choon Yee Bin	<p>2016</p> <ul style="list-style-type: none"> 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
Dato' Dr Choong Tuck Yew	<p>2015</p> <ul style="list-style-type: none"> 9 March 2015 – Participated as judge in “International Speech and Table Topics Contest,” organized by Toastmasters Club, KL. 15 August 2015 – Participated as judge in “Humorous Speech & Evaluation Contest,” organized MIM Toastmasters Club, KL. 27 August 2015 – Participated as judge in “Humorous Speech & Evaluation Contest,” organized by Berjaya UCH Toastmasters Club, KL. 8 September 2015 – Participated as judge in “Humorous Speech & Evaluation Contest,” organized by TMIKL Toastmasters Club, KL. 9 September 2015 – Participated as judge in “Humorous Speech & Evaluation Contest,” organized by Telekom Malaysia Toastmasters Club, KL. 29 September 2015 – “Effective Evaluation Workshop,” organized by Taman Indrahana Toastmasters Club, PJ. 26 & 27 October 2015 – “Today’s Synergy, Tomorrow’s Reality – International Accountants Conference,” organized by Malaysian Institute of Accountants at KLCC, KL. 2 November 2015 – “Future of Auditors Reporting – The Game Changer for Boardroom,” a Corporate Governance Breakfast Series, organized by Bursa Malaysia in KL.

	<p>2016</p> <ul style="list-style-type: none"> • 18 February 2016 – “Evaluating the Adequacy and Effectiveness of Controls,” tea talk session conducted by the Institute of Internal Auditors Malaysia in KL. • 29 March 2016 – “Audit Committee Conference 2016: Setting the Right Tone,” organized by the Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants at Connexion @ Nexus, Bangsar South, KL. • 16 & 17 May 2016 – “Improving Audit Effectiveness, Audit Committee Seminar for the Public and Private Sectors”, conducted by Federation of Public Listed Companies Bhd at Connexion @ Nexus, Bangsar South, KL. • 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd. • 27 June 2016 – “Future of Auditors Reporting – The Game Changer for Boardroom,” a Corporate Governance Breakfast Series, organized by Bursa Malaysia, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants at Exchange Square, KL.
<p>Encik Fazrin Azwar Bin Md Nor</p>	<p>2016</p> <ul style="list-style-type: none"> • 13 January 2016 – “Audit Oversight Board: New Auditor’s Report – Sharing The UK Experience,” organized by Securities Commission. • 17 January 2016 – Seminar “New Auditor Reporting: Why It Matters To You,” organized by Deloitte Malaysia. • 29 March 2016 – “Audit Committee Conference 2016: Setting The Right Tone,” organized by Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants at Connexion @ Nexus, Bangsar South, KL. • 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.

<p>Datin Shirley Yue Shou How</p>	<p>2016</p> <ul style="list-style-type: none"> • 29 March 2016 – “Audit Committee Conference 2016: Setting The Right Tone,” organized by Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants at Connexion@Nexus, Bangsar South, KL. • 16 & 17 May 2016 – “Audit Committee Seminar for the Public and Private Sectors 2016,” at Connexion@Nexus, Bangsar South City, KL. • 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd.
<p>Dato' Esther Tan Choon Hwa</p>	<p>2015</p> <ul style="list-style-type: none"> • 16 October 2015 – “Aligning Enterprise Risk Management Governance with Risk Appetite,” organized by Institute of Enterprise Risk Practitioners at IERP Training Centre. • 11 November 2015 – “Qualified Risk Director Programme Series 7 : Board Masterclass on Effective ERM Practices & Practical ERM Implementation Issues,” organized by Institute of Enterprise Risk Practitioners at IERP Training Centre. • 19 November 2015 – 2016 Budget Proposals : Audit Investigation - Facts and Myths,” organized by Lembaga Hasil Dalam Negeri Malaysia at Ideal Convention Centre, Shah Alam. <p>2016</p> <ul style="list-style-type: none"> • 29 March 2016 – “Audit Committee Conference 2016: Setting The Right Tone,” organized by Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants at Connexion@Nexus, Bangsar South, KL. • 16 & 17 May 2016 – “Audit Committee Seminar for the Public and Private Sectors 2016,” at Connexion@Nexus, Bangsar South City, KL. • 17 June 2016 – “Amendments to Bursa Malaysia Main Market Listing Requirements dated 24 March 2016,” conducted by Strategy Corporate Secretariat Sdn Bhd. • 9 & 10 August 2016 – “National Tax Conference 2016,” organized by Lembaga Hasil Dalam Negeri and Chartered Tax Institute of Malaysia at the KL Convention Centre.



PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Accountability and Audit

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure that the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards.

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

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

Statement on Directors' Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2016, the Directors took due care and reasonable steps to ensure compliance with the applicable accounting standards in all material aspects. For this purpose the Directors are updated and briefed by the external auditors on the current accounting practices and applicable financial reporting standards and IC Interpretation, at least once a year.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 78 of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

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

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

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

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

On 11 September 2015 and 16 June 2016, the AC also met with the external auditors without the presence of the management and Executive Directors.

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

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

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

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

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

6.2 Internal Audit Function

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

Details of the Company's internal control processes are set out in the Statement on Risk Management and Internal Control in this Annual Report. Total cost of the internal audit function for the financial year ended 31 July 2016 amounted to RM932,573.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

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

Statement on *Corporate Governance*

7.2 Leverage on Information Technology for Effective Dissemination of Information

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

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

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

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

Annual General Meeting

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

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

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

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

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

8.2 Poll Voting

A new requirement from MMLR requiring 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. The new requirement is applicable to all the general meetings to be held on or after 1 July 2016. Hence, all the resolutions as set out in the notice of the Company's forthcoming AGM will be voted by poll.

8.3 Effective Communication and Proactive Engagement

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

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

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

COMPLIANCE STATEMENT

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

This statement was made in accordance with a resolution of the Board dated 20 October 2016.





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Years Of Joy

REPUTATION | COMMITMENT | HONESTY | TRANSPARENCY

Trust

Audit Committee *Report*

1. COMPOSITION

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

The AC comprises of the following :-

Dato' Dr Choong Tuck Yew

Chairman, Senior Independent Non-Executive Director

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

2. TERMS OF REFERENCE

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

3. INTERNAL AUDIT FUNCTION

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

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2016 amounted to RM932,573 (FYE2015 : RM653,316). The function is performed with impartiality, proficiency and due professional care.

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

4. ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR

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

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

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

- 4.2 Reviewed the audit strategy, scope of work and plan of the External Auditors particularly in relation to:-
- Independence of the External Auditors;
 - Consideration of fraud in an audited financial statements;
 - Related party disclosures and procedure;
 - Audit process;
 - Risk assessment and audit approach;
 - Shortened timeframe for issuance of the annual report;
 - Engagement team and
 - Proposed audit fee.
- 4.3 Reviewed the External Auditors' reports in relation to audit and accounting issues arising from the audit (eg. impairment of assets and impact of the implementation of the Goods and Services Tax Act 2014), updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board and updates of the new auditing standard.
- 4.4 Reviewed the audited financial statements of the Group and the Company.
- 4.5 Reviewed the Internal Audit Reports, the recommendations of the auditors' findings, response from Management, and the report of the follow-up audit in respect of compliances and actions taken to implement the recommendations.
- 4.6 Reviewed and approved the Internal Audit Plan for the year 2016/2017 having taking into the account with the number of outlets, the nature of the Group's business and the Group's budget.
- 4.7 Met with the External Auditors twice (2) without the presence of the Executive Directors and the Management.

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.

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2016. Details of the attendance were as follows: -

	Attendance	Dates of Meetings				
		11.9.15	20.10.15	15.12.15	21.3.16	16.6.16
Dato' Dr Choong Tuck Yew	5/5	√	√	√	√	√
Encik Fazrin Azwar Bin Md Nor	5/5	√	√	√	√	√
Datin Shirley Yue Shou How	5/5	√	√	√	√	√
Dato' Esther Tan Choon Hwa	4/5	√	√	N/A	√	√

This Report was made in accordance with a resolution of the Board dated 20 October 2016.

Statement on Risk Management and *Internal Control*

1. INTRODUCTION

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

Pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Securities, the Board of Directors ("the Board") of Poh Kong Holdings Berhad is pleased to present the following Statement on Risk Management and Internal Control ("SORMIC") for the financial year ended 31 July 2016. The SORMIC outlines the nature and scope of risk management and internal control of the Group's operations.

2. BOARD'S RESPONSIBILITIES

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

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

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

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

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

3. RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

The key aspects of the risk management process are :-

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

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

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

3.1 COMPOSITION OF RMC

The RMC comprises the following members :-

Dato' Esther Tan Choon Hwa

Chairperson, Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor

Member, Independent Non-Executive Director

Dato' Choon Yee Seiong

Member, Executive Chairman & Group Managing Director

Mr Cheong Teck Chong

Member, Executive Director



Statement on Risk Management and *Internal Control*

4. KEY INTERNAL CONTROL PROCESSES

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

4.1 Control Environment

(i) **Organisation Structure and Authorisation Procedures**

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

(ii) **Annual Budget**

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

(iii) **Active Involvement by Executive Directors**

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

(iv) **Policies and Procedures**

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

(v) **Trained Personnel**

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

(vi) **Board Committees**

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

(vii) **Code of Conduct**

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

(viii) **Insurance**

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

(ix) **Whistle Blowing Policy**

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

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

4.2 Internal Audit Function

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

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

The Group's internal audit function is carried out by both in-house internal audit department and outsourced internal auditors to assist the AC and the Board.

During the financial period ended 31 July 2016, 82 outlets out of a total of 102 outlets were audited by the internal audit function which carried out audits in accordance with the internal audit plans approved by the AC. The results of the internal audit reviews and recommendations for improvement were presented to the AC at their quarterly meetings.

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

4.3 Information and Communication

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

4.4 Monitoring and Review

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

5. WEAKNESSES IN INTERNAL CONTROLS

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

Statement on Risk Management and *Internal Control*

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

7. CONCLUSION

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

The Board is aware of the need to have in place a formalised risk management and internal control framework to safeguard shareholders' investments, interest of the customers, regulators, employees and the Group's assets. The processes as outlined in the SORMIC 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 20 October 2016.



Other

Compliance Information

in Compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

1) UTILISATION OF PROCEEDS

No proceeds were raised by the Company during the financial ended 31 July 2016 (“financial year”).

2) SHARE BUY-BACK

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

3) OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrant 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 fee amounting to RM9,600 was paid to the External Auditors in respect of Agreed Upon Procedures on the examination of the annual audit sales report 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 33 to the Financial Statements.





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Years Of Joy

DESIGN | PRICE | LOCATION | CONVENIENCE

Choice

Statement on *Directors' Responsibility*



The Malaysian Company Law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results of their operations, changes in equity and of the cash flows of the Company and the Group for the period then ended. As required by the Companies Act, 1965 (“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 2016, the Directors have:-

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

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

This Statement was made in accordance with a resolution of the Board dated 20 October 2016.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF POH KONG
HOLDINGS BERHAD

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 2016.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit after taxation	11,006,662	1,044,821
Attributable to: Owners of the Company	11,006,662	1,044,821

DIVIDENDS

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

	RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each in respect of the financial year ended 31 July 2015, paid on 9 March 2016	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each amounting to RM4,103,518 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, 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 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent liabilities or other liabilities 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 substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office since the date of the last report and at the date of this report are:

Dato' Choon Yee Seiong

Cheong Teck Chong

Choon Nee Siew

Choon Yee Bin

Datin Hon Wee Fong

Choon Wan Joo

Dato' Choon Yoke Ying

Chang Kwong Him

Siow Der Ming

Dato' Dr. Choong Tuck Yew

Fazrin Azwar Bin Md. Nor

Datin Yue Shou How, Shirley

Dato' Tan Choon Hwa @ Esther Tan Choon Hwa

(Appointed on 23 March 2016)

(Appointed on 23 March 2016)

(Resigned on 27 January 2016)

(Resigned on 27 January 2016)

In accordance with Article 80 of the Company's Articles of Association, Choon Nee Siew, Choon Yee Bin and Fazrin Azwar Bin Md. Nor retire from the Board by rotation at the forthcoming annual general meeting and being eligible offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS (CONT'D)

Choon Wan Joo and Dato' Choon Yoke Ying who were appointed to the Board after the previous annual general meeting, retire in accordance with Article 85 of the Company's Articles of Association at the forthcoming annual general meeting and being eligible offer themselves for re-election at the forthcoming annual general meeting.

Dato' Dr. Choong Tuck Yew who retires pursuant to Section 129(2) of the Companies Act, 1965 in Malaysia, being eligible offers himself for re-appointment at the forthcoming annual general meeting.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in the shares of the Company and its ultimate holding company were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.8.2015	Bought	Sold	At 31.7.2016
The Company				
Poh Kong Holdings Berhad				
Direct Interests				
Dato' Choon Yee Seiong	11,600,246	-	-	11,600,246
Cheong Teck Chong	2,273,928	-	-	2,273,928
Choon Nee Siew	4,706,742	-	-	4,706,742
Choon Yee Bin	400,030	-	-	400,030
Datin Hon Wee Fong	2,079,710	-	-	2,079,710
Choon Wan Joo	2,320,080	-	-	2,320,080
Dato' Choon Yoke Ying	1,395,072	-	-	1,395,072
Dato' Dr. Choong Tuck Yew	217,500	-	-	217,500
Fazrin Azwar Bin Md. Nor	35,000	-	-	35,000

		Number of ordinary shares of RM0.50 each			
		At 1.8.2015	Bought	Sold	At 31.7.2016
The Company					
Poh Kong Holdings Berhad					
Indirect Interests					
Dato' Choon Yee Seiong	(i)	250,937,528	-	-	250,937,528
Cheong Teck Chong	(i)	239,769,648	-	-	239,769,648
Choon Nee Siew	(ii)	255,071,072	-	-	255,071,072
Choon Yee Bin	(i)	259,504,534	-	-	259,504,534
Datin Hon Wee Fong	(i)	251,677,544	-	(43,000)	251,634,544
Choon Wan Joo	(i)	258,029,102	-	-	258,029,102
Dato' Choon Yoke Ying	(i)	258,632,998	-	-	258,632,998
Dato' Dr. Choong Tuck Yew	(iii)	155,000	-	-	155,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1.00 each			At 31.7.2016
	At 1.8.2015	Bought	Sold	
Ultimate Holding Company				
Poh Kong Sdn. Bhd.				
Direct Interests				
Dato' Choon Yee Seiong	36,585,538	673,153	-	37,258,691
Cheong Teck Chong	20,021,228	-	-	20,021,228
Choon Nee Siew	16,861,008	-	-	16,861,008
Choon Yee Bin	3,000,000	-	-	3,000,000
Datin Hon Wee Fong	3,808,850	-	-	3,808,850
Choon Wan Joo	5,705,574	-	-	5,705,574
Dato' Choon Yoke Ying	4,115,383	-	-	4,115,383

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

By virtue of their interests in the shares of the Company, these directors are deemed interested in the shares of the subsidiary companies to the extent the Company has an interest.

Other than as disclosed as above, none of the other directors in office at the end of the financial year had any interest in the shares of 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 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

ULTIMATE HOLDING COMPANY

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

AUDITORS

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

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

DATO' CHOON YEE SEIONG

Director

Petaling Jaya

20 October 2016

CHEONG TECK CHONG

Director

Statements of *Financial Position*

as at 31 July 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	100,425,487	111,469,429	2,147,706	2,055,985
Investment in subsidiaries	6	-	-	171,023,681	158,253,567
Investment properties	7	8,919,037	-	-	-
Other investments	8	527,999	527,999	-	-
Goodwill on consolidation	9	1,485,140	1,485,140	-	-
Deferred tax assets	10	7,761,330	6,250,072	5,970,881	4,543,438
Total non-current assets		119,118,993	119,732,640	179,142,268	164,852,990
Current assets					
Inventories	11	574,678,167	553,548,265	-	-
Trade and other receivables	12	4,900,035	9,178,299	6,512,787	6,516,942
Deposits and prepayments	13	12,358,199	12,669,543	1,304,576	1,592,829
Amount due by subsidiaries	14	-	-	394,525,520	451,486,244
Tax recoverable		1,215,226	2,359,615	69,600	1,241,397
Fixed deposits placed with licensed banks	15	15,124,421	7,610,000	30,000	30,000
Cash and bank balances	16	15,531,404	30,644,873	3,070,152	2,362,616
Total current assets		623,807,452	616,010,595	405,512,635	463,230,028
TOTAL ASSETS		742,926,445	735,743,235	584,654,903	628,083,018
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	205,175,876	205,175,876	205,175,876	205,175,876
Reserves	18	260,830,985	253,927,841	16,347,966	19,406,663
Total equity		466,006,861	459,103,717	221,523,842	224,582,539

Statements of
Financial Position
as at 31 July 2016 (Cont'd)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Non-current liabilities					
Bank borrowings	19	82,319,837	103,914,103	70,088,864	90,458,100
Deferred tax liabilities	10	10,961,538	11,391,032	-	-
Total non-current liabilities		93,281,375	115,305,135	70,088,864	90,458,100
Current liabilities					
Trade and other payables	20	16,933,353	15,350,990	3,185,322	2,542,847
Deposits and accruals	21	17,834,765	15,663,933	429,538	436,725
Bank borrowings	19	142,919,072	122,691,912	30,489,147	50,624,809
Amount due to ultimate holding company	22	1,231,190	1,239,386	1,231,190	1,239,386
Amount due to subsidiaries	14	-	-	257,028,304	257,175,180
Amount due to directors	23	2,097,279	1,846,607	678,696	1,023,432
Tax payable		2,622,550	4,541,555	-	-
Total current liabilities		183,638,209	161,334,383	293,042,197	313,042,379
Total liabilities		276,919,584	276,639,518	363,131,061	403,500,479
TOTAL EQUITY AND LIABILITIES		742,926,445	735,743,235	584,654,903	628,083,018

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

Statements of *Comprehensive Income*

for the Financial Year ended 31 July 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	24	776,533,230	805,713,594	28,659,473	33,328,629
Cost of sales		(588,192,862)	(605,027,592)	-	-
Gross profit		188,340,368	200,686,002	28,659,473	33,328,629
Other operating income		2,179,357	2,070,623	672,299	3,098,441
Administrative expenses		(61,420,899)	(63,648,711)	(21,474,232)	(23,846,024)
Selling and distribution expenses		(98,341,737)	(100,641,842)	-	-
Finance costs	25	(13,277,456)	(12,334,402)	(8,240,162)	(8,609,949)
Profit/(Loss) before taxation	26	17,479,633	26,131,670	(382,622)	3,971,097
Taxation	27	(6,472,971)	(11,647,195)	1,427,443	1,328,036
Profit after taxation		11,006,662	14,484,475	1,044,821	5,299,133
Other comprehensive expense, net of taxation					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Reversal of revaluation reserve on impairment of land		-	(210,979)	-	-
Reversal/Crystallisation of deferred taxation liabilities		-	52,745	-	-
		-	(158,234)	-	-
Total comprehensive income for the financial year		11,006,662	14,326,241	1,044,821	5,299,133
Profit after taxation attributable to:					
Owners of the Company		11,006,662	14,484,475	1,044,821	5,299,133
Non-controlling interests		-	-	-	-
		11,006,662	14,484,475	1,044,821	5,299,133
Total comprehensive income attributable to:					
Owners of the Company		11,006,662	14,326,241	1,044,821	5,299,133
Non-controlling interests		-	-	-	-
		11,006,662	14,326,241	1,044,821	5,299,133
Earnings per share attributable to owners of the Company (sen per share)					
- Basic	28	2.68	3.53		
- Diluted	28	2.68	3.53		

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

Consolidated Statement of *Changes In Equity*

for the Financial Year ended 31 July 2016

	Note	← Attributable to owners of the Company →			Total equity RM
		Share capital RM	Revaluation reserve RM	Distributable Retained profits RM	
Group					
At 1 August 2014		205,175,876	25,905,074	217,800,044	448,880,994
Profit after taxation for the financial year		-	-	14,484,475	14,484,475
Reversal of revaluation reserve on impairment of land		-	(210,979)	-	(210,979)
Realisation of revaluation reserve on disposal of building		-	(32,800)	32,800	-
Reversal/crystallisation of deferred taxation liabilities		-	60,945	(8,200)	52,745
Total comprehensive income for the financial year		-	(182,834)	14,509,075	14,326,241
Transactions with owners					
Dividends	29	-	-	(4,103,518)	(4,103,518)
		-	-	(4,103,518)	(4,103,518)
At 31 July 2015		205,175,876	25,722,240	228,205,601	459,103,717
Profit after taxation for the financial year		-	-	11,006,662	11,006,662
Total comprehensive income for the financial year		-	-	11,006,662	11,006,662
Transactions with owners					
Dividends	29	-	-	(4,103,518)	(4,103,518)
		-	-	(4,103,518)	(4,103,518)
At 31 July 2016		205,175,876	25,722,240	235,108,745	466,006,861

Statement of *Changes In Equity*

for the Financial Year ended 31 July 2016

	Note	← Attributable to owners of the Company →		
		Non-distributable Share capital RM	Distributable Retained profits RM	Total equity RM
Company				
At 1 August 2014		205,175,876	18,211,048	223,386,924
Total comprehensive income for the financial year		-	5,299,133	5,299,133
Transactions with owners				
Dividends	29	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2015		205,175,876	19,406,663	224,582,539
Total comprehensive income for the financial year		-	1,044,821	1,044,821
Transactions with owners				
Dividends	29	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2016		205,175,876	16,347,966	221,523,842

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

Statements of *Cash Flows*

for the Financial Year ended 31 July 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES:					
Profit/(Loss) before taxation		17,479,633	26,131,670	(382,622)	3,971,097
Adjustments for:					
Allowance for impairment on trade receivables		38,200	52,154	-	-
Depreciation of:					
- property, plant and equipment		8,980,661	9,835,933	607,281	579,439
- investment property		167,771	-	-	-
Deposits written off		-	41,662	-	-
Dividend income		(599,996)	(149,999)	(8,747,000)	(13,568,000)
Loss/(Gain) on dissolution of subsidiaries		10,449	118,455	(36,831)	(2,283,850)
Net gain on disposal of property, plant and equipment		(58,000)	(306,300)	-	-
Net gain on disposal of subsidiaries		-	(342,709)	-	-
Impairment loss on property, plant and equipment		-	291,200	-	-
Impairment for goodwill		-	21,707	-	-
Interest expense		13,277,456	12,334,402	8,240,162	8,609,949
Interest income		(233,509)	(281,182)	(5,416,643)	(6,975,024)
Inventories loss		-	379	-	-
Property, plant and equipment written off		1,600,455	1,488,585	8,877	-
Reversal of allowance for impairment on trade receivables		(57,220)	(191,973)	-	-
Reversal of a write-down of inventories		-	(41,335)	-	-
Unrealised gain on foreign exchange		-	(25,652)	-	-
		40,605,900	48,976,997	(5,726,776)	(9,666,389)
Changes in working capital:					
Inventories		(21,129,902)	54,948,089	-	-
Receivables		4,608,628	(4,220,810)	292,408	480,920
Payables		3,753,195	(3,252,694)	635,288	(470,642)
Directors		250,672	(368,993)	(344,736)	(55,480)
Cash generated from/(used in) operations		28,088,493	96,082,589	(5,143,816)	(9,711,591)
Tax paid		(10,361,098)	(7,833,327)	-	-
Tax refunded		1,172,759	431,894	1,171,797	-
Net Operating Cash Flows		18,900,154	88,681,156	(3,972,019)	(9,711,591)

Statements of
Cash Flows

for the Financial Year ended 31 July 2016 (Cont'd)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
CASH FLOWS FROM INVESTING ACTIVITIES:					
Dividend received		599,996	149,999	13,568,000	6,173,000
Proceeds from disposal of property, plant and equipment		111,000	493,831	-	-
Proceeds from disposal of subsidiary		-	539,607	-	4,591,539
Final distribution from dissolution of subsidiaries		(10,449)	(118,455)	40,181	-
Purchase of investment property		(460,550)	-	-	-
Purchase of property, plant and equipment	5(a)	(6,047,238)	(4,262,210)	(707,879)	(140,740)
Interest received		233,509	281,182	5,416,643	6,975,024
Repayment from subsidiaries		-	-	39,366,260	21,166,797
Net Investing Cash Flows		(5,573,732)	(2,916,046)	57,683,205	38,765,620
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net drawdown/(repayment) of borrowings		33,354,000	(68,373,000)	-	-
Net (repayment)/drawdown of term loans		(33,386,894)	467,739	(40,000,000)	-
Net (repayment)/drawdown of finance lease payables		(2,435,933)	2,790,977	(437,909)	(241,308)
Net repayment of hire purchase payables		(925,750)	(4,126,653)	(66,989)	(96,691)
Interest paid		(13,277,456)	(12,334,402)	(8,240,162)	(8,609,949)
Dividend paid		(4,103,518)	(4,103,518)	(4,103,518)	(4,103,518)
(Repayment to)/Advances from ultimate holding company		(8,196)	52,813	(8,196)	19,801
Repayment to subsidiaries		-	-	(146,876)	(14,300,595)
Placement of sinking funds		(1,000,000)	(2,000,000)	(1,000,000)	(2,000,000)
Placement of fixed deposit		(14,421)	(180,000)	-	-
Net Financing Cash Flows		(21,798,168)	(87,806,044)	(54,003,650)	(29,332,260)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(8,471,746)	(2,040,934)	(292,464)	(278,231)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		35,877,561	37,918,495	362,616	640,847
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		27,405,815	35,877,561	70,152	362,616
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances		15,531,404	30,644,873	3,070,152	2,362,616
Fixed deposits placed with licensed banks		15,124,421	7,610,000	30,000	30,000
		30,655,825	38,254,873	3,100,152	2,392,616
Less: - fixed deposits pledged to licensed banks		(224,421)	(210,000)	(30,000)	(30,000)
- sinking fund		(3,000,000)	(2,000,000)	(3,000,000)	(2,000,000)
		27,431,404	36,044,873	70,152	362,616
Bank overdrafts	19	(25,589)	(167,312)	-	-
		27,405,815	35,877,561	70,152	362,616

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

Notes to the *Financial Statements*

1. GENERAL INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 October 2016.

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, 1965 in Malaysia.

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016

2. BASIS OF PREPARATION (CONT'D)

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

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

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

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

MFRS 16 Leases

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

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

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

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

Amendments to MFRS 107 Statement of Cash Flows

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

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 112 Income Taxes

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

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

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. BASIS OF PREPARATION (CONT'D)

2.2 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

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

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

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

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

2. BASIS OF PREPARATION (CONT'D)

2.3 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, unless otherwise stated.

2.4 Basis of Measurement

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

2.5 Use of Estimates and Judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(i) *Subsidiaries and business combination*

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

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

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

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

3.1 Basis of Consolidation (Cont'd)

(i) *Subsidiaries and business combination (Cont'd)*

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 set out in Note 3.3.

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 to retained earnings where such treatment would be appropriate if that interest were disposed of directly.

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

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

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

3.1 Basis of Consolidation (Cont'd)

(i) *Subsidiaries and business combination (Cont'd)*

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.

(ii) *Non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(iii) *Associates*

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

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

Under the equity method, the investments 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 decreases 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 gains 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.

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

3.1 Basis of Consolidation (Cont'd)

(iv) *Joint arrangements*

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a “joint operation” when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as “joint venture” when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group has assessed the nature of its joint arrangement and determined them to be joint ventures and accounted for its interest in the joint venture using the equity method.

(v) *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 transactions with equity-accounted associates and joint ventures are 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, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would required for impairment of non-financial assets as disclosed in Note 3.6 to the financial statements.

3.3 Goodwill and Other Intangible Assets

Goodwill arises on business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

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

3.3 Goodwill and Other Intangible Assets (Cont'd)

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset.

3.4 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment, except for freehold land, leasehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land, leasehold land and buildings are stated at revalued amount, being its fair value at the revaluation less any subsequent depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reserves a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. 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 the retained earnings on retirement or disposal of the asset.

Freehold land has an indefinite useful lives and therefore is not depreciated. Building-in-progress is stated at cost and not depreciated. Depreciation on building-in-progress commences when the assets are ready for their intended use.

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

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

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3.4 Property, Plant and Equipment and Depreciation (Cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

The item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

3.5 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses.

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

Buildings – freehold	2%
Buildings – leasehold	remaining lease period ranges from 41 to 91 years
Leasehold land	remaining lease period ranges from 41 to 91 years

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

3.6 Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. 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.

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

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

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

3.6 Impairment of Non-Financial Assets (Cont'd)

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

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

3.7 Financial Assets

Financial assets 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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable to transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

3.7 Financial Assets (Cont'd)

(ii) *Loans and receivables*

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting period which are classified as non-current.

(iii) *Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting period.

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

3.7 Financial Assets (Cont'd)

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

3.8 Impairment of Financial Assets

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

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

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

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

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

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

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

3.8 Impairment of Financial Assets (Cont'd)

(ii) *Unquoted equity securities carried at cost*

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

(iii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

3.9 Inventories

Inventories are valued at the lower of the cost and net realisable value. The cost of inventories is measured based on weighted average method.

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

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

3.10 Cash and Cash Equivalents

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.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

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

3.11 Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3.12 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, 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. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

3.12 Financial Liabilities (Cont'd)

(ii) *Other financial liabilities*

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.13 Financial Guarantee Contracts

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

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

3.14 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Revenue Recognition

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

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

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

3.15 Revenue Recognition (Cont'd)

Revenue from service and repairs is recognised when services are rendered.

Dividend income is recognised in profit or loss when the right to receive payment is established.

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

Interest income is recognised using the effective interest method.

Advertising and promotion recovery revenue is recognised in profit or loss as it accrues.

3.16 Income Taxes

(i) *Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

3.16 Income Taxes (Cont'd)

(ii) *Deferred tax (Cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 end of the reporting period.

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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.17 Borrowing Costs

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

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

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

3.18 Employee Benefits

(i) *Short term employee benefits*

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

(ii) *Defined contribution plans*

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

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

3.19 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.

(i) *Site restoration*

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

(ii) *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.

3.20 Leases

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

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

(i) *Lessee accounting*

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

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

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

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

3.20 Leases (Cont'd)

(i) *Lessee accounting (Cont'd)*

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

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

(ii) *Lessor accounting*

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

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

3.21 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.

3.22 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

3.23 Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

3.23 Fair Value Measurements (Cont'd)

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.

3.24 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Classification of Leasehold Land (Note 5)

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, the directors considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, the directors judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4.2 Depreciation and Useful Lives of Property, Plant and Equipment (Note 5)

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

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

4.2 Depreciation and Useful Lives of Property, Plant and Equipment (Note 5) (Cont'd)

Property, plant and equipment excluding freehold land are depreciated on a straight line basis over the assets useful lives. The directors estimate the useful lives of these property, plant and equipment to be within 3 to 91 years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4.3 Valuation of Property, Plant and Equipment (Note 5)

Freehold land, leasehold land and buildings are carried at revalued amount. Revaluation of these assets is based on valuation performed by independent professional valuers.

The independent professional valuers may exercise judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in their valuation process. Judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations may materially affect these estimates and the resulting valuation estimates.

4.4 Income Taxes (Note 27)

Certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4.5 Deferred Tax Assets (Note 10)

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on directors' estimate of future cash flows. These depend on estimates of future fees receivable, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties; hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

4.6 Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the directors are required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flow.

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

4.7 Impairment of Goodwill (Note 9)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires directors to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4.8 Net Realisable Values of Inventories (Note 11)

Reviews are made periodically by directors on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the directors of the Group are of the opinion that there is no adjustment required.

4.9 Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Directors specifically review its loans and receivables and analyse historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

4.10 Impairment of Available-for-Sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4.11 Provision of Restoration Costs (Note 21)

The Group provides for an estimate of restoration costs at the lease inception date for retail stores under operating leases with requirements to remove the leasehold improvements at the end of the lease term. Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

4.12 Determination of Fair Value (Note 35)

The directors are of the opinion that the carrying amounts of the non-current financial liabilities approximate their fair values because they are floating rate instruments which are deemed to be re-priced at the current prevailing market rates or their rates approximate its current prevailing market rates.

Notes to the
Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in- progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2016								
Cost/Valuation								
At 1 August 2015	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Additions	-	-	800,000	-	7,227,560	188,872	-	8,216,432
Disposals	-	-	-	-	-	(126,000)	(129,364)	(255,364)
Written off	-	-	-	-	(11,943,042)	-	-	(11,943,042)
Transfer to investment property (Note 7)	-	(3,400,000)	(5,853,000)	-	-	-	-	(9,253,000)
At 31 July 2016	20,245,000	17,990,000	31,963,462	427,951	80,336,987	7,397,625	11,486,929	169,847,954
Representing:								
- cost	-	-	800,000	427,951	80,336,987	7,397,625	11,486,929	100,449,492
- revaluation	20,245,000	17,990,000	31,163,462	-	-	-	-	69,398,462
	20,245,000	17,990,000	31,963,462	427,951	80,336,987	7,397,625	11,486,929	169,847,954
Accumulated depreciation								
At 1 August 2015	-	828,728	1,252,658	-	53,940,726	5,476,929	9,184,328	70,683,369
Depreciation for the financial year	-	244,494	596,581	-	6,377,183	373,758	1,388,645	8,980,661
Disposals	-	-	-	-	-	(126,000)	(76,364)	(202,364)
Written off	-	-	-	-	(10,342,587)	-	-	(10,342,587)
Transfer to investment property (Note 7)	-	(156,400)	(179,142)	-	-	-	-	(335,542)
At 31 July 2016	-	916,822	1,670,097	-	49,975,322	5,724,687	10,496,609	68,783,537
Accumulated impairment losses								
At 1 August 2015	-	210,979	291,200	427,951	-	-	-	930,130
Transfer to investment property (Note 7)	-	-	(291,200)	-	-	-	-	(291,200)
At 31 July 2016	-	210,979	-	427,951	-	-	-	638,930
Net carrying amount at 31 July 2016	20,245,000	16,862,199	30,293,365	-	30,361,665	1,672,938	990,320	100,425,487
Representing:								
- cost	-	-	792,000	-	30,361,665	1,672,938	990,320	33,816,923
- valuation	20,245,000	16,862,199	29,501,365	-	-	-	-	66,608,564
	20,245,000	16,862,199	30,293,365	-	30,361,665	1,672,938	990,320	100,425,487

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

Group	Freehold land RM	Leasehold land RM	Buildings RM	Buildings-in- progress RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
2015								
Cost/Valuation								
At 1 August 2014	20,360,000	21,390,000	29,873,000	6,948,820	83,044,487	7,219,558	13,494,718	182,330,583
Additions	-	-	250,000	417,593	6,083,773	115,195	377,188	7,243,749
Disposals	(115,000)	-	(45,000)	-	(6,851)	-	(2,255,613)	(2,422,464)
Written off	-	-	-	-	(4,068,940)	-	-	(4,068,940)
Transfer	-	-	6,938,462	(6,938,462)	-	-	-	-
At 31 July 2015	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Representing:								
- cost	-	-	-	427,951	85,052,469	7,334,753	11,616,293	104,431,466
- revaluation	20,245,000	21,390,000	37,016,462	-	-	-	-	78,651,462
	20,245,000	21,390,000	37,016,462	427,951	85,052,469	7,334,753	11,616,293	183,082,928
Accumulated depreciation								
At 1 August 2014	-	414,364	752,187	-	49,933,900	5,005,450	9,556,823	65,662,724
Depreciation for the financial year	-	414,364	501,371	-	6,590,701	471,479	1,858,018	9,835,933
Disposals	-	-	(900)	-	(3,520)	-	(2,230,513)	(2,234,933)
Written off	-	-	-	-	(2,580,355)	-	-	(2,580,355)
At 31 July 2015	-	828,728	1,252,658	-	53,940,726	5,476,929	9,184,328	70,683,369
Accumulated impairment losses								
At 1 August 2014	-	-	-	427,951	-	-	-	427,951
Impaired during the financial year	-	210,979	291,200	-	-	-	-	502,179
At 31 July 2015	-	210,979	291,200	427,951	-	-	-	930,130
Net carrying amount at 31 July 2015								
	20,245,000	20,350,293	35,472,604	-	31,111,743	1,857,824	2,431,965	111,469,429
Representing:								
- cost	-	-	-	-	31,111,743	1,857,824	2,431,965	35,401,532
- valuation	20,245,000	20,350,293	35,472,604	-	-	-	-	76,067,897
	20,245,000	20,350,293	35,472,604	-	31,111,743	1,857,824	2,431,965	111,469,429

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

Company	Furniture and fittings RM	Motor vehicles RM	Total RM
2016			
Cost			
At 1 August 2015	4,728,157	514,456	5,242,613
Additions	707,879	-	707,879
Written off	(289,173)	-	(289,173)
At 31 July 2016	5,146,863	514,456	5,661,319
Accumulated depreciation			
At 1 August 2015	2,845,596	341,032	3,186,628
Depreciation for the financial year	535,180	72,101	607,281
Written off	(280,296)	-	(280,296)
At 31 July 2016	3,100,480	413,133	3,513,613
Net carrying amount at 31 July 2016	2,046,383	101,323	2,147,706
2015			
Cost			
At 1 August 2014	3,429,137	514,456	3,943,593
Additions	1,299,020	-	1,299,020
At 31 July 2015	4,728,157	514,456	5,242,613
Accumulated depreciation			
At 1 August 2014	2,369,049	238,140	2,607,189
Depreciation for the financial year	476,547	102,892	579,439
At 31 July 2015	2,845,596	341,032	3,186,628
Net carrying amount at 31 July 2015	1,882,561	173,424	2,055,985

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

- (a) During the financial year, the aggregate costs of property, plant and equipment acquired by means of:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Purchase of property, plant and equipment	8,216,432	7,243,749	707,879	1,299,020
Financed by:				
- hire purchase and finance lease	(2,169,194)	(2,563,946)	-	(1,158,280)
- term loan	-	(417,593)	-	-
Cash payments on purchase of property, plant and equipment	6,047,238	4,262,210	707,879	140,740

- (b) The leasehold land and buildings of the Group have an unexpired lease period of more than 50 years, except for leasehold land and building with net carrying amount of RM10,021,168 (2015: RM10,268,526) which has a lease period of less than 50 years.

- (c) Net carrying amount of motor vehicles acquired under hire purchase arrangements of which instalments are still outstanding at the reporting date is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Motor vehicles	855,430	2,351,852	101,323	173,424

- (d) Net carrying amount of equipment, furniture and fittings acquired under finance lease arrangement of which instalments are still outstanding at the reporting date are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Equipment, furniture and fittings	5,396,912	4,672,244	830,101	1,061,757

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

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

- (e) Net carrying amounts of properties pledged as securities for bank borrowings as stated in Note 19 to the financial statements are as follows:

	Group	
	2016 RM	2015 RM
At valuation		
- Freehold land	19,500,000	19,500,000
- Leasehold land	9,974,226	13,606,807
- Buildings	19,808,081	21,161,059

- (f) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying value of the land and buildings that would have been included in the financial statements of the Group is as follows:

	Group	
	2016 RM	2015 RM
- Freehold land	4,353,093	4,353,093
- Leasehold land	5,904,084	6,026,014
- Buildings	25,582,444	33,761,680

- (g) Fair value information

Fair value of land and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2016				
- Freehold land	-	20,245,000	-	20,245,000
- Leasehold land	-	17,990,000	-	17,990,000
- Buildings	-	31,163,462	-	31,163,462
	-	69,398,462	-	69,398,462
2015				
- Freehold land	-	20,245,000	-	20,245,000
- Leasehold land	-	21,390,000	-	21,390,000
- Buildings	-	37,016,462	-	37,016,462
	-	78,651,462	-	78,651,462

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

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

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the land and buildings, either directly or indirectly.

The fair value on freehold and leasehold land and buildings of the Group were revalued on 31 July 2013 using the sales comparison approach based on valuation performed by independent firms of professional valuers.

The most significant inputs into this valuation approach are location, size, age and condition of unit and building, tenure, title restrictions, if any.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2016 and 31 July 2015.

- (h) Impairment loss

In the previous financial year, the Group carried out a review of the recoverable amount of its freehold buildings and leasehold land respectively because there was indication of decline in market value of certain properties.

As a result, an impairment loss of RM291,200 was recognised in "Administrative expenses" line item and an reversal of revaluation deficit of RM210,979 was recognised in "Other comprehensive expenses" of the statement of comprehensive income of the Group for the financial year ended 31 July 2015 representing the written down of the freehold buildings and leasehold land respectively to its recoverable amount.

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.

There were no impairment loss recognised during the financial year.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares - at cost	158,610,203	158,613,553
Less: Impairment loss	(359,986)	(359,986)
	158,250,217	158,253,567
Loans that are part of net investments	12,773,464	-
	171,023,681	158,253,567

Loans that are part of net investments represent amount owing by subsidiaries which is unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated loss, if any.

Details of the subsidiaries are as follows:

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2016	2015	
	%	%	
Poh Kong Jewellers Sdn. Bhd.	100	100	Suppliers and retailers of jewellerys, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	100	100	Manufacturer and dealers of jewellerys, 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 jewellerys, precious stones and gold ornaments
PK Jewellery Export Sdn. Bhd.	100	100	Trading of bullion
Poh Kong International Sdn. Bhd.	100	100	Overseas investment holding

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2016 %	2015 %	
Poh Kong Bullion Sdn. Bhd. (Note a)	100	100	Suppliers and retailers of gold bullion, gold coins, gold ingots and gold investment products
Poh Kong Jewellers (Jaya) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Klang) Sdn. Bhd.*	100	100	Ceased operation
Poh Kong Jewellers (Maluri) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Shah Alam) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (SS2) Sdn. Bhd.*	100	100	Ceased operation
Poh Kong Jewellers (Subang Parade) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (The Mall) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Banting) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Ampang Point) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Bangsar) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Gold Seremban) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Ipoh) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Jln Taman Malacca) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Kajang) Sdn. Bhd.#	100	100	Under members' voluntary winding up

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Effective Proportion Ownership/ Voting Rights		Principal Activities
	2016 %	2015 %	
Poh Kong Jewellers (Kuantan) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (M) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Malacca) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (MV) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Old Klang Road) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Permas Jaya) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Puchong) Sdn. Bhd.#	-	100	Dissolved during the financial year
Poh Kong Jewellers (Selayang) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Seremban) Sdn. Bhd.#	100	100	Under members' voluntary winding up
Poh Kong Jewellers (Wangsa Maju) Sdn. Bhd.#	100	100	Under members' voluntary winding up

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.*

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of a subsidiary company

On 31 March 2015, the Company acquired the 100% equity interest in Poh Kong Bullion Sdn. Bhd. for a total consideration of RM2.

Fair value of the identifiable assets acquired and liabilities recognised

	At date of acquisition	
	At carrying amount	At fair value
	RM	RM
Asset		
Cash in hand	2	2
Liability		
Other payables and accruals	21,707	21,707
Total identifiable net liability recognised	(21,705)	(21,705)
Add: Purchase consideration for the acquisition		(2)
Goodwill arising on acquisition (Note 9)		(21,707)
The effect of acquisition on cash flows is as follows:		
Total cost of business combination		2
Less: Cash and cash equivalents of subsidiary acquired		(2)
Net cash inflow from the acquisition		-

Goodwill

Goodwill comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the trading segment. Acquiree has no intangible asset that meet the criteria for recognition as an intangible asset under MFRS 138 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of acquisition in consolidated statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	-
Loss net of tax	(1,841)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Dissolution of subsidiaries

During the financial year, a subsidiary (2015: 14 subsidiaries) has been dissolved. The Group has deconsolidated this former subsidiary. The deconsolidation had the following effects on the financial position of the Group at the end of the financial year:

	2016	2015
	RM	RM
Carrying amount, at the date of deconsolidation		
Assets		
Cash and bank balances	11,924	135,373
Net assets deconsolidated	11,924	135,373
Goodwill	-	-
	11,924	135,373
Non-controlling interests	-	-
Total final distribution	1,475	16,918
Loss on dissolution of subsidiaries	(10,449)	(118,455)
The effect of deconsolidation on cash flows is as follows:		
Cash inflow arising on deconsolidation:		
Final distribution	1,475	16,918
Less: Cash and cash equivalents of subsidiaries dissolved	(11,924)	(135,373)
Net cash outflow on deconsolidation	(10,449)	(118,455)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of investment in a subsidiary

On 26 August 2014, Poh Kong Jewellers Sdn. Bhd., a subsidiary of Poh Kong Holdings Berhad disposed its wholly owned subsidiary, Jungmax Property Sdn. Bhd. ("Jungmax") for a total consideration of RM540,000.

The disposal had the following effects on the financial position of the Group at the end of financial year ended 31 July 2015.

	Carrying amounts At the date of disposal RM
Assets	
Investment property	231,110
Cash and bank balances	393
	<hr/> 231,503
Liability	
Other payables and accruals	34,212
	<hr/> 197,291
Net asset disposed	
Goodwill	-
	<hr/> 197,291
Non-controlling interests	-
Total disposal proceeds	540,000
	<hr/> 342,709
	<hr/>
The effect of disposal on cash flows is as follows:	
Cash inflow arising on disposals:	
Cash consideration	540,000
Less: Cash and cash equivalents of subsidiary disposed	(393)
	<hr/> 539,607
Net cash inflow on disposal	<hr/>

7. INVESTMENT PROPERTIES

Group	Leasehold lands RM	Buildings RM	Buildings-in- progress RM	Total RM
2016				
At cost				
At 1 August 2015	-	-	-	-
Additions	-	-	460,550	460,550
Transfer from property, plant and equipment (Note 5)	3,400,000	5,853,000	-	9,253,000
At 31 July 2016	3,400,000	5,853,000	460,550	9,713,550
Accumulated depreciation				
At 1 August 2015	-	-	-	-
Depreciation for the financial year	78,200	89,571	-	167,771
Transfer from property, plant and equipment (Note 5)	156,400	179,142	-	335,542
At 31 July 2016	234,600	268,713	-	503,313
Accumulated impairment losses				
At 1 August 2015	-	-	-	-
Transfer from property, plant and equipment (Note 5)	-	291,200	-	291,200
At 31 July 2016	-	291,200	-	291,200
Net carrying amount as at 31 July 2016	3,165,400	5,293,087	460,550	8,919,037

- (a) The investment properties comprise of shoplots and condominium.
- (b) Investment properties with aggregate carrying amount of RM3,979,340 (2015: Nil) are pledged as securities for bank borrowings facilities granted to the Group as disclosed in Note 19 to the financial statements.
- (c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2016 RM	2015 RM
Rental income	198,190	-
Direct operating expenses from income generating investment properties	79,736	-

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

7. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value information

Fair value of buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2016				
- Leasehold lands	-	3,400,000	-	3,400,000
- Buildings	-	5,900,000	-	5,900,000

The investment property under construction is being valued at cost as the directors are of the opinion that the fair value of the investment property cannot be reliably and separately determined due to the nature and project risks involved in completing the investment property.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the land and buildings, either directly or indirectly.

The fair value on freehold and leasehold land and buildings of the Group is determined based on sales comparison approach based on valuation performed by independent firms of professional valuers.

The most significant inputs into this valuation approach are location, size, age and condition of unit and building, tenure, title restrictions, if any.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the land and buildings.

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2016 and 31 July 2015.

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8. OTHER INVESTMENTS

	2016 RM	Group 2015 RM
At cost		
Unquoted shares in Malaysia	299,999	299,999
Transferable club memberships	233,000	233,000
Less: Accumulated impairment losses	(5,000)	(5,000)
	228,000	228,000
At 31 July	527,999	527,999

Investment in unquoted shares and transferable club memberships of the Group which were designated as available-for-sale financial assets are stated at cost as their fair values cannot reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

9. GOODWILL ON CONSOLIDATION

	2016 RM	Group 2015 RM
Cost		
At 1 August	1,506,847	1,485,140
Acquisition of a subsidiary (Note 6(a))	-	21,707
At 31 July	1,506,847	1,506,847
Accumulated impairment loss		
At 1 August	21,707	-
Impaired during the financial year (Note d)	-	21,707
At 31 July	21,707	21,707
Net 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:

	2016 RM	Group 2015 RM
Trading	1,485,140	1,485,140

9. GOODWILL ON CONSOLIDATION (CONT'D)

- (b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating unit 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.

The key assumptions used in the determination of the recoverable amounts are as follows:

- (i) Discount rate

The discount rates used are determined using a pre-tax discount rate of 14.17% (2015: 14.17%).

- (ii) Growth rate

The average growth rate used of 9.00% (2015: 10.00%) over five-year projection period and it is based on average growth levels experienced over the past ten years.

The values assigned to the above key assumptions represent directors' assessment of future trends in the industry and are based on both external sources and internal source of information.

- (c) 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 value of the CGU to materially exceed its recoverable amount.
- (d) Key assumptions used in impairment calculations

Directors determined the recoverable amount of the intangible assets based on the individual assets' value in use and the probability of the realisation of the assets. The directors estimated the CGU of the newly acquired subsidiary is unable to generate sufficient future cash flows and the recoverable amount is less than the carrying amount.

As a result, an impairment loss of Nil (2015: RM21,707) was recognised in "Administrative expenses" line item of the statement of comprehensive income of the Group.

10. DEFERRED TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 August	(5,140,960)	(4,185,353)	4,543,438	3,237,599
Recognised in profit or loss (Note 27)	1,940,752	(1,008,352)	1,427,443	1,305,839
Recognised in equity	-	52,745	-	-
At 31 July	(3,200,208)	(5,140,960)	5,970,881	4,543,438
Presented after appropriate offsetting:				
Deferred tax assets	7,761,330	6,250,072	5,970,881	4,543,438
Deferred tax liabilities	(10,961,538)	(11,391,032)	-	-
	(3,200,208)	(5,140,960)	5,970,881	4,543,438

Notes to the Financial Statements

10. DEFERRED TAXATION (CONT'D)

The Malaysian statutory income tax rate is reduced to 24% (2015: 25%) with effect from the year of assessment 2016. The computation of deferred tax as at 31 July 2016 has reflected these changes.

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

(a) Deferred tax assets

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 August	6,250,072	5,827,699	4,543,438	3,237,599
Recognised in profit or loss	1,511,258	422,373	1,427,443	1,305,839
At 31 July	7,761,330	6,250,072	5,970,881	4,543,438

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

	At 1 August 2014 RM	Recognised in profit or loss RM	At 31 July 2015 RM	Recognised in profit or loss RM	At 31 July 2016 RM
Group					
Unrealised profits arising from inter-company transaction	2,590,100	(883,466)	1,706,634	83,815	1,790,449
Unutilised tax losses	2,631,503	769,420	3,400,923	1,824,136	5,225,059
Unabsorbed capital allowances	816,390	113,333	929,723	85,300	1,015,023
Excess of capital allowances over depreciation	(210,294)	423,086	212,792	(481,993)	(269,201)
	5,827,699	422,373	6,250,072	1,511,258	7,761,330
Company					
Unutilised tax losses	2,631,503	769,420	3,400,923	1,824,136	5,225,059
Unabsorbed capital allowances	816,390	113,333	929,723	85,300	1,015,023
Excess of capital allowances over depreciation	(210,294)	423,086	212,792	(481,993)	(269,201)
	3,237,599	1,305,839	4,543,438	1,427,443	5,970,881

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.

10. DEFERRED TAXATION (CONT'D)

(a) Deferred tax assets (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	2016 RM	Group 2015 RM
Deductible temporary differences	-	75,100
Potential deferred tax assets not recognised at 24% (2015: 24%)	-	18,024

(b) Deferred tax liabilities

	2016 RM	Group 2015 RM
At 1 August	11,391,032	10,013,052
Recognised in profit or loss	(429,494)	1,430,725
Recognised in equity	-	(52,745)
At 31 July	10,961,538	11,391,032

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

Group	Property, plant and equipment RM	Revaluation surplus RM	Total RM
At 1 August 2014	4,100,684	5,912,368	10,013,052
Recognised in profit or loss	1,430,725	-	1,430,725
Recognised in other comprehensive income	-	(52,745)	(52,745)
At 31 July 2015	5,531,409	5,859,623	11,391,032
Recognised in profit or loss	(429,494)	-	(429,494)
At 31 July 2016	5,101,915	5,859,623	10,961,538

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11. INVENTORIES

	Group	
	2016 RM	2015 RM
At cost		
Raw material	16,616,054	21,955,689
Work-in-progress	14,466,021	13,949,162
Finished goods	543,596,092	517,643,414
	574,678,167	553,548,265

During the financial year, the cost of inventories recognised as cost of sales in the Group amounted to RM588,192,862 (2015: RM605,027,592).

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Group				
Trade receivables	990,177	4,878,507	6,504,126	6,511,521
Less:				
Allowance for impairment	(104,429)	(123,449)	-	-
	885,748	4,755,058	6,504,126	6,511,521
Other receivables	4,014,287	4,423,241	8,661	5,421
Total trade and other receivables	4,900,035	9,178,299	6,512,787	6,516,942

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 30 to 85 days (2015: 30 to 85 days). Other credit terms are assessed and approved on a case-by-case basis.

Trade receivables of the Company represents amount due by subsidiaries.

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	2016 RM	2015 RM
Hong Kong Dollar	-	591,156

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Ageing analysis of trade receivables

The Group and the Company maintain an ageing in respect of trade receivables only. The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Neither past due nor impaired	645,225	44,318	2,255,382	444,688
1 to 30 days past due but not impaired	113,887	2,878,227	-	-
31 to 60 days past due but not impaired	-	1,085,779	-	-
61 to 90 days past due but not impaired	49,310	529,200	-	-
91 to 120 days past due but not impaired	-	97,090	-	-
More than 121 days past due but not impaired	77,326	120,444	4,248,744	6,066,833
	240,523	4,710,740	4,248,744	6,066,833
Impaired	104,429	123,449	-	-
	990,177	4,878,507	6,504,126	6,511,521

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM240,523 (2015: RM4,710,740) and RM4,248,744 (2015: RM6,066,833) respectively that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or credit enhancements over these balances.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group	
	2016 RM	2015 RM
Individually impaired		
Trade receivables, nominal value	104,429	123,449
Less: Allowance for impairment	(104,429)	(123,449)
	-	-

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

	Group	
	2016 RM	2015 RM
At 1 August	123,449	263,268
Allowance during the financial year	38,200	52,154
Reversal of impairment	(57,220)	(191,973)
At 31 July	104,429	123,449

Trade receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

(b) Other receivables

- (i) The Group's and the Company's amounts owing by other receivables are unsecured, interest free and are repayable on demand.
- (ii) Included in other receivables of the Group are amounts of RM498,217 (2015: RM731,354) due by fellow subsidiaries under the common control of the ultimate holding company. The amounts due are unsecured, interest free and repayable on demand.

13. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits	9,396,618	9,400,393	34,749	13,499
Prepayments	2,961,581	3,269,150	1,269,827	1,579,330
	12,358,199	12,669,543	1,304,576	1,592,829

(a) Deposits

Deposits are in relation to rental and utilities deposits for retail spaces and staff hostels.

(b) Prepayments

Included in prepayments of the Group and of the Company are amounts of RM60,906 (2015: RM352,812) being guarantee fee paid in advance to Danajamin Nasional Berhad (“Danajamin”) for its involvement as the guarantor on the Islamic Commercial Papers and Islamic Medium Term Loans programme (“ICP/IMTN”) undertaken by the Company and RM660,103 (2015: RM951,286) being prepaid interest expense for the utilisation of ICP/IMTN programme as disclosed in Note 19.2 to the financial statements.

14. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are unsecured, interest free, repayable on demand and is expected to be settled in cash except for amount due by subsidiaries of RM66,991,619 (2015: RM110,621,619) which bears effective interest at rate of 6.00% (2015: 6.00%) per annum.

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group and of the Company earn weighted average effective interest rate ranging from 2.00% to 3.15% (2015: 2.00% to 3.15%) per annum.

Included in fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM224,421 (2015: RM210,000) and RM30,000 (2015: RM30,000) respectively, which have been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.

16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company is an amount of RM3,000,000 (2015: RM2,000,000) deposited in Finance Interest Service Reserve Accounts, and is restricted for the redemption of the principal amount of ICP/IMTN as disclosed in Note 19 to the financial statements.

17. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50 each				
Authorised:				
At 1 August/31 July	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:				
At 1 August/31 July	410,351,752	205,175,876	410,351,752	205,175,876

18. RESERVES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Revaluation reserve	25,722,240	25,722,240	-	-
Retained profits	235,108,745	228,205,601	16,347,966	19,406,663
	260,830,985	253,927,841	16,347,966	19,406,663

(a) Revaluation reserve

The revaluation reserve of the Group represents increases in the fair value of freehold and leasehold land as well as buildings of the Group in years 2003, 2008 and 2013, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(b) Retained profits

The Company will be able to distribute dividends out of its retained profits under the single tier system.

19. BANK BORROWINGS

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Non-current Secured					
Term loans	19.1	10,578,894	11,108,238	-	-
ICP/IMTN	19.2	70,000,000	90,000,000	70,000,000	90,000,000
Hire purchase payables	19.3	609,268	1,324,471	41,787	107,181
Finance lease payables	19.4	1,131,675	1,481,394	47,077	350,919
		82,319,837	103,914,103	70,088,864	90,458,100

19. BANK BORROWINGS (CONT'D)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Current Secured					
Bank overdrafts	19.5	25,589	167,312	-	-
Bankers' acceptance	19.6	89,860,000	56,506,000	-	-
Revolving credit	19.6	3,000,000	3,000,000	-	-
Term loans	19.1	16,872,965	9,730,515	-	-
ICP/IMTN	19.2	30,000,000	50,000,000	30,000,000	50,000,000
Hire purchase payables	19.3	701,766	912,313	57,161	58,756
Finance lease payables	19.4	2,458,752	2,375,772	431,986	566,053
		142,919,072	122,691,912	30,489,147	50,624,809
Total bank borrowings		225,238,909	226,606,015	100,578,011	141,082,909

19.1 Term loans

	Group	
	2016 RM	2015 RM
Current		
- not later than one year	16,872,965	9,730,515
Non-current		
- later than one year but not later than two years	1,486,359	1,688,367
- later than two years but not later than five years	3,320,923	4,301,146
- more than five years	5,771,612	5,118,725
	10,578,894	11,108,238
	27,451,859	20,838,753

Term loan facilities of the Group are mature between year 2019 and year 2036 and denominated in RM.

Term loan 1 of a subsidiary of RM2,478,361 (2015: RM2,569,498) bears interest at BLR – 2.00% (2015: BLR – 2.00%) per annum and is repayable by monthly instalments of RM17,826 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A legal charge over properties of the subsidiary as disclosed in Note 5 to the financial statements; and
- (ii) Corporate guarantee and indemnity from the Company.

19. BANK BORROWINGS (CONT'D)

19.1 Term loans (Cont'd)

Term loan 2 and term loan 3 of a subsidiary of RM456,476 (2015: RM645,512) bears interest at 7.00% (2015: 7.00%) per annum and is repayable by monthly instalments of RM15,753 over ten years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A legal charge over properties of the subsidiary as disclosed in Note 5 to the financial statements;
- (ii) Legal assignment over Tenancy Agreement between the subsidiary and its related companies;
- (iii) Irrecoverable letter of instruction from the subsidiary to a related company to remit all the rental proceeds from properties into Escrow Account maintained with bank;
- (iv) Charge over Escrow Account;
- (v) Letter of undertaking from the Company to support any shortfall in the subsidiary's cash flow; and
- (vi) Corporate guarantee from the Company.

Term loan 4 of a subsidiary of RM5,997,055 (2015: RM6,546,829) bears interest at BLR – 2.40% (2015: 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:

- (i) Principal instrument of a facilities agreement for the sum of RM6,900,000;
- (ii) Equitable Assignment of rental proceeds is to be created over property as disclosed in Note 5 to the financial statements;
- (iii) Corporate guarantee from the Company; and
- (iv) Where security is taken over property without individual title:
 - a. A deed of assignment to be executed by the subsidiary in assigning all the rights and title, interests and benefits under the Sales and Purchase Agreement in respect of the property.
 - b. Irrevocable Power of Attorney from the subsidiary to enable the Bank to deal with the security offered.

Term loan 5 of a subsidiary of RM480,774 (2015: Nil) bears interest at BLR – 2.20% (2015: Nil) 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:

- (i) Principal instrument of facilities agreement for the sum of RM480,000;
- (ii) Corporate guarantee from the Company; and
- (iii) Where security is taken over property without individual title:
 - a. A registered open all monies 1st party charge stamped nominally over the property.
 - b. A close charge over property created as security for facility granted.

19. BANK BORROWINGS (CONT'D)

19.1 Term loans (Cont'd)

Term loan 6 of a subsidiary of RM264,180 (2015: RM344,972) bears interest at BLR – 2.00% (2015: BLR – 2.00%) per annum and is repayable by monthly instalments of RM8,143 over fifteen years commencing from the day of first drawdown and is secured and supported as follows:

- (i) A first legal charge over the properties of the subsidiary as mentioned in Note 5 to the financial statements; and
- (ii) A joint and several guarantee by all the directors of the subsidiary.

Term loan 7 of a subsidiary of RM1,584,517 (2015: RM1,659,144) bears interest at BLR – 2.00% (2015: 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:

- (i) Facilities agreements for the sum of RM2.00 million as principal instruments;
- (ii) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and
- (iii) Corporate guarantee from the Company.

Term loan 8 of a subsidiary of RM754,466 (2015: RM1,013,986) bears interest at BLR – 1.50% (2015: BLR – 1.50%) per annum and is repayable by monthly instalments of RM25,536 over ten years commencing from one month after the full release of the loan and is secured and supported as follows:

- (i) Facilities agreements for the sum of RM2.38 million as principal instruments;
- (ii) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and
- (iii) Corporate guarantee from the Company.

Term loan 9 of subsidiaries of RM15,436,030 (2015: RM8,058,812) bears interest at 2.80% (2015: 2.80%) per annum is repayable on demand.

19.2 ICP/IMTN

	Group and Company	
	2016 RM	2015 RM
Current		
- not later than one year	30,000,000	50,000,000
Non-current		
- later than one year but not later than two years	20,000,000	30,000,000
- later than two years but not later than five years	50,000,000	60,000,000
	70,000,000	90,000,000
	100,000,000	140,000,000

19. BANK BORROWINGS (CONT'D)

19.2 ICP/IMTN (Cont'd)

The ICP/IMTN programme is a facility mature between year 2015 and year 2018, denominated in RM of up to RM150 million granted to the Group and to the Company and is based on Islamic financing principles in accordance with Syariah concept and principle of Al-Kafalah.

The proceeds of the ICP/IMTN programme shall be utilised for the following purposes:

- (a) To finance group wide restructuring programme; and
- (b) To finance capital expenditure.

The ICP/IMTN bear interest at rates ranging from 3.85% to 4.75% (2015: 3.85% to 4.45%) per annum, with Danajamin to act as guarantor to guarantee the repayment obligations and is secured by way of third party first fixed legal charge over the following properties of the Group:

- (i) a four storey leasehold shop office (expiring in 2059) located at No.16, Jalan 52/4, 46200 Petaling Jaya;
- (ii) a four storey leasehold shop office (expiring in 2060) located at No.18, Jalan 52/4, 46200 Petaling Jaya;
- (iii) freehold commercial shophot located at G-19, Subang Parade, Selangor;
- (iv) leasehold commercial shophot (expiring in 2090) located at G-14, Mahkota Parade, Melaka;
- (v) leasehold commercial shophot (expiring in 2090) located at G-29, Mahkota Parade, Melaka;
- (vi) leasehold commercial shophot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang;
- (vii) leasehold commercial shophot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang;
- (viii) freehold commercial shophot located at G-13, Summit Parade, Batu Pahat, Johor;
- (ix) unconditional and irrevocable corporate guarantee of Poh Kong Jewellers Sdn. Bhd. for the entire amount of the facility and any guarantee fee, profit accruing and other payment obligations thereon;
- (x) a legal assignment/charge over present and future rights, title, benefits and interest in and to the designated accounts and all monies from to time standing to the credit of the designated accounts; and
- (xi) any other security/support as may be deemed applicable by Danajamin.

The ICP/IMTNs programme contained financial covenants which required the Group to maintain its debt to tangible net worth and finance service cover ratios.

19. BANK BORROWINGS (CONT'D)

19.3 Hire purchase payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Minimum hire purchase payments:				
- not later than one year	792,861	1,036,180	64,907	78,870
- later than one year but not later than five years	688,693	1,494,611	47,316	112,222
	1,481,554	2,530,791	112,223	191,092
Less: Future finance charges	(170,520)	(294,007)	(13,275)	(25,155)
Present value of hire purchase payables	1,311,034	2,236,784	98,948	165,937
Represented by:				
Current				
- not later than one year	701,766	912,313	57,161	58,756
Non-current				
- later than one year but not later than five years	609,268	1,324,471	41,787	107,181
	1,311,034	2,236,784	98,948	165,937

The Group's and the Company's hire purchase payables mature between year 2017 and year 2020, bear effective interest at rates range from 2.25% to 3.85% (2015: 2.25% to 3.85%) per annum.

19.4 Finance lease payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Minimum lease payments:				
- not later than one year	2,625,727	2,620,796	456,991	612,156
- later than one year but not later than five years	1,210,543	1,494,541	49,950	357,081
	3,836,270	4,115,337	506,941	969,237
Less: Future finance charges	(245,843)	(258,171)	(27,878)	(52,265)
Present value of lease payments	3,590,427	3,857,166	479,063	916,972
Represented by:				
Current				
- not later than one year	2,458,752	2,375,772	431,986	566,053
Non-current				
- later than one year but not later than five years	1,131,675	1,481,394	47,077	350,919
	3,590,427	3,857,166	479,063	916,972

The Group's and the Company's finance lease facilities mature between year 2017 and year 2018, bear effective interest at rates at 3.50% (2015: 3.50%) per annum.

19. BANK BORROWINGS (CONT'D)

19.5 Bank overdrafts

The bank overdrafts of the Group are denominated in RM and incur weighted average effective interest ranging from 7.85% to 8.85% (2015: 7.85% to 8.85%) per annum. The securities for bank overdrafts are as disclosed in Note 19.6 to the financial statements.

19.6 Bankers' acceptance, revolving credit and short-term loan

The bank overdrafts, bankers' acceptance, revolving credit and short-term loan facilities of the Group are denominated in RM and are secured by a combination of the following:

- (i) Corporate guarantees and indemnity from the Company;
- (ii) A legal charge over properties of certain subsidiaries as disclosed in Note 5 to the financial statements;
- (iii) A negative pledge on certain subsidiaries' assets; and
- (iv) Fixed deposits place with licensed banks of the Group as disclosed in Note 15 to the financial statements.

The Group's weighted average effective interest rates at the reporting period for bankers' acceptance and revolving credit were as follows:

	Group	
	2016 %	2015 %
Bankers' acceptance	4.10 - 4.79	4.40 - 4.74
Revolving credit	5.55	5.55

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	7,793,841	5,658,777	-	-
Other payables	9,139,512	9,692,213	3,185,322	2,542,847
	16,933,353	15,350,990	3,185,322	2,542,847

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 1 to 180 days (2015: 1 to 180 days).

20. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables (Cont'd)

The currency profile of trade payables is as follows:

	Group	
	2016 RM	2015 RM
US Dollar	1,017,282	564,300
Hong Kong Dollar	581,040	343,352
Euro	172,647	9,731
Ringgit Malaysia	6,022,872	4,741,380
SG Dollar	-	14
	7,793,841	5,658,777

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

Included in other payables of the Group are:

- (i) an amount of RM2,724,302 (2015: RM2,964,030) due to Royal Malaysian Customs;
- (ii) an amount of RM1,033,000 (2015: RM1,624,000) due to family members of a deceased director; and
- (iii) an amount of Nil (2015: RM63,356) due to the directors of the subsidiaries.

21. DEPOSITS AND ACCRUALS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits	229,045	60,853	-	-
Accruals	8,316,608	7,772,054	429,538	436,725
Customers' deposits	4,217,907	4,199,860	-	-
Deferred revenue from gift vouchers	4,971,205	3,631,166	-	-
Provision for restoration costs	100,000	-	-	-
	17,834,765	15,663,933	429,538	436,725

(a) Accruals

Included in accruals of the Group is salary payable amounting to RM5,617,938 (2015: RM5,842,277).

21. DEPOSITS AND ACCRUALS (CONT'D)

(b) Provision for restoration cost

The provision is in relation to restoration costs for the Group's rented premises and is made based on historical expenses incurred on restoration costs. The Group expects to incur liability when the leases are terminated.

	2016 RM	Group 2015 RM
At 1 August	-	-
Provisions made during the financial year	100,000	-
At 31 July	100,000	-

22. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

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

The amount due to ultimate holding company is non-trade in nature, unsecured, bears effective interest at rate of 6.00% (2015: 6.00%) per annum, repayable on demand and is expected to be settled in cash.

23. AMOUNT DUE TO DIRECTORS

The amount due to directors are unsecured, interest free, repayable on demand and is expected to be settled in cash.

24. REVENUE

	2016 RM	Group 2015 RM	Company 2016 RM	2015 RM
Sale of goods	776,533,230	805,713,594	-	-
Advertising and promotion fees	-	-	7,051,290	8,616,617
Dividend income	-	-	8,747,000	13,568,000
Interest income	-	-	5,416,643	6,975,024
Management fee	-	-	7,444,540	4,168,988
	776,533,230	805,713,594	28,659,473	33,328,629

25. FINANCE COSTS

	2016 RM	Group 2015 RM	Company 2016 RM	2015 RM
Interest expenses on bank borrowings	12,983,445	11,989,880	8,194,168	8,581,962
Hire purchase and finance lease charges	294,011	344,522	45,994	27,987
	13,277,456	12,334,402	8,240,162	8,609,949

26. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been arrived at:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
After charging:				
Allowance for impairment on trade receivables	38,200	52,154	-	-
Auditors' remuneration				
- current year	280,000	280,000	33,000	40,000
- prior year	(9,680)	10,980	-	-
Depreciation of:				
- property, plant and equipment	8,980,661	9,835,933	607,281	579,439
- investment property	167,771	-	-	-
Deposits written off	-	41,662	-	-
Direct operating expenses from income generating investment properties	28,785	-	-	-
Employee benefits expenses (Note 30)	85,030,350	86,415,234	9,217,557	9,617,053
Impairment loss on property, plant and equipment	-	291,200	-	-
Impairment for goodwill (Note 9)	-	21,707	-	-
Inventories loss	-	379	-	-
Rental of equipments	1,263,276	1,604,731	1,263,276	1,604,731
Loss on dissolution of subsidiaries (Note 6)	10,449	118,455	-	-
Property, plant and equipment written off	1,600,455	1,488,585	8,877	-
Realised loss on foreign exchange	88,180	83,335	-	-
Rental of retail spaces and staff hostels	28,314,275	26,391,791	435,682	226,400
and crediting:				
Car rental income	-	-	1,400	7,200
Dividend income	599,996	149,999	-	-
Equipment rental income	-	-	630,500	384,298
Gain on disposal of property, plant and equipment	58,000	306,300	-	-
Gain on disposal of subsidiary (Note 6)	-	342,709	-	-
Gain on dissolution of subsidiaries	-	-	36,831	2,283,850
Interest income	233,509	281,182	-	-
Premises rental income	198,190	108,318	-	-
Realised gain on foreign exchange	156,619	-	-	-
Reversal of allowance for impairment on trade receivables	57,220	191,973	-	-
Reversal of a write-down of inventories	-	41,335	-	-
Unrealised gain on foreign exchange	-	25,652	-	-

27. TAXATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current income tax				
- current year	(8,328,110)	(10,247,021)	-	-
- prior year	(85,613)	(391,822)	-	22,197
	(8,413,723)	(10,638,843)	-	22,197
Deferred tax (Note 10)				
- current year	2,463,177	285,516	1,370,155	1,422,123
- prior year	(522,425)	(1,293,868)	57,288	(116,284)
	1,940,752	(1,008,352)	1,427,443	1,305,839
	(6,472,971)	(11,647,195)	1,427,443	1,328,036

The income tax rate is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the fiscal year.

The reconciliations of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit/(Loss) before taxation	17,479,633	26,131,670	(382,622)	3,971,097
Tax at Malaysian statutory tax rate at 24% (2015: 25%)	(4,195,112)	(6,532,918)	91,829	(992,774)
Tax effects arising from:				
- non-deductible expenses	(1,851,947)	(3,589,437)	(829,794)	(917,848)
- non-taxable income	164,102	189,023	2,108,120	3,392,000
- reversal/(origination) deferred tax assets not recognised	18,024	(25,654)	-	-
- deferred tax recognised in different tax rate	-	(2,519)	-	(59,255)
- prior year	(608,038)	(1,685,690)	57,288	(94,087)
(Tax expense)/tax income for the financial year	(6,472,971)	(11,647,195)	1,427,443	1,328,036

28. 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	
	2016 RM	2015 RM
Profit after taxation attributable to owners of the Company (RM)	11,006,662	14,484,475
Weighted average number of ordinary shares in issue	410,351,752	410,351,752
Basic earnings per share (sen)	2.68	3.53

- (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.

29. DIVIDENDS ON ORDINARY SHARES

	Group and Company	
	2016 RM	2015 RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each in respect of the financial year ended 31 July 2015, paid on 9 March 2016	4,103,518	-
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each in respect of the financial year ended 31 July 2014, paid on 9 March 2015	-	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares of RM0.50 each amounting to RM4,103,518 in respect of the current financial year ended 31 July 2016 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 2017.

30. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, bonus, overtime and allowances	74,173,533	75,373,599	8,094,747	8,442,072
Defined contribution plan				
- EPF	6,427,195	6,351,157	882,760	920,071
Other staff related expenses	4,429,622	4,690,478	240,050	254,910
	85,030,350	86,415,234	9,217,557	9,617,053

30. EMPLOYEE BENEFITS EXPENSES (CONT'D)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<u>Executive directors</u>				
- Salaries and other emoluments	9,265,816	7,576,899	2,811,409	3,287,946
- Fees	27,000	18,000	-	-
	9,292,816	7,594,899	2,811,409	3,287,946
<u>Non-executive directors</u>				
- Fees	192,000	192,000	192,000	192,000
- Non-fees	148,400	103,500	148,400	103,500
	340,400	295,500	340,400	295,500
Total directors' remuneration	9,633,216	7,890,399	3,151,809	3,583,446

31. CAPITAL COMMITMENTS

	Group	
	2016 RM	2015 RM
Capital expenditure in respect of purchase of investment property:		
- Contracted but not provided for	1,643,090	-

32. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group has entered into several tenancy agreements for the rental of retail spaces and staff hostels, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Future minimum rental payments:				
Not later than one year	18,877,475	19,447,111	319,682	36,000
Later than one year but not later than five years	13,751,303	10,808,321	186,915	6,000
	32,628,778	30,255,432	506,597	42,000

33. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of Related Parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Ultimate holding company;
- (ii) Subsidiaries;
- (iii) A company in which directors of the Company have substantial financial interest;
- (iv) A corporate shareholder of a subsidiary; and
- (v) Key management personnel, comprise persons (including the directors of the Company) who have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant Related Party Transactions and Balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Dividend income received and receivable from				
- subsidiaries	-	-	8,747,000	13,568,000
- company connected to a director of the Company	599,996	149,999	-	-
Interest income received and receivable from subsidiaries	-	-	5,416,643	6,975,024
Management fee, advertisement and promotions charges received and receivable from subsidiaries	-	-	14,495,830	12,785,605
Car rental received and receivable from subsidiaries	-	-	1,400	7,200
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	-	-	630,500	384,298
Sale of goods to				
- certain directors of the Company	323,010	1,230,372	-	-
- director of subsidiaries	75	157,748	-	-
- key management personnel	12,600	51,964	-	-

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows: (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Hostel rental paid to				
- certain directors of the Company	182,400	182,400	114,000	114,000
- directors of subsidiaries	62,600	64,200	-	-
Purchase of goods from				
- directors of the Company	4,232	486,097	-	-
- directors of subsidiaries	-	19,519	-	-
- key management personnel	336	33	-	-
Legal and professional fees paid to a firm connected to a director of the Company	68,208	5,500	-	-
Interest expenses paid to				
- ultimate holding company	19,854	19,800	19,854	19,800
- subsidiary	-	-	390,592	336,000
Rental and utility deposits paid to				
- directors of subsidiaries	-	12,500	-	-
Disposal of motor vehicles to directors of the Company	-	228,000	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12, 14, 20, 22 and 23 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 35(b)(i)(ii) to the financial statements.

(c) Key Management Personnel Remuneration

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	9,455,452	10,372,815	2,895,256	3,280,186
Post employment benefits	838,548	823,307	263,760	312,084
	10,294,000	11,196,122	3,159,016	3,592,270

33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Key Management Personnel Remuneration (Cont'd)

The remuneration of the key management personnel during the financial year is as follows: (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	14,639,611	13,845,948	1,735,997	1,877,842
Post employment benefits	1,251,118	1,138,824	184,611	199,164
	15,890,729	14,984,772	1,920,608	2,077,006

34. SEGMENTS REPORTING

The information reported to the Group Managing Director, as the chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment statements of comprehensive income are profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

(a) Business segments

The Group is organised into three major business segments:

- i) Trading: suppliers and retailers of jewellerys, precious stones, gold ornaments and gold bullion
- ii) Manufacturing: manufacturer and dealers of jewellerys, precious stones and gold ornaments
- iii) Others: investment holding

34. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2016						
Revenue						
External sales	756,939,769	19,568,618	24,843	-		776,533,230
Inter-segment sales	86,501,591	209,883,926	89,736,346	(386,121,863)	34(b)	-
Total Revenue	843,441,360	229,452,544	89,761,189	(386,121,863)		776,533,230
Results						
Segment results	21,053,843	16,247,450	12,214,300	(18,992,013)	34(c)	30,523,580
Results from operating activities	21,053,843	16,247,450	12,214,300	(18,992,013)		30,523,580
Interest income	672,216	192,973	-	(631,680)	34(d)	233,509
Finance cost	(9,850,540)	(151,530)	(9,032,128)	5,756,742	34(d)	(13,277,456)
Profit for the financial year	11,875,519	16,288,893	3,182,172	(13,866,951)		17,479,633
Taxation	(2,879,791)	(4,510,872)	267,887	649,805	34(d)	(6,472,971)
Net profit for the financial year	8,995,728	11,778,021	3,450,059	(13,217,146)		11,006,662
Assets						
Segment assets	1,083,761,242	109,852,005	753,986,847	(1,204,673,649)	34(e)	742,926,445
Consolidated total assets	1,083,761,242	109,852,005	753,986,847	(1,204,673,649)		742,926,445
Liabilities						
Segment liabilities	775,811,534	24,521,878	504,153,625	(1,027,567,453)	34(f)	276,919,584
Consolidated total liabilities	775,811,534	24,521,878	504,153,625	(1,027,567,453)		276,919,584
Other information						
Additions of :						
- property, plant and equipment	6,338,628	268,066	1,609,738	-	34(d)	8,216,432
- investment properties	-	-	460,550	-	34(d)	460,550
Depreciation of:						
- property, plant and equipment	6,586,856	1,322,555	545,907	525,343	34(d)	8,980,661
- investment properties	-	-	167,771	-	34(d)	167,771

34. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2016 (Cont'd)						
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	(43,000)	(15,000)	-	-		(58,000)
Loss on deconsolidation of dissolved subsidiaries	1,132,230	41,757	-	(1,163,538)		10,449
Property, plant and equipment written off	1,591,578	-	8,877	-		1,600,455
Reversal of allowance for impairment on trade receivables	(57,220)	-	-	-		(57,220)
2015						
Revenue						
External sales	801,589,004	2,836,273	1,288,317	-		805,713,594
Inter-segment sales	98,899,935	252,048,577	87,833,138	(438,781,650)	34(b)	-
Total Revenue	900,488,939	254,884,850	89,121,455	(438,781,650)		805,713,594
Results						
Segment results	62,604,884	9,848,360	15,927,130	(50,195,485)	34(c)	38,184,889
Results from operating activities	62,604,884	9,848,360	15,927,130	(50,195,485)		38,184,889
Interest income	468,628	148,554	-	(336,000)	34(d)	281,182
Finance cost	(21,540,076)	(311,755)	(9,051,764)	18,569,194	34(d)	(12,334,401)
Profit for the financial year	41,533,436	9,685,159	6,875,366	(31,962,291)		26,131,670
Taxation	(7,806,793)	(2,486,437)	205,566	(1,559,531)	34(d)	(11,647,195)
Net profit for the financial year	33,726,643	7,198,722	7,080,932	(33,521,822)		14,484,475
Assets						
Segment assets	1,021,605,273	106,203,262	790,353,791	(1,182,419,091)	34(e)	735,743,235
Consolidated total assets	1,021,605,273	106,203,262	790,353,791	(1,182,419,091)		735,743,235

34. SEGMENTS REPORTING (CONT'D)

(a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Consolidated RM
2015 (Cont'd)						
Liabilities						
Segment liabilities	715,849,941	27,840,155	538,859,455	(1,005,910,033)	34(f)	276,639,518
Consolidated total liabilities	715,849,941	27,840,155	538,859,455	(1,005,910,033)		276,639,518
Other information						
Additions of property, plant and equipment	5,079,792	443,695	1,302,669	417,593	34(d)	7,243,749
Depreciation of property, plant and equipment	7,110,146	1,522,701	594,946	608,140	34(d)	9,835,933
Other material non-cash items other than depreciation						
Gain on disposal of property, plant and equipment	(304,717)	(35,000)	-	33,417	34(d)	(306,300)
Gain on disposal of subsidiary	(331,924)	-	-	(10,785)	34(d)	(342,709)
Impairment loss on property, plant and equipment	-	-	-	291,200	34(d)	291,200
Loss on deconsolidation of dissolved subsidiaries	(21,503,042)	(98,503)	(2,281,527)	24,001,527	34(d)	118,455
Property, plant and equipment written off	1,488,585	-	-	-		1,488,585
Reversal of allowance for impairment on trade receivables	(191,973)	-	-	-		(191,973)

- (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:

	2016 RM	2015 RM
Investment in subsidiaries	(198,899,092)	(176,183,667)
Inter-segment assets elimination	(1,005,774,557)	(1,006,235,424)
	(1,204,673,649)	(1,182,419,091)

34. SEGMENTS REPORTING (CONT'D)

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

	2016 RM	2015 RM
Inter-segment liabilities elimination	1,027,567,453	1,005,910,033

(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.

35. FINANCIAL INSTRUMENTS

(a) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an on-going basis either at fair value or at amortised cost. The principal accounting policies in Note 3 to the financial statements describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis.

Group	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM	Total RM
2016				
Financial assets				
Other investments	-	527,999	-	527,999
Trade and other receivables	4,900,035	-	-	4,900,035
Deposits	9,396,618	-	-	9,396,618
Fixed deposits placed with licensed banks	15,124,421	-	-	15,124,421
Cash and bank balances	15,531,404	-	-	15,531,404
	44,952,478	527,999	-	45,480,477
Financial liabilities				
Trade and other payables	-	-	16,933,353	16,933,353
Deposits and accruals*	-	-	12,763,560	12,763,560
Bank borrowings	-	-	225,238,909	225,238,909
Amount due to ultimate holding company	-	-	1,231,190	1,231,190
Amount due to directors	-	-	2,097,279	2,097,279
	-	-	258,264,291	258,264,291

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of Financial Instruments (Cont'd)

Group	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM	Total RM
2015				
Financial assets				
Other investments	-	527,999	-	527,999
Trade and other receivables	9,178,299	-	-	9,178,299
Deposits	9,400,393	-	-	9,400,393
Fixed deposits placed with licensed banks	7,610,000	-	-	7,610,000
Cash and bank balances	30,644,873	-	-	30,644,873
	56,833,565	527,999	-	57,361,564
Financial liabilities				
Trade and other payables	-	-	15,350,990	15,350,990
Deposits and accruals*	-	-	12,032,767	12,032,767
Bank borrowings	-	-	226,606,015	226,606,015
Amount due to ultimate holding company	-	-	1,239,386	1,239,386
Amount due to directors	-	-	1,846,607	1,846,607
	-	-	257,075,765	257,075,765

* exclude deferred revenue from gift vouchers and provision for restoration cost

Company	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM	Total RM
2016				
Financial assets				
Trade and other receivables	6,512,787	-	-	6,512,787
Deposits	34,749	-	-	34,749
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	394,525,520	-	-	394,525,520
Cash and bank balances	3,070,152	-	-	3,070,152
	404,173,208	-	-	404,173,208

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of Financial Instruments (Cont'd)

Company	Loans and receivables RM	Available- for-sales RM	Financial liabilities at amortised cost RM	Total RM
2016 (Cont'd)				
Financial liabilities				
Other payables and accruals	-	-	3,614,860	3,614,860
Bank borrowings	-	-	100,578,011	100,578,011
Amount due to ultimate holding company	-	-	1,231,190	1,231,190
Amount due to directors	-	-	678,696	678,696
Amount due to subsidiaries	-	-	257,028,304	257,028,304
	-	-	363,131,061	363,131,061
2015				
Financial assets				
Trade and other receivables	6,516,942	-	-	6,516,942
Deposits	13,499	-	-	13,499
Fixed deposits placed with licensed banks	30,000	-	-	30,000
Amount due by subsidiaries	451,486,244	-	-	451,486,244
Cash and bank balances	2,362,616	-	-	2,362,616
	460,409,301	-	-	460,409,301
Financial liabilities				
Other payables and accruals	-	-	2,979,572	2,979,572
Bank borrowings	-	-	141,082,909	141,082,909
Amount due to ultimate holding company	-	-	1,239,386	1,239,386
Amount due to directors	-	-	1,023,432	1,023,432
Amount due to subsidiaries	-	-	257,175,180	257,175,180
	-	-	403,500,479	403,500,479

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives

The Group and the Company seek to manage effectively the various risks namely credit, liquidity, interest rate, foreign currency and market price risks, to which the Group and the Company are exposed to in their daily operations.

(i) Credit Risk

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables and amount due by subsidiaries. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. For other financial assets (including other investments, fixed deposits placed with licensed banks and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) The carrying amounts of each class of financial assets recognised in the statements of financial position as disclosed in Note 12, Note 13 and Note 14 to the financial statements; and
- (ii) The nominal amount of guarantees provided by the Group and the Company to banks on subsidiaries' credit facilities as follows:

	2016 RM	Company 2015 RM
<u>Secured</u>		
Guarantees given in support of banking facilities granted to subsidiaries	171,981,999	164,601,999
<u>Unsecured</u>		
Guarantees given to third parties in respect of leasing facilities granted to the Company and its subsidiaries	11,000,000	8,000,000
Guarantees given to third parties in respect of rental deposits of retail spaces	4,040,074	4,040,074

The Group has significant exposure and major concentration of credit risk of 56% (2015: 75%) deriving from a customer (2015: two customers) relating to trade receivables.

The Company has significant exposure and major concentration of credit risk relating to amount due by subsidiaries.

The Group and the Company manage its debt maturity portfolio, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to its overall debt position.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(i) Credit Risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired are disclosed in Note 12 to the financial statements. Fixed deposits and cash and bank balances are placed with reputable licensed financial institutions with high credit ratings.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 12 to the financial statements.

Related companies balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries.

As at reporting period, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the subsidiaries are adequately secured by assets as disclosed in Note 5, Note 7 and Note 15 respectively. Should the subsidiaries default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2016					
Financial liabilities					
Trade and other payables	16,933,353	16,933,353	16,933,353	-	-
Deposits and accruals*	12,763,560	12,763,560	12,763,560	-	-
Bank overdraft	25,589	25,589	25,589	-	-
Bankers' acceptance	89,860,000	91,451,020	91,451,020	-	-
Revolving credit	3,000,000	3,013,157	3,013,157	-	-
Term loans	27,451,859	29,201,270	17,344,650	6,618,036	5,238,584
ICP/IMTN	100,000,000	109,778,305	31,290,000	78,488,305	-
Hire purchase payables	1,311,034	1,481,554	792,861	688,693	-
Finance lease payables	3,590,427	3,836,270	2,625,727	1,210,543	-
Amount due to ultimate holding company	1,231,190	1,231,190	1,231,190	-	-
Amount due to directors	2,097,279	2,097,279	2,097,279	-	-
	258,264,291	271,812,547	179,568,386	87,005,577	5,238,584
2015					
Financial liabilities					
Trade and other payables	15,350,990	15,350,990	15,350,990	-	-
Deposits and accruals*	12,032,767	12,032,767	12,032,767	-	-
Bank overdraft	167,312	167,312	167,312	-	-
Bankers' acceptance	56,506,000	57,552,173	57,552,173	-	-
Revolving credit	3,000,000	3,014,597	3,014,597	-	-
Term loans	20,838,753	24,739,921	9,903,615	6,838,561	7,997,745
ICP/IMTN	140,000,000	145,715,000	51,955,000	93,760,000	-
Hire purchase payables	2,236,784	2,530,791	1,036,180	1,494,611	-
Finance lease payables	3,857,166	4,115,337	2,620,796	1,494,541	-
Amount due to ultimate holding company	1,239,386	1,239,386	1,239,386	-	-
Amount due to directors	1,846,607	1,846,607	1,846,607	-	-
	257,075,765	268,304,881	156,719,423	103,587,713	7,997,745

* exclude deferred revenue from gift vouchers and provision for restoration cost

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
2016					
Financial liabilities					
Other payables and accruals	3,614,860	3,614,860	3,614,860	-	-
ICP/IMTN	100,000,000	109,778,305	31,290,000	78,488,305	-
Hire purchase payables	98,948	112,223	64,907	47,316	-
Finance lease payables	479,063	506,941	456,991	49,950	-
Amount due to ultimate holding company	1,231,190	1,231,190	1,231,190	-	-
Amount due to subsidiaries	257,028,304	257,028,304	257,028,304	-	-
Amount due to directors	678,696	678,696	678,696	-	-
Financial guarantee contracts	-	187,022,073	-	-	-
	363,131,061	559,972,592	294,364,948	78,585,571	-
2015					
Financial liabilities					
Other payables and accruals	2,979,572	2,979,572	2,979,572	-	-
ICP/IMTN	140,000,000	145,715,000	51,955,000	93,760,000	-
Hire purchase payables	165,937	191,092	78,870	112,222	-
Finance lease payables	916,972	969,237	612,156	357,081	-
Amount due to ultimate holding company	1,239,386	1,239,386	1,239,386	-	-
Amount due to subsidiaries	257,175,180	257,175,180	257,175,180	-	-
Amount due to directors	1,023,432	1,023,432	1,023,432	-	-
Financial guarantee contracts	-	176,642,073	-	-	-
	403,500,479	585,934,972	315,063,596	94,229,303	-

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.00 - 3.15	15,124,421	-	-	15,124,421
Financial liabilities					
Hire purchase payables	2.25 - 3.85	701,766	609,268	-	1,311,034
Finance lease payables	3.50	2,458,752	1,131,675	-	3,590,427
ICP/IMTN	3.85 - 4.75	30,000,000	70,000,000	-	100,000,000
Term loans	4.32 - 7.00	16,872,965	4,807,282	5,771,612	27,451,859
Bankers' acceptance	4.10 - 4.79	89,860,000	-	-	89,860,000
Bank overdrafts	7.85 - 8.85	25,589	-	-	25,589
Revolving credit	5.55	3,000,000	-	-	3,000,000
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.00 - 3.15	7,610,000	-	-	7,610,000
Financial liabilities					
Hire purchase payables	2.25 - 3.85	912,313	1,324,471	-	2,236,784
Finance lease payables	3.50	2,375,772	1,481,394	-	3,857,166
ICP/IMTN	3.85 - 4.45	50,000,000	90,000,000	-	140,000,000
Term loans	4.45 - 7.00	9,730,515	5,989,513	5,118,725	20,838,753
Bankers' acceptance	4.40 - 4.74	56,506,000	-	-	56,506,000
Bank overdrafts	7.85 - 8.85	167,312	-	-	167,312
Revolving credit	5.55	3,000,000	-	-	3,000,000

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Interest rate profile (Cont'd)

Company	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.48	30,000	-	-	30,000
Financial liabilities					
Hire purchase payables	2.35 - 3.35	57,161	41,787	-	98,948
Finance lease payables	3.50	431,986	47,077	-	479,063
ICP/IMTN	3.85 - 4.75	30,000,000	70,000,000	-	100,000,000
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.35	30,000	-	-	30,000
Financial liabilities					
Hire purchase payables	2.35 - 3.35	58,756	107,181	-	165,937
Finance lease payables	3.50	566,053	350,919	-	916,972
ICP/IMTN	3.85 - 4.45	50,000,000	90,000,000	-	140,000,000

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 July 2016, the Group and the Company have not entered into any hedging instruments arrangement to minimise its exposure to interest rate volatility.

Borrowings at floating rates amounting to RM120,337,448 (2015: RM80,512,065) of the Group is exposed to cash flow interest rate risk whilst borrowings of the Group and the Company at fixed rate amounting to RM104,901,461 and RM100,578,011 (2015: RM146,093,950 and RM141,082,909) respectively are exposed to the fair value interest rate risk.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonable possible change in interest rate of the floating rate borrowings, with all other variables held constant on the Group's profit for the financial year.

	Change in interest rate	Profit for the year RM
Group		
31 July 2016	+ 1%	914,565
	- 1%	(914,565)
31 July 2015	+ 1%	611,892
	- 1%	(611,892)

(iv) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

Sensitivity analysis for foreign currency risk

The directors believe that the impact of foreign currency fluctuation will not significantly affect the profitability of the Company. As such, sensitivity analysis is not presented.

(v) Market Price Risk

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a results of changes in market prices.

The Group is exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management and Objectives (Cont'd)

(v) Market Price Risk (Cont'd)

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity to a reasonable change in gold price, with all other variables held constant on the Group's profit for the financial year.

	Change in gold price	Profit for the year RM
Group		
31 July 2016	+ 5%	13,892,089
	- 5%	(13,892,089)
31 July 2015	+ 5%	12,609,097
	- 5%	(12,609,097)

35. 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 statement of financial position.

2016 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM		
Financial assets								
Other investments	-	-	-	-	-	-	-	# 299,999
- Unquoted shares	-	-	-	-	-	-	-	# 228,000
- Transferable club memberships	-	-	-	-	-	-	-	527,999
Financial liabilities								
Term loans	-	-	-	-	27,451,859	-	27,451,859	27,451,859
ICP/IMTN	-	-	-	-	100,000,000	-	100,000,000	100,000,000
Hire purchase payables	-	-	-	-	-	1,416,226	1,416,226	1,311,034
Finance lease payables	-	-	-	-	-	3,667,003	3,667,003	3,590,427
	-	-	-	-	127,451,859	5,083,229	132,535,088	132,353,320

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair Values of Measurements (Cont'd)

2015 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Financial assets								
Other investments								
- Unquoted shares	-	-	-	-	-	-	#	299,999
- Transferable club memberships	-	-	-	-	-	-	#	228,000
	-	-	-	-	-	-	-	527,999
Financial liabilities								
Term Loans	-	-	-	-	20,838,753	-	20,838,753	20,838,753
ICP/IMTN	-	-	-	-	90,000,000	-	90,000,000	90,000,000
Hire purchase payables	-	-	-	-	-	4,043,772	4,043,772	2,236,784
Finance lease payables	-	-	-	-	-	3,924,530	3,924,530	3,857,166
	-	-	-	-	110,838,753	7,968,302	118,807,055	116,932,703

The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the unquoted shares.

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair Values of Measurements (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
2016								
Company								
Financial liabilities								
ICP/IMTN	-	-	-	-	100,000,000	-	100,000,000	100,000,000
Hire purchase payables	-	-	-	-	-	108,002	108,002	98,948
Finance lease payables	-	-	-	-	-	488,259	488,259	479,063
	-	-	-	-	100,000,000	596,261	100,596,261	100,578,011
2015								
ICP/IMTN	-	-	-	-	90,000,000	-	90,000,000	90,000,000
Hire purchase payables	-	-	-	-	-	182,937	182,937	165,937
Finance lease payables	-	-	-	-	-	924,995	924,995	916,972
	-	-	-	-	90,000,000	1,107,932	91,107,932	91,082,909

35. 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.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group's and the Company's strategy in capital management remains unchanged for 31 July 2016 and 31 July 2015.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiaries may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company are required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

36. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, finance lease payables, bank overdrafts, other borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company respectively as at 31 July 2016 and 31 July 2015, are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total net debts	194,583,084	188,351,142	97,477,859	138,690,293
Total capital plus net debts	660,589,945	647,454,859	319,001,701	363,272,832
Gearing ratio	0.29	0.29	0.31	0.38

The Group is also required to maintain a maximum debt to tangible net worth ratio of 0.9 times and a minimum finance service cover ratio of 2.5 times to comply with a bank covenant, failing which, the bank may call an event of default. This externally imposed capital requirement has been complied with for the financial years ended 31 July 2016 and 31 July 2015.

Supplementary Information on the Disclosure of Realised *and Unrealised Profits Or Losses*

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 July 2016 are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits of the Company and its subsidiaries				
- realised	377,209,904	369,701,522	10,377,085	14,863,225
- unrealised	(3,200,208)	(5,115,308)	5,970,881	4,543,438
	374,009,696	364,586,214	16,347,966	19,406,663
Less: Consolidation adjustments	(138,900,951)	(136,380,613)	-	-
Total retained profits	235,108,745	228,205,601	16,347,966	19,406,663

The determination of realised and unrealised profits is based on Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement by *Directors*

(Pursuant to Section 169(15) of the Companies Act, 1965)

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 86 to 174 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 175 has been prepared in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directors of Bursa Malaysia Securities Berhad.

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

DATO' CHOON YEE SEIONG

Director

Petaling Jaya

Date: 20 October 2016

CHEONG TECK CHONG

Director

Statutory *Declaration*

(Pursuant to Section 169(16) of Companies Act, 1965)

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 86 to 174, and the supplementary information set out on page 175 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KOH SZE HAW

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in State of Selangor Darul Ehsan on 20 October 2016.

Before me,

Commissioner for Oaths

S.AROKIADASS A.M.N

Independent *Auditors' Report*

to the Members of Poh Kong Holdings Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Poh Kong Holdings Berhad, which comprise the statements of financial position as at 31 July 2016 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 a summary of significant accounting policies and other explanatory information, as set out on pages 86 to 174.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of the financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

Independent *Auditors' Report*

to the Members of Poh Kong Holdings Berhad (Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements (Cont'd)

- (c) Other than the subsidiaries without the auditors' reports as disclosed in Note 6 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 175 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng

No. AF 0117
Chartered Accountants

Dato' Lock Peng Kuan

No. 02819/10/18 J
Chartered Accountant

Kuala Lumpur

20 October 2016

Analysis of *Shareholdings*

as at 24 October 2016

Authorised Share Capital	:	RM500,000,000
Paid-up & Issued Share Capital	:	RM205,175,876
Class of Share	:	Ordinary Share of RM0.50 each
Voting Right	:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 24 OCTOBER 2016

Size of shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 - 999	326	10.93	61,624	0.02
1000 - 10,000	1,541	51.66	8,287,816	2.02
10,001 - 100,000	965	32.35	30,653,648	7.47
100,001 - 20,517,586(*)	149	4.99	106,139,778	25.87
20,517,587 and above (**)	2	0.07	265,208,886	64.63
Total	2,983	100.00	410,351,752	100.00

Remark : * - Less than 5% of issued holdings

** - 5% and above of issued holdings

30 LARGEST SHAREHOLDERS AS AT 24 OCTOBER 2016

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
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)	26,000,000	6.34
3	Dato' Choon Yee Seiong	11,512,746	2.81
4	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (STA 1)	9,530,000	2.32
5	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	9,207,500	2.24
6	CIMB Group Nominees (Asing) Sdn Bhd Exempt an for DBS Bank Ltd (SFS)	8,383,100	2.04
7	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 14)	6,091,700	1.48
8	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Susy Ding (471873)	4,751,200	1.16
9	Choon Nee Siew	4,706,742	1.15
10	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (s) Pte Ltd for Lim Mee Hwa	2,750,000	0.67
11	Seah Tin Kim	2,408,700	0.59
12	Choon Wan Joo	2,320,080	0.57
13	Hon Wee Fong	2,079,666	0.51

Analysis of
Shareholdings
as at 24 October 2016

30 LARGEST SHAREHOLDERS AS AT 24 OCTOBER 2016 (CONT'D)

No.	Name	No. of Ordinary Shares of RM0.50 each	% of Shares
14	HLIB Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Lam Lai Cheng	2,060,000	0.50
15	Cheong Teck Chong	1,960,328	0.48
16	Lee Guan Huat	1,924,400	0.47
17	Haw Yoo Hoon	1,588,800	0.39
18	HSBC Nominees (Asing) Sdn Bhd Exempt an for Bank Julius Baer & Co. Ltd. (Singapore BCH)	1,520,000	0.37
19	M & A Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choon Yoke Ying (M&A)	1,390,000	0.34
20	CIMSEC Nominees (Asing) Sdn Bhd Exempt an for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	1,110,000	0.27
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tay Hock Soon (MY1055)	882,300	0.22
22	Tan Ai Guat	768,000	0.19
23	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for Yeoman Capital Management Pte Ltd (Client 1 PTSL)	750,000	0.18
24	Maybank Nominees (Tempatan) Sdn Bhd Ng Wei King	680,000	0.17
25	Siow Der Ming	616,118	0.15
26	Linda Chuo Siik Ing	600,000	0.15
27	Wong Sing Wah	597,800	0.15
28	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Loy Huat	500,000	0.12
29	Kee Cheng Teik	500,000	0.12
30	Soon Chong Boon	500,000	0.12
Total		346,898,066	84.54

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 24 OCTOBER 2016

	← Direct →		← Indirect →	
	No. of shares	%	No. of Shares	%
Poh Kong Sdn. Bhd.	239,208,886	58.29	-	-
Dato' Choon Yee Seiong	11,600,246	2.82	250,937,528 ⁽¹⁾	61.16
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽²⁾	58.43
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽³⁾	61.32
Choon Nee Siew	4,706,742	1.15	255,071,072 ⁽⁴⁾	62.15
Dato' Choon Yoke Ying	1,395,072	0.34	258,632,998 ⁽⁵⁾	63.02
Choon Wan Joo	2,320,080	0.57	258,029,012 ⁽⁵⁾	62.87
Choon Yee Bin	400,030	0.10	259,504,534 ⁽⁶⁾	63.23
Mohd Annuar Choon Bin Abdullah	100,030	0.02	259,661,034 ⁽⁶⁾	63.28
Estate of Choon Yee Fook	82	0.00	259,732,982 ⁽⁷⁾	63.29
Choon Ching Yih	1,896	0.00	259,731,168 ⁽⁸⁾	63.29
Choong Bee Chu	-	0.00	259,757,566 ⁽⁹⁾	63.30
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,482,814 ⁽¹⁰⁾	58.85
Cheong Poh See	37,750	0.01	246,196,556 ⁽¹¹⁾	60.00
Cheong Chee Kong	7,000	0.00	246,227,306 ⁽¹¹⁾	60.00
Cheong Chee Khoon	-	-	246,234,306 ⁽¹¹⁾	60.01
Choon King Han	265,000	0.07	253,348,842 ⁽¹²⁾	61.73
Elizabeth Choon Ee Ling	230,000	0.06	253,383,842 ⁽¹²⁾	61.74
Choon Ee Teng	230,000	0.06	253,383,842 ⁽¹²⁾	61.74
Pang Cheow Mooi	413,000	0.10	241,482,814 ⁽¹³⁾	58.85
Chang Kwong Him	295,006	0.07	240,603,958 ⁽¹³⁾	58.63
Siow Der Ming	616,118	0.15	242,145,084 ⁽¹³⁾	59.01
Lim Mee Hwa	2,750,000	0.67	27,200,000 ⁽¹⁴⁾	6.63
Yeo Seng Chong	-	-	29,950,000 ⁽¹⁵⁾	7.30
Yeoman Capital Management Pte Ltd	450,000	0.11	26,750,000 ⁽¹⁶⁾	6.52
Yeoman 3-Rights Value Asia Fund	26,000,000	6.34	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd	-	-	26,750,000	6.52

Notes:-

1. Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A and 134(12)(c) of the Companies Act, 1965 ("the Act").
2. Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 134(12)(c) the Act.
3. Deemed interested by virtue of the substantial shareholding of her siblings, spouse, and children's shareholding in PKHB and her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
4. Deemed interested by virtue of the substantial shareholding of her siblings and children's shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
5. Deemed interested by virtue of the shareholding of her spouse, siblings and her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act
6. Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act
7. Deemed interested by virtue of the shareholding of his siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act
8. Deemed interested by virtue of the shareholding of her siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
9. Deemed interested by virtue of the shareholding of her siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.
10. Deemed interested by virtue of her brother's direct shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.

Analysis of
Shareholdings
as at 24 October 2016

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 24 OCTOBER 2016 (CONT'D)

Notes (Cont'd):

- | | |
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| <p>11. Deemed interested by virtue of the shareholding of his/her siblings and parent's substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>12. Deemed interested by virtue of the shareholding of his/her parent's substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>13. Deemed interested by virtue of his/her spouse's direct shareholding in PKHB, and his/her shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>14. Deemed interested by virtue of her shares held in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd and</p> | <p>HDM Nominees (Asing) Sdn Bhd, and her 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Section 6A(4) of the Act.</p> <p>15. Deemed interested by virtue of his shares held in DB (Malaysia) Nominee (Asing) Sdn Bhd, CIMSEC Nominees (Asing) Sdn Bhd and HDM Nominees (Asing) Sdn Bhd, and his 50% shareholding in Yeoman Capital Management Pte Ltd pursuant to Section 6A(4) of the Act.</p> <p>16. Deemed interested by virtue of its shares held in CIMSEC Nominees (Asing) Sdn Bhd; and shares held by its clients in DB (Malaysia) Nominee (Asing) Sdn Bhd pursuant to Section 64A(4) of the Act. Yeoman Capital Management Pte Ltd is the investment manager of its clients, including Yeoman 3-Rights Value Asia Fund.</p> |
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DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 24 OCTOBER 2016

	← Direct →		← Indirect →	
	No. of shares	%	No. of Shares	%
Dato' Choon Yee Seiong	11,600,246	2.82	250,937,528 ⁽¹⁾	61.16
Cheong Teck Chong	2,273,928	0.55	239,769,648 ⁽²⁾	58.43
Choon Nee Siew	4,706,742	1.15	255,071,072 ⁽³⁾	62.15
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 ⁽⁴⁾	61.32
Choon Yee Bin	400,030	0.10	259,504,534 ⁽⁵⁾	63.23
Dato' Dr. Choong Tuck Yew	217,500	0.05	155,000 ⁽⁶⁾	0.04
Choon Wan Joo	2,320,080	0.57	258,029,102 ⁽⁷⁾	62.87
Dato' Choon Yoke Ying	1,395,072	0.34	258,632,998 ⁽⁷⁾	63.02
Fazrin Azwar Bin Md. Nor	35,000	0.00	-	-
Datin Yue Shou How, Shirley	-	-	-	-
Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	-	-	-

Notes:-

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| <p>1. Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>2. Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 134(12)(c) the Act.</p> <p>3. Deemed interested by virtue of the substantial shareholding of her siblings, spouse, and children's shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> | <p>4. Deemed interested by virtue of the substantial shareholding of her siblings, spouse and children's shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>5. Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> <p>6. Deemed interested by virtue of the shareholding of his spouse's direct shareholding in PKHB.</p> <p>7. Deemed interested by virtue of the substantial shareholding of her spouse, siblings in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A and 134(12)(c) of the Act.</p> |
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LIST OF *Properties*

held by The Group as at 31 July 2016

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 District of Kuala Lumpur Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 44 years	2,307,745	27.12.94
No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan							
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	4 - storey shopoffice	Leasehold (Expiring in 2094)	Shophouse	174.1875 square metres	Approximately 44 years	4,345,500	5.1.95
No.20, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan							
G-23 & G-25 Ground Floor, Amcorp Mall 46050 Petaling Jaya Selangor Darul Ehsan	Commercial shoplot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq ft	18 years	2,479,467	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 G28: 452 sq ft	19 years	1,222,000	4.2.03
H.S.(D) 153914, PT10 Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan	4 - storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 44 years	3,494,400	14.8.09
No.10, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan							
No.3, Jalan OZ 17 Ozana Impian Bukit Katil 75450 Melaka	Double storey house	Leasehold (Expiring in 2094)	Residential	143 square metres	Approximately 16 years	239,000	25.8.14

List of Properties

held by The Group as at 31 July 2016

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 39 years	4,571,154	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 39 years	4,582,954	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	15.5 years	16,628,000	1.9.95
Lot 1, Jalan Astaka US/81 Seksyen U8 40150 Shah Alam, Selangor							
PT 3867, HS(M) 10549 Mukim of Sungai Buluh District of Petaling Selangor Darul Ehsan	Agricultural land with a detached building	Leasehold (Expiring in 2070)	Residential	0.6146 hectare	27 years	2,582,555	15.8.97
No.276, Jalan 4D Kampung Baru Subang Shah Alam, Selangor							
POH KONG JEWELLERS (KLANG) SDN BHD							
PT 71, HS(D) 38993 Mukim Kapar District of Klang Selangor Darul Ehsan	Double storey bungalow	Leasehold (Expiring in 2088)	Residential	1,649.4395 square metres	N/A	1,880,000	30.7.02
No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan							

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD							
LG-48, Lower Ground Floor The Summit, Subang USJ 47600 Subang Jaya Selangor Darul Ehsan	Commercial shoplot	Freehold	Shopping Complex Lot	51.19 square metres	19 years	846,000	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shop lot	Freehold	Shopping Complex Lot	100 square metres	23 years	484,940	30.8.94
G-14, Ground Floor Mahkota Parade Jalan Merdeka 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	83.98 square metres	24 years	1,880,000	3.3.99
G-29, Ground Floor Mahkota Parade Jalan Taman 75000 Melaka	Commercial shoplot	Leasehold (Expiring in 2090)	Shopping Complex Lot	103.96 square metres	24 years	2,105,600	13.3.99
Parcel No. GF119 and GF120 Ground Floor Queensbay Shopping Mall	Commercial shoplot	Leasehold (Expiring in 2095)	Shopping Complex Lot	GF119: 565 sq ft GF120: 565 sq ft	10 years	2,256,000	10.6.96
Lot 27 and G28 Ground Floor Kuatan Parade Jalan Haji, Abdul Rahman 25000 Kuantan	Commercial shoplot-pending completion of acquisition	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 18 years	1,974,000	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 32 years	3,102,000	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	Condominium	Leasehold (Expiring in 2090)	Residential	108.41 square metres	16 years	178,600	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	100 square metres	19 years	300,800	21.11.94
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 24 years	109,356	15.8.97
302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka							

List of Properties

held by The Group as at 31 July 2016

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (cont'd)							
PT 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 44 years	3,974,211	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 44 years	3,739,211	17.2.89
No.18, Jalan 52/4 46200 Petaling Jaya Selangor							
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey 2 house	Freehold	Residential	154 square metres	Approximately 16 years	214,600	12.11.09
Lot 11, HS(D) 164904 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan	An intermediate unit of single- storey terrace house	Leasehold (Expiring in 2068)	Residential	153.285 square metres	Approximately 44 years	424,493	22.9.92
No.11, Jalan 14/15 (Jln Dato Jamil Rais) Seksyen 14 46100 Petaling Jaya Selangor Darul Ehsan							
PT 16955, HS(M) 9168 Mukim of Damansara District of Petaling Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Leasehold (Expiring in 2095)	Residential	160 square metres	Approximately 21 years	670,910	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	163.5 square metres	Approximately 31 years	741,900	10.6.95
No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan							

List of Properties

held by The Group as at 31 July 2016

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	24 years	202,100	15.7.97
No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor							
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	22 years	347,800	27.3.00
No.33-A-17-5, 17th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	106.65 square metres	22 years	366,600	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	12,959 square feet	2 years	6,697,578	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	5 years	792,000	9.9.15

Notice of *Annual General Meeting*

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of **POH KONG HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 9 January 2017 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS

- | | |
|---|--|
| 1) To receive the Audited Financial Statements for the year ended 31 July 2016 together with the Reports of the Directors and Auditors thereon. | Please refer to Note B on the Agenda
Resolution 1 |
| 2) To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2016. | Resolution 2 |
| 3) To approve the payment of the Directors' Fees for the year ended 31 July 2016. | Resolution 3 |
| 4) To re-elect the following Directors retiring under Article 80 of the Articles of Association of the Company: | Resolution 4 |
| a) Madam Choon Nee Siew | Resolution 5 |
| b) Encik Fazrin Azwar Bin Md. Nor | |
| c) Mr. Choon Yee Bin | |
| 5) To re-elect the following Directors retiring under Article 85 of the Articles of Association of the Company: | Resolution 6 |
| a) Dato' Choon Yoke Ying | Resolution 7 |
| b) Madam Choon Wan Joo | |
| 6) To re-appoint Dato' Dr Choong Tuck Yew who retires in accordance with Section 129(6) of the Companies Act, 1965. | Resolution 8 |
| 7) To re-appoint Messrs. Baker Tilly Monteiro Heng as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 9 |

SPECIAL BUSINESS

- 8) To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

8.1 Authority for Dato' Dr Choong Tuck Yew to Continue In Office as Independent Non-Executive Director Resolution 10

"THAT authority be and is hereby given to Dato' Dr Choong Tuck Yew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012.

8.2 Authority for Encik Fazrin Azwar Bin Md Nor to Continue In Office as Independent Non-Executive Director

Resolution 11

“**THAT** subject to the approval of Resolution 4 above, authority be and is hereby given to Encik Fazrin Azwar Bin Md Nor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysia Code on Corporate Governance 2012.”

ANY OTHER BUSINESS

9. To transact any other business of the Company for which due notice shall have been given in accordance with the Company’s Article of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2016 will be payable on 9 March 2017 to Depositors registered in the Record of Depositors at the close of business on 16 February 2017.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred to the Depositor’s Securities Account before 4:00 pm on 16 February 2017 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 (LS0009297)

Company Secretary
Petaling Jaya

21 November 2016

Notice of *Annual General Meeting*

Notes:-

A. APPOINTMENT OF PROXY

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

B. AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not forward for voting.

Explanatory Note on Ordinary Business of the Agenda

(a) Re-appointment of Director over 70 years of age

The proposed Ordinary Resolution No. 8 under item 6 of the Agenda is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Dato' Dr Choong Tuck Yew who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourth of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

Explanatory Notes on Special Business of the Agenda

Authority to continue to act as an Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012

a) Dato' Dr Choong Tuck Yew (Resolution 10)

Dato' Dr Choong Tuck Yew has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company.

b) Fazrin Azwar Bin Md Nor (Resolution 11)

Encik Fazrin Bin Md Nor has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board based on the review and recommendation made by the Nomination Committee, therefore, considers him to be independent and recommends that he should continue to act as an Independent Non-Executive Director of the Company, subject to the approval of Resolution 4 above.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 30 December 2016. Only a depositor whose name appears on the Record of Depositors as at 30 December 2016 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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POH KONG HOLDINGS BERHAD

(Company No.: 586139-K)
(Incorporated in Malaysia)

Form of *Proxy*

I/We _____
of _____
being a member/members of **POH KONG HOLDINGS BERHAD** hereby appoint * the Chairman of the meeting or _____
of _____
or failing whom _____
of _____

as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 9 January 2017 at 10.00 a.m. and at any adjournment thereof for/against * the resolution(s) to be proposed thereat.

*My/*our Proxy(ies) is/are to vote as indicated below:-

Resolutions	Ordinary Business	For	Against
1.	To declare a First and Final Single Tier Dividend of 1.00 sen per Ordinary Share of RM0.50 each in respect of the financial year ended 31 July 2016.		
2.	To approve the payment of Directors' fees for the financial year ended 31 July 2016.		
3.	To re-elect Madam Choon Nee Siew retiring under Article 80 of the Articles of Association.		
4.	To re-elect Encik Fazrin Azwar Bin Md. Nor retiring under Article 80 of the Articles of Association.		
5.	To re-elect Mr. Choon Yee Bin retiring under Article 80 of the Articles of Association.		
6.	To re-elect Dato' Choon Yoke Ying retiring under Article 85 of the Articles of Association.		
7.	To re-elect Madam Choon Wan Joo retiring under Article 85 of the Articles of Association.		
8.	To re-appoint Dato' Dr Choong Tuck Yew retiring in accordance with Section 129(2) of the Companies Act, 1965.		
9.	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolutions	Special Business		
10.	To authorise Dato' Dr Choong Tuck Yew to continue in office as Independent Non-Executive Director.		
11.	To authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent Non-Executive Director.		

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this _____ day of _____ 2016/2017

Number of shares held :

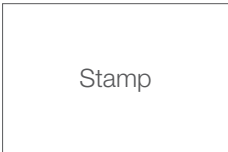
[Signature/Common Seal of Shareholder]

[* Delete if not applicable]

Notes:

1. A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company Secretary's Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resorts, 47410 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the member subsequently wish to do so.

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The Company Secretary

Poh Kong Holdings Berhad (586139-K)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan

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Kedai Rakyat



POH KONG®

HEADQUARTERS:

16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Tel: 603-7940 3333

Fax: 603-7957 2404

www.pohkong.com.my



- | | | |
|-------------------------|-------------------------|-----------------------------|
| 1 Alor Setar | 10 Sungai Buloh | 19 Nilai |
| 2 Sungai Petani | 11 Kuala Lumpur | 20 Seremban |
| 3 Bukit Mertajam | 12 Petaling Jaya | 21 Malacca |
| 4 Penang | 13 Klang | 22 Muar |
| 5 Taiping | 14 Shah Alam | 23 Batu Pahat |
| 6 Ipoh | 15 Kajang | 24 Johor Bahru |
| 7 Sri Manjung | 16 Bangi | 25 Kuantan |
| 8 Teluk Intan | 17 Putrajaya | 26 Genting Highlands |
| 9 Rawang | 18 Banting | 27 Kota Bharu |

DISTRIBUTION NETWORK

PETALING JAYA

- 19-23, Jalan SS2/55 Tel: 603-7874 7863
- Subang Parade Tel: 603-5635 1087
- 1 Utama Shopping Centre Tel: 603-7726 3868
- Sunway Pyramid Shopping Mall Tel: 603-7492 0972
- Da Men USJ Tel: 603-8011 6747
- Giant Hypermarket, Bandar Kinrara Tel: 603-8075 5349
- Giant Hypermarket, Kota Damansara Tel: 603-6142 2898
- Tropicana City Mall Tel: 603-7728 2191
- Paradigm Mall Tel: 603-7886 7475
- Jaya Shopping Centre Tel: 603-7931 8146
- Atria Shopping Gallery Tel: 603-7732 5442
- IOI Mall Puchong Tel: 603-8074 9875

KUALA LUMPUR

- AEON, Taman Maluri Tel: 603-9285 8566
- AEON Alpha Angle, Wangsa Maju Tel: 603-4142 1688
- AEON, Metro Prima Shopping Centre Tel: 603-6258 6088
- AEON Cheras Selatan Shopping Centre Tel: 603-9076 9781

- AEON, Tmn Equine Shopping Centre Tel: 603-8941 6204
- Sunway Putra Mall Tel: 603-4050 2017
- AEON, AU2 Shopping Centre Tel: 603-4257 4282
- AEON Big Kepong Tel: 603-6259 3809
- Kompleks Pernas Sogo Tel: 603-2698 5275
- Ampang Point Shopping Centre Tel: 603-4252 7375
- Pearl Point Shopping Mall Tel: 603-7981 3798
- Leisure Mall Tel: 603-9132 2417
- Spectrum Shopping Mall Tel: 603-4270 1039
- Parkson Grand, Selayang Mall Tel: 603-6136 7813
- Bangsar Shopping Centre Tel: 603-2093 3161
- The Mines Shopping Fair Tel: 603-8943 0759
- Mid Valley Megamall Tel: 603-2284 9636
- Plaza OUG, Old Klang Road Tel: 603-7981 7819
- Pavilion, Lot 1.40.00 Tel: 603-2141 9090
- Pandan Kapital Tel: 603-4297 5301
- AEON BIG, Wangsa Maju Tel: 603-4142 0259

PUTRAJAYA

- IOI City Mall Tel: 603-8940 6025

SHAH ALAM

- Alam Sentral Plaza Tel: 603-5518 6116
- Plaza Shah Alam Tel: 603-5510 4203
- AEON Shah Alam Tel: 603-5523 8370

KLANG

- AEON, Bukit Raja Shopping Centre Tel: 603-3342 8863
- Shaw Centre Point Tel: 603-3344 2488
- G07 - G09, Klang Parade Tel: 603-3344 1488

SUNGAI BULOH

- The Store Tel: 603-6157 6598

BANGI

- Bangi Utama Shopping Complex Tel: 603-8210 0500

KAJANG

- Plaza Metro Kajang Tel: 603-8734 7233
- The Store, Semenyih Sentral Tel: 603-8723 6571
- AEON Mahkota Cheras Shopping Centre Tel: 603-9074 9377

RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ Tel: 603-7492 0973
- AEON, Bukit Indah Shopping Centre, Lot G36, JB Tel: 607-236 9499
- AEON, Tebrau City Shopping Centre, Ground Floor, JB Tel : 607-353 6497

DIAMOND & GOLD

- 1 Utama Shopping Centre (Oval), PJ Tel: 603-7710 7260
- Mid Valley Mega Mall, KL Tel: 603-2282 8850
- Mahkota Parade, G14, Malacca Tel : 606-283 2470

- Tang's Genting First World, Pahang Tel: 603-6101 2485
- AEON, Bukit Tinggi, Klang Tel: 603-3326 2821
- AEON Station 18, Ipoh Tel: 605-322 3618
- AEON, Bandaraya Melaka Shopping Centre, Malacca Tel: 606-286 3120
- Tesco Ampang, KL Tel: 603-9282 5857
- Tesco Klang Tel: 603-3323 9021
- Tesco Puchong Tel: 603-8076 5952

GOLD BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ Tel: 603-7492 0973

ORO BIANCO

- AEON, Bukit Indah Shopping Centre, Lot G35, JB Tel: 607-236 9484

POH KONG GALLERY

- 16-20, Jalan 52/4 46200 Petaling Jaya Tel: 603-7940 3333
- Pavilion, Kuala Lumpur Tel: 603-2141 7919

BANTING

- The Store Tel: 603-3187 0543

RAWANG

- AEON Anggun Rawang Shopping Centre Tel: 603-6093 3098

IPOH

- The Store Tel: 605-253 6717
- AEON Kinta City Shopping Centre Tel: 605-547 0013
- AEON Klebang Tel: 605-291 9375
- AEON Big Midtown Tel: 605-281 3417

SRI MANJUNG

- AEON Sri Manjung Tel: 605-687 0866

TELUK INTAN

- The Store Tel: 605-621 6024

TAIPING

- AEON Mall Taiping Tel: 605-801 2460
- Taiping Mall Tel: 605-805 1430

NILAI

- Giant Superstore Tel: 606-799 1650

SEREMBAN

- The Store Seremban Tel: 606-762 4315
- Terminal One Tel: 606-762 7933
- AEON, Seremban 2 Tel: 606-601 5505
- Palm Mall Tel: 606-765 6192

BUKIT MERTAJAM

- AEON Mall Tel: 604-548 5980

PENANG

- Queensbay Mall Lot GF119 & GF120 Tel: 604-641 1560
- Mydin, Kompleks Bukit Jambul Tel: 606-641 3977

ALOR SETAR

- Alor Star Mall Tel: 604-772 5351
- AEON Big Alor Setar Tel: 604-735 0368
- Aman Central Tel: 604-731 3728

SUNGAI PETANI

- Aman Jaya Mall Tel: 604-440 0073

MALACCA

- AEON Shopping Centre Tel: 606-232 5188
- Mahkota Parade G29 Tel: 606-282 1922

KUANTAN

- East Coast Mall Tel: 609-560 9988
- Kuantan Parade Shopping Mall Tel: 609-513 6299

KELANTAN

- KB Mall, Kota Bharu Tel: 609-741 2166
- AEON KB Tel: 609-740 5667

MUAR

- Wetex Parade Tel: 606-951 7718

JOHOR BAHRU

- AEON, Taman Universiti Tel: 607-521 3482
- AEON, Permas Jaya Tel: 607-388 9958
- AEON, Tebrau City Shopping Centre Tel: 607-354 7691
- AEON, Bukit Indah Shopping Centre, Lot G37 Tel: 607-236 9033
- AEON Mall Kulajaya Tel: 607-660 6000

BATU PAHAT

- Batu Pahat Mall Tel: 607-433 1918



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