POH KONG®

POH KONG HOLDINGS BERHAD

200201018476 (586139-K)

Legacy

ANNUAL REPORT 2019

To Achieve Product and Service Excellence

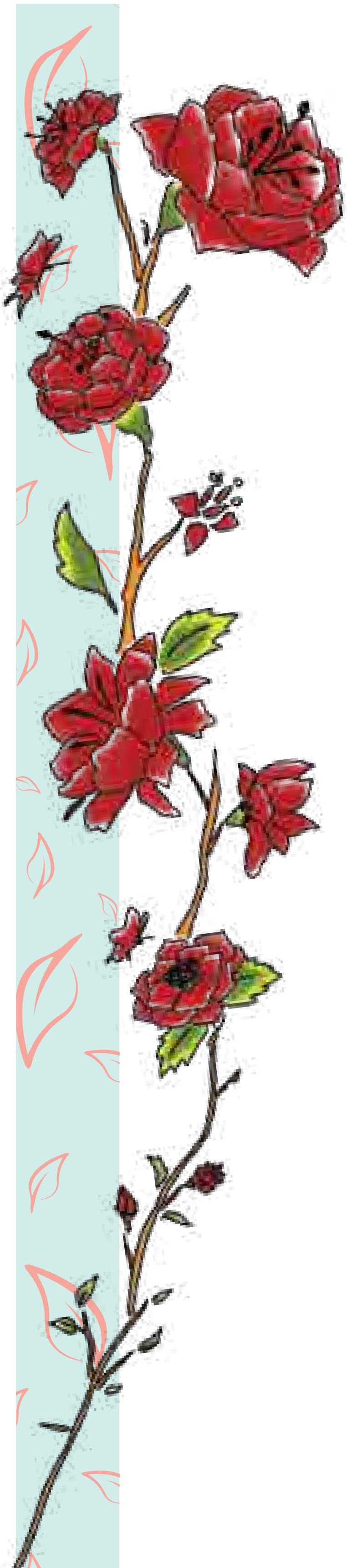
Cover Rationale

The POH KONG legacy grows and lives on after 43 years in Malaysia.

POH KONG the largest jewellery retail chain stores is proud to have contributed to memorable moments in the lives of Malaysians and has immersed our unique culture that is brought alive in line with the theme of "Legacy".

This year's Annual Report 2019 is to manifest the POH KONG brand celebrating many more years of special occasions in our country and people's multi-cultural diversity "Moments of Legacy" in creating value for our stakeholders.

Contents



Core Values

Passion
热诚专业

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

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

Original
创新求变

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

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

Honest
诚信可靠

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

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

Kind
真挚友善

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

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

Outshine
卓越顶尖

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

我们喜欢挑战不可能，因此总是不断寻找更好的机会，务求突破自我，超越目标。

Nurture
培育菁英

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

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

Glow
共创辉煌

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

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

Capturing
Memories

Memory is a way of reliving the special moments that tells our story with our loved ones.

Poh Kong jewellery creates and captures the moments of today that will warm our hearts tomorrow.

Poh Kong Disney's Jewellery includes Disney Baby, Disney Princess, Mickey Mouse & Friends, Mickey Magic and Winnie the Pooh, which would make a perfect gift for your loved ones.

Corporate Information

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Encik Fazrin Azwar Bin Md Nor, Chairman
Dato' Esther Tan Choon Hwa, Member
Dato' Choon Yee Seiong, Member
Mr Cheong Teck Chong, Member
Datin Shirley Yue Shou How, Member

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Datin Shirley Yue Shou How, Chairperson
Encik Fazrin Azwar Bin Md Nor, Member
Dato' Choon Yee Seiong, Member
Dato' Esther Tan Choon Hwa, Member

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

POH KONG

Website: www.pohkong.com.my

Facebook: www.facebook.com/pohkongjewellers

REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd
Unit 07-02, Level 7, Persoft Tower
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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 PLT
(Firm No. LLP0019411-LCA & AF0117)
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Bangsar South City
59200 Kuala Lumpur
Tel: 03-2297 1000
Fax: 03-2282 9980

SOLICITORS

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

PRINCIPAL BANKERS

CIMB Bank Berhad (13491-P)
17th Floor Menara CIMB
No.1, Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel: 03-2261 8888

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

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

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

SHARE REGISTRAR

Broadroom Share Registrars Sdn Bhd
(378993-D)
11th Floor, Menara Symphony
No.5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4700
Fax: 03-7890 4670

STOCK EXCHANGE LISTING

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

Corporate Structure

100%
POH KONG
POH KONG HOLDINGS BERHAD
200201018476 (586139-K)

- Poh Kong Jewellers (Franchise) S/B
- Poh Kong Jewellers (Jaya) S/B*
- Poh Kong Jewellers (Klang) S/B*
- Poh Kong Jewellers (Maluri) S/B*
- Poh Kong Jewellers (Shah Alam) S/B*
- Poh Kong Jewellers (SS2) S/B*
- Poh Kong Jewellers (The Mall) S/B*
- Poh Kong Jewellers (Wangsamaju) S/B*

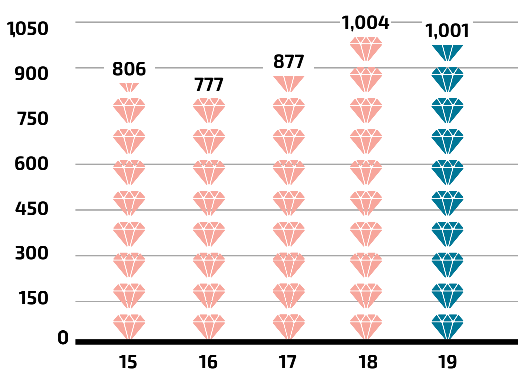
- PK Jewellery Export S/B
- Poh Kong Bullion S/B
- Poh Kong International S/B
- Poh Kong Jewellers S/B
- Poh Kong Jewellery Manufacturer S/B
- Poh Kong Properties S/B
- Poh Kong Wholesale S/B

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

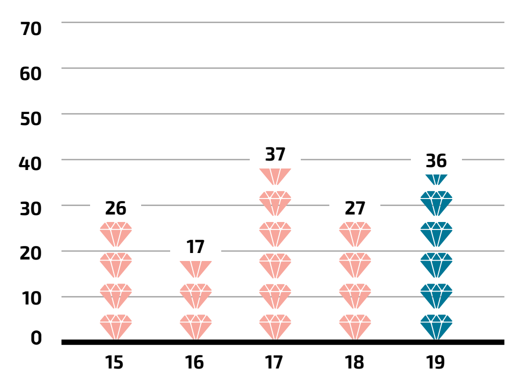
5-Year Group Financial Highlights

FYE 31 JULY (RM'000)	2015	2016	2017	2018	2019
Revenue	805,714	776,533	876,996	1,003,522	1,000,514
Profit before tax	26,131	17,480	37,485	26,885	36,450
Income tax expense	(11,647)	(6,473)	(7,957)	(3,484)	(11,176)
Profit for the financial year	14,484	11,007	29,528	23,401	25,274
Profit after tax attributable to owners of the Company (RM'000)	14,484	11,007	29,528	23,401	25,274
Total equity (RM'000)	454,775	461,678	504,045	523,343	550,716
Basic earnings per share (sen)	3.53	2.68	7.20	5.70	6.16
Net dividend per share (sen)	1.00	1.00	1.00	1.00	1.20
Gearing ratio	0.29	0.30	0.22	0.24	0.22

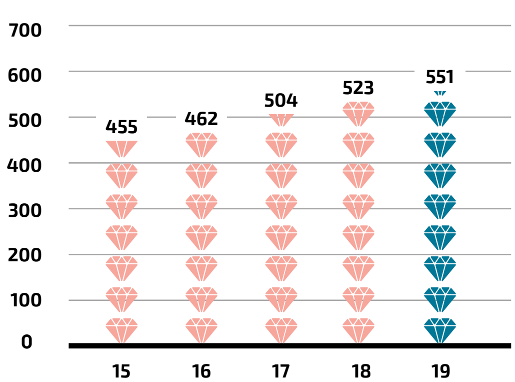
REVENUE
(RM' MILLION)



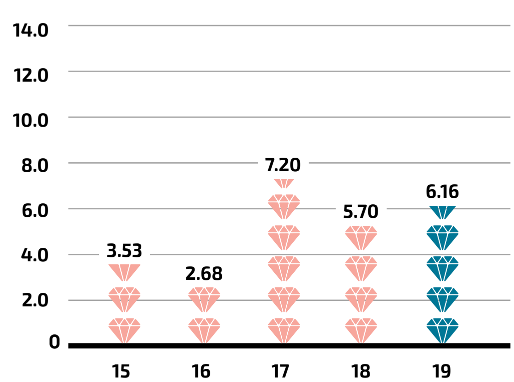
PROFIT BEFORE TAX
(RM' MILLION)



TOTAL EQUITY
(RM' MILLION)



BASIC EARNINGS PER SHARE
(SEN)



Corporate Milestones

After 43 *years,*

we look onwards to the future. The journey continues....

2019

- Poh Kong won the "Golden Globe Tiger Awards" 2019 in its digital marketing campaign of the year (organisational awards category) for the "Poh Kong Gold Note of Hope" initiative in raising RM1 million contributions towards Tabung Harapan last year.

- Poh Kong won the "MRCA Billion Dollar Club Awards" in recognition of its achievements in registering over a billion ringgit in sales turnover for FYE 2018 and FYE 2019.

- Poh Kong again won the honoree "Retailer of the Year" JNA Award for its contributions and excellent achievement in the jewellery industry in Asean, Japan & Korea.

2018

- Poh Kong won the "Outstanding Enterprise of the Year" and the honoree "Retailer of the Year" JNA Awards for its contributions and excellent achievement in the jewellery industry in Asean, Japan & Korea.

- Prime Minister Tun Dr Mahathir Mohamad launched Poh Kong's "Gold Note of Hope" at the Yayasan Kepimpinan Perdana in Putrajaya.

2017

- Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director, received the "Special Recognition Award 2016" from AEON for his dedication and contribution towards the AEON Group for all the past years.

- Grand prize winner Chloe Cheong, a young entrepreneur in the F&B industry, won a total of RM400,000 in jewellery and cash vouchers in the Poh Kong 40th Anniversary "Shop & Win Big" customers rewards campaign.

- Poh Kong held its 1st Warehouse Sale @ Atria Shopping Gallery, Damansara with over 1,000 jewellery items ranging from RM99 onwards.

2016

• Poh Kong launched its 40th Anniversary "Shop & Win Big" customers rewards campaign offering a total of RM4 million in prizes comprising jewellery and cash vouchers.

• Poh Kong was again named one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for three consecutive years.

• Poh Kong received the "Outstanding CSR Award" from the MRCA.

• Poh Kong was winner of the Malaysian Website Awards for July (e-commerce category) in recognition for its outstanding work in creating their website for jewellery gifts in Malaysia.

2015

• Poh Kong won the people's choice gold award in the "Putra Brand Awards 2015" in the Apparel and Accessories category, based on a nationwide annual survey of 6,000 consumers measured by brand preference.

• Poh Kong's in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia at a presentation ceremony held in conjunction with the Bangkok Gems & Jewellery Fair in Bangkok.

• Retail Asia Publishing magazine (June issue) listed Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies for the second year.

• Dato' Choon Yee Seiong, PKHB's Executive Chairman & Group Managing Director, was conferred "Outstanding Entrepreneur" in conjunction with the MRCA Crown Awards annual ceremony.

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.

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.

Corporate Milestones

Manufacturing plant in Shah Alam.

Poh Kong Corporate Headoffice in PJ NewTown.

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.

2011

- Poh Kong reached its 100th outlet in Peninsular 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.

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.

2007

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

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 Karamunsing, Kota Kinabalu in September as part of its retail expansion into East Malaysia.

2005

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

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.

2003 - 1993

- PKJ upgraded all outlets with fully computerised point-of-sales and inventory systems.
- PKJ was made the exclusive distributor of Disney characters in gold in Malaysia.
- PKJ designer team won a gold medal for the "Golden Design Awards 1996" organised by the World Gold Council Europe in Italy.
- PKJ listed in The Malaysia Book of Records as the Largest Jewellery Retail Chain Store.
- PKJ raised RM100,000 for the Nanyang Press Foundation for education and training of underprivileged youths, through a charity campaign launched in its 50 retail outlets nation-wide.
- 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.

1992 - 1982

- 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.

1976

... our early days

- 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 43 years ago by Dato' Eddie Choon, Poh Kong Holdings Berhad's (PKHB) Executive Chairman & Group Managing Director.

In-house Brands

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

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

In-house Brands

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

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

In-house Brands

HEMERA™

Most Brilliant. 101 Cut Diamond.

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

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

Significant Highlights

Corporate Event

ANNUAL GENERAL MEETING

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

Annual General Meeting.

Mass wedding at Thean Hou Temple, KL.

A couple posing at the photo booth.

Marketing Events

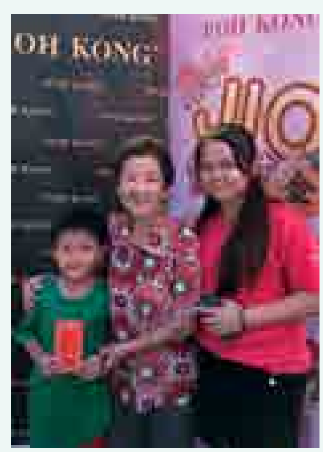
MASS WEDDINGS 9.9 EVENT

Poh Kong sponsored goodie bags, a photo booth and prizes on the ninth day of the ninth month (9 September) symbolising "Long-Lasting Love" when two batches of 99 couples each tied the knot at Thean Hou Temple, Kuala Lumpur and The Klang Hokkien Association respectively.

"CHAP GOH MEH" CELEBRATION

In conjunction with Chap Goh Meh where the tradition of tossing mandarin oranges is a popular activity among singles, Poh Kong sponsored stage games by setting up fortune pools at PJ Taman Jaya, Penang Esplanade and Ipoh Kwan Yin Tong Temple with attractive prizes offered to participants.

Participants waiting in line to try their luck at a fortune pool.



Lucky winners with their ang pau prize in the Chap Goh Meh promotion.

Multi-cultural diversity, mutual respect and unity, forms part of the video scene.

"3 JIWA 1 RASA" TO CELEBRATE NATIONAL & MALAYSIA DAY

Poh Kong collaborated with Mingguan Wanita magazine "3 Jiwa 1 Rasa" in a heart-warming video that portrays the harmony of three multi-racial friends and their common interests which bring them together through food and gold jewellery despite their differences.

New Products

KARYA ANGGUN COLLECTION

Poh Kong has introduced a new Anggun Collection comprising an elegant gold clasp charm bracelet in designs that include the iconic wau bulan, bullock cart and a leaf, and earrings and designs that represent local delicacies, such as icing cookies and some local kuih-muih.

The new Karya Anggun Collection.

DISNEY "MICKEY GO MALAYSIA" COLLECTION

Poh Kong has launched the latest Disney "Mickey Go Malaysia" Collection which comprises of creative designs inspired by traditional Malaysian batik, tin can with Manglish (Malaysian English) message containing local slang.

Disney "Mickey Go Malaysia" Collection.

Significant Highlights

Awards & Recognition

POH KONG WINS HONOREE "RETAILER OF THE YEAR" JNA AWARD 2019

Poh Kong has been awarded for two successive years the honoree "Retailer of the Year" JNA Award 2019, one of the world's most prestigious award programme in the jewellery and gemstone industry in Asia.

"Retailer of the Year" JNA Award.


"The Golden Tigers Award" trophy and certificate.

POH KONG EARNS GOLDEN GLOBE TIGERS AWARD 2019

Poh Kong won the Golden Globe Tigers Award 2019 for "Excellence & Leadership in Branding & Marketing" category with the Company's integrated marketing effort to promote the Group's Gold Note of Hope that created a spike in traffic to social media and retail outlets.

MRCA BILLION RINGGIT AWARD 2019

Poh Kong was presented the MRCA Billion Ringgit Award 2019 by the Malaysia Retailer Chain Association (MRCA) in recognition of their achievements in registering revenue of over a billion ringgit by sales volume for FYE 2018 and FYE 2019 respectively.

"MRCA Billion Dollar Club Award" trophy and plaque.

Roadshows & Events

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

Events include the KL/PJ Wedding Fair for couples, Maybank Premier treat to showcase Poh Kong Gallery's luxury collections for loyal cardholders, exhibition of Happy Love and Anggun Collections in Mahkota Parade, Malacca and AEON Bukit Indah, JB respectively, as well as for families during Chinese New Year and Hari Raya festive fairs at Mid Valley, KL.

Maybank Premier guests viewing gold and gemstones.

PJ Wedding Fair – couples making informed choices at Poh Kong counters.

Love is in the air. An aerial view of the set-up for romance couples at AEON Bukit Indah Shopping Centre, JB.

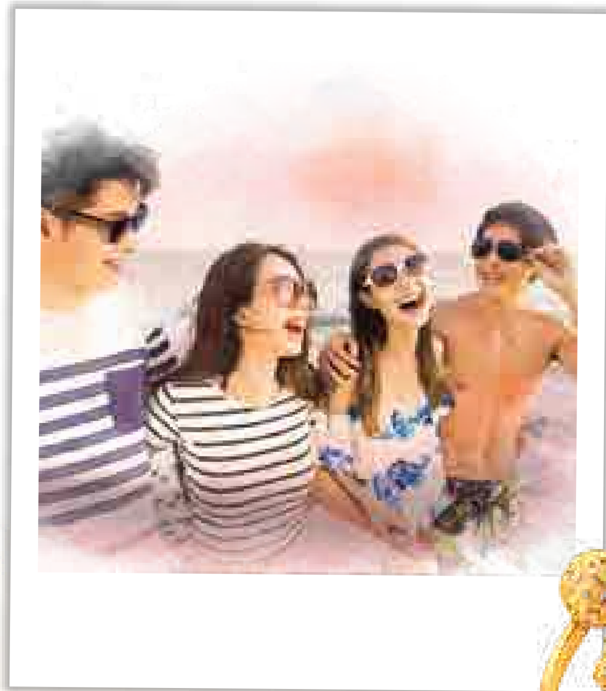
CNY Fair at Mid Valley, KL

Hari Raya Fair at Mid Valley, KL.

Model at Maybank Premier fashion show.

Life is Magnificent

Jewellery is like a biography.
A story that tells the many chapters of our life.
Poh Kong jewellery amplify our lives to be magnificent.



Her First Diamond, Her First Delight.
There is a first time for everything and there is none as special and magical as owning your very first diamond. Poh Kong's D'first® Diamond.

Tranz®, the first designer gold jewellery in 22K gold, is inspired by design to bring out the spirit of self-expression and independence of the contemporary, inspires the wearer with a renewed determination of optimism, confidence and vitality.

Board of Directors

DATO' CHOON YEE SEIONG
Executive Chairman &
Group Managing Director

MR CHEONG TECK CHONG
Executive Director

MADAM CHOON NEE SIEW
Executive Director

MR CHOON YEE BIN
Executive Director

DATIN HON WEE FONG
Executive Director

ENCIK FAZRIN AZWAR BIN MD NOR
Senior Independent
Non-Executive Director

DATIN SHIRLEY YUE SHOU HOW
Independent
Non-Executive Director

DATO' ESTHER TAN CHOON HWA
Independent
Non-Executive Director

Profile of Board of Directors

DATO' CHOON YEE SEIONG

Executive Chairman & Group Managing Director

... Discipline sincerity, loyalty, prudence and intelligence ...

Dato' Choon Yee Seiong, age 65 years, a Malaysian, was appointed to the Board of Directors of Poh Kong Holdings Berhad (PKHB) as Executive Chairman and Group Managing Director on 13 January 2004. A visionary and a leader, Dato' Choon was a co-founder of Poh Kong Jewellers Sdn Bhd (PKJ) in 1976 when at 22 years, he started a modest jewellery store in Petaling Jaya. He has since headed the Poh Kong Group which has evolved into the largest jewellery retail chain store in Malaysia with 94 outlets nationwide. He holds several directorships in the companies within the Group. He is the Chairman of the Executive Committee and also serves as a Member of the Risk Management Committee and Remuneration Committee

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

He has been a first-mover in the acquisition of brands and companies, the successful development of a portfolio of international and speciality brands, and pioneering retail concept stores. He was mainly responsible in developing sole distributorship for world-renowned international jewellery brands, such as the Disney Collection, Schoeffel luxury pearls from Germany, Luca Carati and Moraglione diamonds and coloured gems jewellery from Italy. In 2013, the exclusive brand Hemera, the world's most brilliant 101 cut diamond, was successfully launched and in 2018, unveiled D'first Diamond Collection, a unique and affordable range of jewellery.

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 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 the award to Poh Kong as one of Malaysia's Top 10 Retailers in the Asia-Pacific Top 500 retail companies ranking by Retail Asia Publishing and Euromonitor International. Poh Kong has won this award three times from 2014 to 2016.

In 2015, Poh Kong won the gold award in the prestigious Putra Brand Awards in the Apparel and Accessories category, while its in-house brand Anggun won the "Creative ASEAN Jewellery Design Award" for Malaysia. The MRCA honoured Dato' Choon's leadership in 2015 by conferring him the "Outstanding Entrepreneur" in the MRCA Crown Awards category at its annual anniversary celebrations and in 2016 the "Visionary Retailer Award," as well as "Exemplary Top Retailer Award." He also received the "Special Recognition Award 2016" from AEON Group for his dedication and contribution towards the Group for many years. In 2018, he was credited with double honours in the JNA Awards for "Outstanding Enterprise of the Year" and "Retailer of the Year" in the Asian region for contributions towards the jewellery and gemstone industry. He initiated the Prime Minister Tun Dr Mahathir Mohamad launch of Poh Kong's "Gold Note of Hope" held at the Yayasan Kepimpinan Negara in Putrajaya in 2018. In 2019, this initiative won a CSR (Corporate Social Responsibility) award for raising RM1 million contributions towards the Government's fiscal deficit fund. He also received the "MRCA Billion Ringgit Recognition Award" for Poh Kong's achievement in registering over a billion ringgit in sales turnover for FYE 2018 and FYE 2019 and was conferred the "MRCA Iconic Founder Award" on the association 27th anniversary this year.

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 the former president of the goldsmith and jewellers associations in the country.

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

Profile of Board of Directors

MR CHEONG TECK CHONG

Executive Director

Mr Cheong Teck Chong, age 70 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004.

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

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

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

MADAM CHOON NEE SIEW

Executive Director

Madam Choon Nee Siew, age 64 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.

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

DATIN HON WEE FONG

Executive Director

Datin Hon Wee Fong, age 59 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 11 April 2014.

Datin Hon has 39 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 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. Her son Mr Choon King Han and daughters, Ms Elizabeth Choon Ee Ling and Ms Choon Ee Teng are also shareholders of the Company.

MR CHOON YEE BIN

Executive Director

Mr Choon Yee Bin, age 51 years, a Malaysian, was appointed to the Board of Directors of PKHB as Executive Director on 15 March 2012. He also holds directorships in other companies within the Group.

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

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

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

Profile of Board of Directors

ENCIK FAZRIN AZWAR BIN MD NOR

Senior Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, age 53 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.

He was appointed Senior Independent Non-Executive Director of PKHB in 2019. 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 position of an Independent Non-Executive Chairman in Mercury Industries Berhad. He is also an Independent Non-Executive Director of Tong Herr Resources Berhad and Benalec Holdings Berhad.

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

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

DATIN SHIRLEY YUE SHOU HOW

Independent Non-Executive Director

Datin Shirley Yue Shou How, age 70 years, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

She has 28 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 Lynonnaise Securities (Asia) Ltd from 1993 to 1998 and was an Investment Banker of Soloman Smith Barney, and Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager of Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

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

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

DATO' ESTHER TAN CHOON HWA

Independent Non-Executive Director

Dato' Esther Tan Choon Hwa, age 69 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 is also a Tax Director of GEP Tax Services Sdn Bhd and was previously a Finance Director of a manufacturing company before setting up the practice. Currently, she also manages the AGN Asia Pacific region as one of the four Directors.

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

Profile of Key Senior Management

ENCIK MOHD ANNUAR CHOON BIN ABDULLAH

Key Senior Management of Group (Director of Subsidiaries)

Encik Mohd Annuar Choon Bin Abdullah, age 61 years, a Malaysian was appointed to the Board of Directors of PKHB as Executive Director on 13 January 2004 and served in the same capacity until 2007.

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

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

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

MR CHANG KWONG HIM

Key Senior Management of Group (Director of Subsidiaries)

Mr Chang Kwong Him, age 69 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. He is a Member of the Executive Committee of PKHB.

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.

He 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 sister-in-law of Datin Hon Wee Fong who are also shareholders.

MR SIOW DER MING

Key Senior Management of Group (Director of Subsidiaries)

Mr Siow Der Ming, age 62 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 a Member of the Executive Committee of PKHB.

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.

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

Profile of Key Senior Management

DATO' CHOON YOKE YING

Key Senior Management of Group (Director of Subsidiaries)

Dato' Choon Yoke Ying, age 62 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 and from 2016 to 2018.

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

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

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

MADAM CHOON WAN JOO

Key Senior Management of Group (Director of Subsidiaries)

Madam Choon Wan Joo, age 58 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 and from 2016 to 2018.

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

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

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

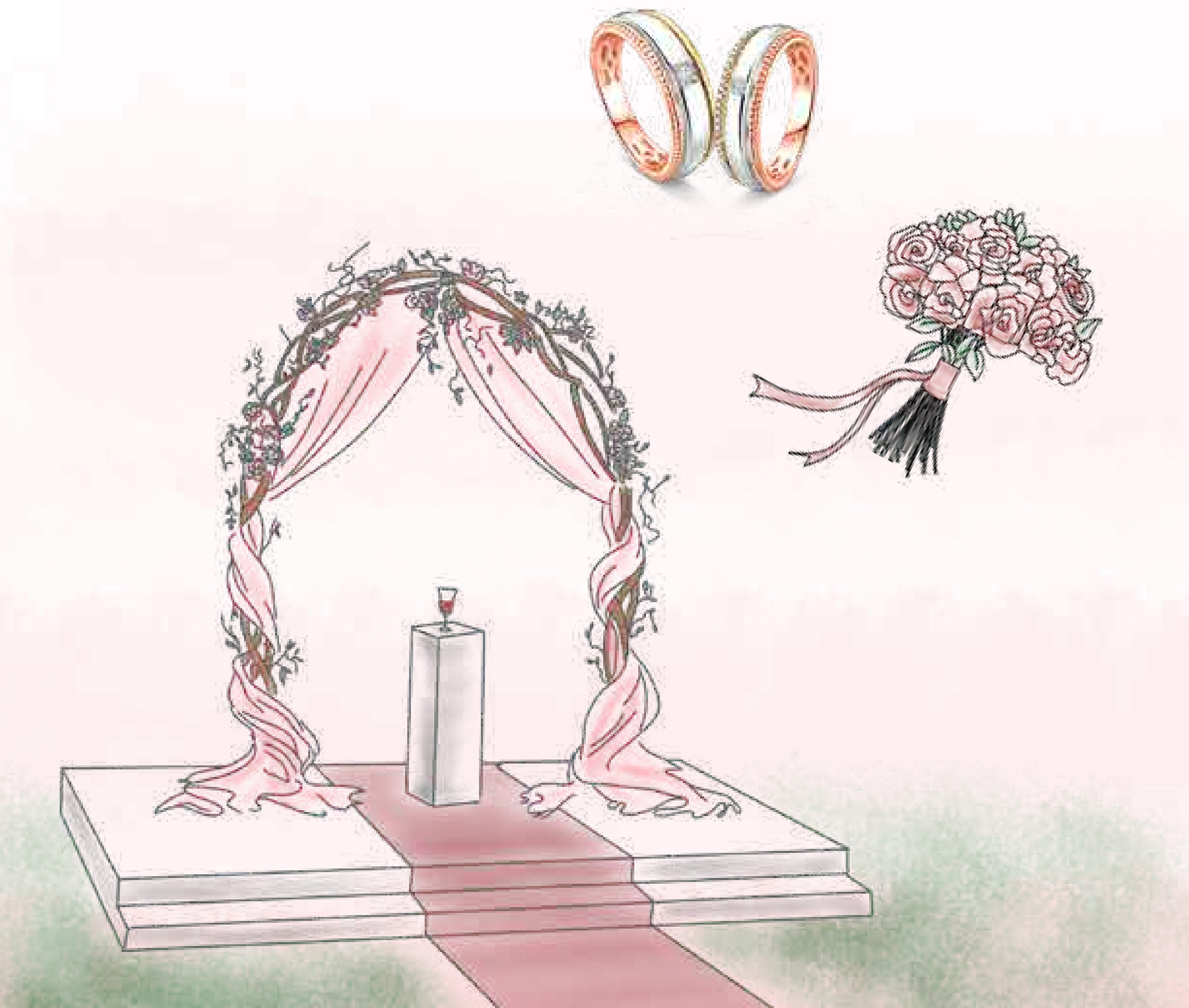
She is a Director of several other companies within the Group and also a member of Executive Committee of the Group.

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

Save as disclosed above, none of the Directors and Key Senior Management of Group has:
• any family relationship with any Directors and/or major shareholders of the Company.
• any conflict of interest with the Company.
• any conviction for offences within the past 10 years, other than traffic offences, if any.

A Perfect
Match

Faith makes all things possible,
love makes all things easy,
Poh Kong jewellery makes a perfect match.



The Love Collection boasts a wide ensemble of exquisite wedding bands and couple rings. Some are made from white gold, yellow gold, rose gold and platinum, and adorned with dazzling diamonds. Jewellery in this collection includes Romantica, Aventura and One Aventura.

Happy Love Collection signifies fate, the philosophy of Eastern culture that unites two mortals who are meant to be together, from their first encounter, to falling in love, to getting engaged, and finally spending their endearing lives together. This collection boasts elegant gold jewellery imbued with Oriental touches that speak of rich tradition, as well as Western elements for a touch of modernity.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of Poh Kong Holdings Berhad ("PKHB" or "the Company" or "Poh Kong"), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its Subsidiaries ("the Group") for the financial year ended 31 July 2019 ("FYE 2019").

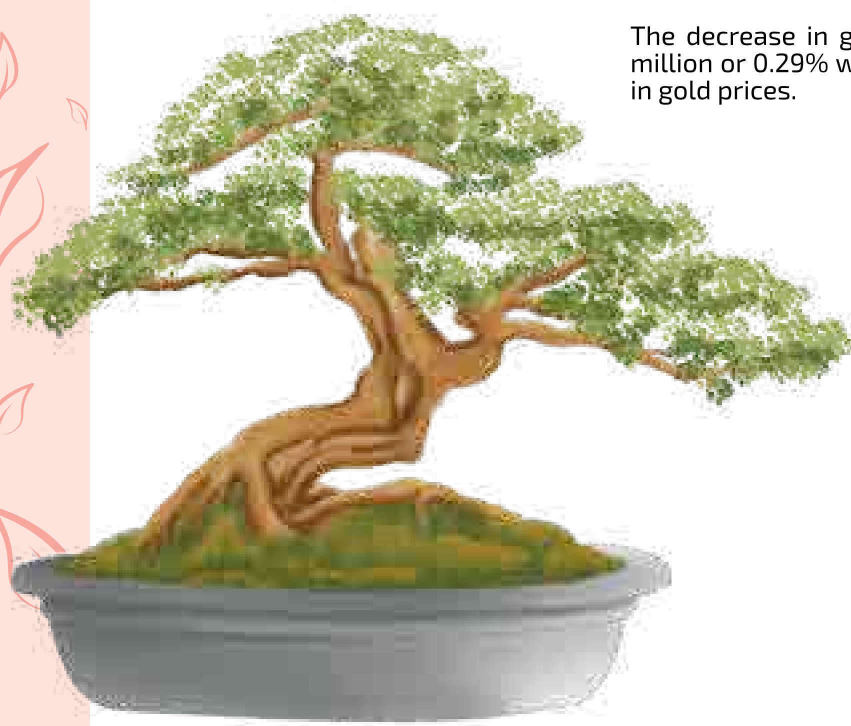
During the year under review, our retailing and manufacturing business segments' performances were affected by a challenging operating environment, despite a growth in profits.

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

GROUP FINANCIAL PERFORMANCE

The Group registered a sales revenue of RM1.000 billion for FYE 2019 as compared to RM1.003 billion in FYE 2018.

The decrease in group revenue of slightly over RM3.00 million or 0.29% was attributed mainly to the fluctuation in gold prices.



Profit before tax recorded RM36.45 million in FYE 2019 compared to RM26.88 million in the preceding year. This was higher by RM9.57 million or 35.60%.

Profit for the financial year was RM25.27 million for FYE 2019 compared to RM23.40 million in FYE 2018, representing an increase of RM1.87 million or 7.99%.

The volatility of gold prices has been the major factor affecting the Group's profit margin during the financial year.

The Group's net assets stood at RM550.72 million over the previous year of RM523.34 million.

GROUP FINANCIAL REVIEW

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

GROUP FINANCIAL STATUS

The Group's Sukuk (Islamic bond) has been fully paid down and measures are in place to reduce our gearing and borrowing.

In addition, we have been actively looking at cheaper financial means and resources to reduce the cost of funding and at the same time, reduce the risk of operations, and enhance efficiency to achieve better profit margins.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's MD&A are covered separately on pages 44 to 61 in this Annual Report.

SUSTAINABILITY STATEMENT

The Group's Sustainability Statement is set out in a report on pages 62 to 71 in this Annual Report.

EARNINGS PER SHARE

The basic earnings per share for FYE 2019 stands at 6.16 sen (FYE 2018: 5.70 sen).

DIVIDEND

The Board of Directors recommend a First and Final Single-Tier Dividend of 1.20 sen per ordinary share in respect of FYE 2019 for shareholders' approval at the forthcoming Annual General Meeting. (FYE 2018 : 1.00 sen First and Final Single-Tier Dividend per ordinary share).

The Group's Dividend Policy is detailed separately on page 60 in this Annual Report.

BUSINESS PROSPECTS

Malaysia's GDP is forecast to grow by 4.7% in 2019 and at 4.8% in 2020 in spite of a year of global uncertainties. Growth is projected to be moderate supported by domestic demand comparable to previous years despite strong headwinds and rising challenges.

Poh Kong is optimistic that Malaysia's economic growth will improve progressively although retail spending remain soft due to higher living expense and weak market sentiment.

The Group is otimistic that the demand for gold related products will remain resilient and global uncertainties has caused many consumers to change their investment portfolio from equities to gold.

Gold prices have increased from an average year low of USD1,199.98 (Nov 9) per ounce in 2018 to a high of USD1,552.00 (Nov 8) per ounce in 2019 according to www.kitco.com over a one year period.

To mitigate the fluctuation of gold prices, Poh Kong has put in place effective cost control initiatives, improved stock turn, accurate and timely analysis to enable the management to make good business decisions and constant monitoring on expenses to reduce overheads.

Barring unforeseen circumstances, the Board of Directors is confident of the Group's meeting the challenges ahead for FYE 2020.

ACKNOWLEDGEMENTS

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

I also like to record my deepest appreciation to Dato' Dr Choong Tuck Yew, Senior Independent Non-Executive Director, Dato' Choon Yoke Ying, Executive Director, and Madam Choon Wan Joo, Executive Director, for their invaluable contributions and to my Board of Directors, the Management Team and Staff for their hard work and commitment in ensuring greater success for the Group.

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Petaling Jaya
19 November 2019

RM36.45 million	RM550.72 million	RM1.000 billion
PROFIT BEFORE TAX	NET ASSETS	REVENUE

Penyata Pengerusi

Pemegang-pemegang Saham Yang Dihormati,

Bagi pihak Lembaga Pengarah ("Lembaga") Poh Kong Holdings Berhad ("PKHB" atau "Syarikat" atau "Poh Kong"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat dan Anak-anak Syarikatnya ("Kumpulan") bagi tahun kewangan berakhir 31 Julai 2019 ("TK 2019").

Dalam tahun di bawah kajian, prestasi segmen perniagaan runcit dan pengilangan telah terjejas disebabkan oleh persekitaran operasi yang mencabar, di sebalik peningkatan dalam keuntungan.

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

PRESTASI KEWANGAN KUMPULAN

Kumpulan mencatat hasil jualan sebanyak RM1.000 bilion bagi TK 2019 berbanding dengan RM1.003 bilion pada TK 2018.

Penurunan dalam hasil kumpulan sebanyak RM3.00 juta atau 0.29% adalah disebabkan terutamanya oleh naik turun dalam harga emas.

Keuntungan sebelum cukai merekod sebanyak RM36.45 juta pada TK 2019 berbanding dengan RM26.88 juta pada tahun sebelumnya. Ini adalah peningkatan sebanyak RM9.57 juta atau 35.60%.

Keuntungan bagi tahun kewangan adalah sebanyak RM25.27 juta bagi TK 2019 berbanding dengan RM23.40 juta pada TK 2018, mewakili peningkatan sebanyak RM1.87 juta atau 7.99%.

Kemeruapan harga emas telah menjadi faktor utama yang mempengaruhi margin keuntungan Kumpulan dalam tahun kewangan.

Aset bersih Kumpulan berjumlah RM550.72 juta berbanding dengan tahun sebelumnya sebanyak RM523.34 juta.

ULASAN KEWANGAN KUMPULAN

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

STATUS KEWANGAN KUMPULAN

Sukuk Kumpulan (bon Islam) telah dibayar sepenuhnya dan langkah-langkah telah diambil untuk mengurangkan penggearan dan pinjaman kami.

Selain itu, kami telah secara aktif mencari cara dan sumber kewangan yang lebih murah untuk mengurangkan kos pembiayaan dan pada masa yang sama, mengurangkan risiko operasi, dan meningkatkan kecekapan untuk mencapai margin keuntungan yang lebih baik.

PERBINCANGAN DAN ANALISIS PENGURUSAN (MD&A)

MD&A Kumpulan diliputi secara berasingan pada muka surat 44 hingga 61 dalam Laporan Tahunan ini.

PENYATA KELASTARIAN

Penyata Kelastarian Kumpulan dinyatakan dalam laporan pada muak surat 62 hingga 71 dalam Laporan Tahunan ini.

PEROLEHAN SETIAP SAHAM

Perolehan asas setiap saham bagi TK 2019 berada pada 6.16 sen (TK 2018: 5.70 sen).

DIVIDEN

Lembaga Pengarah mengesyorkan Dividen Satu-Tier Pertama dan Akhir sebanyak 1.20 sen setiap saham biasa berhubung dengan TK 2019 bagi kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan akan datang. (TK 2018 : 1.00 sen dividen satu-tier setiap saham biasa).

Polisi Dividen Kumpulan diperincikan secara berasingan pada muka surat 60 dalam Laporan Tahunan ini.

PROSPEK PERNIAGAAN

Keluaran Dalam Negara Kasar (KDNK) Malaysia diramalkan berkembang sebanyak 4.7% pada 2019 dan pada 4.8% pada 2020 di sebalik satu tahun ketidaktentuan global.

Pertumbuhan diunjurkan sederhana disokong oleh permintaan dalam negeri setanding dengan tahun-tahun sebelumnya di sebalik tekanan yang kuat dan cabaran yang semakin meningkat.

Poh Kong optimistik bahawa pertumbuhan ekonomi Malaysia akan bertambah secara progresif walaupun perbelanjaan runcit kekal lemah berikutan perbelanjaan hidup yang lebih tinggi dan sentimen pasaran yang lemah.

Kumpulan adalah positif bahawa permintaan bagi produk berkaitan emas akan kekal bertahan dan ketidaktentuan global telah menyebabkan ramai pengguna menukar portfolio pelaburan mereka dari ekuiti kepada emas.

Harga emas telah meningkat daripada purata rendah bagi tahun sebanyak USD1,199.98 (9 November) setiap auns pada 2018 kepada harga tinggi sebanyak USD1,552.00 (8 November) setiap auns pada 2019 mengikut www.kitco.com sepanjang tempoh satu tahun.

Untuk mengurangkan naik turun harga emas, Poh Kong telah melaksanakan inisiatif kawalan kos yang berkesan, pusing ganti stok yang lebih baik, analisis tepat dan cekap untuk membolehkan pengurusan membuat keputusan perniagaan yang baik dan pengawasan berterusan ke atas perbelanjaan untuk mengurangkan overhed.

Dalam ketiadaan keadaan-keadaan di luar jangkaan, Lembaga Pengarah yakin bahawa Kumpulan dapat menghadapi cabaran-cabaran mendatang bagi TK 2020.

PENGIKTIRAFAN

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

Saya juga ingin merakamkan setinggi penghargaan saya kepada Dato' Dr Choong Tuck Yew, Pengarah Bukan Eksekutif Kanan Bebas, Dato' Choon Yoke Ying, Pengarah Eksekutif dan Puan Choon Wan Joo, Pengarah Eksekutif, atas sumbangan mereka yang amat ternilai dan kepada Lembaga Pengarah saya, Pasukan Pengurusan dan Kakitangan bagi kerja keras dan komitmen mereka untuk memastikan kejayaan yang lebih besar bagi Kumpulan.

Dato' Choon Yee Seiong
Pengerusi Eksekutif & Pengarah Urusan Kumpulan

Petaling Jaya
19 November 2019

主席报告

致尊敬的股东，

我谨代表宝光控股有限公司("PKHB" 或 "本公司" 或“宝光”)董事会("董事会")欣然提呈本公司及各子公司("本集团") 截至 2019 年 7 月 31 日之财政年("2019 财政年")的年度报告和已审计财务报告。

在受检讨的年度，尽管盈利取得增长，本公司零售和制造领域的表现却受到具挑战性运营环境影响。

本集团已确认当今的市场状况，并将继续检讨，调整和巩固其经营战略以应对来年的各项挑战。

集团财务表现

本集团在 2019 财政年取得RM10 亿的销售营业额，相较于截至 2018 之财政年的RM10 亿零 3 百万。

集团的营业额稍微降低超过RM3百万或0.29%，主要是因为金价波动。

2019财政年的扣税前盈利为RM3千6百45万，相较于前一年的RM2千6百88万。这意味着增长了RM9百57万或35.60%。

2019财政年的盈利是RM2千5百27万，相较于2018财政年的RM2 千 3 百 40 万，相等于增长了RM1百87万或7.99%。

金价波动是影响本集团在本财政年度之利润的主要因素 。

集团财务检讨

进一步的本集团财务运营检讨已列于本年度报告的管理层讨论及分析("MD&A")章 。

集团财务状况

本集团的Sukuk (回教债券) 已全数偿付，并已制定措施以降低本公司的资产负债率和借贷。

此外，我们向来积极寻觅较廉宜的财务管道和资源，以降低融资成本，同时降低运营风险，并提高效率以追求更高的利润。

管理层讨论及分析

本集团的管理层讨论及分析章已分别列于本年度报告的第44至61页。

永续性声明

本集团的永续性声明已列于本年度报告的第62至71页。

每股收益

2019 财政年的基本每股收益是 6.16 分(2018 财政年: 5.70 分)。

股息

董事会建议在 2019 财政年派发每一普通股1.20分的首期和终期单层次股息，并须在即将举行的股东年度大会上获得股东通过。(2018 财政年: 每一普通股 1 分的单层次股息)。

本集团的股息政策已分别详列于本年度报告的第60页。

业务展望

尽管经历一整年的全球不确定状况，马来西亚的国内生产总值(GDP)成长率预测分别是2019年4.7%和2020年4.8%。

相较于往年，在国内需求的支撑下，成长率预料将保持适中，尽管面对强劲的逆风和日益严峻的挑战。

宝光对马来西亚的经济成长将逐渐改善感到乐观，尽管零售开销因为生活开销增加和市场购兴低迷而保持疲软。

本集团正面看待和认为黄金相关产品的需求将保持具有弹性，而全球的不确定性已导致许多消费者将他们的投资组合从股票转移至黄金。

根据www.kitco.com，在一年期间，金价已从2018年的每安士1199.98美元年平均低点(11月9日)涨高到2019年的每安士1,552.00美元高点(11月8日)。

为了缓解黄金价格波动的影响，宝光已采取有效的成本控制倡议，改善库存周转，准确和及时的分析，这使到管理层能够做出卓越的业务决策和持续监督开销以减少运营费用。

若无出现不可预见的情况，董事会有信心本集团可在2020财政年应对未来的挑战 。

鸣谢

我谨此衷心感谢本公司所有尊敬的股东，顾客，策略伙伴，融资机构，供应商，政府和监管当局继续给予本集团支持和援助。

我也衷心感激高级独立非执行董事Dato' Dr Choong Tuck Yew，执行董事Dato' Choon Yoke Ying，以及执行董事Madam Choon Wan Joo的宝贵贡献，并感谢诸位董事，管理层和员工们在确保本集团取得更大成就方面的努力付出和献身精神 。

拿督锺义翔
执行主席兼集团董事经理

2019年11月19日
于八打灵再也

Management Discussion and Analysis

With a strategy that answer the business challenges ahead...

Total Equity (RM Million)	Net Dividen Per Share (Sen)	Basic Earnings Per Share (Sen)
550	1.20	6.16
Sales Volume (RM Billion)	**Established since**	**Profit before tax**
OVER 1	1976	UP 35.6%

Total retail space of approximately

123,500 square feet

POH KONG GROUP FACT SHEET

NUMBER OF SHARES ISSUED
AS AT 31 OCTOBER 2019

410,351,752

SHARE CAPITAL
AS AT 31 OCTOBER 2019

RM205,175,876

THE GROUP HAS MORE THAN **1,200** EMPLOYEES

3 NEW OUTLETS OPENED IN 2019

94 OUTLETS ACROSS NINE STATES AND TERRITORIES

1.0 OVERVIEW OF GROUP'S OPERATIONS

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

The Company began operations in 1976 and was listed on Bursa Malaysia in 2004 with its head office in Petaling Jaya. A manufacturing facility in Shah Alam was set up in 2001.

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

The Group's manufacturing and retailing operations have earned the reputation as a leader in the jewellery industry in delivering its products and services. Poh Kong remains committed to excellence and building enduring relationships with its customers and stakeholders.

The Group has more than 1,200 employees and has recorded a growth in group revenue of just over RM1 billion in sales volume for FYE 2019.

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

1.1 POH KONG CORPORATE STRUCTURE

POH KONG HOLDINGS BERHAD (100%)

Retailing
- PKJ Sdn. Bhd. (94 retail outlets)
- PKB Sdn. Bhd.

Wholesale and Distribution
- PKW Sdn. Bhd.

Manufacturing
- PKJM Sdn. Bhd.
- PKJ Export Sdn. Bhd.

Property Investment
- Poh Kong Properties Sdn. Bhd.

Overseas Investment
- Poh Kong International Sdn. Bhd.

Franchise
- Poh Kong Jewellers (Franchise) Sdn. Bhd.

PKJ
Poh Kong Jewellers Sdn. Bhd.

PKB
Poh Kong Bullion Sdn. Bhd.

PKW
Poh Kong Wholesale Sdn. Bhd.

PKJM
Poh Kong Jewellery Manufacturer Sdn. Bhd.

PKJ Export
PK Jewellery Export Sdn. Bhd.

"GOLDEN GLOBE TIGER AWARDS" 2019 IN THE DIGITAL CAMPAIGN CATEGORY

SALES FROM ONLINE SHOPS HAVE GROWN MORE THAN
60%

THE RM28 MILLION MANUFACTURING PLANT AND OFFICES EQUIPPED WITH A MODERN TECHNOLOGY FACILITY.

Management Discussion and Analysis

2.0 SUSTAINABLE BUSINESS MODEL

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

The business operations are retailing and manufacturing segments respectively through Poh Kong Jewellers Sdn Bhd, Poh Kong Bullion Sdn Bhd and Poh Kong Jewellery Manufacturer Sdn Bhd.

The retail and manufacturing segments complement each other to meet market expectations and demands across a wide range of customers in terms of quality and their acceptability of products, brand experience and consumer preference.

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

3.0 BUSINESS OBJECTIVES & STRATEGIES

3.1 OPERATIONS OVERVIEW

Our primary objective is to continue as the market leader in gold jewellery which has been the major contributor to its revenue and to increase market share in the gemstones segment.

The Group's major strategies are to strengthen its leading position in retailing yellow gold jewellery by leveraging on its exclusive in-house brands to cater for different customer needs. Poh Kong also plans to grow market share in the diamond category to be the top brand in Malaysia.

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

3.1.1 ESTABLISHED REPUTATION AND MARKET LEADERSHIP

Poh Kong is an established and reputable market leader with 43 years of history and a nationwide retail footprint in Malaysia.

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

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

3.1.2 COMPREHENSIVE RANGE OF PRODUCTS

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

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

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

3.1.3 EXCLUSIVELY DESIGNED IN-HOUSE PRODUCTS

The manufacturing plant in Shah Alam supplies mainly gold jewellery to the Group and fabricates in-house products which are then distributed to retail outlets nationwide.

The competitive advantage of having in-house brands is that these range of products are only available at Poh Kong outlets, thereby providing consumers with exclusivity. These in-house brand collections are designed and made in high quality craftsmanship to cater for Malaysian consumer needs.

3.1.4 LARGEST JEWELLERY RETAIL CHAIN STORE

The Group has 94 outlets that include retail concept stores of Poh Kong, Poh Kong Gallery, Diamond & Gold, Diamond Boutique, Gold Boutique and Oro Bianco.

Poh Kong Gallery is targeted at high net-worth individuals and the niche market. Diamond Boutique targets diamond and gem jewellery lovers while Gold Boutique showcases the widest collections of our in-house jewellery brands for gold aficionados. Oro Bianco targets young adults whose preference are mainly white gold and silver jewellery.

Poh Kong and Diamond & Gold caters for the mass-market from all demographics.

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

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

Management Discussion and Analysis

3.0 BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

Poh Kong's key business successes can be attributed to the following (Cont'd):-

3.1.5 RETAIL STORES

Poh Kong aims to achieve profit efficiency through strategic expansion of its retail outlets and closing the non-performing outlets.

The Group also refreshes the retail store look for better shopping ambience from time to time. A portfolio of our retail stores, some of which were recently opened or re-opened after refurbishment are as follows:-

1. Poh Kong, Pearl Point, KL

2. Poh Kong, Sunway, KL

3. Poh Kong, IOI Mall Puchong

4. Diamond & Gold, Mid Valley, KL

5. Diamond & Gold, IOI (Kiosk), Puchong

3.1.6 UPGRADING AND EXPANSION

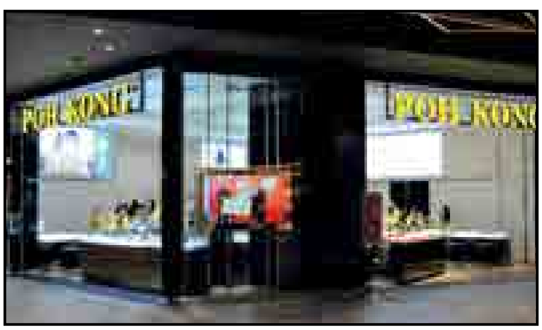
We have upgraded the following outlets during FYE2019 : Pearl Point, Sunway, IOI Mall Puchong, MV Diamond & Gold, The Store Sg Buloh, Tesco Ampang, Poh Kong Gallery Pavilion, KL and AEON Taman Maluri.

During the financial year, we opened (3) outlets namely IOI Puchong (Kiosk), AEON Mall, Nilai and Mid Valley Southkey Mall, Johor Bahru.

6. Poh Kong, AEON Nilai, NS

7. Poh Kong, The Store, Sungei Buloh, KL

8. Diamond & Gold, Tesco Ampang, KL



9. Poh Kong, Mid Valley Southkey Mall, Johor

10. Poh Kong Gallery, Pavilion, KL

11. Poh Kong, AEON Taman Maluri, KL

3.0 BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

Poh Kong's key business successes can be attributed to the following (Cont'd):-

3.1.7 POH KONG'S OUTLETS BY LOCATIONS

Locations	Number of Outlets
Selangor/ Kuala Lumpur	54
Johor	13
Malacca	4
Negeri Sembilan	5
Perak	8
Kedah	2
Pahang	3
Penang	3
Kelantan	2
Total	**94**

Poh Kong's retail concept stores nationwide occupy a total retail space of approximately 123,500 square feet. Retail outlets located within Kuala Lumpur and Selangor account for 57% of the total outlets and contribute 74% of the total revenue for FYE 2019.

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 position as the largest jewellery retail chain store in the country.

3.1.8 RETAILING: KEY REVENUE DRIVER & SERVING CUSTOMERS BETTER

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

Retail outlets serve customers from all walks of life and caters to various needs of different demographics by offering a comprehensive range of jewellery and exclusive designed products.

In FYE 2019, the Group's three new outlets contributed a total of RM8.40 million in revenue or 1% growth for the financial year.

In FYE 2020, it plans to open 1 to 2 stores with a capital expenditure of RM3 million to RM5 million each including inventories per store.

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

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

With all data analytics in place, the Company will be able to improve stock turn, learn of new trends in the marketplace and gain better consumer insights to make more informed decisions.

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

3.1.9 MARKETING AND BRANDING

Poh Kong's collections are extensively promoted. These include advertising and promotion activities, road shows and ground events to reinforce the Poh Kong brand name in the marketplace.

The Company's branding and product advertising unfold a compelling story to build meaningful connections with consumers through innovative campaigns. Various channels of traditional and digital media, with constantly refreshed advertising images are deployed.

3.1.10 DIGITAL MARKETING: ENGAGING WITH NEW GENERATION OF CUSTOMER

Poh Kong has constantly upgraded its website design and web tools to enhance consumer viewing experience and understanding of our brands and collections as the Company stays relevant to customer needs.

The Company is open to expansion opportunities in high potential e-commerce sites. For online shopping convenience, Poh Kong collections are available at Malaysia's top e-commerce sites namely Lazada, Shopee and Prestomall. Sales from online shops have grown more than 60% in its efforts to complement and merge the offline experience to online strategy and has been utilizing digital media campaigns to communicate with the new generation of customers.

Poh Kong Website ranks the best among its peers with the highest traffic (SimilarWeb & Alexa, from July-Sep 2019), providing great user experience on both desktop & mobile. Poh Kong is also actively engaging with consumers via social media channels. The Company has turned its sights on the digital sphere to broaden its reach and has grown its Facebook and Instagram followers.

Poh Kong has been utilizing digital media campaigns to communicate with the new generation of customers. We were honoured to receive the "Golden Globe Tiger Awards" 2019 in the digital campaign category in promoting Poh Kong's "Gold Note of Hope."

Management Discussion and Analysis

3.0 BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

Poh Kong's key business successes can be attributed to the following (Cont'd):-

3.1.11 GOLD BRANDS

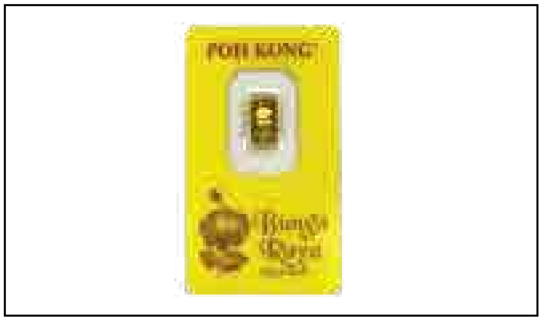
Poh Kong in-house gold jewellery brands are Tranz, Happy Love, The Art of Auspicious and Anggun, while investment products include Bunga Raya gold bars.

Tranz is the first designer gold jewellery brand for the contemporary urban men and women; Happy Love brand signifies fate with romantic themes imbued with oriental rich tradition and catered mainly for oriental wedding; the Art of Auspicious is a showcase of well-crafted masterpieces designed with fengshui elements whereas Anggun features modern elegant designs of Malaysia floral motifs, arts and culture.

The Company also has Miss Petite "cutie mixie" earrings that caters for kids and young adults.

Poh Kong is the licensee of the world renowned Disney brand. The Group has also launched the "Mickey Go Malaysia" collection and Frozen collection catering for the young.

Poh Kong also carries gold bars with iconic Bunga Raya motifs, ranging from 1 gram to 100 grams, at attractive prices to cater for various consumer segments.



Poh Kong 1 gram Bunga Raya gold bar

Poh Kong 100 grams Bunga Raya gold bar

In-house Tranz design gold jewellery

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

3.1.12 DIAMOND BRANDS

Poh Kong successfully launched the exclusive brand HEMERA most brilliant 101 cut diamond in 2013 and D'first Diamond, an affordable luxury with triple excellent cut in 2018 to meet the rising demand of quality diamonds and to fulfill consumers dreams of owning diamonds.

Hemera Diamond

D'first Diamond

Management Discussion and Analysis

3.0 BUSINESS OBJECTIVES & STRATEGIES (CONT'D)

3.1 OPERATIONS OVERVIEW (CONT'D)

Poh Kong's key business successes can be attributed to the following (Cont'd):-

3.1.13 INTERNATIONAL FINE JEWELLERY

Poh Kong carries international luxury brands, namely Schoeffel from Germany, Luca Carati and Moraglione 1922 from Italy, and many fine jewellery pieces from all over the world in its Poh Kong Gallery collection.

Luca Carati

Moraglione 1922

Schoeffel

3.1.14 MANUFACTURING PLANT

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

The RM28 million manufacturing plant and offices with a staff force of approximately 140 people, is equipped with a modern technology facility. This plant is home to designers and craftsmen who create new in-house designs and seasonal jewellery, including exclusive and mass products. Advanced IT systems and technologies are also continuously adopted to reduce labour intensive operations.

The Group has invested and constantly upgraded in new technology, and purchased new machinery to attain higher productivity and enhance the quality of its products. It is committed to the expansion and refurbishment of the manufacturing plant. An additional floor has been built to provide space for training and events.

Poh Kong Jewellery Manufacturer Sdn. Bhd. in Shah Alam constructed an additional floor to the building.

4.0 FINANCIAL REVIEW

The Group registered a revenue of RM1.000 billion for FYE 2019 as compared to RM1.003 billion in FYE 2018 by sales volume. The decrease in group revenue of RM3.00 million or 0.29 % was mainly attributed to the fluctuation in gold prices.

Profit before tax recorded RM36.45 million in FYE 2019 compared to RM26.88 million in the preceding year. This was higher by RM9.57 million or a 35.60%.

Profit for the financial year was RM25.27 million for FYE 2019 compared to RM23.40 million in FYE 2018, representing a rise of RM1.87 million or 7.99%.

The higher gold prices have been a boost for the Company's profit but a weaker Ringgit affected the Group's operating profits during the financial year.

4.1 FINANCIAL SUMMARY

5-Year Group Financial Highlights (2015 – 2019)

FYE 31 JULY (RM'000)	2015	2016	2017	2018	2019
Revenue	805,714	776,533	876,996	1,003,522	**1,000,514**
Profit before tax	26,131	17,480	37,485	26,885	**36,450**
Income tax expense	(11,647)	(6,473)	(7,957)	(3,484)	**(11,176)**
Profit for the financial year	14,484	11,007	29,528	23,402	**25,274**
Basic earnings per share (sen)	3.53	2.68	7.20	5.70	**6.16**

4.2 THE GROUP'S FINANCIAL PROFILE IS SUMMARISED BELOW:-

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

	2019	2018
Average number of ordinary shares in issue (million)	410.35	410.35
Profit attributable to owners of the Company (RM'million)	25.27	23.40
Basic earnings per share (sen)	6.16	5.70

The profit attributable to owners of the Company increased by RM1.87 milllion or 7.99%.

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

	2019	2018
EBITDA (RM' million)	54.39	47.56

The Group's EBITDA increased by RM6.83 million or 14.36% as compared to the previous financial year.

FINANCIAL POSITION

4.2.3 PROPERTY, PLANT AND EQUIPMENT (PPE)

	2019	2018
PPE (net carrying amount) (RM' million)	126.22	126.18

The Group's PPE increased by RM0.04 million or 0.03% as compared to the previous financial year.

4.2.4 CASH AND CASH EQUIVALENTS

	2019	2018
Cash and cash equivalents (RM' million)	28.01	33.06

The Group is in a healthy financial position with cash reserve of RM28.01 million. The cash reserve was also attributable to the consolidation of unprofitable stores and stringent inventories management.

4.2.5 GEARING

	2019	2018
Total net debts (RM' million)	156.17	165.03
Total capital plus net debts (RM' million)	706.88	688.38
Gearing ratio (times)	0.22	0.24

Its net debt level was decreased by RM8.86 million to RM156.17 million as at FYE 2019. The ICP/ IMTN has been fully settled in financial year 2019.

4.2.6 NET ASSETS PER SHARE

	2019	2018
Share capital (RM' million)	205.18	205.18
Retained profits (RM' million)	303.90	275.50
Revaluation reserve (RM' million)	41.63	42.67
Total Equity attributable to owners of the Company (RM' million)	550.71	523.35
Number of outstanding ordinary shares in issue (million)	410.35	410.35
Net assets per share attributable to owners of the Company (RM)	1.34	1.28

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

5.0 RISKS MANAGEMENT AND MITIGATION

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

5.1 BUSINESS & FINANCIAL RISKS

5.1.1 COMPETITION RISK

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

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

5.1.2 FLUCTUATIONS IN GOLD PRICE 2018-2019

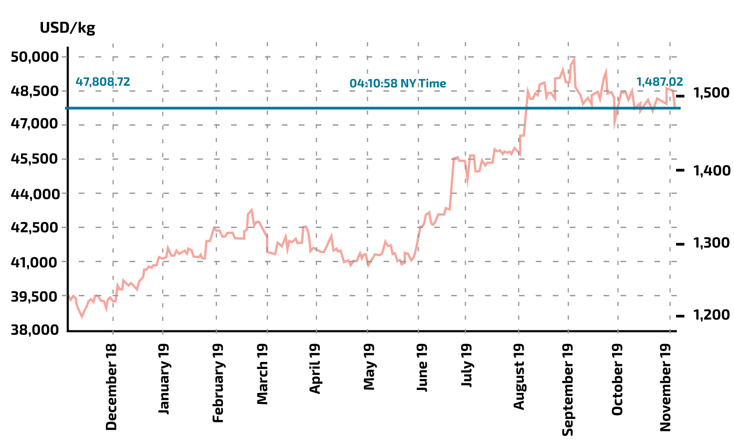


Chart shows the 1 year gold prices.

Management Discussion and Analysis

5.0 RISKS MANAGEMENT AND MITIGATION (CONT'D)

5.1 BUSINESS & FINANCIAL RISKS (CONT'D)

5.1.2 FLUCTUATIONS IN GOLD PRICE 2015-2019

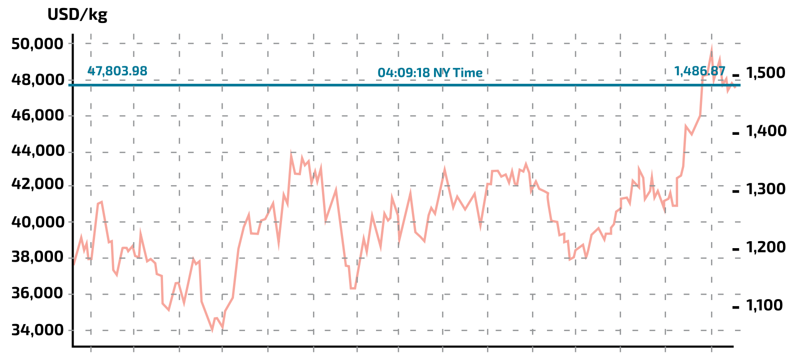


Chart shows the 5 years gold prices. **Source: www.kitco.com**

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

The changes in gold prices are passed on to the consumer at the point of purchase. In order to reduce the impact of gold price fluctuation on the margins, the Group exercises a natural hedge whereby it replenishes stocks as soon as they are sold.

5.1.3 FOREIGN EXCHANGE FLUCTUATION 2018-2019

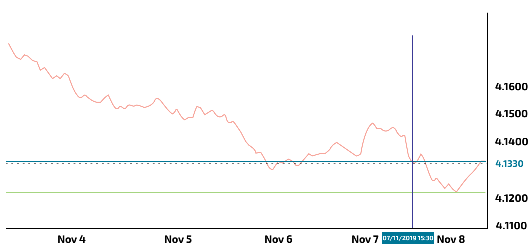


Chart shows foreign exchange for 1 year.

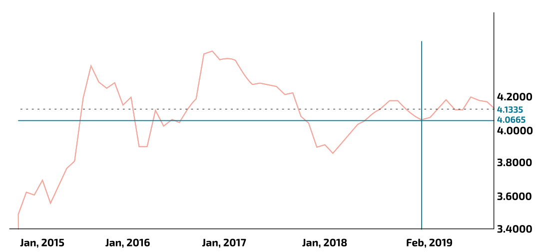


Chart shows foreign exchange for 5 years.

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

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

5.1.4 SECURITY RISK

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

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

The Company has invested in IT network security to strictly manage data processing and employees undergo training on data privacy in the processing of the customer personal data which can be considered as sensitive information under the Personal Data Protection Act, 2010 (PDPA).

We have engaged legal consultants in guiding us to formulate our human resources policy and conducted training on staff awareness of the Employment Handbook to protect both the Company and employee's interest.

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

5.1.5 POLITICAL, ECONOMIC AND REGULATORY CONSIDERATIONS

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

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

The AMLA (Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, 2001) compliance and other statutory compliances are regulatory changes that has been widely discussed in the public domain.

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

5.0 RISKS MANAGEMENT AND MITIGATION (CONT'D)

5.1 BUSINESS & FINANCIAL RISKS (CONT'D)

5.1.6 IT RISK

The Group has invested in IT infrastructure and system in both hardware and software to meet operational challenges in the business environment. Managing IT risks include updating anti-virus software and customer records, upgrading data servers, streamlining point-of-sales system for better customer experience and communication, updating accounting packages for efficient tracking of financials, updating human resources management systems ("HRM") and inventory system to streamline our supply chain management from ordering to replenishment of inventories and back-up servers to ensure accuracy of records in the event of disruptions to its network.

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

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

The Group manages its IT risk by regular change of passwords and constant checking and monitoring on the effectiveness of the backups system periodically.

5.1.7 REPUTATION RISK

Reputation risk is a threat or danger to the good name or standing of any business as a result of publicity that affects its image and reputation, reduce customer confidence in its products and patronage to its stores.

The Group places priority on reputational risk and has taken preventive action to guard against adverse effect or damage, data loss or failure, product recall or boycott, social media backlash, including crisis and issues management.

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

6.0 DIVIDEND POLICY

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

The Board of Directors has recommended a first and final single-tier dividend of 1.20 sen per ordinary share in respect of FYE 2019 for shareholders' approval at the forthcoming Annual General Meeting. (FYE 2018 : 1 sen single-tier dividend per ordinary share).

If approved, this would amount to a payout of RM4.92 million (FYE2018 : RM4.10 million) that will allow shareholders to participate in the profits or approximately 19% from the profit attributable to the owners of the Company.

6.1 DIVIDEND TRACK RECORD

Financial Year	Profit After Tax (PAT) (RM'million)	Category of Dividend	Dividend Distribution (RM'million)	% Dividend on Profit AfterTax(PAT)
2015	14.48	1.00 sen single-tier	4.10	28%
2016	11.01	1.00 sen single-tier	4.10	37%
2017	29.53	1.00 sen single-tier	4.10	14%
2018	23.40	1.00 sen single-tier	4.10	18%
2019	**25.27**	**1.20 sen single-tier**	**4.92**	**19%**

7.0 OUTLOOK & PROSPECTS

FORWARD LOOKING STATEMENT

Malaysia's economy remains robust with real GDP which is expected to grow by 4.7% in 2019 and 4.8% in 2020 despite global uncertainties.

Growth will be underpinned by domestic demand, particularly household spending.

Poh Kong is optimistic that Malaysia's economic growth will improve progressively although retail sentiments are soft due to higher cost-of-living and cautious consumer spending

We are confident the demand for gold related products will remain resilient in the long term. Gold price has been on the rise for several months and the volatility in global gold prices have increased the cost of stockholding as well as cost of sales. On the flip side, the escalating gold price also enhances the bottom line of the Group as the increase in prices enables the Group to enjoy higher margins.

Gold is seen as an attractive asset class and investment portfolio among consumers and investors. The World Gold Council ("WGC") recommends a gold holding of between 2% and 10% in one's portfolio value to achieve a well-balanced and diversified list of investment.

Notwithstanding the volatility of gold price, the Group will work diligently to find solutions in overcoming industry challenges, expand at a moderate pace at potential locations, constantly maintain monitoring of costs and overheads prudently and review its operational process to improve the Group's efficiency and performance.

Sustainability Statement

STATEMENT ON SUSTAINABILITY

The Group's Board and Management are committed to establish and maintain an effective Sustainability Management System which is supported by underlying internal controls, risk management practices, clear accountability and reporting process.

The Board is responsible for the Group's Environmental, Social and Governance ("ESG") strategy and performance. Through the Management, the Board maintains oversight and evaluates the ESG risks and opportunities relevant to the Group during the formulation of overall business strategy, objectives and performance measurements.

The main purpose of the report is to disclose the Group's current management approach, strategies and performance in social and environmental responsibility as well as its vision for sustainable development strategies. The Management identifies the type of relevant ESG topics caused by its day-to-day operations. The Management then determines the materiality of the ESG topics based on the level of significance of impact and influence on stakeholder values, and the achievement of the Group's strategic objectives. The Board supports and approves the identification and assessment parameters of material ESG topics.

REPORTING PRACTICE AND BOUNDARY

This is our first sustainability report. It covers our performance for the financial year ended 31 July 2019 ("FY 2019"). Unless specified otherwise, all policies and management systems described in this report refer to our jewellery retail and manufacturing operations in Malaysia.

The report content is structured to reflect the interests of our key stakeholders. We have identified three key stakeholder groups, namely employees, customers and suppliers. The ESG performance indicators reported in this report cover our main operations in Malaysia unless specified otherwise.

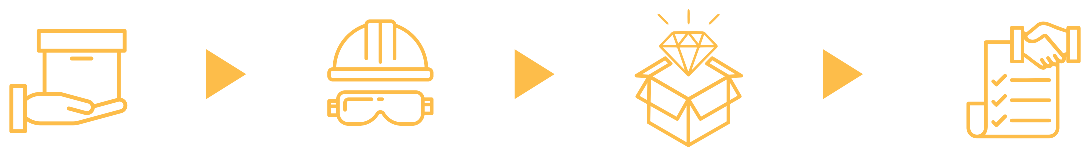
The key material ESG factors for Poh Kong have been identified and reviewed by Poh Kong's Board of Directors and Management. The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all of its stakeholders.

As this is our first year reporting the performance, Poh Kong does not have sufficient performance data to form a trend for the purpose of measuring and setting targets. We will use FY 2019 data as our base for our performance tracking.

The Group will work towards ensuring comprehensive disclosures on the management and monitoring of our sustainability initiatives for continual improvement.

STRATEGIC APPROACH FOR SUSTAINABILITY

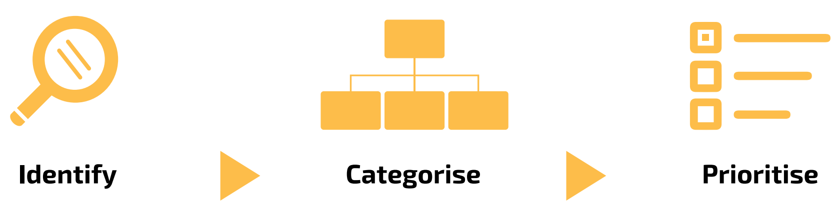
At Poh Kong, we believe corporate social responsibility is a key driver towards long-term sustainability and strive to continue refining our management approach to adapt to the changing business and sustainability landscape. Aligning with the perspective of our stakeholders, the Senior Management Team ("SMT") has identified **Procurement Practices, Labour Practices, Product Excellence, and Good Corporate Governance as key sustainability aspects material to our business.**



Procurement Practices | **Labour Practices** | **Product Excellence** | **Good Corporate Governance**

Our Materiality Assessment Process

Supported by a systematic and interactive process to identify, categorise and prioritise material ESG topics.



Identify

Define a list of potential material ESG topics

Categorise

Refine the list of topics by clustering them into categories

Prioritise

Engage stakeholders for feedback and validation of each topics based on importance to internal and external stakeholders

UNDERSTANDING WHAT MATTERS TO US

We use a comprehensive materiality assessment to identify priority areas based on the business strategy outlined in our plan. Our materiality assessment was based on the AA1000 AccountAbility Principles of Inclusivity and Materiality, as well as the Global Reporting Initiative ("GRI") Principles for Defining Report Content – stakeholder inclusiveness, sustainability context, materiality and completeness. Materiality with respect to sustainability reporting, as defined by GRI Standards, includes topics and indicators that reflect the organisation's significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders.

In the FY 2019, a robust process was undertaken to identify and prioritise the Company's material ESG issues. The process was supported by an independent consultant and involved stakeholder consultations, workshops for senior management, an assessment of long-term global trends and an internal review of our businesses.

Through internal discussion and review with our consultants, we have reviewed stakeholder groups across our value chain and identified three (3) key groups. These are stakeholders defined as having the most influence over and the highest level of interest in the company's operations. See Exhibit 1.

Sustainability Statement

Exhibit 1. Key Stakeholder Groups

EMPLOYEES

Engagement with employees is conducted regularly to measure satisfaction level, get feedback, as well as discuss business strategy and organisational changes.

CUSTOMERS

Customer satisfaction is one of the Key Performance Indicators ("KPI") for all our businesses. Engagement with customers allows us to receive timely, valuable feedback to improve our service standards.

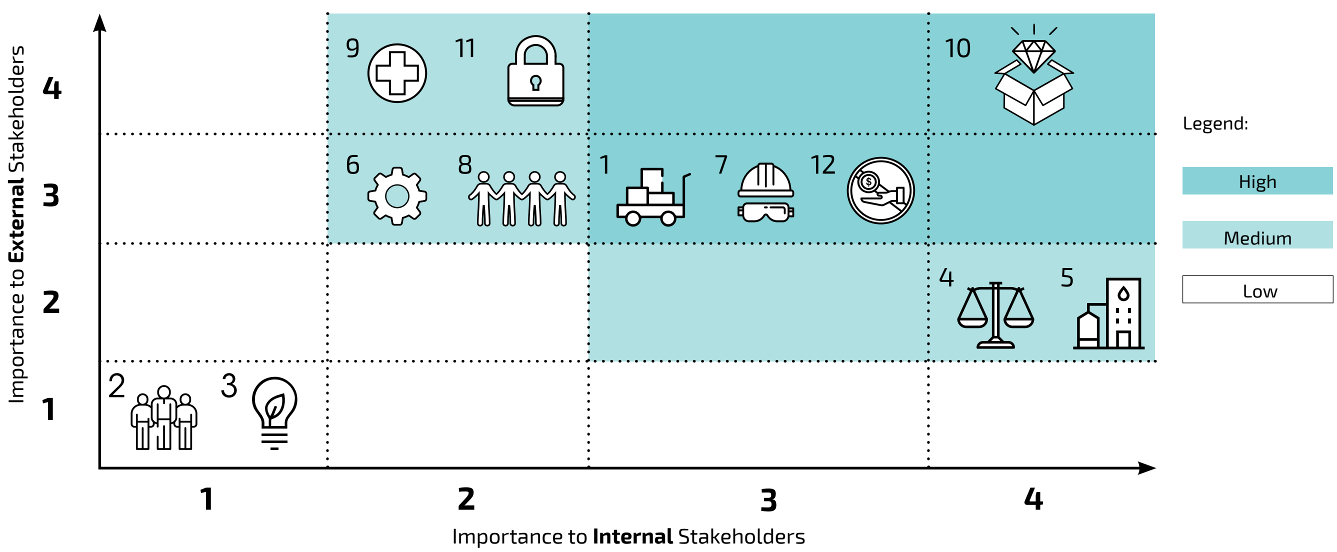
SUPPLIERS

Supplier engagement is maintained to ensure alignment, especially in areas of safety and code of conduct.

Our material issues are identified as those that are ranked as high and medium on the materiality matrix (See Exhibit 2). We therefore focus our sustainability efforts and reporting on these issues that are of the most concern to our business and stakeholders.

Exhibit 2. Poh Kong's Materiality Matrix

Materiality Matrix



ESG Topics That Were Considered

ECONOMIC

1. Procurement Practices
2. Community Investment

ENVIRONMENTAL

3. Energy Efficiency
4. Environmental Compliance
5. Waste & Effluents

SOCIAL

6. Supply Chain
7. Labour Practices
8. Diversity
9. Health & Safety
10. Product Excellence
11. Data Privacy

GOVERNANCE

12. Anti-Bribery, Corruption / Anti-Money Laundering

The material ESG issues were also reviewed by the Board and deemed to remain relevant. Moving forward, to keep abreast of critical issues, we will review annually our material issues against the changing business environment, stakeholder opinions, and emerging global and local trends.

ECONOMIC

PROCUREMENT PRACTICES

The Group continues to support local businesses by procuring from supplies and contracting services locally. We believe that a strong local supply chain through productive partnership is vital to the growth of our business.

By such support, we believe that we can positively contribute to the local economy. We select partners who share our work ethics and values and who are willing to provide quality products and services in a responsible manner.

In cases where local suppliers are not suitable, we will source internationally. Where outsourcing is practised, we will ensure that the products conform to our sustainable policies and are labelled with "good manufacturing practices". We believe the Group's long-term business is built mainly on the trust and confidence of customers. Therefore, feedbacks from customers such as customer satisfaction rates and customer complaints are documented for future improvement on development of products and services.

ENVIRONMENTAL

ENVIRONMENTAL MANAGEMENT

Environmental sustainability forms an integral part of the Group's sustainability philosophy. At Poh Kong, we endeavour to integrate the best sustainability practices and compliances across our value chain to reduce adverse environmental impact on the ecosystem. In our daily operations, we continue to be committed on recycling, energy-saving practices and undertaking measures to reduce wastages, pollution and harmful emissions.

Poh Kong is committed and strives to improve resource efficiency and reduce our environmental impact. We continue to factor in environmental considerations in our businesses.

The Group's major use of water occurs at our manufacturing facility in Shah Alam plants during the manufacturing of jewellery. Recognising that the wastewater may contain acids, alkali, various chemicals and heavy metals, we have an onsite facility for neutralization, deionization and sedimentation of our wastewater.

Our team at the manufacturing facility ensures that treated water is certified as safe before it is being discharged into the municipal network, and that the slag is properly handled by licensed operators. At the smaller plants, wastewater is put in safe storage for removal by licensed operators at regular intervals.

Commitments & Targets

- Ensure treated water is certified as safe to discharge into the municipal network
- Continue to explore solutions that minimise environmental impact.
- Maintain energy-efficient equipment and devices at our facilities whenever possible, including LED lights and more energy efficient-cooling solutions.

Another area of focus in the Group's environmental management policies is waste reduction at source. The Group has placed a lot of emphasis on the reusability in the packaging of its products. It is ingrained into our culture to reuse suitable containers and boxes for storage.

The Group continues to encourage our staff to be environmentally-conscious by promoting paperless administration and operational practices to reduce paper usage and to be constantly mindful of minimising energy and water wastage. This includes office practices such as making double-sided copies when printing and photocopying whenever possible, using the blank side of used paper for notes before recycling, reusing envelopes for internal mails and documents, switching off air conditioners, lightings, IT equipments and other electrical devices during lunch hour or when not in use, and maintaining only security lighting after business hours.

ELECTRICITY CONSUMPTION

In FY 2019, the Group consumed a total of 1,000,340kWh (FY 2018: 995,829kWh) of energy at our manufacuring facilty in Shah Alam.

ENVIRONMENTAL COMPLIANCE

Poh Kong remains committed to comply with all applicable legal requirements enforced by local governing authorities and relevant enforcers.

The Group's operations continue to conform to local environmental laws and regulations. All employees of the Group and that of contractors and consultants are encouraged to be proactive and forthcoming in managing and reporting environmental related issues and complaints.

The environmental regulations that we comply with are listed below in Table 1.

Compliance
Environmental Quality Act 1974 (and its Amendments)
Environmental Quality (Scheduled Wastes) Regulations 2005
Environmental Quality (Sewage) Regulations 2009
Environmental Quality (Clean Air) Regulations 2014

Table 1. Environmental Compliance Requirements

During the reporting period, there were no incidences of non-compliance and penalties pertaining to environmental-related issues. To maintain the highest standard of environmental compliance and to prevent future occurrence of incidence, the Management will continue to review and improve current environmental management system and practices and ensure that all our activities and operations comply with existing regulatory requirements.

SOCIAL

SUPPLY CHAIN MANAGEMENT

We select our key suppliers based on criteria such as quality of products and services, competitiveness of pricing and financial health. Sustainable business practice is one of the key criteria in our supplier selection.

LABOUR PRACTICES

Our employees are one of our most valuable assets. We are committed to fair employment practices, uphold human rights principles and invest in developing and training our people. At the Group, we strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents. We are an equal opportunity employer and have instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference for any religion, age, ethnicity, race, physical disability or gender. Employees are required to observe and adhere all relevant Group policies and practices. As at 31 July 2019, the Group has a total number of 1,251 employees and the staff turnover rate was 12%.

Commitments & Targets

- Continue to promote diversity and equal opportunity in the workplace.
- Further develop our workforce through tech-enabled and self-paced training programmes.

Total: 1,251 employees

12% turnover

We continue to engage our workforce and implement initiatives to achieve our long-term goal of improving collaboration and workplace innovation. Employee engagement initiatives are organised throughout the year to forge stronger bonds among employees and enhance communication between the Management and staff.

EMPLOYEE WELFARE

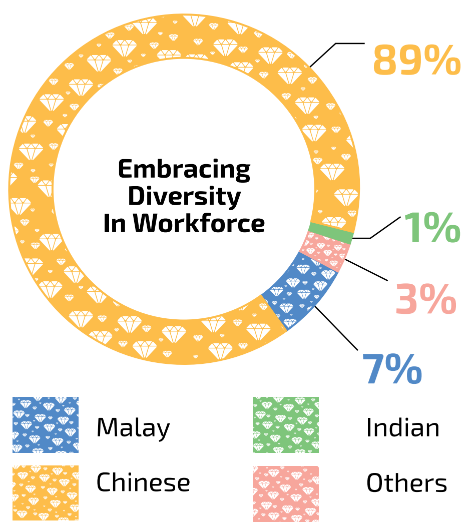
The Group maintains an open and standardized framework for employment, salary review, and promotion. Apart from basic salary, employees are rewarded with performance-based bonuses. Benefits such as paid vacation leave, and insurance are commensurate with, or better than local practices and legal requirements. Relevant policies are fully communicated to the employees through the Employee Handbook which is available on the Group's intranet. To strengthen overall communication across various departments and ranks within the Group, the Group has introduced a mobile application "CChat". The application allows employees to receive updates on corporate and training information, as well as personal exchanges. The Management level of the Group is required to regularly review employees' goal alignment, job performance and working conditions to ensure that the employees' personal development and job performance improvement are in alignment with business priorities. Grievance procedures are in place for the protection of employees. Personal details of employees are strictly protected. During the year, we were not aware of any non-compliance with relevant laws and regulations in employment matters.

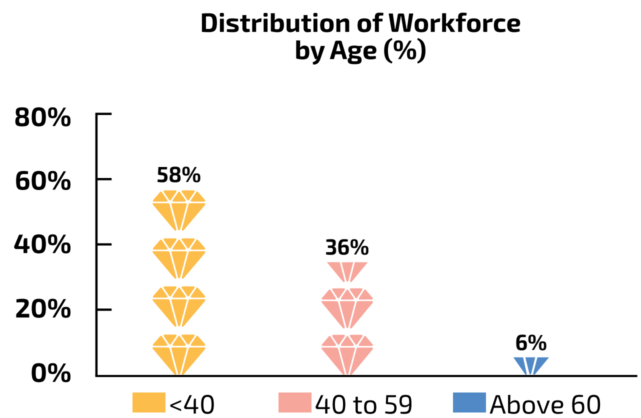
LEARNING & DEVELOPMENT

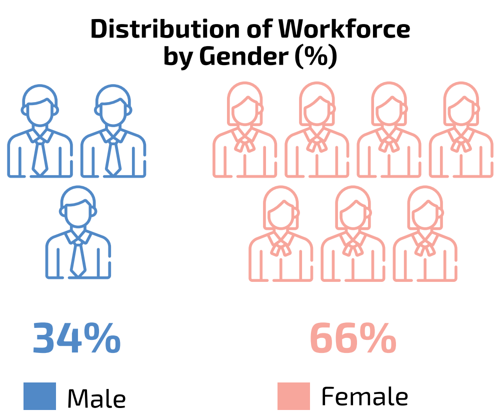
To encourage and support our employees to develop their fullest potential and have a fulfilling career, the Group places priority on learning and development programmes. The Group has set up the Learning & Development department to focus and identify the training needs of the Group. Our learning and development roadmap also account for future skills required to improve the efficiency of the business. We customise and design training and development activities based on employees' training needs and work requirements. The Group will continue to provide trainings and education opportunities through comprehensive development programmes and promote a conducive corporate learning environment.

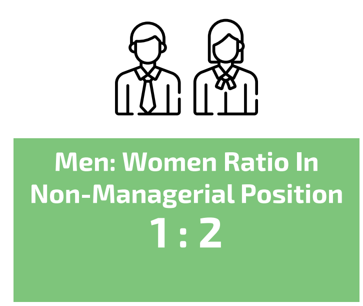
WORKFORCE DIVERSITY & INCLUSION

We believe that people should have access to the same opportunities regardless of their ethnicity, religion, gender, marital status or age. We value diversity and inclusion and are committed to the principle of equal employment opportunity. Our hiring policies ensure equal employment opportunities for all. New hires are considered based on individual competencies as well as organisational and job fit. Our employment statistics which have been reviewed regularly, illustrate the diversity of our workforce. Statistics are as at 31 July 2019.









We believe in developing local talents to assume managerial positions. As of 31 July 2019, about 50% of our senior management across our business divisions are local.

CODE OF BUSINESS CONDUCT AND ETHICS

We maintain a zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in all our operations. All employees are required to conduct business dealings in line with our Code of Business Conduct and Ethics Policy.

COMPLIANCE WITH APPLICABLE EMPLOYMENT LAWS & REGULATIONS

There were no incidents of non-compliance with the applicable employment laws and legislations during the period under review. The applicable employment / labour laws that we comply with are in Table 2.

Compliance
Employment Act 1955
Insurance System Act 2017 (EIS)
Social Security Act 1969
Employee's Provident Fund Act 1991
Personal Data Protection Act 2010
Income Tax Act 1967
Industrial Relation Act 1967
Pembangunan Sumber Manusia Berhad Act, 2001
The Contract Act 1950
Employment (Termination and Lay-Off Benefits) Regulations 1980
Industrial Court (Digital Recording of Proceedings) Rules 2015
Immigration Act 1966
Minimum Retirement Age Act 2012
Occupational Safety and Health Act 1994

Table 2. Employment Compliance Requirements

The Group strives to continuously cultivate a transparent and inclusive environment for all employees, as well as to ensure a top-down approach to promote fair and ethical business dealings. We also have an open-door policy whereby employees are encouraged to speak-up or report grievances directly to their superior, head of department, human resource department, chief executive officer and/or independent directors of the Company. This is to reinforce our commitment to our employees in providing them with a workplace that is healthy, safe and secure. Across our businesses worldwide, there were no grievance cases reported.

HEALTH & SAFETY MANAGEMENT

The Group remains committed to maintaining a safe and productive environment that is free from harassment in which all individuals are treated with respect and dignity. We expect all our employees and individuals that work at our premises to follow our health and safety policies and procedures and be free from substance abuse at all times. Our employees and partners are assured of a safe working environment through our Health, Safety and Environment Management System ("HSEMS"). While the HSEMS serves as a point of reference, additional measures have been taken to cultivate a safety-first culture through various initiatives.

Processes and systems are in place to identify, mitigate and report risks and communicate best practices across the Group, and we work with our contractors and subcontractors to ensure that they understand our requirements and expectations.

In FYE 2019, there were no incident of fatalities across the Group's operations.

We have a Health and Safety Committee to ensure that the Group complies with the Occupational Safety and Health Act, 1994.

In FYE 2019, both the Loss Term Injury and Loss Time Accidents at Group level were zero. The Group strives to continue maintaining its health and safety standards and drive continuous improvement in our occupational health and safety performance.

Commitments & Targets

- Strive to raise awareness, maintain vigilance and foster a strong HSE-centric culture across the Group and particularly at the ground level.
- Maintain a zero tolerance to health and safety
- Leverage technology to drive improvements in safety performance.

PRODUCT EXCELLENCE

Poh Kong's passion in the business and its dedication in providing fine jewellery of top-notch quality and international standards have always played a pivotal role. We believe that our financial viability hinges on customer satisfaction and our ability to meet customers' needs and demand. Poh Kong remains committed to executioning excellence and building enduring relationships not only with our customers, but key stakeholders in our value chain.

- We maintain internal quality control and transparent pricing to customers
- Feedback from customers including complaints are documented for future improvement and development of products and services.

Reliability and quality of our products are important to us. We have put in place a set of key quality assurance processes to ensure that stringent measures are constantly undertaken without compromising design excellence and that products are in compliance with international standards. For example, the quality of diamond used in certain products is subject to stringent external assurance processes such as diamond grading by American GEM Society ("AGS") Laboratories, International Gemological Institute ("IGI"), as well as Gemological Institute of America ("GIA") on diamond grading which represents a technologically advanced diamond and gemstone evaluation and provides a blueprint of the gemstone's attributes and a tangible record of its quality.

Commitments & Targets

- Maintain product excellence through innovation and technology.
- Maintain a high level of customer satisfaction across our business.

Poh Kong continues to maintain the accreditation of the National Mark for "Malaysian Brand" certification from the SMECorp in Malaysia since the year 2010. This accreditation is given in recognition of the quality of products offered by Poh Kong and the significant strength of its branding in the market.

We promote transparency in product pricing and adhere strictly to the Competition Act 2010, and therefore do not subscribe to any form of price fixing mechanism. Gold price and our product selling prices are clearly displayed and made known to customers at all our retail outlets.

DATA PRIVACY

Ensuring safety and privacy of our customers' data is of great priority to us. Poh Kong subscribes to the importance of data privacy of its customers and has taken steps to ensure that all customers' information that come into its possession are managed strictly as required by the Personal Data Protection Act 2010.

The Group places great emphasis on customer relations management in order to maintain a base of loyal customers and to attract new ones. To protect the privacy of our customers, we collect and maintain a minimal amount of their personal details in the database. The database is well protected both on policy and technological terms.

Even within the Group, customer data are released strictly on a need-to-know basis, and the same will not be released without prior consent to outside parties or even to units within the Group that are not the original data collectors. Relevant details of our privacy policy are readily available on our website.

GOVERNANCE

REGULATORY COMPLIANCE

All our key employees affirm their understanding of the code of business conduct annually. We regularly engage with local government authorities and agencies to keep abreast of changes to laws and regulations.

We recognise that non-compliance with laws and regulations not only has significant financial impact but has detrimental reputational impact on the Group.

The Audit Committee supports the Board in its oversight of regulatory compliance and is responsible for driving the Group's focus on implementing effective compliance and governance systems.

Commitments & Targets

We are fully committed to strengthening our regulatory compliance framework. Our emphasis is clear and consistently reiterated. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

At an operational level, the respective business divisions and departments are responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage their financial, operational, compliance and reputational related risks. development and job performance improvement are in alignment with business priorities. Grievance procedures are in place for the protection of employees. Personal details of employees are strictly protected. During the year, we were not aware of any non-compliance with relevant laws and regulations in employment matters.

In FY 2019, there were no incident of regulatory non-compliance across the business divisions. The Group continues to work towards reinforcing a full compliance culture.

Sustainability & Corporate Social Responsibility

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

WORKPLACE

TRAINING & DEVELOPMENT

An extensive training programmme had been implemented with various professionals and industry experts on skills and personal development, legal compliance such as Occupational Safety and Health Hazards and Personal Data Protection Act. In-house training was constantly conducted to update product knowledge.

Training groups performing warm-up exercises.

Participants learning about their interpersonal relationships.

A training programme in progress.

A training group learning more about themselves.

Developing practical training skills in the jewellery jndustry.

Training and development in the workplace.

Employees posing with their winning trophies in a team event.

Working together for team building and understanding.

A fun, relaxed and informal approach to problem solving.

Employees in a brainstorming session to generate ideas and solutions.

Sustainability & Corporate Social Responsibility

MARKETPLACE

Investor and Customer Relations

The Group carries out activities in a sustainable manner and promotes responsible practices among their investors and customers. These include efforts to engage with shareholders and investors through various channels of communications, such as quarterly financial reports and the Annual General Meeting.

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

Interaction with shareholders during their question-and-answer at the AGM.

MRCA Iconic Founder Award

The Malaysia Retail Chain Association ("MRCA") has conferred on Dato' Eddie Choon, Poh Kong Holdings Berhad's ("PKHB") Executive Chairman & Group Managing Director, the "MRCA Iconic Founder Award" at their 27th Anniversary dinner in PJ.

As Founder President of MRCA since 1992, Dato' Choon has provided outstanding leadership for retail businesses to network and promote among members the healthy expansion of the retail industry, both locally and overseas.

Dato' Choon (third from right), receiving the award from Dato' Seri Garry Chua, MRCA President (third from left) witnessed by YB Datuk Seri Mohd Redzuan Yusof (centre), Minister of Entrepreneurial Development.

MRCA Billion Dollar Club Award

Poh Kong won the "MRCA Billion Dollar Club Award" in recognition of the Company's total revenue of over a billion ringgit in sales turnover for FYE 2018 and FYE 2019 respectively.

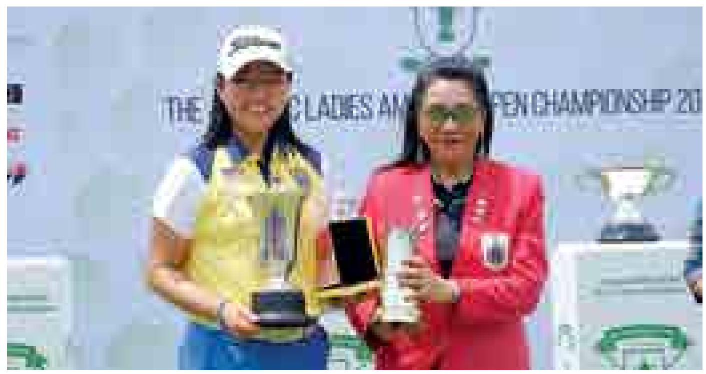
Mr Edison Choon (fourth from right), PKHB's Business Development Manager, receiving the award from Dato' Seri Garry Chua, MRCA President (third from left) witnessed by YB Datuk Seri Mohd Redzuan Yusof (fourth from left), Minister of Entrepreneurial Development. Dato' Choon is seen third from right.

COMMUNITY

Giving back to the community has always been Poh Kong's practice in making donations either in cash or in kind to many charities, healthcare-related societies, associations and schools, underscoring the Company's commitment to corporate citizenship.

Events Sponsorship

Poh Kong has sponsored prizes for various events, such as Astro Vizhutugal Mamaangam Peruvizha ground event, the 45th RSGC Ladies Amateur Open Championship, "Voices for Hospices" Charity Gala Dinner and many more.



Ladies receiving their prizes in the golf championship event.

CSR Malaysia Awards 2019

Poh Kong has won the CSR Malaysia Awards 2019 for the Company's CSR initiatives to create a better Malaysia through their Sustainability and Corporate Social Responsibility programme.

ENVIRONMENT

The Group has embedded environmental sustainability principles into their business operations and practices. They are 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.

The 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.

A detailed report on the environment is contained in the Sustainability Statement in this Annual Report.

YB Hannah Yeoh, Deputy Minister of Women, Family and Community Development, presenting the CSR Award to Dato' Choon Yee Seiong (second from right), PKHB's Executive Chairman & Group Managing Director.

You *Make* My Life Complete

As we grow together,
as we continue to change with age,
you make my life complete with Poh Kong jewellery.

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

Statement on Corporate Governance Overview

INTRODUCTION

The Board of Directors ("the Board") of Poh Kong Holdings Berhad ("the Company") fully supports the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017" or "the Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Securities") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendations of the MCCG 2017 in ensuring and maintaining that good corporate governance is practised throughout the Company and its subsidiaries ("the Group") to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

This statement is to be read together with the Corporate Governance Report 2019 ("CG Report") of the Company on detailed explanation and information on the application of the corporate governance practices, which is available on the Company's website at www.pohkong.com.my.

The statement provides an overview of the Company's application of the Principles set out in MCCG 2017 that has been in place throughout the financial year ended 31 July 2019 ("FYE 2019"), except as disclosed otherwise. The explanation for departures, alternative disclosure and timeframe for measures to be taken, where applicable, are set out in the CG Report.

The Board is pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for FYE 2019. Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed with explanations.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

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 directions 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.

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

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

Board Committees

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

BOARD OF DIRECTORS

AUDIT COMMITTEE

Major Responsibilities
- Internal Audit
- External Audit
- Financial Reporting
- Audit Reports
- Related party transactions

RISK MANAGEMENT COMMITTEE

Major Responsibilities
- Identify key risks
- Actions to mitigate risks
- Policies & procedures
- Reviews/assesses risk framework
- Succession planning

NOMINATION COMMITTEE

Major Responsibilities
- Board size and composition
- Board diversity
- Selection & recruitment of Directors
- Evaluation of Board performance
- Succession planning

REMUNERATION COMMITTEE

Major Responsibilities
- Directors' remuneration policy
- Directors' fees
- Directors' incentives

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

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

(1) Determining and establishing vision, mission and values of the Company;

(2) Determining and setting Company's business and corporate strategy, goals, policies and Company's structure;

(3) Delegating authority to management, monitoring and evaluating the implementation of policies, strategies and business plans; and

(4) Exercising accountability to shareholders and stakeholders.

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

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

Board Committees (cont'd)

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

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

Role of Chairman and Group Managing Director

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

• Determining Board composition;

• Clarifying Board and management responsibilities;

• Planning and managing Board and Board Committee meetings; and

• Developing and evaluating the effectiveness of the Board.

The Chairman has to ensure that the Agenda covered all matters required to be discussed, considered and resolved and that the meetings convened are properly attended to by all Directors who are given the opportunity to express their views and that decisions made during all meetings adequately reflect the views of the meeting as a whole.

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

Role of Executive Committee ("EC")

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

Role of Independent Directors

The role of the Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgment, and play 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.

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

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

Role of Senior Independent Director

In compliance with the best practice in corporate governance, Encik Fazrin Azwar Bin Md Nor was appointed as the Company's Senior Independent Director ("SID") in 2019. The SID is the main channel between the Independent Non-Executive Directors and the Chairman on matters that may be deemed sensitive. It provides an alternative avenue for shareholders and stakeholders to convey their concerns and raise issues pertaining to the Company.

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

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

1.2 Clear Roles and Responsibilities

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

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

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

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

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

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

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

b. Overseeing the Conduct of the Company's Business

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

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

1.2 Clear Roles and Responsibilities (Cont'd)

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

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

The Group has established an Enterprise Risk Management ("ERM") framework to identify, evaluate and manage the risks. Details of the RMC and the Company's ERM are set out in the Statement on Risk Management and Internal Control in this Annual Report on pages 103 to 108.
The members of the RMC are:-

Encik Fazrin Azwar Bin Md Nor
Chairman, Senior Independent Non-Executive Director

Dato' Esther Tan Choon Hwa
Independent Non-Executive Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

The Terms of Reference of the RMC 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.

Succession planning for Senior Management staff includes various programs, such as Senior Management development and individual development plans. Experienced and Senior Management staff contribute to the pool of potential talents for Executive Directorship appointments.

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

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

1.2 Clear Roles and Responsibilities (Cont'd)

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

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

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

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

During the financial period under review, the Company has been involved in IR activities, such as media briefings and dialogues with analysts, fund managers and Investor Relations. 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 and declaration of dividends that need authorisation from time to time.

1.3 Code of Conduct and Ethics/ Whistle-Blowing Policy

The Board has adopted a Code of Conduct and Ethics for Directors and employees towards their customers, business partners, communities and shareholders. It sets out the 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 Conduct and Ethics 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.

Statement on Corporate Governance Overview

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

1.4 Sustainability Statement

The Board has adopted its first Sustainability Statement for the Group. The main purpose of the statement is to disclose the Group's current management approach, strategies and performance in social and environmental responsibility, as well as its vision for sustainable development. The Management identifies the type of relevant environmental, social and governance ("ESG") topics caused by its day-to-day operations.

The ultimate objective is to achieve greater efficiency, better performance of the Group and improved quality of life to stakeholders and society at large.

Further details are set out in the Sustainability Statement of the Company on pages 62 to 71 of this Annual Report and in the Company's website.

1.5 Supply and Access to Information

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

- Members of Senior Management attend Board and Board Committee meetings by invitation to report on areas of their responsibility including financial, marketing, operational, corporate, regulatory, business development, audit matters and information technology updates, for the Board's decision making and effective discharge of the Board's responsibilities. Meetings with the External Auditors are also held without the presence of Management and Executive Directors. There were two (2) meetings held for this purpose in the financial year under review.
- The Board and Board Committee papers are prepared and circulated to the Directors or Board Committee members at least seven (7) days before the Board and Board Committee meetings.
- The Audit Committee meets with the Management, Internal Auditors and External Auditors regularly to review their audit plans and reports, and obtain updates and observations on internal control system and financial reporting matters.

1.6 Qualified and Competent Company Secretary

The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and knowledgeable on statutory and regulatory requirements relating to the Companies Act 2016, the Main Market Listing Requirements of Bursa Securities ("MMLR") and Corporate Governance practices and guidelines ("MCCG 2017") and the implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretary facilitates the flow of information to the Board and its committees especially regarding statutory updates and training, briefings, and talks organized by the authorities.

The Directors have ready and unrestricted access to the advice and services of the Company Secretary pertaining to Board policies, procedures, the Companies Act 2016, the MMLR, the MCCG 2017, and timing of material announcements, to enable them to discharge their duties effectively. The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for trading in the Company's shares and of briefings, talks and updates received via Bursa Malaysia's administrators. The Company Secretary assists the Chairman of the Board and committees in the preparation of the agenda for their meetings.

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

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

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

1.7 Board Charter

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

The Board Charter also outlines:-

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

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

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

2.1 The Board Composition and Management

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

The Board comprises eight (8) members, of whom five (5) are Executive Directors and three (3) are Independent Non-Executive Directors. It is a balanced Board and comprises professionals from various backgrounds, with the relevant experience and expertise that would add value to the Group. The mix of experience and talent is vital for the strategic success of the Group.

The Board has met the MMLR's requirement of at least one third of the number of Directors shall be Independent Non-Executive Directors but the Board has achieved 37.5% Board Mix. The Board is cognizant of Practice 4.1 which recommends that at least half of the Board shall comprise Independent Directors. The Board will review the size of the Board in relation to the proportion of the Executive Directors to Independent Non-Executive Directors from time to time. It has also exceeded the MCCG 2017's gender recommendation that one-third (1/3 or 33.33%) of its Board members should be women, as it has four women Board Directors; thus its gender diversity is 50%. The Board has also met the diversity in age and ethnicity in varying degrees.

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

Statement on Corporate Governance Overview

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

2.2 Nomination Committee

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

Encik Fazrin Azwar Bin Md Nor
Chairman, Senior Independent Non-Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

Dato' Esther Tan Choon Hwa
Independent Non-Executive Director

The Terms of Reference of the NC can be found in the Company's Corporate Governance Section of the Investors' Section of the website at www.pohkong.com.my. The NC reviews the 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, experience and other qualities including core competencies which Directors should bring to the Board to assess the effectiveness of the Board as a whole. The NC also looks into succession planning, boardroom and gender diversity and training needs of Directors and Senior Management.

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

	Dates of Meetings		
Nomination Committee	**No. 1/FYE 2019 NCM 21/09/2018**	**No. 2/FYE 2019 NCM 11/01/2019**	**Total**
Fazrin Azwar Bin Md Nor	√	√	2/2
Dato' Dr Choong Tuck Yew (Retired w.e.f 11/01/2019)	√	√	2/2
Datin Shirley Yue Shou How	√	√	2/2
Dato' Esther Tan Choon Hwa (Appointed w.e.f 11/01/2019)	-	-	-

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

Appointment, Selection and Assessment of Directors

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

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

Appointment, Selection and Assessment of Directors

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

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

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

Specific qualities of new nomination to the Board sought after by the NC include:-

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

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

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

Re-election of Association

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

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

Retiring Directors:-

(a) Madam Choon Nee Siew
(b) Mr Choon Yee Bin
(c) Encik Fazrin Azwar Bin Md Nor

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

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

Diversity Policy

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

The Board practises gender diversity and has female Directors that represent 50% of seats at Board level out of a total of eight (8) Directors, even though it does not have a formalized policy on setting targets for female candidates.

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

Annual Assessment

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

- Board and Board Committees' Evaluation;
- Internal Audit Function Evaluation;
- External Auditor Performance and Independence Evaluation;
- Directors and Key Officers' Evaluation; and
- The Audit Committees' Evaluation.

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

2.4 Remuneration Committee

In compliance with the MCCG 2000 the Remuneration Committee ("RC") was established on 8 March 2004.

With the authority delegated to it by the Board to assist and advise them, the RC has its own terms of reference and guidelines structured to align and complement the strategic direction and objectives of the Company. This is to ensure its long term success through the recruitment and retention of Directors and Key Management staff.

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

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

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

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

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

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

2.4 Remuneration Committee (Cont'd)

All Directors' fees and benefits are subjected to the approval of shareholders at the AGM.

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

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

Encik Fazrin Azwar Bin Md Nor
Senior Independent Non-Executive Director

Dato' Esther Tan Choon Hwa
Independent Non-Executive Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

The remuneration for Directors of the Company for FYE 2019 is as follows:-

	The Company				The subsidiaries of the Company			
	Fees (RM'000)	Salaries & Bonuses (RM'000)	Other Emoluments (RM'000)	Total (RM'000)	Fees (RM'000)	Salaries & Bonuses (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors								
1 Dato' Choon Yee Selong	-	2,005	638	2,643	6	360	-	366
2 Cheong Teck Chong	-	-	-	-	6	636	215	857
3 Choon Nee Siew	-	-	-	-	-	1,095	227	1,322
4 Choon Yee Bin	-	-	-	-	3	666	222	891
5 Datin Hon Wee Fong	-	846	10	856	3	-	-	3
Total	-	2,851	648	3,499	18	2,757	664	3,439
Independent Non-Executive Directors								
1 Fazrin Azwar Bin Md Nor	48	-	39	87	-	-	-	-
2 Datin Shirley Yue Shou How	48	-	30	78	-	-	-	-
3 Dato' Esther Tan Choon Hwa	48	-	39	87	-	-	-	-
Total	144	-	108	252	-	-	-	-
Grand Total	**144**	**2,851**	**756**	**3,751**	**18**	**2,757**	**664**	**3,439**

The RC met once (1) during the FYE 2019 to deliberate on the remuneration matters of the Group.

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

Name	Range of Remuneration
Chang Kwong Him	RM350,001 to RM400,000
Siow Der Ming	RM750,001 to RM800,000
Choon Wan Joo	RM900,001 to RM950,000
Dato' Choon Yoke Ying	RM1,350,001 to RM1,400,000
Mohd Annuar Choon Bin Abdullah	RM1,400,001 to RM1,450,000

Statement on Corporate Governance Overview

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

3.1 Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2017. The Board is committed to ensure that the independent directors are capable of exercising independent judgment and are not involved in any other relationship with the Group, acting always in the best interests of the Company.

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

3.2 Tenure of Independent Directors

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative or consecutive term of a total of twelve (12) years as recommended by MCCG 2017 and that such a 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 twelve (12) years, the Board must justify the decision and seek shareholders' approval at a general meeting.

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

The Board based on the review and recommendation made by the NC, considers Encik Fazrin Azwar Bin Md Nor ("Encik Fazrin Azwar"), an Independent Non-Executive Director, to be independent and recommends that he should continue to act as Senior Independent Non-Executive Director of the Company based on the following justification:-

- The Group has benefited from his long serving tenure as Independent Director who has detailed knowledge of the Group's business, standard operating procedures, internal controls and risk profile, proven commitment, integrity, experience, competence and wisdom to effectively advise the Board from time to time.

- Encik Fazrin Azwar is independent in character and judgment, independent of management and free from any relationship or circumstances which are likely to affect or could affect his judgment or decisions making in the best interest of the Company.

- Encik Fazrin Azwar has proven business acumen, academic qualifications, professional and entrepreneurial experience, legal and litigation skills. He has been vocal and constructive in providing feedback to the Board in their decision making.

Encik Fazrin Azwar has fulfilled the criteria under the definition of Independent Directors as stated in the MMLR. He has provided a check and balance, and brought an element of objectivity to the Board, having served the Group for more than fifteen (15) years and has agreed to be retained as Senior Independent Non-Executive Director.

At the forthcoming Seventeen Annual General Meeting of the Company, the Board will seek shareholders' approval for the re-appointment of Encik Fazrin Azwar as Independent Director through the normal poll voting process rather than through the two-tier voting process until it is mandatory. This is a departure from Practice 4.2 of MCCG 2017

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

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

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 Dato' Choon Yee Seiong ("Dato' Choon") has in the business. Dato' Choon's intensive wealth of expertise and goodwill generated over the years, his combined role as Executive Chairman and GMD has proven beneficial and appropriate for the Group. Hence, the Board has agreed that the two roles as the Chairman and the GMD shall remain vested in Dato' Choon for business efficiency and effectiveness.

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

As the GMD, he is responsible for developing the Group's objectives and strategies for approval by the Board having regard to the Group's responsibilities to its various stakeholders. He recommends to the Board an annual budget and three years' financial plan and ensures its achievements following the Board's approval. Dato' Choon also implements the Board's directions, manages the day-to-day business operations, including chairing the Executive Committee and communicating its decisions and recommendations to the Board. His duties include driving the Group's performance and reviewing its operational results and strategic directions of the Group's business. He undertakes the responsibility of identifying and executing new business opportunities. Dato' Choon and the Group Accountant, Mr Koh Sze How assures 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.

Statement on Corporate Governance Overview

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

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

Although the Executive Chairman is also the GMD, all decisions of the Board are based on the decision of the majority of the Board Members and matters are deliberated with active participation of the three (3) Independent Non-Executive Directors. Therefore, no individual Director dominates the decision making process.

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

The MCCG 2017 recommends that the majority of the Board members must comprise 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 three (3) Independent Non-Executive Directors and five (5) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent. However, this is a departure from the Code which recommends that the Board of a listed company should comprise 50% of Independent Non-Executive Directors. The higher number of Executive Directors to Independent Non-Executive Directors was reflective of the various stakeholders' interest which the Board will be looking into, going forward in relation to the needs of an efficient and effective Board. The profiles of the Directors are set out on pages 27 to 35 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, 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 five (5) Executive Directors and three (3) Independent Non-Executive Directors, is a balanced Board and comprises professionals from various backgrounds with depth and breadth of experience, expertise and perspectives which would add value to the Group. With their diverse backgrounds, professional experience and wide mix of skills, the Board oversees the Group's operations effectively and efficiently.

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

4.1 Board Meetings and Time Commitments

The Board met five (5) times during the financial year ended 31 July 2019. Details of Directors' attendance are set out as follows:-

Board of Directors	Date of Meetings No. 1/2018/2019 BODM 26/09/2018	No. 2/2018/2019 BODM 24/10/2018	No. 3/2018/2019 BODM 7/12/2018	No. 4/2018/2019 BODM 14/03/2019	No. 5/2018/2019 BODM 20/06/2019	Total
Dato' Choon Yee Seiong **(Executive Chairman & Group Managing Director)**	√	√	√	√	√	5/5
Executive Directors:						
Cheong Teck Chong	√	√	√	√	√	5/5
Choon Nee Siew	√	√	√	√	√	5/5
Dato' Choon Yoke Ying (Retired w.e.f 11/01/2019)	√	√	√	-	-	3/3
Datin Hon Wee Fong	√	√	√	√	√	5/5
Choon Wan Joo (Retired w.e.f 11/01/2019)	√	×	√	-	-	2/3
Choon Yee Bin	√	√	√	√	√	5/5
Independent Non-Executive Directors:						
Dato' Dr. Choong Tuck Yew (Retired w.e.f 11/01/2019)	×	√	√	-	-	2/3
Fazrin Azwar Bin Md Nor	√	√	×	√	√	4/5
Dato' Esther Tan Choon Hwa	√	√	√	√	√	5/5
Datin Shirley Yue Shou How	√	√	√	√	√	5/5

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

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

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

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

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

4.2 Directors' Training

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

Dato' Choon Yee Seiong	**2019** • 14 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ.
Datin Hon Wee Fong	**2019** • 14 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ.
Mr Cheong Teck Chong	**2019** • 14 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ.
Madam Choon Nee Siew	**2019** • 14 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ.
Mr Choon Yee Bin	**2019** • 14 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases,"a briefing conducted by Baker Tilly Monteiro Heng in PJ.
Encik Fazrin Azwar Bin Nor	**2019** • 7 March 2019 – "Corporate Governance Symposium 2019 – Building a Governance Eco-System," organized by the Malaysian Institute of Accountants and the Malaysian Institute of Corporate Governance. • 12 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ. • 15 April 2019 – "Audit Committee Conference 2019," organized by the Institute of Internal Auditors Malaysia. • 5 September 2019 – "Risk Management Conference 2019," organized by the Malaysian Institute of Accountants.
Datin Shirley Yue Shou How	**2019** • 12 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 : Leases," a briefing conducted by Baker Tilly Monteiro Heng in PJ. • 14 March 2019 – "Ring the Bell for Gender Equality," organized by Bursa Malaysia to transform and empower women in advancing equality to achieve the UN's Sustainable Development Goals. • 3 May 2019 -- CG Watch "How does Malaysia Rank," organized by The ICLIF Leadership & Governance Centre held at Lanai Kijang, KL.

4.2 Directors' Training (Cont'd)

During the year, training programmes attended by the Directors are as follows (Cont'd):-

Datin Shirley Yue Shou How (Cont'd)	• 26 June 2019 – "Thought Leadership Series: Leadership Greatness in Turbulent Times - Building Corporate Longevity," organized by Bursa Malaysia at Sheraton Imperial, KL.
Dato' Esther Tan Choon Hwa	**2018** • 14 September 2018 – "Crafting an Effective Statement of Risk Management & Internal Control," conducted by Institute of Enterprise Risk Practitioners at IERP Training Centre, Menara Mitraland, PJ. • 21 November 2018 – "Budget 2019 Seminar," conducted by Chartered Tax Institute of Malaysia at Renaissance Hotel, KL. **2019** • 12 March 2019 – "Malaysian Financial Reporting Standard (MFRS) 16 – Leases," a briefing conducted by Baker Tilly, Heng & Monteiro in PJ. • 18 April 2019 – "Case Study Workshop for Independent Non-Executive Directors," organised by Securities Industry Development Corporation at Securities Commission, KL. • 29-30 April 2019 – "Best Practices, Globalisation tax residence; Practice digitisation; Building High performance teams," conducted by AGN International at Westin Hotel, KL. • 25 June 2019 – "Corporate Liability provision under MACC Amendment Act 2018," organised by MK Land Holdings Berhad in Damansara Perdana, PJ. • 24 October 2019 -- "Budget 2020 Seminar," conducted by Chartered Tax Institute of Malaysia at Berjaya Times Square, KL. • 29 – 30 October 2019 – "Audit Quality Enhancement Programme SMP 2019," conducted by Malaysian Institute of Accountants, KL.

Directors are mindful that they must continue to enhance their skills and knowledge to maximize their effectiveness during their tenure. During the year under review, the Directors are continually updated on the Group's business and the relevant regulatory requirements by the Management and the Company Secretary.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

5.1 Accountability and Audit

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the Group's financial position and prospects by making sure that the financial statements and quarterly announcements are prepared in accordance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards.

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

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

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

Statement on Directors' Responsibility

In reviewing all the published annual and quarterly financial statements during the financial year ended 31 July 2019, 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 and Group Accountant on the current accounting practices, new MFRS, amendments/ improvements to MFRS, new IC Interpretation (Int IC) and amendments to IC Int that have been issued but yet to be effective.

A statement made by the Directors on their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 110 of this Annual Report.

5.2 Relationship with External Auditors

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

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

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

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

The AC also met with the external auditors without the presence of the EDs two (2) times on 24 September 2018 and 24 October 2018.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

5.2 Relationship with External Auditors (Cont'd)

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

6.1 Risk Management and Internal Control

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

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

In addition to Standard Operating Procedures, the Group has a formalized 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 using a risk-based approach and by one (1) firm of outsourced external consultant to assist the AC and Board in providing independent assessment and assurance on the adequacy, efficiency and effectiveness of the Group's internal control system.

Details of the Company's internal control processes are set out in the Statement on Risk Management and Internal Control in this Annual Report. The total cost of the internal audit function for the financial year ended 31 July 2019 amounted to RM1,027,806.

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

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

7.2 Leverage on Information Technology for Effective Dissemination of Information

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

Statement on Corporate Governance Overview

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

7.2 Leverage on Information Technology for Effective Dissemination of Information (Cont'd)

The IT interactive IR section in the website at www.pohkong.com.my enhances the IR 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 their queries. Shareholders can also access historical data and stocks chart information by clicking on the subject matter in the website.

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

7.3 Encourage Shareholder Participation at General Meeting

The Code recommends at least 28 days notice shall be given to shareholders. The Company has complied with the Code by despatching its notice of AGM and related papers to shareholders on 19 November 2019 which is more than 28 days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

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

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

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

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.

7.4 Poll Voting

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

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

7.5 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 that caters to any queries.

COMPLIANCE STATEMENT

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2017. Where a specific Recommendation of the MCCG 2017 has not been observed during the financial period under review, the non-observance has been explained and the reasons thereof have been included in this Statement.

This Statement was made in accordance with a resolution of the Board dated 23 October 2019.

Audit Committee Report

1. COMPOSITION

The Audit Committee ("AC") comprises three (3) 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. The AC Chairperson is a member of the Malaysian Institute of Accountants ("MIA").

The AC comprises of the following:-

Dato' Esther Tan Choon Hwa
Chairperson, Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor
Senior Independent Non-Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

2. TERMS OF REFERENCE

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

3. INTERNAL AUDIT FUNCTION

The Internal Audit Function is performed in-house by the Group Internal Audit Function and is also outsourced to one (1) other firm.

The total cost incurred for the Internal Audit function in respect of the financial year ended 31 July 2019 amounted to RM1,027,806 (FYE 2018 : RM928,239) which covered the running cost of an in-house Internal Audit Department and the cost of outsourcing part of the internal audit function to one (1) external consultant firm. The function is performed with impartiality, proficiency and due professional care.

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

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

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

The Internal Audit Function provides independent and reasonable assurance to improve the operations of the Company. Its scope encompasses the examination and evaluation of the adequacy, integrity and effectiveness of the Company's overall system of internal control, risk management and governance. It also assists the Board of Directors and Management, amongst others to review compliance matters required by the Malaysia Code on Corporate Governance 2017 and by the Group's standard of operations. In order to maintain its independence and objectivity, the Internal Audit Function has no operational responsibility and authority over the activities it audits.

Reviews are carried out based on the approved Audit Plan for 2019 which is approved by the AC on an annual basis in alignment with the business and environmental risk.

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

3. INTERNAL AUDIT FUNCTION (cont'd)

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

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

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

4. ACTIVITIES OF THE AC FOR THE FINANCIAL YEAR

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

4.1 FINANCIAL REPORTING

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

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

4.2 INTERNAL AUDIT

- Reviewed the Internal Audit Reports, the recommendations of the auditors' findings, response from Management and the reports of the follow-up audit in respect of compliances and actions taken to implement the recommendations.
- Reviewed and approved the Internal Audit Plan for the year 2018/2019 having taken into account the number of outlets, the nature of the Group's business and the Group's budget.
- Reviewed the related party transactions and reports to ascertain that the disclosure procedures established to monitor the related party transactions have complied with the MMLR.

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

4.3 EXTERNAL AUDIT

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

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

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

4.4 RELATED PARTY TRANSACTIONS

Reviewed the related party transactions on a quarterly basis and also the internal audit reports to ascertain that the disclosure procedures established to monitor the related party transactions have been complied with in accordance to the MMLR.

5. ATTENDANCE

The AC convened five (5) meetings during the financial year ended 31 July 2019. Details of the attendance were as follows:

	Dates of Meetings					
Audit Committees	No. 1/2018/2019 ACM 24/09/2018	No. 2/2018/2019 ACM 24/10/2018	No. 3/2018/2019 ACM 5/12/2018	No. 4/2018/2019 ACM 12/03/2019	No. 5/2018/2019 ACM 18/06/2019	Total
Dato' Esther Tan Choon Hwa	√	√	√	√	√	5/5
Dato' Dr Choong Tuck Yew (Retired w.e.f 11/1/2019)	√	√	√	–	–	3/3
Datin Shirley Yue Shou How	√	√	√	√	√	5/5
Encik Fazrin Azwar Bin Md Nor	√	√	√	√	√	5/5

This Report was made in accordance with a resolution of the Board dated 23 October 2019.

Statement on Risk Management and Internal Control

1. INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("MCCG") requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Groups assets.

Pursuant to Paragraph 15.26(b) of the Main Marketing Listing Requirements of Bursa Securities ("MMLR"), the Board of Directors ("the Board") of Poh Kong Holdings Berhad ("PKHB") is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group's operations for the financial year ended 31 July 2019.

2. BOARD'S RESPONSIBILITIES

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

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

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

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

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

3. RISK MANAGEMENT FRAMEWORK

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

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

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

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

The Board is supported by the RMC, headed by a Senior Independent Non-Executive Director as Chairman in reviewing the risk management efforts within the Group. The RMC comprises the Group Managing Director, one 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.

3. RISK MANAGEMENT FRAMEWORK (cont'd)

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

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

- The RMC will review the updated Risk Register and evaluate the effectiveness of action plans in mitigating the risks identified;

- The RMC meets periodically to discuss principal business risks in critical areas, assess the likelihood and impact of material exposures and determine its corresponding risk mitigation measures; and

- The RMC Chairman will update the Board on the key risk related issues and shall report on the status of the risk management and measures taken to mitigate all the risks.

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

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

3.1 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

Key elements of the Groups risk management and system of internal control are as follows:-

- The management structure of the Group formally defines lines of responsibility and delegation of authority for all aspects of the Groups affairs. Senior management and business unit managers review operational performance, as well as business plans and strategic measures in Divisional Heads and Branch Managers meetings.

- The Board approves the annual budget and reviews key business indicators and monitors the achievements of the Group's performance on a quarterly basis;

- The authorisation limits and approvals authority threshold of the Group encompasses internal control procedures. These procedures are subject to review by the Management to incorporate changing business risks and operational efficiency;

- The AC is responsible for reviewing the statutory annual financial statements and the quarterly announcements, and recommends to the Board for approval prior to submission to Bursa Malaysia Securities Berhad;

- The Internal Audit Department periodically audits the effectiveness and evaluates the proper functioning of the internal control system to ascertain compliance with the control procedures and policies of the Group. The Head of Internal Audit reports to the AC on a quarterly basis;

- Project teams are set up from time to time to address business and operational issues to meet the business objectives and operational requirements of the Group; and

3.1 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (cont'd)

- The Risk Management Working Group Committee has been established to review the risk management processes with the business operating units which include risk identification, assessment, mitigation and monitoring.

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

3.2 COMPOSITION OF RMC

The RMC comprises the following members:-

Encik Fazrin Azwar Bin Md Nor
Chairman, Senior Independent Non-Executive Director

Dato' Esther Tan Choon Hwa
Independent Non-Executive Director

Dato' Choon Yee Seiong
Executive Chairman & Group Managing Director

Mr Cheong Teck Chong
Executive Director

Datin Shirley Yue Shou How
Independent Non-Executive Director

During the financial year ended 31 July 2019, a total of two (2) meetings were held. Details of the attendance were as follows:-

Board of Directors	Dates of Meetings		Total
	No. 1/2018/2019 RMCM 4/12/2018	No. 2/2018/2019 RMCM 17/6/2019	
Encik Fazrin Azwar Bin Md Nor	√	√	2/2
Dato' Esther Tan Choon Hwa	√	√	2/2
Dato' Choon Yee Seiong	√	√	2/2
Mr Cheong Teck Chong	√	√	2/2
Madam Choon Wan Joo (Resigned w.e.f 11/1/2019)	√	-	1/1
Datin Shirley Yue Shou How (Appointed w.e.f 11/1/2019)	-	√	1/1

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

(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.

4.1 CONTROL ENVIRONMENT (cont'd)

(viii) Insurance

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

(ix) Whistle Blowing Policy

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

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

4.2 INTERNAL AUDIT FUNCTION

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

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

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

During the financial year ended 31 July 2019, 62 out of a total of 94 outlets were audited by the Internal Audit Function which carried out audits in accordance with the internal audit plans approved by the AC. The results of the internal audit reviews and recommendations for improvement were presented to the AC at their quarterly meetings.

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

4.3 INFORMATION AND COMMUNICATION

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

4.4 MONITORING AND REVIEW

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

5. WEAKNESSES IN INTERNAL CONTROLS

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

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have performed a limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 July 2019. Their engagement was performed in accordance with the Audit and Assurance Practice Guide 3 (previously RPG 5 (Revised 2015)) issued by the Malaysian Institute of Accountants which does not require the auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on their procedures performed, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control : Guideline for Directors of Listed Issuers" nor is the same factually inaccurate.

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 Groups assets. The processes as outlined in the Statement on Risk Management and Internal Control for identifying, evaluating and managing risks have been in place for the year under review.

This Statement was made in accordance with a resolution of the Board dated 23 October 2019.

Other Compliance Information

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

1) **UTILISATION OF PROCEEDS**

No proceeds were raised by the Company during the financial year ended 31 July 2019 ("financial year").

2) **SHARE BUY-BACK**

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

3) **OPTIONS, WARRANT OR CONVERTIBLE SECURITIES**

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

4) **DEPOSITORY RECEIPT PROGRAMME**

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

5) **IMPOSITION OF SANCTIONS AND/OR PENALTIES**

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

6) **NON-AUDIT FEES**

Non-audit fees amounting to RM95,800 was paid to the External Auditors in respect of tax advisory services in respect of transfer pricing assignment, sustainability reporting compliance services, agreed-upon procedures on the examination of the annual audit sales report and review of statements and other information during the financial year.

7) **VARIATION IN RESULTS**

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

8) **PROFIT GUARANTEE**

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

9) **MATERIAL CONTRACTS**

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

10) **RECURRENT RELATED-PARTY TRANSACTIONS**

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 39 to the Financial Statements.

Statement on Directors' Responsibility

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

In preparing the financial statements for the year ended 31 July 2019, the Directors have :-

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

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

This Statement was made in accordance with a resolution of the Board dated 23 October 2019.

Financial Statements

Directors' Report

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2019.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	25,274,896	26,975,042
Attributable to:		
Owners of the Company	25,274,896	26,975,042

DIVIDENDS

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

	RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2018, paid on 8 March 2019	4,103,518

At the forthcoming Annual General Meeting, a single tier final dividend of 1.20 sen on 410,351,752 ordinary shares amounting to RM4,924,221 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

Directors' Report

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, except for as disclosed in the financial statements,

(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.

DIRECTORS OF THE COMPANY

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

Dato' Choon Yee Seiong*	
Cheong Teck Chong*	
Choon Nee Siew*	
Datin Hon Wee Fong*	
Choon Yee Bin*	
Dato' Esther Tan Choon Hwa	
Fazrin Azwar Bin Md. Nor	
Datin Shirley Yue Shou How	
Dato' Dr. Choong Tuck Yew	(Retired on 11 January 2019)
Choon Wan Joo*	(Retired on 11 January 2019)
Dato' Choon Yoke Ying*	(Retired on 11 January 2019)

* Directors of the Company and certain subsidiaries

In accordance with the Company's Articles of Association, Madam Choon Nee Siew, Mr. Choon Yee Bin and Encik Fazrin Azwar Bin Md. Nor will be retiring at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

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

Ong Han Woon
Mohd Anuar Choon Bin Abdullah
Siow Der Ming
Chang Kwong Him
Saw Eng Hooi

DIRECTORS' INTERESTS

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

		Number of shares			
		At 1.8.2018	**Bought**	**Sold**	**At 31.7.2019**
The Company					
Poh Kong Holdings Berhad					
Direct interests:					
Dato' Choon Yee Seiong		11,600,246	-	-	**11,600,246**
Cheong Teck Chong		2,127,828	-	(116,800)	**2,011,028**
Choon Nee Siew		3,732,242	-	-	**3,732,242**
Choon Yee Bin		140,030	-	-	**140,030**
Datin Hon Wee Fong		2,079,710	-	-	**2,079,710**
Fazrin Azwar Bin Md. Nor		35,000	-	-	**35,000**
Indirect interests:					
Dato' Choon Yee Seiong	(i)	249,603,028	-	-	**249,603,028**
Cheong Teck Chong	(ii)	239,356,648	-	-	**239,356,648**
Choon Nee Siew	(ii)	254,711,072	-	-	**254,711,072**
Choon Yee Bin	(i)	258,430,034	-	-	**258,430,034**
Datin Hon Wee Fong	(i)	251,634,544	-	-	**251,634,544**

DIRECTORS' INTERESTS (CONT'D)

	Number of shares			
	At 1.8.2018	Bought	Sold	At 31.7.2019
Holding company				
Poh Kong Sdn. Bhd.				
Direct interests:				
Dato' Choon Yee Seiong	38,498,796	150,000	-	**38,648,796**
Cheong Teck Chong	20,021,228	-	-	**20,021,228**
Choon Nee Siew	16,861,008	-	-	**16,861,008**
Choon Yee Bin	3,000,000	-	-	**3,000,000**
Datin Hon Wee Fong	3,808,850	-	-	**3,808,850**

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than any deemed benefits which may arise from transactions entered into the ordinary course of business as disclosed in Note 39 to the financial statements.

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

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

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

ULTIMATE HOLDING COMPANY

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 32 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

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

DATO' CHOON YEE SEIONG
Director

CHEONG TECK CHONG
Director

Petaling Jaya

Date: 23 October 2019

Consolidated Statement of Financial Position

AS AT 31 JULY 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	**126,222,604**	126,175,106
Investment in an associate	7	**7,747,730**	-
Investment properties	8	**14,404,687**	14,288,581
Club memberships	9	**228,000**	228,000
Other investment	10	**-**	299,999
Goodwill on consolidation	11	**1,485,140**	1,485,140
Deferred tax assets	12	**17,517,800**	16,676,531
Total non-current assets		**167,605,961**	159,153,357
Current assets			
Inventories	13	**573,625,997**	558,793,631
Current tax assets		**575,651**	871,073
Trade and other receivables	14	**3,684,358**	17,247,334
Deposits and prepayments	15	**10,451,956**	12,431,511
Fixed deposits placed with licensed banks	17	**17,197,727**	15,184,777
Cash and bank balances	18	**12,057,946**	39,107,816
		617,593,635	643,636,142
Asset classified as held for sale	19	**1,470,000**	-
Total current assets		**619,063,635**	643,636,142
TOTAL ASSETS		**786,669,596**	802,789,499

	Note	2019 RM	2018 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	**205,175,876**	205,175,876
Reserves	21	**345,539,804**	318,167,166
TOTAL EQUITY		**550,715,680**	523,343,042
Non-current liabilities			
Loan and borrowings	22	**42,332,460**	24,233,273
Deferred tax liabilities	12	**15,972,250**	15,390,932
Total non-current liabilities		**58,304,710**	39,624,205
Current liabilities			
Loan and borrowings	22	**143,091,869**	195,092,544
Current tax liabilities		**4,361,117**	1,684,521
Contract liabilities	23	**5,048,071**	5,654,403
Provision for restoration costs	24	**400,000**	200,000
Trade and other payables	25	**11,503,842**	21,293,586
Deposits and accruals	26	**10,150,359**	11,031,889
Amount due to holding company	27	**1,296,640**	1,319,305
Amount due to directors	28	**1,797,308**	3,546,004
Total current liabilities		**177,649,206**	239,822,252
TOTAL LIABILITIES		**235,953,916**	279,446,457
TOTAL EQUITY AND LIABILITIES		**786,669,596**	802,789,499

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

Statement of Financial Position

AS AT 31 JULY 2019

	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,506,747**	3,240,833
Investment in subsidiaries	6	**159,355,852**	169,412,573
Deferred tax assets	12	**14,418,185**	14,741,762
Total non-current assets		**176,280,784**	187,395,168
Current assets			
Inventories	13	**16,286,764**	10,975,777
Current tax assets		**67,336**	-
Trade and other receivables	14	**12,646,281**	21,513,984
Deposits and prepayments	15	**578,752**	1,511,141
Amount due by subsidiaries	16	**274,265,501**	292,871,749
Fixed deposits placed with licensed banks	17	**-**	30,000
Cash and bank balances	18	**1,522,985**	21,267,605
Total current assets		**305,367,619**	348,170,256
TOTAL ASSETS		**481,648,403**	535,565,424
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	**205,175,876**	205,175,876
Reserves	21	**50,921,157**	28,049,633
TOTAL EQUITY		**256,097,033**	233,225,509

	Note	2019 RM	2018 RM
Non-current liabilities			
Loan and borrowings	22	**26,640**	300,011
Total non-current liabilities		**26,640**	300,011
Current liabilities			
Loan and borrowings	22	**273,371**	50,468,427
Current tax liabilities		**-**	978,780
Trade and other payables	25	**20,007,123**	25,511,574
Deposits and accruals	26	**546,821**	477,205
Amount due to holding company	27	**1,296,640**	1,298,840
Amount due to subsidiaries	16	**202,415,213**	222,079,402
Amount due to directors	28	**985,562**	1,225,676
Total current liabilities		**225,524,730**	302,039,904
TOTAL LIABILITIES		**225,551,370**	302,339,915
TOTAL EQUITY AND LIABILITIES		**481,648,403**	535,565,424

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

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

		Group		Company	
	Note	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Revenue	29	**1,000,514,281**	1,003,521,807	**454,669,189**	266,339,551
Cost of sales		**(791,631,454)**	(807,107,617)	**(417,182,803)**	(239,738,170)
Gross profit		**208,882,827**	196,414,190	**37,486,386**	26,601,381
Other income		**1,185,856**	5,019,149	**9,500,110**	1,174,057
Administrative expenses		**(69,107,323)**	(70,643,970)	**(20,083,163)**	(20,918,975)
Selling and distribution expenses		**(97,110,530)**	(93,628,131)	**-**	-
Net (impairment loss on)/reversal of impairment loss on receivables		**(19,560)**	396,063	**-**	-
Operating profit		**43,831,270**	37,557,301	**26,903,333**	6,856,463
Finance income	30	**1,967,384**	489,310	**1,384,718**	4,668
Finance costs	31	**(10,165,278)**	(11,161,363)	**(989,432)**	(3,377,679)
Share of results of an associate, net of tax		**817,089**	-	**-**	-
Profit before tax	32	**36,450,465**	26,885,248	**27,298,619**	3,483,452
Income tax expense	33	**(11,175,569)**	(3,483,780)	**(323,577)**	8,045,187
Profit for the financial year		**25,274,896**	23,401,468	**26,975,042**	11,528,639
Other comprehensive loss, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant, and equipment		**(1,029,378)**	-	**-**	-
Other comprehensive loss for the financial year		**(1,029,378)**	-	**-**	-
Total comprehensive income for the financial year		**24,245,518**	23,401,468	**26,975,042**	11,528,639

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit attributable to:					
Owners of the Company		**25,274,896**	23,401,468	**26,975,042**	11,528,639
Non-controlling interests		**-**	-	**-**	-
		25,274,896	23,401,468	**26,975,042**	11,528,639
Total comprehensive income attributable to:					
Owners of the Company		**24,245,518**	23,401,468	**26,975,042**	11,528,639
Non-controlling interests		**-**	-	**-**	-
		24,245,518	23,401,468	**26,975,042**	11,528,639
Earnings per share (sen)					
- basic	34	**6.16**	5.70		
- diluted	34	**6.16**	5.70		

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Share capital RM	Fair value reserve of financial assets at DFVOCI RM	Revaluation reserve RM	Retained profits RM	Total equity RM
		← Attributable to owners of the Company →				
At 1 August 2017		205,175,876	-	42,664,349	256,204,867	504,045,092
Total comprehensive income for the financial year		-	-	-	23,401,468	23,401,468
Transactions with owners						
Dividends	35	-	-	-	(4,103,518)	(4,103,518)
		-	-	-	(4,103,518)	(4,103,518)
At 31 July 2018/ As previously reported		205,175,876	-	42,664,349	275,502,817	523,343,042
- Effect of transition to MFRS 9	2.2	-	7,230,638	-	-	7,230,638
Restated balance at 1 August 2018		205,175,876	7,230,638	42,664,349	275,502,817	530,573,680
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	25,274,896	25,274,896
Other comprehensive loss for the financial year		-	-	(1,029,378)	-	(1,029,378)
Total comprehensive income		-	-	(1,029,378)	25,274,896	24,245,518
Transferred upon derecognition of other investment		-	(7,230,638)	-	7,230,638	-
Transactions with owners						
Dividends	35	-	-	-	(4,103,518)	(4,103,518)
		-	-	-	(4,103,518)	(4,103,518)
At 31 July 2019		**205,175,876**	**-**	**41,634,971**	**303,904,833**	**550,715,680**

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

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	← *Attributable to owners of the Company* Share capital RM	Retained profits RM	→ Total equity RM
At 1 August 2017		205,175,876	20,624,512	225,800,388
Total comprehensive income for the financial year		-	11,528,639	11,528,639
Transactions with owners				
Dividends	35	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2018		205,175,876	28,049,633	233,225,509
Total comprehensive income for the financial year		-	26,975,042	26,975,042
Transactions with owners				
Dividends	35	-	(4,103,518)	(4,103,518)
		-	(4,103,518)	(4,103,518)
At 31 July 2019		**205,175,876**	**50,921,157**	**256,097,033**

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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from operating activities					
Profit before tax		36,450,465	26,885,248	27,298,619	3,483,452
Adjustments for:					
Depreciation of:					
- property, plant and equipment		9,095,409	9,688,032	885,342	853,954
- investment properties		651,474	314,041	-	-
Dividend income		-	(899,994)	(17,663,000)	(9,773,000)
Loss/(Gain) on dissolution of subsidiaries		79,893	20,814	(9,294,858)	(644,243)
Net gain on disposal of property, plant and equipment		(152,050)	(318,971)	-	(25,377)
Impairment loss on:					
- trade receivables		8,117	-	-	-
- property, plant and equipment		955	-	-	-
Interest expense		10,165,278	11,161,363	989,432	3,377,679
Interest income		(1,967,384)	(489,310)	(1,700,242)	(579,189)
Written off of:					
- inventories		19,035	-	-	-
- property, plant and equipment		721,039	601,096	-	-
- trade receivables		11,443	-	-	-
Reversal of impairment loss on trade receivables		-	(396,063)	-	-
Share of results of an associate		(817,089)	-	-	-
Unrealised gain on foreign exchange		(51,375)	(44,838)	-	-
		54,215,210	46,521,418	515,293	(3,306,724)
Changes in working capital:					
Inventories		(14,851,401)	(18,665,729)	(5,310,987)	(10,975,777)
Receivables		15,522,971	(7,170,774)	9,800,092	(8,392,046)
Payables		(10,619,899)	(1,924,018)	(5,434,835)	21,959,295
Contract liabilities		(606,332)	(1,597,576)	-	-
		43,660,549	17,163,321	(430,437)	(715,252)
Tax paid		(8,463,727)	(15,340,861)	(1,046,116)	(3,282,654)
Tax refunded		225	159,923	-	-
Net cash from/(used in) operating activities		35,197,047	1,982,383	(1,476,553)	(3,997,906)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Dividend received		**599,996**	899,994	**17,663,000**	9,773,000
Proceeds from disposal of property, plant and equipment		**152,515**	469,606	**-**	25,377
Final distribution (to)/from dissolution of subsidiaries		**(79,893)**	(20,814)	**19,565,825**	873,834
Purchase of investment properties		**(767,580)**	(5,845,508)	**-**	-
Purchase of property, plant and equipment	5(a)	**(6,126,342)**	(4,717,496)	**(151,256)**	(1,073,354)
Interest received		**1,967,384**	489,310	**1,700,242**	579,189
Net repayment from subsidiaries		**-**	-	**18,392,002**	53,438,295
Net cash (used in)/from investing activities		**(4,253,920)**	(8,724,908)	**57,169,813**	63,616,341
Cash flows from financing activities	(a)				
Net (repayment)/drawdown of banker's acceptance		**(12,363,000)**	28,902,000	**-**	-
Net drawdown of revolving credit		**2,000,000**	10,000,000	**-**	-
Net drawdown of term loans		**25,400,710**	11,352,407	**-**	-
Net repayment of ICP/IMTN		**(50,000,000)**	(20,000,000)	**(50,000,000)**	(20,000,000)
Net repayment of finance lease liabilities		**(4,977,600)**	(3,708,675)	**(468,427)**	(182,741)
Interest paid		**(10,165,278)**	(11,161,363)	**(989,432)**	(3,377,679)
Dividend paid		**(4,103,518)**	(4,103,518)	**(4,103,518)**	(4,103,518)
(Repayment to)/Advances from directors		**(1,748,696)**	132,755	**(240,114)**	240,782
(Repayment to)/Advances from holding company		**(22,665)**	40,265	**(2,200)**	19,800
Repayment to subsidiaries		**-**	-	**(19,664,189)**	(21,116,067)
Uplift/(Placement) of sinking funds		**20,000,000**	(10,000,000)	**20,000,000**	(10,000,000)
(Placement)/Uplift of fixed deposits		**(12,950)**	(1,005,092)	**30,000**	-
Net cash (used in)/from financing activities		**(35,992,997)**	448,779	**(55,437,880)**	(58,519,423)
Net (decrease)/increase in cash and cash equivalents		**(5,049,870)**	(6,293,746)	**255,380**	1,099,012
Cash and cash equivalents at the beginning of the financial year		**33,057,816**	39,351,562	**1,267,605**	168,593
Cash and cash equivalents at the end of the financial year		**28,007,946**	33,057,816	**1,522,985**	1,267,605

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash and cash equivalents including in statements of cash flows comprise following amounts:					
Cash and bank balances		**12,057,946**	39,107,816	**1,522,985**	21,267,605
Fixed deposits placed with licensed banks		**17,197,727**	15,184,777	**-**	30,000
		29,255,673	54,292,593	**1,522,985**	21,297,605
Less: - fixed deposits pledged to licensed banks		**(1,247,727)**	(1,234,777)	**-**	(30,000)
- sinking funds		**-**	(20,000,000)	**-**	(20,000,000)
		28,007,946	33,057,816	**1,522,985**	1,267,605

(a) Changes in liabilities arising from financing activities

Group	1 August 2018 RM	Cash Flows RM	Additions RM	31 July 2019 RM
Revolving credit	10,000,000	2,000,000	-	**12,000,000**
Term loan	37,427,758	25,400,710	3,346,697	**66,175,165**
ICP/IMTN	50,000,000	(50,000,000)	-	**-**
Bankers' acceptance	113,325,000	(12,363,000)	-	**100,962,000**
Finance lease liabilities	8,573,059	(4,977,600)	2,691,705	**6,287,164**
	219,325,817	(39,939,890)	6,038,402	**185,424,329**

Company	1 August 2018 RM	Cash Flows RM	Additions RM	31 July 2019 RM
ICP/IMTN	50,000,000	(50,000,000)	-	**-**
Finance lease liabilities	768,438	(468,427)	-	**300,011**
	50,768,438	(50,468,427)	-	**300,011**

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

Group	**1 August 2017 RM**	**Cash Flows RM**	**Additions RM**	**31 July 2018 RM**
Revolving credit	-	10,000,000	-	10,000,000
Term loan	26,075,351	11,352,407	-	37,427,758
ICP/IMTN	70,000,000	(20,000,000)	-	50,000,000
Bankers' acceptance	84,423,000	28,902,000	-	113,325,000
Finance lease liabilities	7,161,770	(3,708,675)	5,119,964	8,573,059
	187,660,121	26,545,732	5,119,964	219,325,817

Company	**1 August 2017 RM**	**Cash Flows RM**	**Additions RM**	**31 July 2018 RM**
ICP/IMTN	70,000,000	(20,000,000)	-	50,000,00
Finance lease liabilities	88,865	(182,741)	862,314	768,438
	70,088,865	(20,182,741)	862,314	50,768,438

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

Poh Kong Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 16-20, Jalan 52/4, 46200 Petaling Jaya, Selangor Darul Ehsan.

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 October 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

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

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  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 which replaced the "incurred loss" model in MFRS 139. 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. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 August 2018.

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies. Other than the resulted changes in accounting policies and enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements, except for those as disclosed below.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9 (Cont'd)

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

- Trade and other receivables, including refundable deposits, fixed deposits placed with licensed banks and cash and bank balances previously classified as Loans and Receivables under MFRS 139 as at 31 July 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 August 2018.

- Investments in unquoted equity instruments previously classified as available-for-sale ("AFS") financial assets as at 31 July 2018 are classified and measured as equity instruments designated at fair value though other comprehensive income ("DFVOCI") beginning 1 August 2018. The Group elected to reclassify irrevocably its unquoted equity investments under this category at the date of initial application as these investments are not held for trading. In the previous financial year, the Group's investment in unquoted equity instruments classified as AFS financial assets were measured at cost. Upon adoption of MFRS 9, the Group measured the investment at fair value of RM7,530,637 as at 1 August 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 August 2018:

		MFRS 9 measurement category	
			Amortised
		DFVOCI	Cost
MFRS 139 measurement category	**RM**	**RM**	**RM**
Financial assets			
Group			
Loan receivables			
Trade and other receivables	17,247,334	-	17,247,334
Deposits	8,882,847	-	8,882,847
Fixed deposits placed with license banks	15,184,777	-	15,184,777
Cash and bank balances	39,107,816	-	39,107,816
Available-for-sale			
Other investment*	7,530,637	7,530,637	-
	87,953,411	7,530,637	80,422,774

* The change in carrying amount is a result of fair value adjustment amounted to RM7,230,638 upon adoption of MFRS 9.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9 (Cont'd)

(i) Classification and measurement (Cont'd)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 August 2018 (Cont'd):

MFRS 139 measurement category	RM	MFRS 9 measurement category Amortised cost RM
Company		
Loan and receivables		
Trade and other receivables	21,513,984	21,513,984
Deposits	36,722	36,722
Amount due by subsidiaries	292,871,749	292,871,749
Fixed deposits placed with licensed banks	30,000	30,000
Cash and bank balances	21,267,605	21,267,605
	335,720,060	335,720,060

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis.

Upon adoption of MFRS 9, the Group and the Company assessed that no additional expected credit losses are required to be recognised on its trade and other receivables and other financial assets.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application of 1 August 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year. The application of this standard does not have significant effect on the financial performance and financial position of the Group and of the Company except for those discussed below.

(i) Presentation of contract liabilities

The Group has changed the presentation of deferred income and customer deposits received in the statements of financial position to reflect the terminology of MFRS 15:

Contract liabilities in relation to the unutilised cash vouchers and customer deposits received which were previously presented as deferred income and deposit payable respectively.

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

Impact of the adoption of MFRS 15 (Cont'd)

The effect of adopting MFRS 15 is as follows:

Group	Note	As previously reported RM	Reclassification RM	As restated RM
At 31 July 2018				
Customer deposits	(i)	4,485,187	(4,485,187)	-
Deferred income	(i)	1,169,216	(1,169,216)	-
Contract liabilities	(i)	-	5,654,403	5,654,403

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Cont'd)		
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

** Amendments to References to the Conceptual Framework in MFRS Standards*
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

MFRS 16 Leases

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

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases (Cont'd)

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

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 August 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 August 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

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

Amendments to MFRS 9 Financial Instruments

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

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

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.

2. BASIS OF PREPARATION (CONT'D)

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

Amendments to MFRS 112 Income Taxes

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

Amendments to MFRS 119 Employee Benefits

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

Amendments to MFRS 123 Borrowing Costs

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

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

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

2. BASIS OF PREPARATION (CONT'D)

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

Amendments to References to the Conceptual Framework in MFRS Standards (Cont'd)

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

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

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

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

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Use of estimates and judgement (Cont'd)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

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

3.1 Basis of consolidation (Cont'd)

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

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

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

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

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

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

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

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

(b) Associates

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

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

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

3.1 Basis of consolidation (Cont'd)

(b) Associates (Cont'd)

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

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

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

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

(c) Transactions eliminated on consolidation

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

Unrealised gains arising from transaction with equity-accounted associates is eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets is disclosed in Note 3.9(b) to the financial statements.

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

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

3.3 Foreign currency transactions

Translation of foreign currency transactions

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

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

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as a hedging instrument in either a cash flow hedge or a hedge of the Group's net investment in a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of the net investment in the foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

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

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

3.4 Goodwill

Goodwill arises on business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.9(b) to the financial statements.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is disclosed in Note 3.9(b) to the financial statements.

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

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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

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

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation (Cont'd)

Freehold building	2%
Leasehold land	remaining lease period ranges from 34 to 76 years
Leasehold building	remaining lease period ranges from 34 to 76 years
Equipment, furniture and fittings	10% – 33.33%
Plant and machinery	20%
Motor vehicles	20%

The depreciable amount is determined after deducting the residual value.

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

(d) Derecognition

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

3.6 Investment properties

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

Investment properties are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any identified impairment losses. The policy for the recognition and measurement of impairment losses in accordance with Note 3.9(b) to the financial statements.

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

Freehold building	2%
Leasehold building	remaining lease period ranges from 40 to 76 years
Leasehold land	remaining lease period ranges from 40 to 76 years

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

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

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

3.6 Investment properties (Cont'd)

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

3.7 Non-current asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.8 Financial instruments

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

<u>Accounting policies applied from 1 August 2018</u>

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

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

Debt instruments

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

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.9(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(i) Financial assets (Cont'd)

Equity instruments

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

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

(ii) Financial liabilities

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

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

(c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

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

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

(d) Derecognition

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

(i) the contractual rights to receive cash flows from the financial asset expire, or

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

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

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

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

(d) Derecognition (Cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

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

Accounting policies applied until 31 July 2018

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

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

(a) Subsequent measurement

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

(i) Financial assets

Loans and receivables

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

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

3.8 Financial instruments (Cont'd)

Accounting policies applied until 31 July 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(i) Financial assets (Cont'd)

Loans and receivables (Cont'd)

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

Available-for-sale financial assets

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

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

Unquoted equity instruments carried at cost

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

(ii) Financial liabilities

Same accounting policies applied until 31 July 2018 and from 1 August 2018.

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

3.8 Financial instruments (Cont'd)

Accounting policies applied until 31 July 2018 (Cont'd)

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 July 2018 and from 1 August 2018.

(d) Derecognition

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

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

(e) Offsetting of financial instruments

Same accounting policies applied until 31 July 2018 and from 1 August 2018.

3.9 Impairment of assets

(a) Impairment of financial assets

Accounting policies applied from 1 August 2018

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

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

3.9 Impairment of assets (Cont'd)

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

Accounting policies applied from 1 August 2018 (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

3.9 Impairment of assets (Cont'd)

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

Accounting policies applied from 1 August 2018 (Cont'd)

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

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

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to;
- the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

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

3.9 Impairment of assets (Cont'd)

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

<u>Accounting policies applied until 31 July 2018</u>

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.

Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

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

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

3.9 Impairment of assets (Cont'd)

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

Accounting policies applied until 31 July 2018 (Cont'd)

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.

Available-for-sale financial assets

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

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

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

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

(b) Impairment of non-financial assets

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

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

3.9 Impairment of assets (Cont'd)

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

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

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

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

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

3.10 Inventories

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

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

- raw materials: purchase costs on a first-in-first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

3.11 Cash and cash equivalents

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

3.12 Contract liabilities

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

3.13 Leases

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

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

(a) Lessee accounting

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

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

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

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

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

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

3.13 Leases (Cont'd)

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements 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.

3.14 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.

3.15 Provisions

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

(a) Site restoration

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

(b) Contingent liabilities

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

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

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

3.16 Employee benefits

(a) Short term employee benefits

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

(b) Defined contribution plans

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

3.17 Share capital

(a) Ordinary shares

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

3.18 Revenue and other income

Accounting policies applied from 1 August 2018

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

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

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

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

3.18 Revenue and other income (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

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

Financing components

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

(a) Sales of goods - manufacturing

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

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

(b) Sales of goods

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

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

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

(c) Rendering of services and repairs

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

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

3.18 Revenue and other income (Cont'd)

Accounting policies applied from 1 August 2018 (Cont'd)

(d) Dividend income

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

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Rental income

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

(g) Management income

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

Accounting policies applied until 31 July 2018

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

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

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

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

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

(e) Interest income is recognised using the effective interest method.

(f) Rental income is recognised on a straight-line basis over the specific tenure of the respective leases.

3.19 Income tax

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

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

3.19 Income tax (Cont'd)

(a) Current tax

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

(b) Deferred tax

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

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

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.19 Income tax (Cont'd)

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated inclusive of GST.

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

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

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

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

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The amount of sales and services tax payable to, the taxation authority is included as part of payables in the statements of financial position.

3.20 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.21 Earnings per share

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

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

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

3.21 Earnings per share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

3.22 Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Net realisable values of inventories (Note 13)

Reviews are made periodically by directors on design of inventories coupled with market knowledge of retail department and the valuation of inventories which is subject to the fluctuation of the market price. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

4.2 Deferred tax assets (Note 12)

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based on the 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.

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
2019								
Cost/Valuation								
At 1 August 2018	26,510,000	24,100,979	39,209,850	427,951	89,371,209	7,482,213	12,713,507	199,815,709
Additions	-	-	4,643,371	-	7,144,061	394,552	182,760	12,364,744
Disposals	-	-	-	-	(3,100)	-	(804,484)	(807,584)
Written off	-	-	-	(427,951)	(3,008,013)	-	-	(3,435,964)
Transfer to asset classified as held for sale (Note 19)	-	(1,900,000)	(700,000)	-	-	-	-	(2,600,000)
At 31 July 2019	**26,510,000**	**22,200,979**	**43,153,221**	**-**	**93,504,157**	**7,876,765**	**12,091,783**	**205,336,905**
Representing:								
- cost	-	-	-	-	93,504,157	7,876,765	12,091,783	113,472,705
- valuation	26,510,000	22,200,979	43,153,221	-	-	-	-	91,864,200
	26,510,000	**22,200,979**	**43,153,221**	**-**	**93,504,157**	**7,876,765**	**12,091,783**	**205,336,905**
Accumulated depreciation								
At 1 August 2018	-	266,008	984,196	-	56,548,248	6,409,221	8,794,000	73,001,673
Depreciation for the financial year	-	341,038	415,113	-	6,741,403	353,629	1,244,226	9,095,409
Disposals	-	-	-	-	(2,635)	-	(804,484)	(807,119)
Written off	-	-	-	-	(2,286,974)	-	-	(2,286,974)
Transfer to asset classified as held for sale (Note 19)	-	(72,833)	(26,834)	-	-	-	-	(99,667)
At 31 July 2019	**-**	**534,213**	**1,372,475**	**-**	**61,000,042**	**6,762,850**	**9,233,742**	**78,903,322**

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
2019								
Accumulated impairment losses								
At 1 August 2018	-	210,979	-	427,951	-	-	-	638,930
Impairment for the financial year	-	752,936	277,397	-	-	-	-	1,030,333
Transfer to asset classified as held for sale (Note 19)	-	(752,936)	(277,397)	-	-	-	-	(1,030,333)
Written off	-	-	-	(427,951)	-	-	-	(427,951)
	-	**210,979**	**-**	**-**	**-**	**-**	**-**	**210,979**
Carrying amount								
At 31 July 2019	**26,510,000**	**21,455,787**	**41,780,746**	**-**	**32,504,115**	**1,113,915**	**2,858,041**	**126,222,604**
Representing:								
- cost	-	-	-	-	32,504,115	1,113,915	2,858,041	36,476,071
- valuation	26,510,000	21,455,787	41,780,746	-	-	-	-	89,746,533
	26,510,000	**21,455,787**	**41,780,746**	**-**	**32,504,115**	**1,113,915**	**2,858,041**	**126,222,604**

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

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

Company	Furniture and fittings RM	Motor vehicles RM	Total RM
2019			
Cost			
At 1 August 2018	7,607,784	502,287	8,110,071
Additions	151,256	-	151,256
At 31 July 2019	**7,759,040**	**502,287**	**8,261,327**
Accumulated depreciation			
At 1 August 2018	4,507,338	361,900	4,869,238
Depreciation for the financial year	849,312	36,030	885,342
At 31 July 2019	**5,356,650**	**397,930**	**5,754,580**
Carrying amount			
At 31 July 2019	**2,402,390**	**104,357**	**2,506,747**
2018			
Cost			
At 1 August 2017	5,828,653	471,925	6,300,578
Additions	1,779,131	156,537	1,935,668
Disposal	-	(126,175)	(126,175)
At 31 July 2018	**7,607,784**	**502,287**	**8,110,071**
Accumulated depreciation			
At 1 August 2017	3,710,702	430,757	4,141,459
Depreciation for the financial year	796,636	57,318	853,954
Disposal	-	(126,175)	(126,175)
At 31 July 2018	**4,507,338**	**361,900**	**4,869,238**
Carrying amount			
At 31 July 2018	**3,100,446**	**140,387**	**3,240,833**

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

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM12,364,744 (2018: RM9,837,460) and RM151,256 (2018: RM1,935,668) respectively of which RM200,000 (2018: Nil) of the Group was provision for restoration costs.

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Addition to property, plant and equipment	**12,364,744**	9,837,460	**151,256**	1,935,668
Provision for restoration cost	**(200,000)**	-	**-**	-
Financed by:				
- finance lease	**(2,691,705)**	(5,119,964)	**-**	(862,314)
- term loan	**(3,346,697)**	-	**-**	-
Cash payments on purchase of property, plant and equipment	**6,126,342**	4,717,496	**151,256**	1,073,354

(b) Properties transferred to the asset classified as held for sale amounting to RM1,470,000 relate to the assets of Poh Kong Jewellers (Klang) Sdn. Bhd., a subsidiary of the Company. Refer to Note 19 to the financial statements for further details on the disposal of asset classified as held for sale.

(c) Carrying amount of equipment, furniture and fittings and motor vehicles acquired under finance lease arrangements of which instalments are still outstanding at the end of the reporting period is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Equipment, furniture and fittings	**3,884,410**	6,829,885	**462,422**	601,377
Motor vehicles	**2,858,041**	3,777,342	**104,357**	140,387
	6,742,451	10,607,227	**566,779**	741,764

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 22 to the financial statements.

(d) Carrying amount of properties pledged as securities for bank borrowings as disclosed in Note 22 to the financial statements are as follows:

	Group	
	2019 RM	2018 RM
At valuation		
- Freehold land	**25,500,000**	25,500,000
- Leasehold land	**11,673,376**	13,798,688
- Buildings	**19,093,618**	26,645,204

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

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

	Group	
	2019 RM	**2018 RM**
- Freehold land	**4,353,093**	4,353,093
- Leasehold land	**4,086,202**	5,660,078
- Buildings	**21,936,545**	22,878,123

(f) **Fair value information**

Fair value of lands and buildings are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2019				
- Freehold land	-	27,520,000	-	27,520,000
- Leasehold land	-	21,450,000	-	21,450,000
- Buildings	-	41,560,000	-	41,560,000
	-	**90,530,000**	**-**	**90,530,000**
2018				
- Freehold land	-	26,510,000	-	26,510,000
- Leasehold land	-	23,350,000	-	23,350,000
- Buildings	-	38,860,000	-	38,860,000
	-	**88,720,000**	**-**	**88,720,000**

Level 2 fair value

The fair value on freehold land, leasehold land and buildings of the Group were revalued on 31 July 2019 using the sales comparison and cost approach based on valuation performed by independent firms of professional valuers.

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

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

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

Policy on transfer between levels

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

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2019 and 31 July 2018.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM	**2018 RM**
Unquoted shares - at cost	**144,046,697**	154,317,664
Loans that are part of net investments	**15,309,155**	15,094,909
	159,355,852	169,412,573

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

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Company	Effective Proportion Ownership/ Voting Rights 2019 %	Effective Proportion Ownership/ Voting Rights 2018 %	Principal Activities
Poh Kong Jewellers Sdn. Bhd.	**100**	100	Suppliers and retailers of jewellery, precious stones and gold ornaments
Poh Kong Jewellery Manufacturer Sdn. Bhd.	**100**	100	Manufacturer and dealers of jewellery, precious stones and gold ornaments
Poh Kong Jewellers (Franchise) Sdn. Bhd.	**100**	100	Franchise management services
Poh Kong Properties Sdn. Bhd.	**100**	100	Property investment
Poh Kong Wholesale Sdn. Bhd.	**100**	100	Investment holding, suppliers and retailers of packing and utility products, wholesaler of jewellery, precious stones and gold ornaments ornaments
PK Jewellery Export Sdn. Bhd.	**100**	100	Trading of bullion
Poh Kong International Sdn. Bhd.	**100**	100	Overseas investment holding
Poh Kong Bullion Sdn. Bhd.	**100**	100	Suppliers and retailers of gold bullion, gold coins, gold ingots and gold investment products
Poh Kong Jewellers (Klang) Sdn. Bhd.*	**100**	100	Ceased operation
Poh Kong Jewellers (SS2) Sdn. Bhd.*	**100**	100	Ceased operation
Poh Kong Jewellers (Jaya) Sdn. Bhd.#	**100**	100	Under members' voluntary winding up
Poh Kong Jewellers (Maluri) Sdn. Bhd.#	**100**	100	Under members' voluntary winding up
Poh Kong Jewellers (Shah Alam) Sdn. Bhd.#	**100**	100	Under members' voluntary winding up
Poh Kong Jewellers (The Mall) 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
	2019 %	2018 %	
Poh Kong Jewellers (Bangsar) Sdn. Bhd.#	**100**	100	Under members' voluntary winding up
Poh Kong Jewellers (Wangsa Maju) Sdn. Bhd.#	**100**	100	Under members' voluntary winding up
Poh Kong Jewellers (Banting) Sdn. Bhd.#	**-**	100	Dissolved during the financial year
Poh Kong Jewellers (Subang Parade) Sdn. Bhd.#	**-**	100	Dissolved during the financial year
Poh Kong Jewellers (Ampang Point) Sdn. Bhd.#	**-**	100	Dissolved during the financial year
Poh Kong Jewellers (Ipoh) Sdn. Bhd.#	**-**	100	Dissolved during the financial year

All subsidiaries in the Group are incorporated in Malaysia.

\# *As a result of the restructuring exercise on internal reorganisation undertaken by the Group and the Company, these subsidiaries ceased operations and are under members' voluntary winding up or has been dissolved during the financial year. The audited financial statements and auditors' report of the subsidiaries are not available. The management accounts have been used for the purpose of consolidation.*

* *As a result of the restructuring exercise on internal reorganisation undertaken by the Group and the Company, these subsidiaries ceased operations and will place under members' voluntary winding up.*

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Dissolution of subsidiaries

During the financial year, 4 subsidiaries (2018: 2 subsidiaries) have been dissolved. The Group has deconsolidated these former subsidiaries. The deconsolidation had the following effects on the financial position of the Group at the end of the financial year:

	2019 RM	2018 RM
Carrying amount, at the date of deconsolidation		
Assets		
Cash and bank balances	90,287	22,255
Net assets deconsolidated	90,287	22,255
	90,287	22,255
Total final distribution	10,394	1,441
Loss on dissolution of subsidiaries	(79,893)	(20,814)
<u>The effect of deconsolidation on cash flows is as follows:</u>		
Final distribution	10,394	1,441
Less: Cash and cash equivalents of subsidiaries dissolved	(90,287)	(22,255)
Net cash outflows on deconsolidation	(79,893)	(20,814)

7. INVESTMENT IN AN ASSOCIATE

	Group	
	2019 RM	2018 RM
Unquoted shares, in Malaysia		
At cost	7,530,637	-
Group's share of post-acquisition reserves, net of dividends received	217,093	-
	7,747,730	-

Details of associate are as follows:

Name of Company	Owernership Interest 2019 %	Owernership Interest 2018 %	Principal Activities
Lian Sin Tang Sdn. Bhd.*#	14.29	-	Pawnshop owners and suppliers of goldsmiths and jewellers

* Audited by audit firm other than Baker Tilly Monteiro Heng PLT
# Financial year end of 31 December

7. INVESTMENT IN AN ASSOCIATE (CONT'D)

The Group's interest in the above investment is regarded as associate although the Group holds less than 20% of the equity interest in the entity. The directors have assessed the existence of significant influence with the appointment of a director of the Company as the corporate representative on the Board of Directors of Lian Sin Tang Sdn. Bhd.. Accordingly, this entity is accounted for using the equity method in the consolidated financial statements.

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

Summarised financial information of material associate

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

Group	**Lian Sin Tang Sdn. Bhd. RM**
31 July 2019	
Assets and liabilities	
Current assets	38,877,021
Non-current assets	8,316,360
Current liabilities	(53,395)
Net assets	**47,139,986**
Results:	
Revenue	70,482,269
Profit for the financial year	5,719,646
Total comprehensive income	5,719,646
Reconciliation of net assets to carrying amount as at year end:	
Share of net assets at initial recognition date, at fair value	7,530,637
Share of post-acquisition profit	817,089
Dividend paid	(599,996)
Carrying amount in the statement of financial position	**7,747,730**

8. INVESTMENT PROPERTIES

Group	Leasehold lands RM	Buildings RM	Buildings-in - progress RM	Total RM
2019				
At cost				
At 1 August 2018	7,360,000	6,843,000	1,356,058	15,559,058
Additions	-	-	767,580	767,580
Reclassification	-	2,123,638	(2,123,638)	-
At 31 July 2019	**7,360,000**	**8,966,638**	**-**	**16,326,638**
Accumulated depreciation				
At 1 August 2018	390,999	588,278	-	979,277
Depreciation for the financial year	78,200	573,274	-	651,474
At 31 July 2019	**469,199**	**1,161,552**	**-**	**1,630,751**
Accumulated impairment losses				
At 1 August 2018/ 31 July 2019	-	291,200	-	291,200
Carrying amount				
At 31 July 2019	**6,890,801**	**7,513,886**	**-**	**14,404,687**
2018				
At cost				
At 1 August 2017	3,400,000	5,853,000	460,550	9,713,550
Additions	3,960,000	990,000	895,508	5,845,508
At 31 July 2018	7,360,000	6,843,000	1,356,058	15,559,058
Accumulated depreciation				
At 1 August 2017	312,799	352,437	-	665,236
Depreciation for the financial year	78,200	235,841	-	314,041
At 31 July 2018	390,999	588,278	-	979,277
Accumulated impairment losses				
At 1 August 2017/ 31 July 2018	-	291,200	-	291,200
Carrying amount				
At 31 July 2018	**6,969,001**	**5,963,522**	**1,356,058**	**14,288,581**

8. INVESTMENT PROPERTIES (CONT'D)

(a) The investment properties comprise of shop lots and condominium.

(b) Investment properties with aggregate carrying amount of RM10,214,821 (2018: RM8,569,298) are pledged as securities for bank borrowings facilities granted to the Group as disclosed in Note 22 to the financial statements.

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

	Group	
	2019 RM	2018 RM
Rental income	**396,420**	328,477
Direct operating expenses from income generating investment properties	**285,265**	376,951

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2019				
- Leasehold lands	-	**7,360,000**	-	**7,360,000**
- Buildings	-	**8,750,545**	-	**8,750,545**
2018				
- Leasehold lands	-	7,360,000	-	7,360,000
- Buildings	-	6,540,000	-	6,540,000

In the previous financial year, the investment properties under construction is being valued at cost as the directors are of the opinion that the fair value of the investment properties cannot be reliably and separately determined due to the nature and project risks involved in completing the investment properties.

Level 2 fair value

The fair value on leasehold land and buildings of the Group is determined based on sales comparison approach based on valuation performed by independent firms of professional property valuers.

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

Policy on transfer between levels

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

Transfer between levels of fair value hierarchy

There were no transfer between level 1 and level 2 during the financial year ended 31 July 2019 and 31 July 2018.

9. CLUB MEMBERSHIPS

	Group	
	2019 RM	2018 RM
At cost:		
Club memberships	233,000	233,000
Less: Accumulated impairment losses	(5,000)	(5,000)
	228,000	228,000

10. OTHER INVESTMENTS

	Group	
	2019 RM	2018 RM
Available-for-sale financial assets		
At cost:		
Unquoted shares in Malaysia	-	299,999

In the previous financial year, the Group's investment in unquoted equity instruments classified as available-for-sale financial assets were measured at cost. Upon adoption of MFRS 9, the Group measured the investment designated at fair value though other comprehensive income of RM7,530,637 as at 1 August 2018.

During the financial year, the other investment was classified as investment in an associate as the Group has significant influence as disclosed in Note 7 to the financial statements.

11. GOODWILL ON CONSOLIDATION

	Group	
	2019 RM	**2018 RM**
Carrying amount		
At 31 July	**1,485,140**	1,485,140

(a) The carrying amount of goodwill allocated to the cash-generating unit ("CGU") is as follows:

	Group	
	2019 RM	**2018 RM**
Trading	**1,485,140**	1,485,140

(b) The Group has assessed the recoverable amount of goodwill allocated and determined that no impairment is required. The recoverable amount of the CGU is determined using the value in use approach and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by directors covering a period of five years.

(c) The key assumptions used in the determination of the recoverable amount are as follows:

(i) Discount rate

The discount rates used are determined using a pre-tax discount rate of 12.40% (2018: 11.52%).

(ii) Growth rate

The average growth rate used of 2% (2018: 2%) over five-year projection period and it is based on average growth levels experienced over the past ten years.

The values assigned to the above key assumptions represent directors' assessment of future trends in the industry and are based on both external sources and internal source of information.

(d) With regard to the assessment of value in use of the trading unit, the directors believe that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amount.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 August	1,285,599	(4,778,420)	14,741,762	6,696,575
Recognised in profit or loss (Note 33)	259,951	6,064,019	(323,577)	8,045,187
At 31 July	1,545,550	1,285,599	14,418,185	14,741,762
Presented after appropriate offsetting:				
Deferred tax assets	17,517,800	16,676,531	14,418,185	14,741,762
Deferred tax liabilities	(15,972,250)	(15,390,932)	-	-
	1,545,550	1,285,599	14,418,185	14,741,762

(a) Deferred tax assets

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 August	16,676,531	8,658,818	14,741,762	6,696,575
Recognised in profit or loss	841,269	8,017,713	(323,577)	8,045,187
At 31 July	17,517,800	16,676,531	14,418,185	14,741,762

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

	At 1 August 2017 RM	Recognised in profit or loss RM	At 31 July 2018 RM	Recognised in profit or loss RM	At 31 July 2019 RM
Group					
Unrealised profits arising from inter-company transaction	1,962,244	(27,474)	1,934,770	1,164,846	3,099,616
Unutilised tax losses	5,689,896	7,619,803	13,309,699	(366,750)	12,942,949
Unabsorbed capital allowances	1,294,696	305,749	1,600,445	1,480	1,601,925
Excess of capital allowances over depreciation	(288,018)	119,635	(168,383)	41,693	(126,690)
	8,658,818	8,017,713	16,676,531	841,269	17,517,800

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

(a) Deferred tax assets (Cont'd)

The estimated deferred tax assets of the Group and of the Company arising from temporary differences recognised in the financial statements are as follows (Cont'd) :

	At 1 August 2017 RM	Recognised in profit or loss RM	At 31 July 2018 RM	Recognised in profit or loss RM	At 31 July 2019 RM
Company					
Unutilised tax losses	5,689,896	7,619,803	13,309,699	(366,750)	**12,942,949**
Unabsorbed capital allowances	1,294,697	305,749	1,600,446	1,480	**1,601,926**
Excess of capital allowances over depreciation	(288,018)	119,635	(168,383)	41,693	**(126,690)**
	6,696,575	8,045,187	14,741,762	(323,577)	**14,418,185**

The recognition of the deferred tax assets of the Group and of the Company are based on the projection of financial budget approved by directors to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(b) Deferred tax liabilities

	Group 2019 RM	Group 2018 RM
At 1 August	**15,390,932**	13,437,238
Recognised in profit or loss	**581,318**	1,953,694
At 31 July	**15,972,250**	15,390,932

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

	At 1 August 2017 RM	Recognised in profit or loss RM	At 31 July 2018 RM	Recognised in profit or loss RM	At 31 July 2019 RM
Group					
Property,plant and equipment	1,326,056	1,953,694	3,279,750	581,318	**3,861,068**
Revaluation	12,111,182	-	12,111,182	-	**12,111,182**
	13,437,238	1,953,694	15,390,932	581,318	**15,972,250**

13. INVENTORIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At cost				
Raw material	**13,970,545**	13,157,930	**516,538**	381,057
Work-in-progress	**20,950,552**	23,622,929	**-**	-
Finished goods	**538,704,900**	522,012,772	**15,770,226**	10,594,720
	573,625,997	558,793,631	**16,286,764**	10,975,777

During the financial year, the cost of inventories recognised as cost of sales in the Group and the Company amounted to RM791,631,454 (2018: RM807,107,617) and RM417,182,803 (2018: RM239,738,170) respectively.

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Trade					
Trade receivables	(a)	**1,741,134**	15,116,663	**285,210**	10,631,614
Amount due by subsidiaries		**-**	-	**12,361,071**	10,875,548
Less:					
Impairment for trade receivables		**(70,310)**	(62,193)	**-**	-
		1,670,824	15,054,470	**12,646,281**	21,507,162
Non-Trade					
Other receivables	(b)	**2,013,534**	2,192,864	**-**	6,822
		2,013,534	2,192,864	**-**	6,822
Total trade and other receivables		**3,684,358**	17,247,334	**12,646,281**	21,513,984

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's and the Company's normal trade credit terms range from 7 to 30 days (2018: 7 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

14. 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 and the reconciliation of movement in the impairment of the trade receivables are as follows:

	Group	
	2019 RM	2018* RM
At 1 August	62,193	458,256
Impaired during the financial year	8,117	-
Reversal of impairment losses	-	(396,063)
At 31 July	70,310	62,193

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

Trade receivables that are individually impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

The information about the credit exposures are disclosed in Note 41(b) to the financial st atements.

Offsetting of financial assets and financial liabilities:

	Note	Gross amout RM	Balances that are set off RM	Net carrying amount in the statements of financial position RM
Group				
2019				
Trade receivables		**15,790,552**	**(14,049,418)**	**1,741,134**
Trade payables	**25**	**(20,954,863)**	**14,049,418**	**(6,905,445)**
2018				
Trade receivables		15,116,663	-	15,116,663
Trade payables	25	(14,505,635)	-	(14,505,635)
Company				
2019				
Trade receivables		**14,334,628**	**(14,049,418)**	**285,210**
Trade payables	**25**	**(33,401,211)**	**14,049,418**	**(19,351,793)**
2018				
Trade receivables		10,631,614	-	10,631,614
Trade payables	25	(23,602,876)	-	(23,602,876)

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

The Group's and the Company's amounts owing by other receivables are unsecured,interest free and are repayable on demand.

Included in other receivables of the Group are amounts of Nil (2018: RM463,262) due by fellow subsidiaries under the common control of holding company. The amounts due are unsecured, interest free, repayable on demand and is expected to be settled in cash.

15. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Deposits	**8,668,529**	8,882,847	**29,954**	36,722
Prepayments	**1,783,427**	3,548,664	**548,798**	1,474,419
	10,451,956	12,431,511	**578,752**	1,511,141

(a) **Deposits**

Deposits are in relation to rental and utilities deposits for retail spaces and staff hostels.

(b) **Prepayments**

Included in prepayments of the Group and of the Company are amounts of Nil (2018: RM934,917) being prepaid interest expense for the utilisation of ICP/IMTN programme as disclosed in Note 22 to the financial statements.

16. AMOUNT DUE BY/(TO) SUBSIDIARIES

The amount due by/(to) subsidiaries are unsecured, interest free, repayable on demand and is expected to be settled in cash.

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The fixed deposits of the Group earn weighted average effective interest rate ranging from 2.30% to 3.15% (2018: 2.45% to 3.77%) per annum respectively.

Included in fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM1,247,727 (2018: RM1,234,777) and Nil (2018: 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 22 to the financial statements.

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group and of the Company is an amount of Nil (2018: RM20,000,000) and Nil (2018: RM20,000,000) respectively deposited in Finance Interest Service Reserve Accounts, and is restricted for the redemption of the principal amount of ICP/IMTN as disclosed in Note 22 to the financial statements.

19. ASSET CLASSIFIED AS HELD FOR SALE

On 1 July 2019, the Group has initiated a plan to sell the leasehold land and building known as PN 54882, Lot 130 Seksyen 9, Bandar Shah Alam, District of Petaling, Negeri Selangor Darul Ehsan, measuring approximately 1,646 square metre. The fair value less cost to sell of the leasehold land and buildings is estimated at RM1,470,000.

Subsequent to the financial year end on 5 August 2019, the Group has entered into Sale and Purchase Agreement with third parties for the disposal of leasehold land and building for a total consideration of RM1,500,000. The disposal is subject to the fulfilment of condition precedent.

	Group	
	2019 RM	**2018 RM**
Cost/Valuation		
At 1 August	-	-
Transfer from property, plant and equipment (Note 5)	**1,470,000**	-
At 31 July	**1,470,000**	-

20. SHARE CAPITAL

	Group and Company			
	2019		**2018**	
	Number of shares Unit	**RM**	**Number of shares Unit**	**RM**
Issued and fully paid up:				
At 1 August/31 July	**410,351,752**	**205,175,876**	410,351,752	205,175,876

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

21. RESERVES

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Revaluation reserve	**41,634,971**	42,664,349	-	-
Retained profits	**303,904,833**	275,502,817	**50,921,157**	28,049,633
	345,539,804	318,167,166	**50,921,157**	28,049,633

21. RESERVES (CONT'D)

Revaluation reserve

The revaluation reserve of the Group represents increases in the fair value of freehold land, leasehold land and buildings of the Group in years 2003, 2008, 2013 and 2017, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

22. LOAN AND BORROWINGS

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-current					
Secured					
Term loans	22.1	39,363,268	20,257,933	-	-
Finance lease liabilities	22.3	2,969,192	3,975,340	26,640	300,011
		42,332,460	24,233,273	26,640	300,011
Current					
Secured					
Term loans	22.1	26,811,897	17,169,825	-	-
ICP/IMTN	22.2	-	50,000,000	-	50,000,000
Finance lease liabilities	22.3	3,317,972	4,597,719	273,371	468,427
Bankers' acceptance	22.4	100,962,000	113,325,000	-	-
Revolving credit	22.5	12,000,000	10,000,000	-	-
		143,091,869	195,092,544	273,371	50,468,427
Total loan and borrowings					
Term loans	22.1	66,175,165	37,427,758	-	-
ICP/IMTN	22.2	-	50,000,000	-	50,000,000
Finance lease liabilities	22.3	6,287,164	8,573,059	300,011	768,438
Bankers' acceptance	22.4	100,962,000	113,325,000	-	-
Revolving credit	22.5	12,000,000	10,000,000	-	-
		185,424,329	219,325,817	300,011	50,768,438

22. LOAN AND BORROWINGS (CONT'D)

22.1 Term loans

Term loan facilities of the Group are mature between year 2019 and year 2036 and denominated in RM.

Term loan 1 of a subsidiary of RM2,177,655 (2018: RM2,277,165) bears interest at BLR – 2.00% (2018: BLR – 2.00%) per annum and is repayable by monthly instalments of RM17,826 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

(a) A legal charge over properties of the subsidiary as disclosed in Note 5 and Note 8 to the financial statements; and

(b) Corporate guarantee and indemnity provided by the Company.

Term loan 2 and term loan 3 of a subsidiary of Nil (2018: RM78,404) bears interest at Nil (2018: 7.00%) per annum and is repayable by monthly instalments of RM15,753 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(a) A legal charge over properties of the subsidiary as disclosed in Note 5 to the financial statements;

(b) Legal assignment over Tenancy Agreement between the subsidiary and its related companies;

(c) Irrecoverable letter of instruction from the subsidiary to a related company to remit all the rental proceeds from properties into Escrow Account maintained with bank;

(d) Charge over Escrow Account;

(e) Letter of undertaking from the Company to support any shortfall in the subsidiary's cash flow; and

(f) Corporate guarantee provided by the Company.

The term loan 2 and term loan 3 had been settled during the year.

Term loan 4 of a subsidiary of RM4,181,540 (2018: RM4,809,331) bears interest at BLR – 2.40% (2018: BLR – 2.40%) per annum and is repayable by monthly instalments of RM70,517 over ten years commencing from one month after the full release of the loan and is secured and supported as follows:

(a) Principal instrument of a facilities agreement for the sum of RM6,900,000;

(b) Equitable Assignment of rental proceeds is to be created over property as disclosed in Note 5 to the financial statements;

(c) Corporate guarantee provided by the Company; and

(d) Where security is taken over property without individual title:

    (i) A deed of assignment to be executed by the subsidiary in assigning all the rights and title, interests and benefits under the Sales and Purchase Agreement in respect of the property.

    (ii) Irrevocable Power of Attorney from the subsidiary to enable the Bank to deal with the security offered.

22. LOAN AND BORROWINGS (CONT'D)

22.1 Term loans (Cont'd)

Term loan 5 of a subsidiary of RM434,785 (2018: RM449,240) bears interest at BLR – 2.20% (2018: BLR – 2.20%) per annum and is repayable by monthly instalments of RM3,080 over twelve years commencing from the day of first drawdown and is secured and supported as follows:

(a) Principal instrument of facilities agreement for the sum of RM480,000;

(b) Corporate guarantee provided by the Company; and

(c) Where security is taken over property without individual title:

 (i) A registered open all monies first party charge stamped nominally over the property.

 (i) A close charge over property created as security for facility granted as disclosed in Note 5.

Term loan 6 of a subsidiary of Nil (2018: RM88,545) bears interest at Nil (2018: BLR – 2.00%) per annum and is repayable by monthly instalments of RM8,112 over fifteen years commencing from the day of first drawdown and is secured and supported as follows:

(a) A first legal charge over the properties of the subsidiary as mentioned in Note 5 to the financial statements; and

(b) A joint and several guarantee by all the directors of the subsidiary.

The term loan 6 had been settled during the year.

Term loan 7 of a subsidiary of RM1,395,047 (2018: RM1,464,800) bears interest at BLR – 2.00% (2018: BLR – 2.00%) per annum and is repayable by monthly instalments of RM11,651 over twenty years commencing from one month after the full release of the loan and is secured and supported as follows:

(a) Facilities agreements for the sum of RM2,000,000 as principal instruments;

(b) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and

(c) Corporate guarantee provided by the Company.

Term loan 8 of a subsidiary of Nil (2018: RM190,523) bears interest at Nil (2018: BLR – 1.50%) per annum and is repayable by monthly instalments of RM25,536 over ten years commencing from one month after the full release of the loan and is secured and supported as follows:

(a) Facilities agreement for the sum of RM2,380,000 as principal instruments;

(b) A first party legal charge over the properties of the subsidiary as disclosed in Note 5 to the financial statements; and

(c) Corporate guarantee provided by the Company.

The term loan 8 had been settled during the year.

Term loan 9 of subsidiaries of RM16,042,248 (2018: RM14,091,070) bears interest at 2.80% (2018: 2.80%) per annum is repayable on demand.

22. LOAN AND BORROWINGS (CONT'D)

22.1 Term loans (Cont'd)

Term loan 10 of subsidiaries of RM3,795,810 (2018: RM3,978,680) bears interest at BLR – 0.75% (2018: BLR – 0.75%) per annum and is repayable by monthly instalments of RM32,903 over fifteen years commencing from the day of first drawdown and is secured and supported as follows:

(a) Principal instrument of facilities agreement for the sum of RM4,207,500; and

(b) Corporate guarantee provided by immediate holding company.

Term loan 11 of subsidiaries of RM33,333,340 (2018: RM10,000,000) bears interest at BR + 1.00% (2018: BR + 1.00%) per annum and is repayable by 54 equal monthly instalments with the first instalment commencing 6 months from the date of first drawdown of the revolving credit facility and is secured and supported as follows:

(a) Fixed deposit placed with a licensed bank of the Company as disclosed in Note 17 to the financial statements;

(b) Irrevocable and unconditional letter of undertaking from the immediate holding company to cover any shortfall in any payment obligations in relation to the facility; and

(c) Corporate guarantee provided by the company.

Term loan 12 of subsidiaries of RM3,346,697 (2018: Nil) bears interest at BLR - 6.81% (2018: Nil) per annum is repayable by monthly instalments of RM56,000 over five years commencing from 1 February 2020 and is secured by corporate guarantee provided by the company.

Term loan 13 of subsidiaries of RM734,558 (2018: Nil) bears interest at BFR - 1.50% (2018: Nil) per annum is repayable by monthly instalments of RM6,027 over sixteen years commencing from first day after the full release and is secured and supported as follows:

(a) A first party legal charge over the properties of the subsidiary as disclosed in Note 8 to the financial statements; and

(b) by corporate guarantee provided by the company.

Term loan 14 of subsidiaries of RM733,485 (2018: Nil) bears interest at BFR - 1.50% (2018: Nil) per annum is repayable by monthly instalments of RM6,027 over sixteen years commencing from first day after the full release and is secured and supported as follows:

(a) A first party legal charge over the properties of the subsidiary as disclosed in Note 8 to the financial statements; and

(b) by corporate guarantee provided by the company.

22. LOAN AND BORROWINGS (CONT'D)

22.2 ICP/IMTN

The ICP/IMTN programme is a facility which mature in year 2018, denominated in RM of up to RM150 million granted to the Group and to the Company and is based on Islamic financing principles in accordance with Syariah concept and principle of Al- Kafalah.

The proceeds of the ICP/IMTN programme shall be utilised for the following purposes:

(a) To finance group wide restructuring programme; and

(b) To finance capital expenditure.

The ICP/IMTN bears interest ranging from 4.20% to 4.75% (2018: 4.20% to 4.75%) per annum, with Danajamin to act as guarantor to guarantee the repayment obligations and is secured by way of third party first fixed legal charge over the following properties of the Group:

(a) A four storey leasehold shop office (expiring in 2059) located at No.16, Jalan 52/4, 46200 Petaling Jaya;

(b) A four storey leasehold shop office (expiring in 2060) located at No.18, Jalan 52/4, 46200 Petaling Jaya;

(c) Freehold commercial shoplot located at G-19, Subang Parade, Selangor;

(d) Leasehold commercial shoplot (expiring in 2090) located at G-14, Mahkota Parade, Melaka;

(e) Leasehold commercial shoplot (expiring in 2090) located at G-29, Mahkota Parade, Melaka;

(f) Leasehold commercial shoplot (expiring in 2095) located at GF-119, Queensbay Shopping Mall, Penang;

(g) Leasehold commercial shoplot (expiring in 2095) located at GF-120, Queensbay Shopping Mall, Penang;

(h) Freehold commercial shoplot located at G-13, Summit Parade, Batu Pahat, Johor;

(i) Unconditional and irrevocable corporate guarantee by Poh Kong Jewellers Sdn. Bhd. for the entire amount of the facility and any guarantee fee, profit accruing and other payment obligations thereon;

(j) A legal assignment/charge over present and future rights, title, benefits and interest in and to the designated accounts and all monies from to time standing to the credit of the designated accounts; and

(k) Any other security/support as may be deemed applicable by Danajamin.

The ICP/IMTNs programme contained financial covenants which required the Group to maintain its debt to tangible net worth and finance service cover ratios.

The ICP/IMTN programme had been settled during the year.

22. LOAN AND BORROWINGS (CONT'D)

22.3 Finance lease liabilities

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Minimum hire purchase payments:				
- not later than one year	**3,589,065**	5,009,343	**293,971**	503,125
- later than one year but not later than five years	**3,138,522**	4,379,801	**29,224**	323,195
	6,727,587	9,389,144	**323,195**	826,320
Less: Future finance charges	**(440,423)**	(816,085)	**(23,184)**	(57,882)
Present value of hire purchase payables	**6,287,164**	8,573,059	**300,011**	768,438

The Group's and the Company's finance lease liabilities bear effective interest at rates range from 2.33% to 3.52% (2018: 2.33% to 3.52%) and 2.95% to 3.51% (2018: 2.42% to 3.51%) per annum respectively.

22. LOAN AND BORROWINGS (CONT'D)

22.4 Bankers' acceptance

The bankers' acceptance of the Group are denominated in RM and are secured by a combination of the following:

(a) Corporate guarantees and indemnity provided by the Company;

(b) A legal charge over properties of certain subsidiaries as disclosed in Note 5 to the financial statements;

(c) A negative pledge on certain subsidiaries' assets; and

(d) Fixed deposits place with licensed banks of the Group as disclosed in Note 17 to the financial statements.

The Group's effective interest rates at the end of the reporting period for bankers' acceptance was as follows:

	Group	
	2019 %	**2018** %
Bankers' acceptance	**4.00 - 5.01**	4.30 - 5.00

22.5 Revolving credit

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

(a) Fixed deposits placed with a licensed bank of the subsidiary as disclosed in Note 17 to the financial statements;

(b) Irrevocable and unconditional letter of undertaking from the immediate holding company to cover any shortfall in any payment obligations in relation to the facility; and

(c) Corporate guarantee provided by the Company.

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

	Group	
	2019 %	**2018** %
Revolving credit	**5.45**	5.35

23. CONTRACT LIABILITIES

		Group	
		2019 RM	2018 RM
Customer's deposits	(a)	3,991,621	4,485,187
Unutilised cash vouchers	(b)	1,056,450	1,169,216
		5,048,071	5,654,403

(a) The contract liabilities relate to the customer deposits received. The amount will be recognised as revenue when the goods are delivered to the customers.

(b) The contract liabilities relate to the unutilised cash vouchers. The amount will be recognised as revenue when the cash vouchers are utilised by customers.

Significant changes in contract liabilities

	2019 RM	2018 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	5,654,403	11,522,496
Increases due to consideration received from customers, but revenue not recognised	(5,048,071)	(5,654,403)

24. PROVISION FOR RESTORATION COSTS

	Group	
	2019 RM	2018 RM
At 1 August	200,000	200,000
Provisions made for the financial year	200,000	-
At 31 July	400,000	200,000

The provision is in relation to restoration costs for the Group's rented premises and is made based on historical expenses incurred on restoration cost. The Group expects to incur the liability when the leases are terminated.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables	**6,905,445**	14,505,635	**19,351,793**	23,602,876
Other payables	**4,598,397**	6,787,951	**655,330**	1,908,698
	11,503,842	21,293,586	**20,007,123**	25,511,574

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 1 to 180 days (2018: 1 to 180 days) and 1 to 180 days (2018: 1 to 180 days).

Included in trade payables of the Company are amounts due to subsidiaries of RM14,927,257 (2018: RM12,470,095).

The currency profile of trade payables is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
United States Dollar	**786,066**	801,868	**-**	-
Hong Kong Dollar	**483,066**	623,194	**-**	-
Euro	**-**	23,314	**-**	-
Ringgit Malaysia	**5,636,313**	13,057,259	**19,351,793**	23,602,876
	6,905,445	14,505,635	**19,351,793**	23,602,876

(b) Other payables

The Group's and the Company's amounts owing to other payables are unsecured, interest free and are repayable on demand.

Included in other payables of the Group are an amount of RM850,000 (2018: RM910,000) due to family members of a deceased director.

26. DEPOSITS AND ACCRUALS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits	1,955,213	2,834,230	-	-
Accruals	8,195,146	8,197,659	546,821	477,205
	10,150,359	11,031,889	546,821	477,205

(a) Accruals

Included in accruals of the Group is salary payable amounted to RM6,046,487 (2018: RM6,344,865).

27. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is non-trade in nature, unsecured, bears effective interest at rate of 6.00% (2018: 6.00%) per annum, repayable on demand and is expected to be settled in cash.

28. AMOUNT DUE TO DIRECTORS

The amount due to directors are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

29. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contract customers:				
Sale of goods	1,000,514,281	1,003,521,807	422,503,999	243,007,286
Management fee	-	-	14,186,666	12,984,744
	1,000,514,281	1,003,521,807	436,690,665	255,992,030
Revenue from other sources:				
Dividend income	-	-	17,663,000	9,773,000
Interest income	-	-	315,524	574,521
	1,000,514,281	1,003,521,807	454,669,189	266,339,551

29. REVENUE (CONT'D)

Disaggregation of revenue

The Group and the Company report the following major segments: trading, manufacturing and others in accordance with MFRS 8 Operating Segments. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Trading RM	Manufacturing RM	Total RM
Group - 2019			
Major goods or services			
Sale of goods	962,986,119	37,528,162	1,000,514,281
Timing of revenue recognition			
At a point in time	962,986,119	37,528,162	1,000,514,281
Group - 2018			
Major goods or services			
Sale of goods	952,223,377	51,298,430	1,003,521,807
Timing of revenue recognition			
At a point in time	952,223,377	51,298,430	1,003,521,807

	Trading RM	Others RM	Total RM
Company - 2019			
Major goods or services			
Dividend Income	-	17,663,000	17,663,000
Interest income	-	315,524	315,524
Mangement fee received	-	14,186,666	14,186,666
Sale of goods	422,503,999	-	422,503,999
	422,503,999	32,165,190	454,669,189
Timing of revenue recognition			
At a point in time	422,503,999	17,978,524	440,482,523
Over time	-	14,186,666	14,186,666
	422,503,999	32,165,190	454,669,189
Company - 2018			
Major goods or services			
Dividend income	-	9,773,000	9,773,000
Interest income	-	574,521	574,521
Mangement fee received	-	12,984,744	12,984,744
Sale of goods	243,007,286	-	243,007,286
	243,007,286	23,332,265	266,339,551

29. REVENUE (CONT'D)

Disaggregation of revenue (Cont'd)

The Group and the Company report the following major segments: trading, manufacturing and others in accordance with MFRS 8 Operating Segments. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time). (Cont'd)

	Trading RM	Others RM	Total RM
Company - 2018			
Timing of revenue recognition			
At a point in time	243,007,286	10,347,521	253,354,807
Over time	-	12,984,744	12,984,744
	243,007,286	23,332,265	266,339,551

30. FINANCE INCOME

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Interest income from fixed deposits	**228,785**	212,525	**-**	-
Interest income from banks	**1,738,599**	276,785	**1,384,718**	4,668
	1,967,384	489,310	**1,384,718**	4,668

31. FINANCE COSTS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Interest expenses on:				
- Bankers' acceptance	**5,850,457**	5,719,249	**-**	-
- Bank overdraft	**22,805**	21,173	**-**	-
- Finance lease charges	**410,621**	459,419	**34,714**	23,532
- ICP/IMTN	**934,918**	3,334,347	**934,918**	3,334,347
- Revolving credit	**749,069**	188,420	**-**	-
- Term loans	**2,041,247**	470,928	**-**	-
- Others	**156,161**	967,827	**19,800**	19,800
	10,165,278	11,161,363	**989,432**	3,377,679

32. PROFIT BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration	310,000	295,000	60,000	52,000
Depreciation of:				
- property, plant and equipment	9,095,409	9,688,032	885,342	853,954
- investment properties	651,474	314,041	-	-
Employee benefits expenses (Note 36)	91,037,847	83,240,517	11,668,658	10,934,447
Impairment loss on:				
- property, plant and equipment	955	-	-	-
- trade receivables	8,117	-	-	-
Loss/(Gain) on dissolution of subsidiaries (Note 6)	79,893	20,814	(9,294,858)	(644,243)
Written off of:				
- inventories	19,035	-	-	-
- property, plant and equipment	721,039	601,096	-	-
- trade receivables	11,443	-	-	-
Realised loss foreign exchange	5,871	-	-	-
Rental of equipments	965,345	770,685	959,220	764,760
Rental of retail spaces and staff hostels	26,677,026	27,062,676	465,282	510,282
Car rental income	-	-	(6,000)	(6,000)
Dividend income	-	(899,994)	(17,663,000)	(9,773,000)
Equipment rental income	-	-	(400)	(425)
Gain on disposal of property, plant and equipment	(152,050)	(318,971)	-	(25,377)
Gain on inventory recovery	(4,000)	-	-	-
Premises rental income	(332,020)	(249,896)	-	-
Realised gain on foreign exchange	(621,851)	(1,559,086)	(166,146)	(34,996)
Reversal of impairment loss on trade receivables	-	(396,063)	-	-
Unrealised gain on foreign exchange	(51,375)	(44,838)	-	-

33. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	**2019 RM**	2018 RM
Income tax				
- current year	**11,488,381**	8,901,763	**-**	-
- prior years	**(52,861)**	646,036	**-**	-
	11,435,520	9,547,799	**-**	-
Deferred tax (Note 12)				
- current year	**(1,084,925)**	(821,822)	**(98,538)**	(1,003,496)
- prior years	**824,974**	(5,242,197)	**422,115**	(7,041,691)
	(259,951)	(6,064,019)	**323,577**	(8,045,187)
Income tax expense recognised in profit or loss	**11,175,569**	3,483,780	**323,577**	(8,045,187)

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated taxable profit for the financial year.

The reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Profit before tax	**36,450,465**	**26,885,248**	**27,298,619**	**3,483,452**
Tax at applicable statutory tax rate of 24% (2018: 24%)	**8,748,112**	6,452,460	**6,551,669**	836,028
Share of results of associate	**(196,101)**	-	**-**	-
Tax effects arising from:				
- non-deductible expenses	**2,442,934**	2,382,748	**227,737**	805,710
- non-taxable income	**(591,489)**	(755,267)	**(6,877,944)**	(2,645,234)
- prior years	**772,113**	(4,596,161)	**422,115**	(7,041,691)
Income tax expense for the financial year	**11,175,569**	3,483,780	**323,577**	(8,045,187)

34. 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	
	2019 RM	2018 RM
Profit attributable to owners of the Company	**25,274,896**	23,401,468
Weighted average number of ordinary shares in issue	**410,351,752**	410,351,752
Basic earnings per share (sen)	**6.16**	5.70

(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.

35. DIVIDENDS

	Group and Company	
	2019 RM	2018 RM
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2018, paid on 8 March 2019	**4,103,518**	-
Single tier first and final dividend of 1.00 sen on 410,351,752 ordinary shares in respect of the financial year ended 31 July 2017, paid on 9 March 2018	**-**	4,103,518

At the forthcoming Annual General Meeting, a single tier first and final dividend of 1.20 sen on 410,351,752 ordinary shares amounting to RM4,924,221 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 July 2020.

36. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, bonus, overtime and allowances	**76,972,768**	72,006,593	**10,316,656**	9,646,111
Defined contribution plan	**6,824,556**	6,491,874	**1,131,572**	1,028,338
Other staff related expenses	**7,240,523**	4,742,050	**220,430**	259,998
	91,037,847	83,240,517	**11,668,658**	10,934,447

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive directors				
- Salaries and other emoluments	**7,987,755**	11,076,476	**3,774,352**	3,829,532
- Fees	**21,000**	27,000	**-**	-
	8,008,755	11,103,476	**3,774,352**	3,829,532
Non-executive directors				
- Fees	**168,000**	192,000	**168,000**	192,000
- Non-fees	**131,800**	142,700	**131,800**	142,700
	299,800	334,700	**299,800**	334,700
Total directors' remuneration	**8,308,555**	11,438,176	**4,074,152**	4,164,232

37. CAPITAL COMMITMENTS

	Group	
	2019 RM	2018 RM
Capital expenditure in respect of purchase of investment properties:		
- Contracted but not provided for	**-**	767,580
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	**-**	4,168,400

38. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

The Group has entered into several tenancy agreements for the rental of retail spaces and staff hostels, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The future aggregate minimum lease payments under operating lease contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Future minimum rental payments:				
Not later than one year	**26,608,292**	24,448,290	**220,462**	309,282
Later than one year but not later than five years	**22,776,111**	17,879,701	**6,000**	226,462
	49,384,403	42,327,991	**226,462**	535,744

39. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:
(i) Holding company;
(ii) Subsidiaries;
(iii) Associate;
(iv) 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.

39. RELATED PARTIES (CONT'D)

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend income received and receivable from				
- subsidiaries	-	-	17,663,000	9,773,000
- company connected to a director of the Company	-	899,994	-	-
Interest income received and receivable from subsidiaries	-	-	315,524	574,521
Management fee received and receivable from subsidiaries	-	-	14,186,666	12,984,744
Car rental received and receivable from subsidiaries	-	-	6,000	6,000
Shop rental received and receivable from a company connected to directors of the Company	31,500	36,000	-	-
Equipment rental charges received and receivable from subsidiaries	-	-	400	425
Sale of goods to				
- certain directors of the Company	119,169	605,885	-	-
- certain directors of subsidiaries	124,205	37,901	-	-
- key management personnel	65,709	37,356	-	-
- subsidiaries	-	-	236,573,179	143,623,194

39. RELATED PARTIES (CONT'D)

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

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows (Cont'd):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Hostel rental paid to				
- certain directors of the Company	144,000	182,400	114,000	114,000
- certain directors of subsidiaries	108,000	67,600	-	-
Purchase of goods from				
- certain directors of the Company	2,407	178,404	-	-
- certain directors of subsidiaries	59,326	327	-	-
- key management personnel	8,468	8,151	-	-
- subsidiaries	-	-	40,039,608	32,194,343
Legal and professional fees paid to a firm connected to a director of the Company	185,984	163,759	-	-
Interest expenses paid to holding company	19,800	19,800	19,800	19,800
Sales of motor vehicles to a director of the Company	-	64,000	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 14, Note 16, Note 25, Note 27 and Note 28 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 41(b)(i)(ii) to the financial statements.

39. RELATED PARTIES (CONT'D)

(c) Key management personnel remuneration

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Directors of the Company and subsidiaries				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	**9,347,201**	11,102,319	**3,457,045**	3,520,796
Post employment benefits	**937,459**	868,450	**317,307**	308,736
	10,284,660	11,970,769	**3,774,352**	3,829,532
Other key management personnels				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	**17,754,263**	16,644,401	**2,167,837**	1,913,887
Post employment benefits	**1,471,217**	1,357,956	**229,008**	202,265
	19,225,480	18,002,357	**2,396,845**	2,116,152

40. 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.

40. SEGMENTS REPORTING (CONT'D)

a) Business segments

The Group is organised into three major business segments:

(i) Trading : suppliers and retailers of jewelleries, precious stones, gold ornaments and gold bullion

(ii) Manufacturing : manufacturer and dealers of jewelleries, precious stones and gold ornaments

(iii) Others : investment holding

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2019						
Revenue						
External sales	962,986,119	37,528,162	-	-		1,000,514,281
Inter-segment sales	406,780,881	311,197,801	33,661,615	(751,640,297)	40(b)	-
Total Revenue	**1,369,767,000**	**348,725,963**	**33,661,615**	**(751,640,297)**		**1,000,514,281**
Results						
Segment results	68,064,309	15,555,843	22,832,391	(62,621,273)	40(c)	43,831,270
Results from operating activities	68,064,309	15,555,843	22,832,391	(62,621,273)		43,831,270
Interest income	356,136	226,530	1,384,718	-	40(d)	1,967,384
Finance costs	(7,916,978)	(733,905)	(1,829,917)	315,522	40(d)	(10,165,278)
Share of results of an associate, net of tax	817,089	-	-	-		817,089
Profit before tax	61,320,556	15,048,468	22,387,192	(62,305,751)		36,450,465
Income tax expense	(8,152,404)	(3,761,576)	(426,435)	1,164,846	40(d)	(11,175,569)
Profit for the financial year	**53,168,152**	**11,286,892**	**21,960,757**	**(61,140,905)**		**25,274,896**

40. SEGMENTS REPORTING (CONT'D)

a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2019						
Assets						
Segment assets	842,375,740	136,029,676	482,522,142	(674,257,962)	40(e)	786,669,596
Total assets	**842,375,740**	**136,029,676**	**482,522,142**	**(674,257,962)**		**786,669,596**
Liabilities						
Segment liabilities	502,057,919	27,543,299	217,484,294	(511,131,596)	40(f)	235,953,916
Total liabilities	**502,057,919**	**27,543,299**	**217,484,294**	**(511,131,596)**		**235,953,916**
Other information						
Additions of :						
- property, plant and equipment	5,994,799	6,209,736	160,209	-	40(d)	12,364,744
- Investment properties	-	-	767,580	-	40(d)	767,580
Depreciation of:						
- property, plant and equipment	6,495,422	1,387,843	1,053,722	158,422	40(d)	9,095,409
- investment properties	134,711	-	516,763	-	40(d)	651,474
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	(83,000)	(69,050)	-	-		(152,050)
Loss on dissolution of subsidiaries	(22,698,509)	-	(14,655,760)	37,434,162		79,893
Written off of:						
- Inventories	-	19,035	-	-		19,035
- Property, plant and equipment	719,099	216	1,724	-		721,039
- Receivables	11,443	-	-	-		11,443
Impairment loss on trade receivables	8,117	-	-	-		8,117

40. SEGMENTS REPORTING (CONT'D)

a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2018						
Revenue						
External sales	952,223,377	51,298,430	-	-		1,003,521,807
Inter-segment sales	342,904,079	258,478,391	24,757,171	(626,139,641)	40(b)	-
Total Revenue	1,295,127,456	309,776,821	24,757,171	(626,139,641)		1,003,521,807
Results						
Segment results	47,160,402	3,495,532	5,495,701	(18,594,334)	40(c)	37,557,301
Results from operating activities	47,160,402	3,495,532	5,495,701	(18,594,334)		37,557,301
Interest income	263,893	225,417	-	-	40(d)	489,310
Finance costs	(6,420,511)	(827,992)	(3,912,860)	-	40(d)	(11,161,363)
Profit before tax	41,003,784	2,892,957	1,582,841	(18,594,334)		26,885,248
Income tax (expense)/income	(9,642,746)	(1,700,395)	7,886,835	(27,474)	40(d)	(3,483,780)
Profit for the financial year	31,361,038	1,192,562	9,469,676	(18,621,808)		23,401,468
Assets						
Segment assets	907,260,879	133,165,175	532,597,512	(770,234,067)	40(e)	802,789,499
Total assets	907,260,879	133,165,175	532,597,512	(770,234,067)		802,789,499
Liabilities						
Segment liabilities	555,952,521	32,203,688	289,436,447	(598,146,199)	40(f)	279,446,457
Total liabilities	555,952,521	32,203,688	289,436,447	(598,146,199)		279,446,457
Other information						
Additions of :						
-property, plant and equipment	6,350,689	1,551,103	1,935,668	-	40(d)	9,837,460
-Investment properties	-	-	5,845,508	-	40(d)	5,845,508
Depreciation of:						
-property, plant and equipment	6,689,243	1,362,149	1,410,332	226,308	40(d)	9,688,032
-investment properties	134,711	-	179,330	-	40(d)	314,041

40. SEGMENTS REPORTING (CONT'D)

a) Business segments (Cont'd)

	Trading RM	Manufacturing RM	Others RM	Eliminations RM	Note	Group RM
2018						
Other material non-cash items other than depreciation						
Net gain on disposal of property, plant and equipment	(293,594)	-	(25,377)	-		(318,971)
Loss on dissolution of subsidiaries	(5,848,834)	-	(644,243)	6,513,891		20,814
Property, plant and equipment written off	601,096	-	-	-		601,096
Reversal of impairment loss on trade receivables	(396,063)	-	-	-		(396,063)

(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:

	2019 RM	2018 RM
Investment in subsidiaries	**(162,816,014)**	(176,224,612)
Inter-segment assets elimination	**(511,441,948)**	(594,009,455)
	(674,257,962)	(770,234,067)

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

	2019 RM	2018 RM
Inter-segment liabilities elimination	**(511,131,596)**	(598,146,199)

(g) Geographical segments

No geographical segment is presented as the Group operates principally in Malaysia.

40. SEGMENTS REPORTING (CONT'D)

(h) Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 August 2018:
(i) Amortised cost

On or before 31 July 2018:
(i) Loan and receivables
(ii) Available-for-sales
(iii) Financial liabilities at amortised cost

	Carrying amount RM	Amortised costs RM
Group		
2019		
Financial assets		
Trade and other receivables	3,684,358	3,684,358
Deposits	8,668,529	8,668,529
Fixed deposits placed with licensed banks	17,197,727	17,197,727
Cash and bank balances	12,057,946	12,057,946
	41,608,560	**41,608,560**
Financial liabilities		
Loan and bank borrowings	185,424,329	185,424,329
Trade and other payables	11,503,842	11,503,842
Deposits and accruals	10,150,359	10,150,359
Amount due to holding company	1,296,640	1,296,640
Amount due to directors	1,797,308	1,797,308
	210,172,478	**210,172,478**

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

	Carrying amount	Loan and receivables	Available-for-sale	Financial liablities at amortised cost
Group **2018**	**RM**	**RM**	**RM**	**RM**
Financial assets				
Other investment	299,999	-	299,999	-
Trade and other receivables	17,247,334	17,247,334	-	-
Deposits	8,882,847	8,882,847	-	-
Fixed deposits placed with licensed banks	15,184,777	15,184,777	-	-
Cash and bank balances	39,107,816	39,107,816	-	-
	80,722,773	80,422,774	299,999	-
Financial liabilities				
Loan and bank borrowings	219,325,817	-	-	219,325,817
Trade and other payables	21,293,586	-	-	21,293,586
Deposits and accruals	11,031,889	-	-	11,031,889
Amount due to holding company	1,319,305	-	-	1,319,305
Amount due to directors	3,546,004	-	-	3,546,004
	256,516,601	-	-	256,516,601

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

Company	Carrying amount RM	Amortised costs RM
2019		
Financial assets		
Trade and other receivables	12,646,281	12,646,281
Deposits	29,954	29,954
Amount due to subsidiaries	274,265,501	274,265,501
Cash and bank balances	1,522,985	1,522,985
	288,464,721	**288,464,721**
Financial liabilities		
Loan and bank borrowings	300,011	300,011
Trade and other payables	20,007,123	20,007,123
Accruals	546,821	546,821
Amount due to holding company	1,296,640	1,296,640
Amount due to subsidiaries	202,415,213	202,415,213
Amount due to directors	985,562	985,562
	225,551,370	**225,551,370**

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

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

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. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's Senior Management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk, 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.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile</u>

The Group and the Company determine concentrations of credit risk by monitoring the ageing profile of its trade receivables on an on-going basis. The Group's and the Company's trade receivables credit risk is concentrated in Malaysia.

The Group and the Company apply the simplified approach to providing for expected credit losses ("ECL") prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group and the Company believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables as at 31 July 2019 are as follows:

	Gross carrying amount RM	ECL RM	Net balance RM
Group			
At 31 July 2019			
Current	981,860	-	981,860
1 to 30 days past due	545,959	-	545,959
> 30 days past due	-	-	-
> 60 days past due	26,380	-	26,380
> 90 days past due	4,110	-	4,110
>120 days past due	112,515	-	112,515
Individually assessed (credit impaired)	70,310	(70,310)	-
	1,741,134	**(70,310)**	**1,670,824**
Company			
At 31 July 2019			
Current	1,634,707	-	1,634,707
1 to 30 days past due	3,507,853	-	3,507,853
> 30 days past due	6,666,167	-	6,666,167
> 60 days past due	479,685	-	479,685
> 90 days past due	5,631	-	5,631
>120 days past due	352,238	-	352,238
	12,646,281	**-**	**12,646,281**

The significant changes in gross carrying amount of trade receivables do not contribute to changes in impairment losses allowance during the financial year.

41. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Credit risk (Cont'd)

Comparative information under MFRS 139 Financial Instruments: Recognition and Measurement

As at 31 July 2018, the ageing analysis of the Group's and Company's trade receivables were as follows:

	Group 2018 RM	Company 2018 RM
Neither past due nor impaired	14,860,259	16,915,699
Past due but not impaired:		
- 1 to 30 days	3,886	4,591,463
- 31 to 60 days	41,740	-
- 61 to 90 days	74,400	-
- 91 to 120 days	-	-
- More than 121 days	74,185	-
	194,211	4,591,463
Impaired	62,193	-
	15,116,663	21,507,162

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.

Trade receivables that are past due but not impaired

The Group has trade receivables that are past due at the end of the reporting period but not impaired because the Group has a credit policy in place and the exposure of credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Group does not hold any collateral or credit enhancements over these balances.

Trade receivables that are impaired

The information about the trade receivables that are impaired are disclosed in Note 14(a) to the financial statements.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including other investments, fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk of the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.9(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

As at the end of the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets.

Financial guarantee contracts

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by subsidiaries.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loan granted to subsidiaries.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

The maximum exposure to credit risk representing the maximum amount the Company could pay if the guarantee is called as follows:

	Company	
	2019 RM	**2018 RM**
Secured		
Guarantees given in support of banking facilities granted to subsidiaries	**231,877,159**	223,517,159
Unsecured		
Guarantees given to third parties in respect of leasing facilities granted to the Company and its subsidiaries	**11,000,000**	11,000,000
Guarantees given to third parties in respect of rental deposits of retail spaces	**3,157,362**	3,157,362

Generally, the Company considers the financial guarantees have low credit risk. As at reporting date, there was no allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancement to the subsidiaries' borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting date based on contractual undiscounted repayment obligations are as follows:

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
2019					
Financial liabilities					
Trade and other payables	11,503,842	11,503,842	11,503,842	-	-
Deposits and accruals	10,150,359	10,150,359	10,150,359	-	-
Bankers' acceptance	100,962,000	102,861,211	102,861,211	-	-
Revolving credit	12,000,000	12,649,800	12,649,800	-	-
Term loans	66,175,165	70,898,721	28,955,726	35,597,301	6,345,694
Finance lease liabilities	6,287,164	6,727,587	3,589,065	3,138,522	-
Amount due to holding company	1,296,640	1,374,438	1,374,438	-	-
Amount due to directors	1,797,308	1,797,308	1,797,308	-	-
	210,172,478	**217,963,266**	**172,881,749**	**38,735,823**	**6,345,694**
2018					
Financial liabilities					
Trade and other payables	21,293,586	21,293,586	21,293,586	-	-
Deposits and accruals	11,031,889	11,031,889	11,031,889	-	-
Bankers' acceptance	113,325,000	115,200,283	115,200,283	-	-
Revolving credit	10,000,000	10,133,750	10,133,750	-	
Term loans	37,427,758	40,111,117	17,921,204	15,411,702	6,778,211
ICP/IMTN	50,000,000	51,542,368	51,542,368	-	-
Finance lease liabilities	8,573,059	9,389,144	5,009,343	4,379,801	-
Amount due to holding company	1,319,305	1,397,235	1,397,235	-	-
Amount due to directors	3,546,004	3,546,004	3,546,004	-	-
	256,516,601	263,645,376	237,075,662	19,791,503	6,778,211

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (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
2019					
Financial liabilities					
Trade and other payables	20,007,123	20,007,123	20,007,123	-	-
Accruals	546,821	546,821	546,821	-	-
Finance lease liabilities	300,011	323,195	293,971	29,224	-
Amount due to holding company	1,296,640	1,374,438	1,374,438	-	-
Amount due to subsidiaries	202,415,213	202,415,213	202,415,213	-	-
Amount due to directors	985,562	985,562	985,562	-	-
Financial guarantee contracts	-	246,034,521	246,034,521	-	-
	225,551,370	**471,686,873**	**471,657,649**	**29,224**	**-**
2018					
Financial liabilities					
Trade and other payables	25,511,574	25,511,574	25,511,574	-	-
Accruals	477,205	477,205	477,205	-	-
ICP/IMTN	50,000,000	51,542,368	51,542,368	-	-
Finance lease liabilities	768,438	826,320	503,125	323,195	-
Amount due to holding company	1,298,840	1,376,770	1,376,770	-	-
Amount due to subsidiaries	222,079,402	222,079,402	222,079,402	-	-
Amount due to directors	1,225,676	1,225,676	1,225,676	-	-
Financial guarantee contracts	-	237,674,521	237,674,521	-	-
	301,361,135	540,713,836	540,390,641	323,195	-

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Interest rate profile

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments is as follows:

Group	Effective interest rate %	Within one year RM	One to five years RM	Over five years RM	Total RM
2019					
Financial asset					
Fixed deposits placed with licensed banks	2.30 - 3.15	17,197,727	-	-	**17,197,727**
Financial liabilities					
Amount due to holding company	6.00	1,296,640	-	-	**1,296,640**
Finance lease liabilities	2.33 - 3.52	3,317,972	2,969,192	-	**6,287,164**
Term loans	2.80 - 7.00	26,811,897	33,452,459	5,910,809	**66,175,165**
Bankers' acceptance	4.00 - 5.01	100,962,000	-	-	**100,962,000**
Revolving credit	5.45	12,000,000	-	-	**12,000,000**
2018					
Financial asset					
Fixed deposits placed with licensed banks	2.45 - 3.77	15,184,777	-	-	15,184,777
Financial liabilities					
Amount due to holding company	6.00	1,319,305	-	-	1,319,305
Finance lease liabilities	2.33 - 3.52	4,597,719	3,975,340	-	8,573,059
ICP/IMTN	4.20 - 4.75	50,000,000	-	-	50,000,000
Term loans	2.80 - 7.00	17,169,825	20,257,933	-	37,427,758
Bankers' acceptance	4.30 - 5.00	113,325,000	-	-	113,325,000
Revolving credit	5.35	10,000,000	-	-	10,000,000

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (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
2019					
Financial liabilities					
Amount due to holding company	6.00	1,296,640	-	-	**1,298,840**
Finance lease liabilities	2.95 - 3.51	273,371	26,640	-	**300,011**
2018					
Financial asset					
Fixed deposits placed with licensed banks	2.45 - 3.77	30,000	-	-	30,000
Financial liabilities					
Amount due to holding company	6.00	1,298,840	-	-	1,298,840
Finance lease liabilities	2.42 - 3.51	468,427	300,011	-	768,438
ICP/IMTN	4.20 - 4.75	50,000,000	-	-	50,000,000

The Group and the Company manage their interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets. This strategy allows them to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 July 2019, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Borrowings at floating rates of the Group and of the Company are amounting to RM179,137,165 and Nil (2018: RM160,752,758 and Nil) respectively are exposed to cash flow interest rate risk. Whilst, borrowings of the Group and of the Company at fixed rate amounting to RM7,583,804 and RM1,596,650 (2018: RM59,892,364 and RM52,067,278) respectively are exposed to the fair value interest rate risk.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (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 2019	**+ 1%**	**1,361,442**
	- 1%	**(1,361,442)**
31 July 2018	+ 1%	1,221,721
	- 1%	(1,221,721)

(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 and of the Company's financial instruments as a result of changes in market prices.

The Group and the Company are exposed to the fluctuation of gold price arising from purchase of gold from suppliers. There are no hedging transactions entered into for price volatility in gold.

41. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (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 and the Company's profit for the financial year.

	Change in gold price	Profit for the year RM
Group		
31 July 2019	**+ 5%**	**15,515,159**
	- 5%	**(15,515,159)**
31 July 2018	+ 5%	14,585,108
	- 5%	(14,585,108)
Company		
31 July 2019	**+ 5%**	**614,870**
	- 5%	**(614,870)**
31 July 2018	+ 5%	413,533
	- 5%	(413,533)

41. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of measurements

The carrying amount of financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2019										
Group										
Financial liabilities										
Amount due to holding company	-	-	-	-	-	-	1,296,640	1,296,640	1,296,640	1,296,640
Finance lease liabilities	-	-	-	-	-	-	6,287,164	6,287,164	6,287,164	6,287,164
	-	-	-	-	-	-	7,583,804	7,583,804	7,583,804	7,583,804

41. 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					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2018										
Financial assets										
Other investment	-	-	-	-	-	-	#	#	#	299,999
Financial liabilities										
Amount due to holding company	-	-	-	-	-	-	1,319,305	1,319,305	1,319,305	1,319,305
ICP/IMTN	-	-	-	-	-	-	50,000,000	50,000,000	50,000,000	50,000,000
Finance lease liabilities	-	-	-	-	-	-	8,573,059	8,573,059	8,573,059	8,573,059
	-	-	-	-	-	-	59,892,364	59,892,364	59,892,364	59,892,364

41. 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					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
2019										
Company										
Financial liabilities										
Amount due to holding company	-	-	-	-	-	-	1,296,640	1,296,640	1,296,640	1,296,640
Finance lease liabilities	-	-	-	-	-	-	300,011	300,011	300,011	300,011
	-	**-**	**-**	**-**	**-**	**-**	**1,596,651**	**1,596,651**	**1,596,651**	**1,596,651**
2018										
Amount due to holding company	-	-	-	-	-	-	1,298,840	1,298,840	1,298,840	1,298,840
ICP/IMTN	-	-	-	-	-	-	50,000,000	50,000,000	50,000,000	50,000,000
Finance lease liabilities	-	-	-	-	-	-	768,438	768,438	768,438	768,438
	-	-	-	-	-	-	52,067,278	52,067,278	52,067,278	52,067,278

The fair value cannot be reliably measured using valuation techniques.

41. FINANCIAL INSTRUMENTS (CONT'D)

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

Fair value hierarchy

The fair value hierarchy has the following levels:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest/cash flows, discounted at the market rate of interest by reference to similar borrowing arrangements.

There has been no transfer between Level 1 and Level 2 during the financial year (2018: no transfer in either direction).

42. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its subsidiaries may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies and processes during the financial years ended 31 July 2019 and 31 July 2018.

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 finance lease liabilities, bank overdrafts, other borrowings and term loans less cash and bank balances and fixed deposits placed with licensed banks whilst total capital is the shareholders' funds of the Group and of the Company.

42. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio for the Group and for the Company respectively as at 31 July 2019 and 31 July 2018, are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Total net debts	156,168,656	165,033,224	-	29,470,833
Total capital plus net debts	706,884,336	688,376,266	256,097,033	262,696,342
Gearing ratio	0.22	0.24	-	0.11

The Group is also required to maintain a maximum debt to tangible net worth ratio of 0.6 times and a minimum finance service cover ratio of 1.25 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 2019 and 31 July 2018.

Statement by Directors

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

We, **DATO' CHOON YEE SEIONG** and **CHEONG TECK CHONG**, being two of the directors of Poh Kong Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 118 to 230 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2019 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

DATO' CHOON YEE SEIONG
Director

CHEONG TECK CHONG
Director

Petaling Jaya

Date: 23 October 2019

Statutory Declaration

(PURSUANT TO SECTION 251(1) OF COMPANIES ACT 2016)

I, **KOH SZE HAW**, being the officer primarily responsible for the financial management of Poh Kong Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 118 to 230 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

KOH SZE HAW
Officer
MIA Membership No.: 23386

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in State of Selangor Darul Ehsan on 23 October 2019.

Before me,

Commissioner for Oaths

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Poh Kong Holdings Berhad, which comprise the statements of financial position as at 31 July 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 118 to 230.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Group

Inventories (Note 4.1 and Note 13 to the financial statements)

Risk:
The Group measures inventories at lower of cost and net realisable value. Judgement is required in estimating their net realisable value.

Our response:
Our audit procedures included, among others:
- reviewing the design and implementation of controls associated with monitoring and detection and write down of inventories;
- attending year end physical inventory count to observe physical existence and condition of the raw material, work-in progress and finished goods and reviewing the design and assessing the implementation of controls during the count;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable values lower than their costs.

Deferred tax assets (Note 4.2 and Note 12 to the financial statements)

Risk:
As at 31 July 2019, the Group and the Company have recognised deferred tax assets for unused tax losses and deductible temporary differences. The recognition of deferred tax assets is dependent on the Group's and the Company's ability to generate future taxable profits sufficient to be utilised against the unused tax losses and the deductible temporary differences.

We focused on this area because judgement is made by the Group and the Company in estimating the realisation of these deferred tax assets which is often dependent on future taxable profits and there are inherent uncertainties involved in projecting the amount.

Our response:
Our audit procedures included, among others:
- comparing the actual results with previous projections to assess the performance of the business and historical accuracy of the projections;
- reviewing the profit projections by assessing key inputs such as growth rate, inflation rate and profit margin; and
- testing the mathematical accuracy of the profit projection calculations.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

Independent Auditors' Report

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No. 03264/04/2021 J
Chartered Accountant

Kuala Lumpur
Date: 23 October 2019

Analysis of Shareholdings

AS AT 25 OCTOBER 2019

Paid-up & Issued Share Capital	:	RM205,175,876
Total Number of Issued Shares	:	410,351,752
Class of Share	:	Ordinary Share
Voting Right	:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS AS AT 25 OCTOBER 2019

Name	No. of Shareholders	%	No. of Shareholdings	%
1 - 999	427	14.70	75,017	0.02
1,000 - 10,000	1,466	50.47	7,537,950	1.83
10,001 - 100,000	871	29.98	28,417,298	6.93
100,001 - 20,517,586(*)	139	4.78	103,112,601	25.13
20,517,587 and above (**)	2	0.07	271,208,886	66.09
Total	2,905	100.00	410,351,752	100.00

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

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 25 OCTOBER 2019

No.	Names	No. of Shares	Percentage (%)
1	POH KONG SDN BHD	239,208,886	58.29
2	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN 3-RIGHTS VALUE ASIA FUND (PTSL)	32,000,000	7.80
3	CHOON YEE SEIONG	11,512,746	2.81
4	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	11,291,900	2.75
5	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	8,952,000	2.18
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	6,000,000	1.46
7	TEO KWEE HOCK	5,435,100	1.32
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING (471873)	4,751,200	1.16
9	CHOON NEE SIEW	3,732,242	0.91
10	HLIB NOMINEES (ASING) SDN BHD LIM & TAN SECURITIES PTE LTD FOR LAM LAI CHENG	3,250,000	0.79
11	AFFIN HWANG NOMINEES (ASING) SDN. BHD. DBS VICKERS SECS (S) PTE LTD FOR LIM MEE HWA	2,750,000	0.67

Analysis of Shareholdings

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 25 OCTOBER 2019 (CONT'D)

No.	Names	No. of Shares	Percentage (%)
12	CHOON WAN JOO	2,320,080	0.57
13	HON WEE FONG	2,079,666	0.51
14	CHEONG TECK CHONG	1,960,328	0.48
15	LEE GUAN HUAT	1,924,400	0.47
16	SEAH TIN KIM	1,921,700	0.47
17	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,500,100	0.37
18	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROBERT WING-YEE SNASHALL	1,495,700	0.36
19	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOON YOKE YING (M&A)	1,390,000	0.34
20	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,175,000	0.29
21	TAN AIK CHOON	1,056,000	0.26
22	LIM CHER-SERN	1,001,800	0.24
23	KWEK KIM SEONG	983,000	0.24
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG WEI KING	858,500	0.21
25	DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR YEOMAN CAPITAL MANAGEMENT PTE LTD (CLIENT 1 PTSL)	800,000	0.19
26	TAN AI GUAT	768,000	0.19
27	AFFIN HWANG NOMINEES (ASING) SDN. BHD. PHILLIP SECURITIES PTE LTD FOR GOH GUAN SIONG (WU YUANXIANG)	613,500	0.15
28	YONG KOON WOOI	607,000	0.15
29	LINDA CHUO SIIK ING	600,000	0.15
30	HAW YOO HOON	514,700	0.13
Total		352,453,548	85.91

SUBSTANTIAL SHAREHOLDERS' AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 OCTOBER 2019

	Direct Shareholdings		Indirect Shareholdings	
Name	No. of Shares	%	No. of Shares	%
Poh Kong Sdn Bhd	239,208,886	58.29	0	0.00
Dato' Choon Yee Seiong	11,600,246	2.81	249,603,028	60.83
Cheong Teck Chong	1,960,328	0.48	239,356,648	58.33
Datin Hon Wee Fong	2,079,710	0.51	251,634,544	61.32
Choon Nee Siew	3,732,242	0.91	254,711,072	60.07
Dato' Choon Yoke Ying	1,395,072	0.34	257,298,498	62.69
Choon Wan Joo	2,320,080	0.57	256,255,102	62.43
Choon Yee Bin	140,030	0.03	258,430,034	62.97
Mohd Annuar Choon Bin Abdullah	30	0.00	258,426,534	62.97
Estate of Choon Yee Fook	82	0.00	258,398,482	62.96
Choon Ching Yih	1,896	0.00	258,396,668	62.96
Choong Bee Chu	0	0.00	258,423,066	62.97
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,169,214	58.77
Cheong Poh See	37,750	0.01	244,908,456	59.68
Cheong Chee Kong	7,000	0.00	244,939,206	59.69
Cheong Chee Khoon	0	0.00	244,946,206	59.69
Choon King Han	265,000	0.06	253,348,842	61.75
Elizabeth Choon Ee Ling	230,000	0.06	253,383,842	61.75
Choon Ee Teng	230,000	0.06	253,383,842	61.75
Pang Cheow Mooi	0	0.00	241,381,464	58.82
Chang Kwong Him	295,006	0.07	240,603,958	58.63
Siow Der Ming	176,618	0.04	241,536,966	58.86
Lim Mee Hwa	2,750,000	0.67	33,250,000	8.10
Yeo Seng Chong	0	0.00	36,000,000	8.77
Yeoman Capital Management Pte Ltd ("YMCPL")	450,000	0.11	32,800,000	7.99
Yeoman 3-Rights Value Asia Fund	32,000,000	7.80	0.00	0.00
DB (Malaysia) Nominee Asing Sdn Bhd ("YMCPL's Client 1")	800,000	0.19	0	0.00

Analysis of Shareholdings

AS AT 25 OCTOBER 2019

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 25 OCTOBER 2019

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Choon Yee Seiong	11,600,246	2.81	249,603,028 (1)	60.83
Cheong Teck Chong	1,960,328	0.48	239,356,648 (2)	58.33
Choon Nee Siew	3,732,242	0.91	254,711,072 (3)	60.07
Datin Hon Wee Fong	2,079,710	0.51	251,634,544 (4)	61.32
Choon Yee Bin	140,030	0.03	258,430,034 (5)	62.97
Fazrin Azwar Bin Md. Nor	35,000	0.01	-	-
Datin Shirley Yue Shou How	-	-	-	-
Dato' Esther Tan Choon Hwa	-	-	-	-

Notes:

(1) Deemed interest by virtue of the direct shareholding of his spouse, children, siblings and his indirect interest in PKHB via Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 59(11)(c), 8 and 197 of the Companies Act 2016 ("the Act").

(2) Deemed interest by virtue of the direct shareholding of his sibling and children's in PKHB and his indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.

(3) Deemed interest by virtue of the direct shareholding of her siblings and children's in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.

(4) Deemed interest by virtue of the direct shareholding of her sibling, spouse, and children's shareholding in PKHB and her indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.

(5) Deemed interest by virtue of the direct shareholding of his spouse and siblings and his indirect interest in PKHB via PKSB pursuant to Sections 59(11)(c), 8 and 197 of the Act.

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2019

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG JEWELLERS SDN BHD							
Lot 10, PN3792, Section 9 Township of Petaling Jaya Selangor Darul Ehsan No.7, Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan	Single storey detached house incorporating attic floor	Leasehold (Expiring in 2053)	Residential	1,024.6 square metres	Approximately 47 years	3,409,800	27.12.94
Lot 10, PN7185, Section 25 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.20, Jalan 52/4 46200, Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2094)	Shophouse	174.1875 square metres	Approximately 47 years	4,539,000	5.1.95
G-23 & G-25 Ground Floor, Amcorp Mall 46050 Petaling Jaya Selangor Darul Ehsan	Commercial shoplot	Leasehold (Expiring in 2088)	Shopping Complex Lot	G-23: 517 sq ft G-25: 495 sq lt	21 years	2,408,934	20.6.95
G27 and G53 Star Parade, Alor Setar	Commercial shoplot	Leasehold (Master Title Expiring in 2094 - pending issuance of strata title)	Shopping Complex Lot	G27: 463 sq ft G27: 452 sq ft	22 years	1,144,000	4.2.03
H.S.(D) 153914, PT10 Bandar Petaling Jaya Daerah Petaling Selangor Darul Ehsan No.10, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2067)	Shophouse	174.1875 square metres	Approximately 47 years	3,238,802	14.8.09
No.3, Jalan OZ 17 Ozana lmpian Bukit Katil 75450 Melaka	Double storey house	Leasehold (Expiring in 2094)	Residential	143 square metres	Approximately 19 years	285,480	25.8.14

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2019

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 No.21, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 42 years	4,634,000	15.5.89
Lot 25673, HS(D) 174414 Bandar Petaling Jaya District of Petaling Selangor Darul Ehsan No.23, Jalan SS2/55 47300 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of 3-storey shophouse	Freehold	Shophouse	156.07 square metres	Approximately 42 years	4,634,000	28.8.08
POH KONG JEWELLERY MANUFACTURER SDN BHD							
PT 17654, HS(D) 142709 Mukim of Damansara District of Petaling Selangor Darul Ehsan Lot 1, Jalan Astaka U8/81 Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	Double-storey detached with basement	Freehold	Office cum Factory	7,570.31 square metres	18.5 years	27,979,371	1.9.95
PT 3867, HS(M) 10549 Mukim of Sungai Buluh District of Petaling Selangor Darul Ehsan No.276, Jalan 4D Kampung Baru Subang 40100 Shah Alam Selangor Darul Ehsan	Agricultural land with a detached building	Leasehold (Expiring in 2070)	Residential	0.6146 hectare	30 years	5,594,801	15.8.97
POH KONG JEWELLERS (KLANG) SDN BHD							
PT 71, HS(D) 38993 Mukim Kapar District of Klang Selangor Darul Ehsan No.8, Jalan 9/5E 40100 Shah Alam Selangor Darul Ehsan	Double storey bungalow	Leasehold (Expiring in 2088)	Residential	1,649.4395 square metres	N/A	1,470,000	30.7.02

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	22 years	665,065	6.2.95
G-13, Ground Floor Summit Parade 83000 Batu Pahat Johor Darul Takzim	Commercial shoplot	Freehold	Shopping Complex Lot	100 square metres	26 years	448,672	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	27 years	2,784,000	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	27 years	3,009,600	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	13 years	4,166,400	10.6.96
Lot 27 and G28 Ground Floor Kuatan Parade Jalan Haji Abdul Rahman 25000 Kuantan	Commercial shoplot	Leasehold (Expiring in 2092)	Shopping Complex Lot	GF27: 451 sq ft GF28: 484 sq ft	Approximately 21 years	2,208,000	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 35 years	3,840,000	26.1.99
Unit No.8-10, 8th Floor Pangsapuri Seri lndah Jalan Sungai Besi lndah 3 Taman Sungai Besi Indah Section U6 43300 Sri Kembangan Selangor Darul Ehsan	Condominium	Leasehold (Expiring in 2090)	Residential	108.41 square metres	19 years	240,000	17.2.01
No. 1C-9-20, 9th Floor Pearl Point Condominium Jalan Sepadu 3, Block C Batu 5, Jalan Kelang Lama 58000 Kuala Lumpur	Condominium	Freehold	Residential	100 square metres	22 years	398,400	21.11.94

List of Properties

HELD BY THE GROUP AS AT 31 JULY 2019

Location of properties	Description	Tenure	Existing use	Land Area/ Built-up Area	Age of building (years)	Net Carrying amount RM	Date of Acquisition
POH KONG PROPERTIES SDN BHD (CONT'D)							
6352, PN 11986 Mukim of Bukit Baru District of Melaka Tengah Melaka 302-L, Taman Bukit Baru 75450 Bukit Beruang Melaka	An intermediate unit of single-storey terrace house	Leasehold (Expiring in 2086)	Residential	130 square metres	Approximately 27 years	173,964	15.8.97
PT 16, HS(D) 143184 Township of Petaling Jaya District of Petaling Selangor Darul Ehsan No.16, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2059)	Shophouse	174.1875 square metres	Approximately 47 years	4,390,096	6.6.00
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 No.18, Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring in 2060)	Shophouse	174.1875 square metres	Approximately 47 years	4,006,096	17.2.89
1262 Lorong S2 A35/1 Central Park Seremban 70300 Seremban Negeri Sembilan	Double storey house	Freehold	Residential	154 square metres	Approximately 19 years	356,400	12.11.09
PT 16955, HS(M) 9168 Mukim of Damansara District of Petaling Selangor Darul Ehsan No.36, Jalan PJS 9/26 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Leasehold (Expiring in 2095)	Residential	160 square metres	Approximately 24 years	884,260	11.7.97
PT 1113 (Lot 7027) HS(D) 6774 Mukim of Damansara District of Petaling Selangor Darul Ehsan No.87, Jalan SS17/2 47500 Subang Jaya Selangor Darul Ehsan	An intermediate unit of double-storey terrace house	Freehold	Residential	163.5 square metres	Approximately 34 years	874,400	10.6.95

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 No.33, 3rd Floor, Block Melor Apartment Desa 288 Persiaran Memanda 1 Taman Dato' Ahmad Razali 68000 Ampang, Selangor Darul Ehsan	Apartment	Leasehold (Expiring in 2088)	Residential	95 square metres	27 years	288,000	15.7.97
No.33-A-8-7, 8th Floor Villa Putra Condominium Jalan Tun Ismail 50480 Kuala Lumpur	Condominium	Freehold	Residential	107.13 square metres	25 years	441,600	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	25 years	441,600	6.4.96
PN10310, Lot 73 Seksyen 20 Bandar Petaling Jaya Selangor Darul Ehsan Lot No.18 Section 51 Petaling Jaya Selangor Darul Ehsan	Semi-Detached Corporate Factory	Leasehold	Factory	12,959 square feet	5 years	8,154,612	30.5.13
Unit 10G Block A Mawar Apartment Taman Gohtong Jaya Genting Highlands 69000 Pahang	Apartment	Freehold	Residential	105 square metres	8 years	787,200	9.9.15
No 6 Jalan 52/4 46200 Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice	Leasehold (Expiring 2069)	Shop	174.1875 square metres	47 years	4,793,250	18.8.17
E3-20-02 Ion Delemen Serviced Apartment Block No E3 Genting Highlands Bentung	Serviced Apartment	Freehold	Residential	1,304 square feet		1,046,433	1.9.15
E3-21-02 Ion Delemen Serviced Apartment Block No E3 Genting Highlands Bentung	Serviced Apartment	Freehold	Residential	1,304 square feet		1,048,900	1.9.15

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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, 30 December 2019 at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 July 2019 together with the Reports of the Directors and Auditors thereon. — **Please refer to Note B on the Agenda**

2. To declare a First and Final Single Tier Dividend of 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2019. — **Resolution 1**

3. To approve Directors' Fees and Allowances of an amount not exceeding RM500,000.00 from 1 August 2019 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors. — **Resolution 2**

4. To re-elect the following Directors retiring under Article 80 of the Articles of Association of the Company:

   (a) Madam Choon Nee Siew — **Resolution 3**

   (b) Mr. Choon Yee Bin — **Resolution 4**

   (c) Encik Fazrin Azwar Bin Md Nor — **Resolution 5**

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — **Resolution 6**

SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without modifications, the following Resolution:-

   6.1 Authority for Encik Fazrin Azwar Bin Md Nor to Continue In Office as Independent Non-Executive Director — **Resolution 7**

   "**THAT** authority be and is hereby given to Encik Fazrin Azwar Bin Md Nor who has served as an Independent Non-Executive Director of the Company for cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company in accordance to the criteria under the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad in Main Market Listing Requirements.

7. To consider and if thought fit, to pass the following Special Resolution:

7.1 Proposed New Constitution Of The Company **Resolution 8**

Special Resolution

"**THAT** the existing Memorandum and Articles of Association of the Company be and is hereby deleted in its entirely **AND THAT** the new Constitution of the Company as set out in the Circular to Shareholders dated 19 November 2019 accompanying the Company's Annual Report 2019 for the financial year ended 31 July 2019 be and is hereby adopted as the new Constitution of the Company **AND FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

ANY OTHER BUSINESS

8. To transact any other business of the Company for which due notice shall have been given in accordance with the Company's Article of Association and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single-Tier Dividend of 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2019 will be payable on 13 March 2020 to Depositors registered in the Record of Depositors at the close of business on 20 February 2020.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred to the Depositor's Securities Account before 4:00 pm on 20 February 2020 in respect of ordinary transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
POH KONG HOLDINGS BERHAD

…………………………………………….
NG YIM KONG (LS 0009297)
Company Secretary
Petaling Jaya

19 November 2019

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 or a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

2. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

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 Share Registrar's office at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the Annual General Meeting should the member subsequently wish to do so.

B. AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1) of the Companies Act 2016 do not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Explanatory Notes on Special Business of the Agenda

(i) Authority for Encik Fazrin Azwar Bin Md Nor to continue to act as an Independent Non-Executive Director of the Company pursuant to the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad in Main Market Listing Requirements.

Encik Fazrin Bin Md Nor has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) 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.

(ii) Proposed New Constitution of the Company

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (details of which are set in the Circular to Shareholders dated 19 November 2019 accompanying the Company's Annual Report 2019 for the financial year ended 31 July 2019).

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 23 December 2019. Only a depositor whose name appears on the Record of Depositors as at 23 December 2019 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

POH KONG HOLDINGS BERHAD
Company No. : 200201018476 (586139-K)
(Incorporated in Malaysia)

Form of Proxy

I/We ______________________________ NRIC/Co. No. ______________
of ______________________________
Tel. No ______________________________ being a member of **POH KONG HOLDINGS BERHAD**
hereby appoint * the Chairman of the meeting or ______________ NRIC/Co. No. ______________,
of ______________________________
or falling whom ______________________________ NRIC/Co. No. ______________
of ______________________________ as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Seventeenth 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, 30 December 2019 at 11.00 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 1.20 sen per Ordinary Share in respect of the financial year ended 31 July 2019.		
2.	To approve Directors' Fees and Allowances of an amount not exceeding RM500,000.00 from 1 August 2019 until the next Annual General Meeting of the Company, to be paid monthly in arrears after each month of completed service of the Directors.		
3.	To re-elect Madam Choon Nee Siew retiring under Article 80 of the Articles of Association		
4.	To re-elect Mr. Choon Yee Bin retiring under Article 80 of the Articles of Association.		
5.	To re-elect Encik Fazrin Azwar Bin Md Nor retiring under Article 80 of the Articles of Association.		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
Resolutions	**Special Business**		
7.	To authorise Encik Fazrin Azwar Bin Md Nor to continue in office as Independent Non-Executive Director.		
8.	**Special Resolution** Proposed New Constitution of the Company		

* ***Strike out whichever not applicable***

[Please indicate with (X) in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this ______________ day of ______________ 2019

CDS Account No.	
Number of shares held:	

____
[Signature/Common Seal of Shareholder]

Notes:

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7. The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the Annual General Meeting should the member subsequently wish to do so.

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STAMP

The Share Registrar

Poh Kong Holdings Berhad
(200201018476/586139-K)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor Darul Ehsan

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RETAIL CONCEPT STORES

DIAMOND BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ
  T: 603-7492 0973
- AEON Bukit Indah Shopping Centre Lot G36, JB
  T: 607-236 9499
- AEON Tebrau City Shopping Centre, Ground Floor, JB
  T : 607-353 6497

DIAMOND & GOLD

- 1 Utama Shopping Centre (Oval), PJ
  T: 603-7710 7260
- Mid Valley Mega Mall, KL
  T: 603-2282 8850
- Mahkota Parade, G14, Malacca
  T : 606-283 2470
- AEON Bukit Tinggi Shopping Centre, Klang
  T: 603-3326 2821
- Tesco Ampang, KL
  T: 603-9282 5857
- Tesco Klang
  T: 603-3323 9021
- Tesco Puchong
  T: 603-8076 5952
- IOI Mall Puchong
  T: 603-8071 0340

GOLD BOUTIQUE

- Sunway Pyramid Shopping Mall, PJ
  T: 603-7492 0973

ORO BIANCO

- AEON Bukit Indah Shopping Centre, Lot G35, JB
  T: 607-236 9484

POH KONG GALLERY

- 16-20, Jalan 52/4 46200 Petaling Jaya
  T: 603-7940 3333
- Pavilion, Kuala Lumpur
  T: 603-2141 7919

POH KONG RETAIL STORES

PETALING JAYA

- 19-23, Jalan SS2/55
  T: 603-7874 7863
- Subang Parade
  T: 603-5635 1087
- 1 Utama Shopping Centre
  T: 603-7726 3868
- Sunway Pyramid Shopping Mall
  T: 603-7492 0972
- Da Men USJ
  T: 603-8011 6747
- Giant Hypermarket, Bandar Kinrara
  T: 603-8075 5349
- Tropicana City Mall
  T: 603-7728 2191
- Paradigm Mall
  T: 603-7886 7475
- Atria Shopping Gallery
  T: 603-7732 5442
- IOI Mall Puchong
  T: 603-8074 9875

KUALA LUMPUR

- AEON Taman Maluri
  T: 603-9285 8566
- AEON Wangsa Maju
  T: 603-4142 1688
- AEON Metro Prima
  T: 603-6258 6088
- AEON Cheras Selatan Shopping Centre
  T: 603-9076 9781
- AEON Taman Equine Shopping Centre
  T: 603-8941 6204
- Sunway Putra Mall
  T: 603-4050 2017
- AEON AU2 (Setiawangsa)
  T: 603-4257 4282
- AEON Big Kepong
  T: 603-6259 3809
- Kompleks Pernas Sogo
  T: 603-2698 5275
- Ampang Point Shopping Centre
  T: 603-4252 7375
- Pearl Point Shopping Mall
  T: 603-7981 3798
- Leisure Mall
  T: 603-9132 2417
- Spectrum Shopping Mall
  T: 603-4270 1039
- Selayang Mall
  T: 603-6136 7813
- Bangsar Shopping Centre
  T: 603-2093 3161
- The Mines Shopping Fair
  T: 603-8943 0759
- Mid Valley Mega Mall
  T: 603-2284 9636
- Plaza OUG, Old Klang Road
  T: 603-7981 7819
- Pavilion, Lot 1.40.00
  T: 603-2141 9090
- Pandan Kapital
  T: 603-4297 5301
- Sunway Velocity Mall
  T: 603-9201 7548/ 603-9201 2094

PUTRAJAYA

- IOI City Mall
  T: 603-8940 6025

SHAH ALAM

- Plaza Alam Sentral
  T: 603-5518 6116
- AEON Mall Shah Alam
  T: 603-5523 8370

KLANG

- AEON Bukit Raja Shopping Centre
  T: 603-3342 8863
- Shaw Centre Point
  T: 603-3344 2488
- G07 - G09, Klang Parade
  T: 603-3344 1488

SUNGAI BULOH

- The Store
  T: 603-6157 6598

BANGI

- Bangi Utama Shopping Complex
  T: 603-8210 0500

KAJANG

- Plaza Metro Kajang
  T: 603-8734 7233
- The Store, Semenyih
  T: 603-8723 6571

BANTING

- The Store
  T: 603-3187 0543

RAWANG

- AEON Rawang Anggun Shopping Centre
  T: 603-6093 3098

IPOH

- AEON Kinta City Shopping Centre
  T: 605-547 0013
- AEON Mall Ipoh Klebang
  T: 605-291 9375
- AEON Big Midtown
  T: 605-281 3417
- AEON Ipoh Station 18 Shopping Centre
  T: 605-322 3618

SRI MANJUNG

- AEON Sri Manjung Shopping Centre
  T: 605-687 0866

TELUK INTAN

- The Store
  T: 605-621 6024

TAIPING

- AEON Mall Taiping
  T: 605-801 2460
- Taiping Mall
  T: 605-805 1430

NILAI

- Giant Superstore
  T: 606-799 1650
- AEON Nilai
  T: 606-797 1660

SEREMBAN

- The Store Seremban
  T: 606-762 4315
- Terminal One
  T: 606-762 7933
- AEON Seremban 2 Shopping Centre
  T: 606-601 5505

BUKIT MERTAJAM

- AEON Mall Bukit Mertajam
  T: 604-548 5980

PENANG

- Queensbay Mall Lot GF119 & GF120
  T: 604-641 1560
- Mydin, Kompleks Bukit Jambul
  T: 604-641 3977

ALOR SETAR

- Alor Star Mall
  T: 604-772 5351
- Aman Central
  T: 604-731 3728

MELAKA

- AEON Melaka Shopping Centre
  T: 606-232 5188
- Mahkota Parade G29
  T: 606-282 1922
- AEON Bandaraya Melaka Shopping Centre, Melaka
  T: 606-286 3120

KUANTAN

- East Coast Mall
  T: 609-560 9988
- Kuantan Parade Shopping Mall
  T: 609-513 6299

KELANTAN

- KB Mall, Kota Bharu
  T: 609-741 2166
- AEON Mall Kota Bahru
  T: 609-740 5667

MUAR

- Wetex Parade
  T: 606-951 7718

JOHOR BAHRU

- AEON Taman Universiti Shopping Centre
  T: 607-521 3482
- AEON Permas Jaya Shopping Centre
  T: 607-388 9958
- AEON Tebrau City Shopping Centre
  T: 607-354 7691
- AEON Bukit Indah Shopping Centre, Lot G37
  T: 607-236 9033
- AEON Mall Kulaijaya
  T: 607-660 6000
- AEON Mall Bandar Dato' Onn
  T: 607-361 8446
- Paradigm Mall, Johor Bahru Lot UE-06, Upper Ground Floor
  T: 607-244 0463/ 607-244 8721
- Mid Valley Southkey Megamall
  T: 607-336 1433

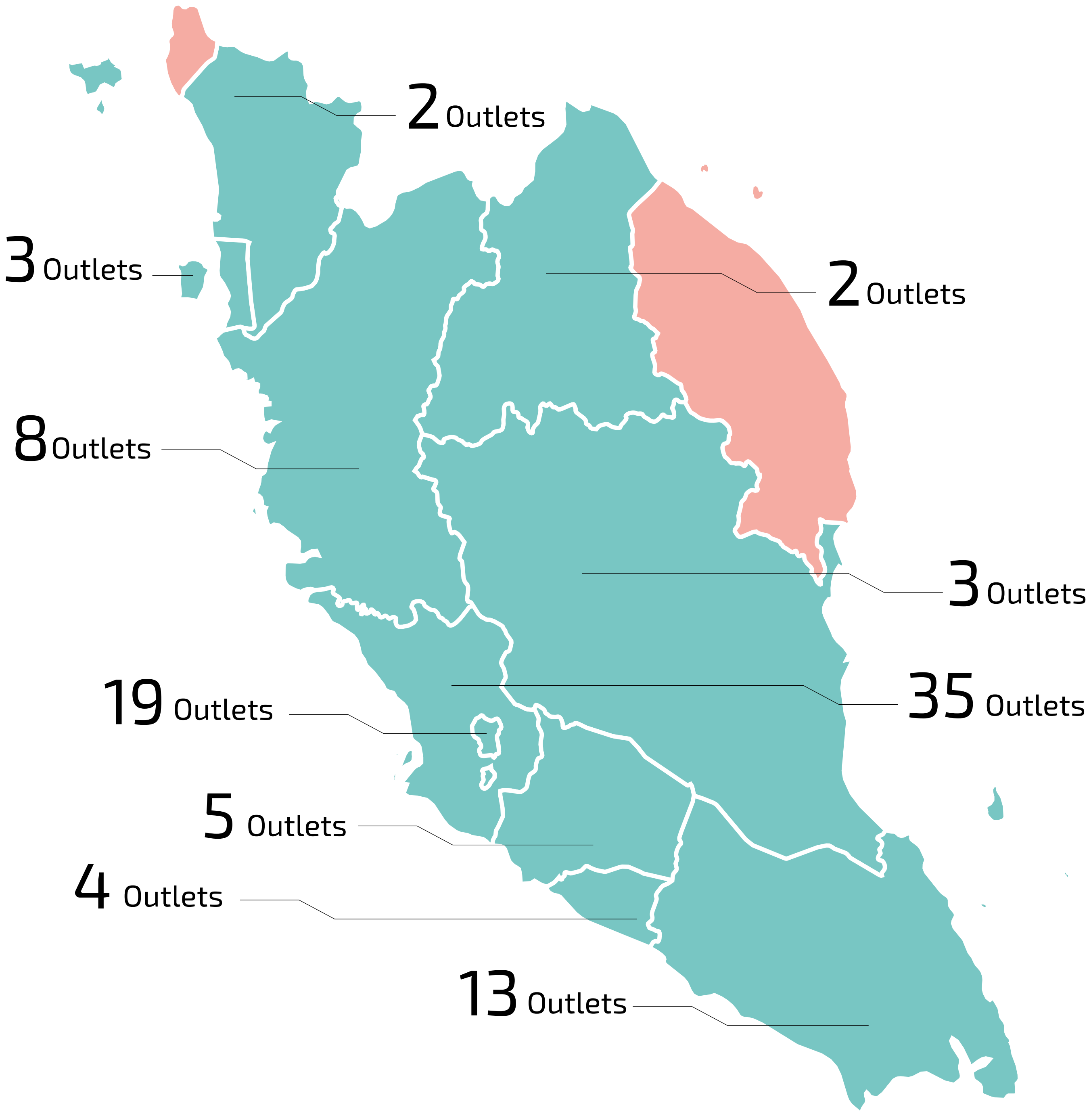
GENTING

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

BATU PAHAT

- Batu Pahat Mall
  T: 607-433 1918

Our Locations



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