

ZHULIAN

ANNUAL REPORT 2007

ZHULIAN CORPORATION BERHAD (415527-F)

Annual Report 2007

ZHULIAN CORPORATION BERHAD (415527-F)

Plot 42, Bayan Lepas Industrial Estate, Phase IV, 11900 Penang, Malaysia.
Tel: 604-616 2020 FAX: 604-642 5989 Website: www.zhulian.com.my

Creating a Brilliant Future

Through our strengths and commitments, we enable our people to envision dreams, set goals, achieve greatness and live a healthier and more meaningful life. We always strive to realise a better tomorrow hand-in-hand with our people. We see beyond the limits, think beyond today and we do beyond the present in the creation of a brilliant future !

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FINANCIAL HIGHLIGHTS

YEAR ENDED 30 NOVEMBER

Performance (RM'000)	2007	2006#	2006@
Revenue	220,546	126,007	225,377
Profit Before Taxation	74,348	73,058	76,200
Profit After Taxation and Minority Interest	58,927	64,772	57,879
Key Balance Sheet Data (RM'000)			
Shareholders' Equity	249,679	206,919	—
Total Assets	283,500	249,260	—
Total Borrowings	—	927	—
Financial Ratio			
Earnings Per Share ("EPS") (sen)*	18.05	22.77	20.35
Net Dividends Per Share (sen)	12.67	7.03	7.03
Net Assets Per Share (sen)	72.37	72.74	—
Gearing Ratio (%)	0.00%	0.45%	—

* EPS was calculated based on the weighted average number of ordinary shares in issue of 326,420,718 and 284,451,447 for the financial years 2007 and 2006 respectively.

in respect of period from 28.04.06 to 30.11.06 as the Group was only formed on 28.04.06 upon the completion of the acquisition of subsidiaries then with negative goodwill of RM40 million.

@ Proforma Consolidated Income Statement for comparison purpose (12 months).

CORPORATE PROFILE

The Group was incorporated in Malaysia on 2 January 1997 under the Companies Act, 1965 as a private limited company by the name of **ZHULIAN CORPORATION SDN. BHD.**

Subsequently on 28 February 1997, we were converted into a public limited company and assumed our present name. On 27 April 2007, **ZHULIAN CORPORATION BERHAD** was officially listed on the Main Board of the Bursa Malaysia Securities Berhad.

ZHULIAN CORPORATION BERHAD is principally an investment holding company and the core activities of the subsidiaries and associated company are as follows:

Multi-level Marketing

ZHULIAN INDUSTRIES SDN. BHD. (304448-X)	Manufacturing of consumer products
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD. (183361-U)	Manufacturing of costume and fine jewellery
BEYOND PRODUCTS TECHNOLOGY SDN. BHD. (386717-K)	Manufacturing of water treatment system and its related products
ZHULIAN MANUFACTURING SDN. BHD. (392763-V)	Manufacturing of bedroom apparels and therapeutic products
ZHULIAN MARKETING (M) SDN. BHD. (186058-T)	Direct marketing of costume jewellery and consumer products
MASTER SQUARE SDN. BHD. (389011-A)	Trading of consumer products
ZHULIAN (SINGAPORE) PTE. LTD. (200105275R)	Direct marketing of all kinds of costume jewellery and consumer products
ZHULIAN (THAILAND) LTD. [(3) 1207/2539]	Direct marketing of costume jewellery and consumer products

Others

ZHULIAN PRINTING INDUSTRIES SDN. BHD. (216788-X)	Printing of brochures, leaflets, catalogues, name cards and other related documents
ZHULIAN MANAGEMENT SDN. BHD. (374415-M)	Provision of management services and investment holding
ZHULIAN DEVELOPMENT SDN. BHD. (321164-M)	Property development
ZHULIAN VENTURES SDN. BHD. (665168-A)	Dormant
ZHULIAN PROPERTIES SDN. BHD. (665167-D)	Dormant
SELAT NUSANTARA DEVELOPMENT SDN. BHD. (665240-M)	Dormant
AMAZING VESTRAX SDN. BHD. (688963-U)	Dormant
DEXASSETS SDN. BHD. (686970-K)	Dormant
ZHULIAN CONSTRUCTION SDN. BHD. (415546-H)	Dormant
ZHULIAN NUTRACEUTICAL SDN. BHD. (644402-D)	Dormant
DIAMOND INSPIRATION SDN. BHD. (375186-D)	Dormant



Continue to Innovate without Compromising Quality

The Group ["ZHULIAN"] believes in making a difference through innovations. Since we started our business in 1989, we have adopted innovative strategies to enhance the Group's competitive edge and strengthen its market position in the industry. We are also pro-active in identifying market needs and response through product innovations and continuous improvement through the adoption of the latest technology.

A Turning Point in Strategic Planning

We started our core MLM business 19 years ago and we have grown from a small enterprise to what we are today. With our fair, equitable and flexible business plan and high quality products, we offer business opportunities to people around the region to transform their lives towards betterment. In the early years before 1996, ZHULIAN only focussed its business on gold plated jewellery products. Then, the Group decided to implement its product diversification strategy which has proven to be a great success and contributed to a significant growth ever since. Our ultimate aim is to deliver effective results to enrich, enhance and promote a complete wholesome lifestyle.



Enhancing Market Competitiveness through Innovations

With our advanced and comprehensive manufacturing facilities, ZHULIAN is offering 888 products to our distributors and consumers with uncompromising commitment to stringent Quality Standards so as to provide them with total confidence and assurance. ZHULIAN's gold plated jewellery product range and nutritional supplements continues to be the major contributors to overall sales. Besides being one of the leading manufacturers in the gold plated jewellery market, ZHULIAN has successfully made its mark as an innovator in the health supplements market with its best-selling product B'Young Advanced Functional Beverage. In line with our objective to continue enhancing our competitiveness through innovations, we are expanding our manufacturing capacity by setting up another new factory in Bayan Lepas, Penang.



CORPORATE CALENDAR



9 January 2007

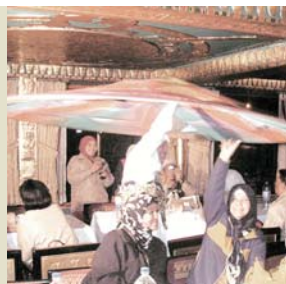
ZHULIAN (THAILAND) LTD.
celebrates its
10th Anniversary

The grand occasion which was held at the Head Office of **ZHULIAN (THAILAND) LTD.** situated at Bangbuathong, Nontaburi in Thailand, was graced by Her Royal Highness Princess Soamsawalee of Thailand and witnessed by more than 3,000 guests.

4 March 2007

25th National Agency Meeting

The representatives from the Group's Top Management and the Authorised Agents from Malaysia met at the Kuala Lumpur Convention Centre to exchange ideas and formulate strategies for the greater development and advancement of the MLM business.



23-30 March 2007

Diamond International Forum 2007 to Egypt

A total of 464 participants comprised of the Group's top leaders from Malaysia, Thailand, Indonesia and Singapore and their spouses participated in this exclusive tour which was specially organised for the Super Achievers once every year.





3 April 2007

The Prospectus Launch Ceremony of ZHULIAN CORPORATION BERHAD

ZHULIAN CORPORATION BERHAD launched its prospectus at the Mandarin Oriental Hotel in Kuala Lumpur in conjunction with its listing on the main board of Bursa Malaysia Securities Berhad. Seen in the photo was the 'beduk' beating ceremony that marked the launch of ZHULIAN's prospectus.

27 April 2007

The successful listing of ZHULIAN CORPORATION BERHAD

With the successful listing exercise, ZHULIAN CORPORATION BERHAD is able to further strengthen its presence in the market, laying the foundation for accelerated growth and expansion in the near future.



28 April 2007

National Convention – Night of Honour 2007

The grandest event of the year had celebrated the brilliant achievements of its distributors. The night had seen an overwhelming turnout of more than 10,000 spectators.

28 April 2007

The Official Launching of the Education Trust Fund

The Education Trust Fund was launched during the National Convention 2007. This fund was established with an aim to motivate the distributors who are also the parents to nurture their children towards academic success while pursuing success in the Group.

May 2007

The opening of Singapore Regional Office

ZHULIAN (SINGAPORE) PTE. LTD. has commenced operations at its own premises at the commercial centre of Kembangan Court in Singapore. The office is fully equipped with various facilities such as a conference room, warehouse and so on within a built-up area of 533 square metres. This new office will definitely be the driving force for the development of the entire network in Singapore.



23 July 2007

The 3rd Factory's Ground Breaking Ceremony

The Ground Breaking Ceremony marked the beginning of the construction of our 3rd plant, which is situated at Bayan Lepas, Penang, just a 5 minute drive from the two existing plants.

26 February 2008

The construction of the 3rd Plant at its final stages

This 3-storey factory stands prominently on a wide area of 4 acres at Bayan Lepas in Penang with a built-up area of approximately 18,000 square metres. Designed according to the GMP (Good Manufacturing Practice) standards, this plant will be used especially for the manufacturing of food and beverage products as well as nutraceutical products in the near future.



CHAIRMAN'S STATEMENT



HAJI WAN MANSOOR BIN WAN OMAR
Independent Non-Executive Chairman

Dear Valued Shareholders,

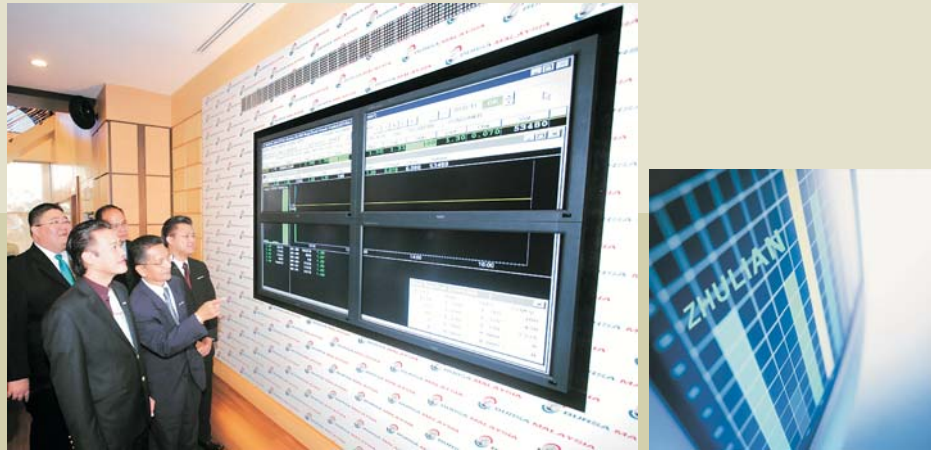
On behalf of the Board of Directors, I have the great pleasure in presenting the Annual Report and Audited Financial Statements of **ZHULIAN CORPORATION BERHAD** for the financial year ended 30 November 2007.

During the year under review, the Group had to adapt to a much more challenging economic environment under the pressure of increasing world oil prices that had caused domino effects on various industrial sectors including the Direct Selling industry. The year also saw a slowdown in consumer spending with softening consumer sentiment and the competitiveness within the consumer industry also became more intense due to the increasingly cautious spending patterns of consumers. Despite being under such less favourable conditions, the Group has remained resilient and continues to maintain its position as one of the leading direct selling companies in Malaysia.

Financial Performance

In the year 2007, the Group recorded a lower consolidated turnover of RM220.546 million as compared to RM225.377 million and profit before tax for the financial year under review fell to RM74.348 million from RM76.200 million on a proforma basis in the previous year. The decrease in turnover and profit before tax was mainly due to the following factors:

- A decline in local market purchasing power. The impact was indicated by a drop in the turnover of gold plated costume jewellery.
- Intense competition of the consumer products market.
- Reduce in the number of new recruitments of distributors.
- Soaring price of raw materials.



Dividend

The Group has adhered to its dividend policy of paying a minimum 60% of Profit After Tax as dividends to shareholders. In the financial year under review, the board had declared a total gross interim dividend of 15.5 sen per share in respect of the financial year 2007, amounting to a total net dividend of RM43.694 million.

Corporate Development

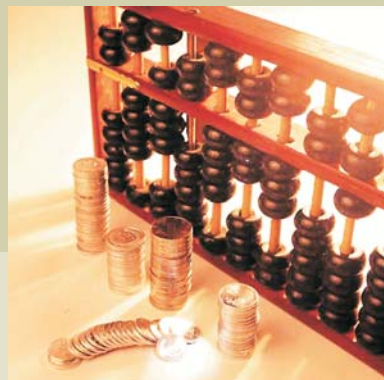
During the financial year, the Group has successfully undertaken a flotation scheme which involved the listing and quotation for the entire issued and paid-up share capital of **ZHULIAN CORPORATION BERHAD** on the Main Board of Bursa Malaysia Securities Berhad. Details of the flotation scheme which had been approved by the relevant authorities are summarised as follows:

Offer for Sale

ZHULIAN CORPORATION BERHAD undertook an offer for sale of 122,341,000 ordinary shares of RM0.50 each ("Offer Shares") at an offer price of RM1.23 per ordinary share payable in full upon application comprising:

- a) 87,841,000 offer shares reserved for Bumiputera investors approved by the Ministry of International Trade and Industry;
- b) 17,250,000 offer shares available for application by eligible directors, employees and business associates of **ZHULIAN CORPORATION BERHAD** or its subsidiaries; and
- c) 17,250,000 offer shares available for application by the Malaysian public by way of public balloting.

On 27 April 2007, the entire issued and paid-up share capital comprising 345,000,000 ordinary shares of RM0.50 each was listed on the Main Board of Bursa Malaysia Securities Berhad.





Future Outlook

According to the annual report released by Bank Negara on 26 March 2008, the Malaysian economy is forecasted to grow between 5% and 6% in 2008, a slower pace than the 6.3% in 2007, dragged down by external factors including the US financial crisis. The average headline inflation is expected to increase from 2% in 2007 to 2.5%-3% in 2008, largely due to rising costs rather than demand pressures.

Against this backdrop, the outlook for the Malaysian economy in 2008 remains favourable. Domestic demand is expected to remain resilient, providing strong support to the economy. The major underlying factors supporting domestic private sector activities are expected to remain broadly intact in 2008. Private consumption will be supported by the steady growth in income, firm labour market conditions, high commodity prices as well as a conducive financing environment. Under such scenarios, all economic sectors are projected to record positive growth.

In anticipation of inflationary pressures, the Group will strive to enhance its efficiency levels to ensure cost effectiveness. Significant focus on productivity, stringent quality control and constant endeavour in adding value to our products will continue to be our key differentiating factors in this highly competitive and challenging industry to enable us to stand distinctly apart from our competitors. The Group is committed to be steadfast in its efforts to sustain its growth in 2008 through innovative approach and brand management.

The Group is expected to introduce a wider range of high quality products that suit the needs of the consumers while taking advantage of the economies of scale to maximise profitability.

Appreciation

On behalf of the Board, I wish to express my sincere appreciation to the management, employees, agents and distributors for their dedication and commitment in their duties during the past year. For our customers, business associates, bankers, suppliers and shareholders, I would like to thank them for their good support and confidence in the Group.

HAJI WAN MANSOOR BIN WAN OMAR
Independent Non-Executive Chairman

OPERATION REVIEW



Multi Level Marketing

The Group's Multi Level Marketing business remained as the core business activity. In terms of the sales mix, the gold plated jewellery and nutritional product categories continue to be the major drivers of the Group revenue. The year also saw 10 new and upgraded product launches, which included M-Belt, Contigo Bio-Ion Therapeutic Mattress Pad, Xtra Concentrated Laundry Compound, Multi-Purpose Cleaner and 35 newly designed gold plated jewellery items. The expansion of product lines has managed to create excitement in the field and extend the Group's reach to the consumer market.

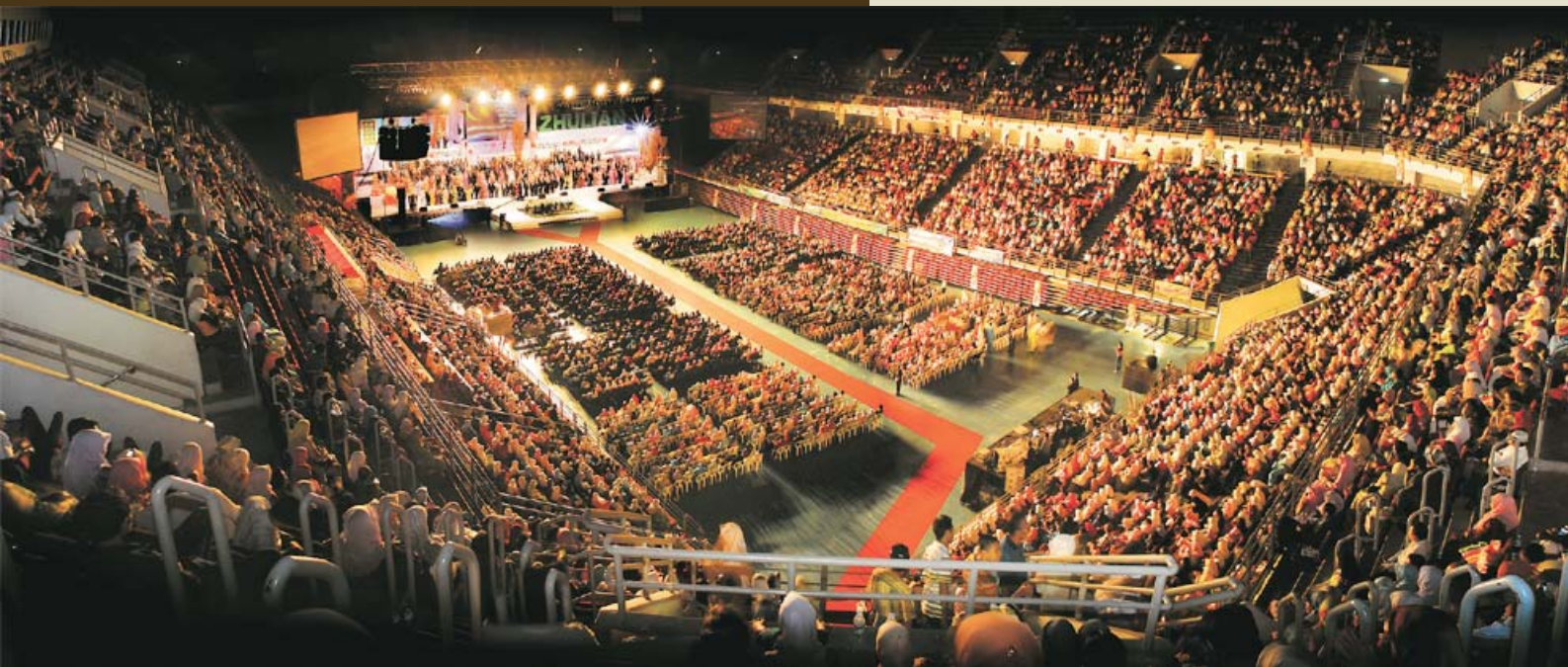
The MLM network of the Group has also continued to grow strongly with our 76 authorised agencies which are situated at the major towns in Malaysia to provide better accessibility and service to its distributors. With the objective to explore the untapped market in East Malaysia, the Group has set up a warehouse in Kota Kinabalu, Sabah. At the same time, the Group also enhanced its presence in the Singapore market with the purchase of 2 units of shop offices that were renovated to become its regional office in Singapore.

Besides the move to expand its infrastructure, the Group has also taken several key initiatives to help the distributors improve their performance. One of which was that we successfully introduced the ZHULIAN Zero Interest Easy Payment Scheme that managed to boost the sales of premium products. Other than that, we also launched the ZHULIAN Education Trust Fund to reward the distributors and their children who work hand in hand to achieve excellent results in ZHULIAN's Network and in their academics respectively.

Clearly, the Group has always been the best platform for its distributors to realise their dreams through our fair, equitable and flexible business plan. We always place emphasis on giving due recognition to achievers who succeed in advancing themselves to a higher level. For the year 2007, there were 68 new Car Fund Achievers and 188 new Diamond Managers who were promoted. The achievement of the top achievers was celebrated in the National Convention - Night of Honour with the participation of approximately 10,000 distributors.



Realising the importance of training and development, we introduced a series of motivational training programmes for the distributors during the year to build their leadership skills and professional traits. These programmes include several Performance Uplift Seminars that were attended by more than 500 distributors and various new integrated training modules for distributors of rank Diamond Sales Manager and above that focussed on building a quality network in order to achieve greater business results.



With the aim to maintain a close bond between the Group and the people, we carried on the tradition of warm hospitality. Numerous factory visitations were organised to boost the confidence and sense of belonging in the distributors from all over the country while providing them with the opportunity to witness with their own eyes the huge manufacturing capacity and advanced facilities that we have to support their business, and more importantly helping them to realise that the business opportunity is for them to pursue relentlessly and consistently in order to make things happen.



BT ESA RCD HJH RAMLAH BT ABU BAKAR RCM BACHOK
 DING TING SENG RCM HJH LATIPAH BT SABTU RCM TO F
 GEEM RCM CHONG KIM SOON RCM NORHAYATI BT SABTU
 DR. HJH ROSNANI BT SABTU RCM LIM KOR RCM FATIMI B
 RCM HJH NORLELA BT NAWI RCM MUZDAH BT DAUD P
 KEONG RCM ZAINON BT MOHAMED RCM CHE MAH ADAM
 JYIT CHANG RCM JURYAINI BT OTHMAN RCM JAWIAH B
 SHIKH A HANAM RCM LAU SHENG MING RCM NORMA BT
 TUAN ABDULLAH RCM HAMIAH BT WAN OMAR RCM ZAIDA
 AMZAH RCM NIK JUNAINAH BT JAAFAR RCM HJH NORASKI
 MAIL RCM ROSNAH BT HJ IBRAHIM RCM ROZANA BT ABU
 AMED CDM RAHA BT ISMAIL CDM WOO KOK WAH CDM P
 CDM ROHANI BT MORSIDI CDM SHANTY BT ABDULLAH CDM
 HASSAN RCM HJH AMINAH BT DAN CDM SHARIFAH ROHA
 LOW BOK KIW CDM LEE CHOON LEAN RCM ROSILINA B
 CDM ZAKIAH BT YAHYA DSM ROSMARI BT DAUD RCM NG
 CHING SOO CDM NOORIZAH BT OTHMAN DSM HJH KASM
 HASHIM CDM NOR AINI BT ISMAIL DSM SEAH BOON CHIN
 NOR NAINI BT ABU BAKAR CDM ARIBAH BT MOHAMED CDM

In line with the Group's endeavour to increase its presence in the regional market, a brand awareness campaign was launched through billboard advertising with the Slogan "TERIMA KASIH KERANA MEMPERCAYAI ZHULIAN" which means "Thank you for believing in ZHULIAN". So far, the campaign has created a very positive impact on our corporate image as a whole.

We will continue to broaden our prospective by seeking for opportunities both locally and overseas. Last year, our overseas market, especially the Thailand market continued to show an upward trend. This is a good indication that the Group is well-positioned in Thailand to compete effectively and well poised for even greater growth in the future. On behalf of the Group, I would also like to take this opportunity to congratulate ZHULIAN (THAILAND) LTD. for celebrating 10 remarkable years of success with us. A grand celebration ceremony was held to commemorate the 10th Anniversary Celebration of ZHULIAN (THAILAND) LTD. and the occasion was graced by Her Royal Highness Princess Soamsawalee of Thailand and witnessed by more than 3,000 guests.



TERIMA KASIH, **تریما کاسیہ**
Kerana Mempercayai.....
ZHULIAN

www.zhulian.com.my

MOHAMED
 N IBRAHIM
 MAH RCM
 CHE OMAR
 AD BASHE
 HOSHADAH
 CDM ABAS
 M ZAILAINI
 SMAIL DSM
 H BT ATAN
 FUAT DSM
 D CDM LER
 AH BT NIK
 MUSTAPHA
 H ASMA BT
 AH HANAN
 SM ZARINA
 HADAH BT
 AH BT OSM





Manufacturing

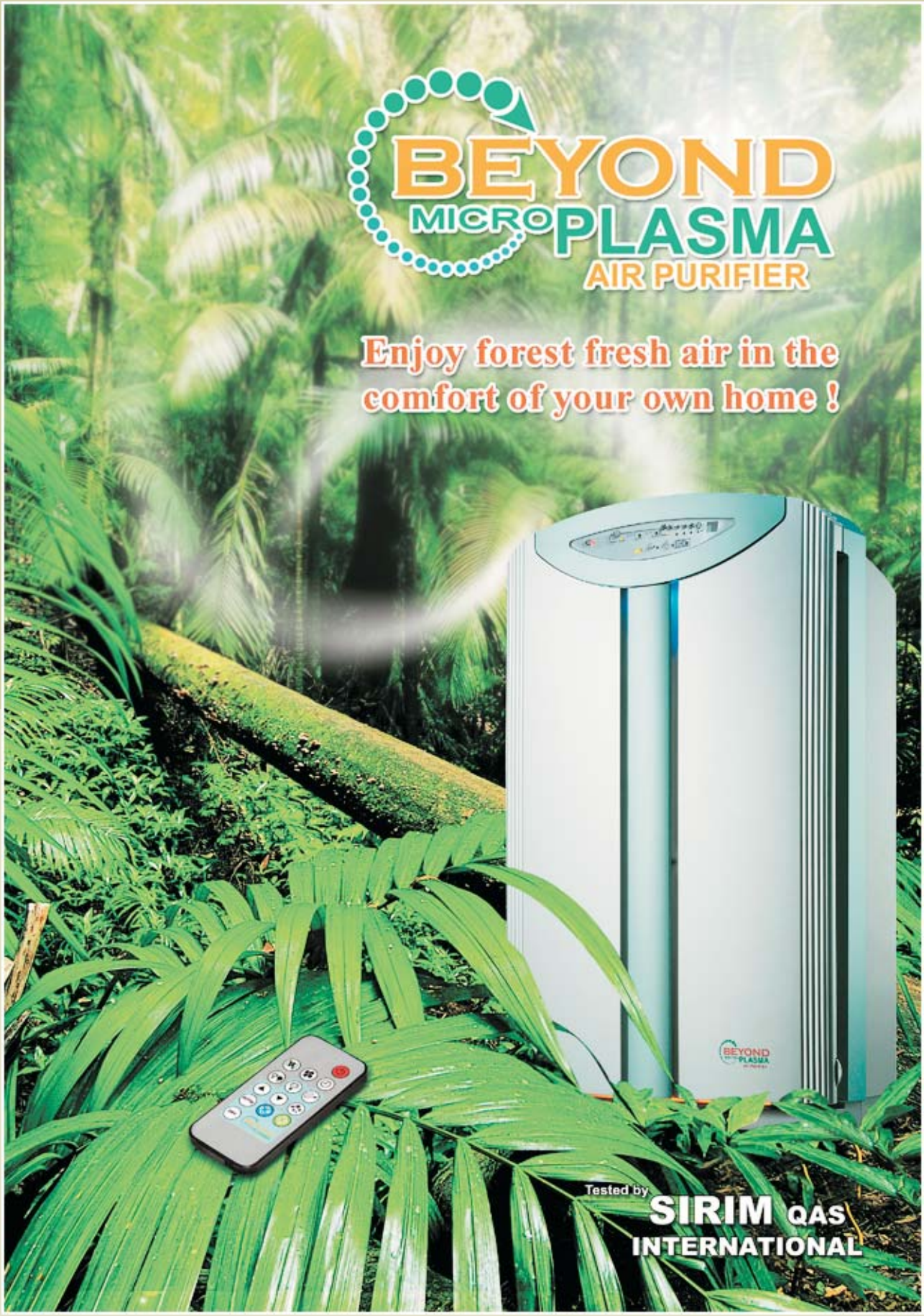
In the course of 2007, we have continued to enhance the efficiency and effectiveness of our operations and other critical areas through ongoing capital investments in the expansion of distribution network and production capacity and the research and development to strengthen our competitiveness in the market.

For instance, we undertook significant steps to maintain tighter control over operating costs, improving operating efficiencies across the Group's businesses where possible and at the same time, keeping capital expenditure spending under close scrutiny. Our ultimate aim is taking every possible measure to ensure maximization of the Group's profitability. Our effort was proven fruitful as in year 2007, our manufacturing sections had managed to achieve higher revenue through exports to Thailand and Indonesia.

Due to positive outlook on both the local and export market, we invested in the construction of our third factory. To date, the project is already in its final stages and the factory will commence its operations within the second quarter of the year 2008.







BEYOND MICROPLASMA AIR PURIFIER

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comfort of your own home !

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SIRIM QAS
INTERNATIONAL

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B'YOUNG

advanced functional beverage



GROUP STRUCTURE

ZHULIAN CORPORATION BERHAD



CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Wan Mansoor Bin Wan Omar
(Independent Non-Executive Chairman)

Teoh Beng Seng
(Group President and Chief Executive Officer)

Teoh Meng Keat
(Group Managing Director)

Khoo Teng It
(Executive Director)

Diong Chin Teck
(Independent Non-Executive Director)

Tan Lip Gay
(Independent Non-Executive Director)

AUDIT COMMITTEE

Diong Chin Teck (Chairman)

Tan Lip Gay

Teoh Meng Keat
– Resigned on 17 January 2008

Haji Wan Mansoor Bin Wan Omar
– Appointed on 17 January 2008

NOMINATING COMMITTEE

Tan Lip Gay (Chairman)

Haji Wan Mansoor Bin Wan Omar

Diong Chin Teck

REMUNERATION COMMITTEE

Tan Lip Gay (Chairman)

Haji Wan Mansoor Bin Wan Omar

Teoh Meng Keat

PRINCIPAL PLACE OF BUSINESS

Plot 42,
Bayan Lepas Industrial Estate,
Phase IV,
11900 Penang.
Telephone No.: 04-6162020
Fax No.: 04-6425989

COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

AUDITORS

Messrs KPMG
Chartered Accountants
1st Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Telephone No.: 04-2272288
Fax No.: 04-2271888

REGISTERED OFFICE

Suite 2-1, 2nd Floor
Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Telephone No.: 04-2294390
Fax No.: 04-2265860

SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
Telephone No.: 04-2282321
Fax No.: 04-2272391

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Murad & Foo
Cheong Wai Meng & Van Buerle

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad ("Bursa Securities")
Main Board
(Listed since 27 April 2007)
Stock Code : 5131
Stock Name : ZHULIAN

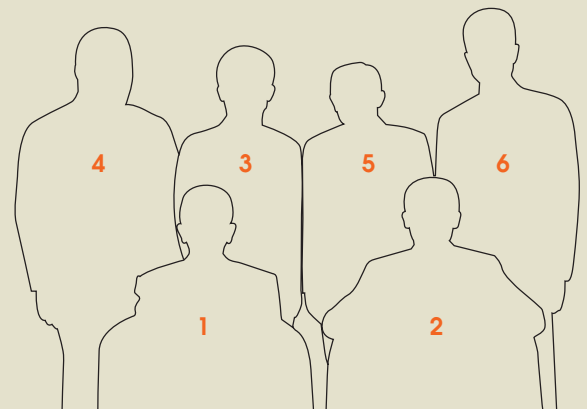
WEBSITE:

<http://www.zhulian.com>
<http://www.zhulian.com.my>

BOARD OF DIRECTORS



1. **HAJI WAN MANSOOR BIN WAN OMAR**
(Independent Non-Executive Chairman)
2. **TEOH BENG SENG**
(Group President and Chief Executive Officer)
3. **TEOH MENG KEAT**
(Group Managing Director)
4. **KHOO TENG IT**
(Executive Director)
5. **DIONG CHIN TECK**
(Independent Non-Executive Director)
6. **TAN LIP GAY**
(Independent Non-Executive Director)





HAJI WAN MANSOOR BIN WAN OMAR Independent Non-Executive Chairman

Haji Wan Mansoor Bin Wan Omar, a Malaysian aged 59, was appointed to our Board as an Independent Non-Executive Chairman on 30 October 2006. An economics graduate from University of Malaya, he had begun his illustrious career with the Malaysian Administrative and Diplomatic Service serving various positions in various Students Department at Washington D.C. and the Implementation Coordination Unit and Economic Planning Unit in the Prime Minister Department. He had 33 years of experience in public services. In his last posting, he was appointed the Director of Consumer Affairs in the Ministry of Domestic Trade and Consumer Affairs. Over the years, he had actively participated in many seminars and training courses both locally and overseas including a Master of Business and Public Administration course at Southeastern University in Washington D.C. in 1983; a Certificate in Industrial Cooperation and Small and Medium Industries organised by the Ministry of Science and Technology Korea in 1985, a Seminar by the Overseas Economics Cooperation Fund Japan in 1986 and the RVB Executive Programme in Management, Netherland Specialisation on Small Entrepreneurship Promotion and Industrial Assistance in 1988. An active contributor to local industries, he is currently the Vice President of the Malaysian Association of Standard Users, the Chief Liaison Officer of the Malaysian Islam Chamber of Commerce and an honorary advisor to the Chamber of Rural Entrepreneurial Industry.

Haji Wan Mansoor Bin Wan Omar has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD**. Haji Wan Mansoor Bin Wan Omar does not have any family relationship with any other directors and/or substantial shareholders of the Group. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.

TEOH BENG SENG Group President and Chief Executive Officer



Teoh Beng Seng, a Malaysian aged 49, is the founder, Group President and Chief Executive Officer of our Group, having been appointed to our Board since 29 April 2006.

As Group President and Chief Executive Officer, he has created our Group's master plan for growth, directing our Group's operations and leading us from success to success. Despite facing overwhelming odds along the way, his visionary stewardship of the Group has been proven with the rapid growth achieved by our Group over the years. Within the period from its inception to the present day, our Group has successfully expanded our direct selling operations from our home base in Malaysia to countries such as Thailand, Indonesia and Singapore. Benefiting from his vast experience and business acumen, he has also led the Group in building its growing manufacturing capabilities, allowing the Group to master and develop an extensive range of manufacturing operations to support its dynamic expansion to produce the Group's expanding range of innovative products.

Teoh Beng Seng began his career in the jewellery manufacturing industry early in his youth, honing his skills as an able apprentice who showed keen enthusiasm and dedication to learning the intricacies of the trade. In the late 1970's, he successfully set up his own jewellery business venture, trading under the name of Hup Seng Goldsmith. He gradually built for himself a prominent standing as a reputable jeweller both in the local and overseas industry, traveling extensively to broaden his scope and to keep in touch with the latest jewellery trends. Having successfully created his own distinctive **ZHULIAN** brand of gold-plated costume jewellery products, in 1989 he decided to market them through the direct selling concept via the Group's direct selling arm – **ZHULIAN MARKETING (M) SDN. BHD.**

Teoh Beng Seng has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD**. Teoh Beng Seng is the brother of Teoh Meng Keat. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.

TEOH MENG KEAT Group Managing Director

Teoh Meng Keat, a Malaysian aged 41, is the Group Managing Director, having been appointed to our Board since 29 April 2006. He began his early career in 1990 as the Administrative and Finance Manager of **ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.** In 1992, he was promoted to the post of Executive Director and in 1998 to Group Managing Director in recognition of his service distinction. Drawing upon his over 14 years of wide experience in finance, IT and corporate management, he is instrumental in coordinating and carrying out the Group's objectives as set out by the Group President and Chief Executive Officer and in seeking excellence in every area of its operations.

He is also responsible for overseeing our Group's direct selling operations in Malaysia, Thailand, Indonesia and Singapore, providing a firm guiding hand in ensuring the Group's continued growth and expansion and has created a corporate culture of service excellence in all areas of our Group's operations.

He is currently active in various trade organisations and is presently an honorary individual lifetime member of the Asian Regional Training and Development Organisation, a member of the Malaysian Invention and Design Society as well as a member of the Malaysian National Computer Confederation.

Teoh Meng Keat has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD.** Teoh Meng Keat is the brother of Teoh Beng Seng. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.



KHOO TENG IT Executive Director

Khoo Teng It, a Malaysian aged 45, was appointed to our Board on 29 April 2006 as an Executive Director. He is also the Executive Director of **ZHULIAN INDUSTRIES SDN. BHD.** and **MASTER SQUARE SDN. BHD.** He is responsible for implementing and overseeing our product development activities. The division had successfully introduced a wide selection of innovative products for our direct selling and manufacturing operations. He is also involved in ongoing human resources development programme particularly in recruitment, training, skills development and human resources advancement.

He has brought with him vast experience gained from his many years of close involvement in IT-related industries dealing in both the software and hardware fields. His exposure to the information technology industry included consulting, installation, maintenance, and support as well as application software used in personal computers, servers and embedded systems.

Khoo Teng It has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD.** Khoo Teng It does not have any family relationship with any other directors and/or substantial shareholders of the Group. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.





DIONG CHIN TECK
Independent Non-Executive Director

Diong Chin Teck, a Malaysian aged 75, was appointed to our Board as an Independent Non-Executive Director on 30 October 2006. He is a Fellow of The Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted as a member of The Institute of Chartered Accountants in Australia in 1966.

He joined KPMG in 1967 and worked in their Kuala Lumpur, Ipoh and Penang offices. He was made a Partner of KPMG in 1971. The Penang office grew under his leadership from a small practice to a sizeable office when he retired from the partnership in 1988. While he was with KPMG, he was involved in providing audit, taxation and consultancy services to clients from various industries including manufacturing, plantation and the banking sector.

He has been the Company Secretary of Oriental Holdings Berhad and its subsidiaries since 1974. His role as Company Secretary also requires him to provide advisory services on corporate matters ranging from acquisition of companies and properties in both Malaysia and overseas to compliance with the various statutory and governmental bodies. Currently, Diong Chin Teck holds directorship in a few public companies, namely Eurospan Holdings Berhad, Globetronics Technology Bhd. and Asas Dunia Berhad.

Diong Chin Teck has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD**. Diong Chin Teck does not have any family relationship with any other directors and/or substantial shareholders of the Group. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.



TAN LIP GAY
Independent Non-Executive Director

Tan Lip Gay, Malaysia aged 44, was appointed to our Board as an Independent Non-Executive Director on 30 October 2006. He graduated from Middlesex Polytechnic in London, England with a Bachelor of Laws (LLB) Honours degree in 1987 and subsequently received his Certificate of Legal Practise (CLP) in 1988. In 1989, he was admitted to the High Court Malaya as an advocate and solicitor.

In 1990, he set up his own legal firm, Leong, Ng & Tan with his partners and today it is an established legal practice in the country. An active participant in community services, he was awarded the Pingat Jasa Kebaktian (PJK) by the Yang Di-Pertua Negeri Pulau Pinang in 2001 in recognition of his selfless services. His unrelenting commitment towards his community and active interest in social work led to his receiving another state award from the Yang Di-Pertua Negeri Pulau Pinang – the Pingat Kelakuan Terpuji (PKT) in 2005.

Tan Lip Gay has attended all three Board Meetings held during the financial year ended 30 November 2007 since his appointment to the Board of Directors of **ZHULIAN CORPORATION BERHAD**. Tan Lip Gay does not have any family relationship with any other directors and/or substantial shareholders of the Group. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of **ZHULIAN CORPORATION BERHAD** recognises the importance of applying corporate governance principles espoused in the Malaysian Code on Corporate Governance (the "Code") as well in the Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirements"). Accordingly, the Board has strived to uphold its conduct in line with four key concepts, namely transparency, accountability and integrity as well as corporate performance to maximize shareholder's value.

The Board is pleased to provide the following statements, which outline corporate governance practices that were in place for the financial period ended 30 November 2007.

Statement of Principles

The following statement sets out how the Company has applied the Principles in Part 1 of the Code. The Principles are dealt with under the headings of:

- A. Board of Directors;
- B. Directors' Remuneration;
- C. Shareholders; and
- D. Accountability and Audit.

A. Board Of Directors

Board Responsibilities

The Board acknowledges its responsibility for providing stewardship of the Company and its subsidiaries (the "Group") business and affairs on behalf of the shareholders with a view of enhancing long term shareholder value. Whilst the Board does not have a formal schedule of matters reserved to it for decision, the Board does set the strategic direction of the Group, establishes goals for Management, monitors the achievement of these goals and review's the Group's internal controls and reporting procedures.

Meetings

The Board convenes a meeting at quarterly intervals, or whenever necessitated by matters of urgency. During the financial period ended 30 November 2007, the Board met on three occasions, where it discussed various matters including the Group's financial results, investment decisions and the overall direction of the Group.

Documents containing the relevant information are prepared for the Board in advance of each meeting. All proceedings from Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

Details of Directors' attendances at meetings of the Board during the financial period ended 30 November 2007 are as follows:

Directors	Attendance
Executive Directors	
Mr Teoh Beng Seng (Group President and Chief Executive Officer)	3/3
Mr Teoh Meng Keat (Group Managing Director)	3/3
Mr Khoo Teng It	3/3
Independent Non-Executive Directors	
Haji Wan Mansoor bin Wan Omar (Chairman)	3/3
Mr Tan Lip Gay	3/3
Mr Diong Chin Teck	3/3

Board Committees

The Board has delegated appropriate responsibilities to board committees, namely Audit Committee, Nominating Committee and Remuneration Committee, in order to enhance business and operational efficiency and efficacy. Terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. The Chairmen of the Committees report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

The Chairman of the Audit Committee is the member of Malaysian Institute of Accountants and Institute of Chartered Accountants in Australia. The Committee members are able to read, analyse and interpret financial statements.

Board Balance

At the date of this statement, the Board consists of six members, comprising three Independent Non-Executive Directors and three Executive Directors, which complies and exceeds the directors' independence requirement set out under paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors. A brief profile of each Director is presented on pages 21 to 23 of this Annual Report.

The diverse background and specialisation of each Director means that the Board is collectively equipped to provide guidance to the Group in areas such as finance, corporate affairs and legal affairs, marketing, operations and governmental affairs. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies, reporting, clarifying and communicating matters at the Board meeting. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors. As such there is a proper balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions.

The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, as well as improving governance and controls. Together with the executive Directors who have intimate knowledge of the business, the Board is constituted of individuals, who have a proper understanding and competence to deal with, the current and emerging issues.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Tuan Haji Wan Mansoor bin Wan Omar as the Independent Non-Executive Chairman and the executive management of the Company is led by Mr Teoh Beng Seng as the Group President and Chief Executive Officer.

The Board holds the view that its current composition fairly reflects the investments of shareholders in the Company.

Supply of Information

All Directors are supplied with information in a timely manner through reports and board papers which are circulated prior to the meetings. This practice enables the Directors to obtain further information and explanation, where necessary, before the meetings.

In addition, every Director is accorded unhindered access to the advice and services of the Company Secretary, of whom the Board believes to be competent in the performance of her duties. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Company's Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

In respect of soliciting independent professional advice, the Board as a whole will determine, whether as a full Board or in their individual capacity, to take this measure where necessary and under appropriate circumstances in furtherance of their duties. The independent professional advice, where obtained, will be at the Company's expense. Nevertheless, where necessary and under appropriate circumstances in furtherance of his duties, a Director may do so with the prior consent of the Chairman.

Appointments to the Board

Nominating Committee

The Nominating Committee, during the financial period ended 30 November 2007, comprised the following members:

Directors	
Mr Tan Lip Gay	- Chairman, Independent Non-Executive Director
Haji Wan Mansoor bin Wan Omar	- Member, Independent Non-Executive Chairman
Mr Diong Chin Teck	- Member, Independent Non-Executive Director

The Nominating Committee was established on 8 March 2007 and has been empowered by the Board, and through its terms of reference, to bring to the Board recommendations on the appointment of new Directors. The Committee also analyses the structure, size and composition of the Board as well as considers succession planning for senior Board members. In addition, the Committee systematically assesses the effectiveness of the Board, Board Committees and the contribution of each individual Director on an annual basis.

Appointment Process

The Committee meets at least once every year and additional meetings are convened whenever the need arises. The Committee did not meet during the financial period under review but at the date of the statement, a meeting had been conducted to review the board's required mix of skills, competencies and experience for the Board to discharge its duties effectively and the Committee met to deliberate on the retirement by rotation of directors and their eligibility for re-election at the Company's annual general meeting.

The Committee, prior to recommending candidates for directorships, considers his or her skills, knowledge, experience, professionalism, integrity and ability to discharge responsibilities as required.

Directors' Training

The Board ensures that appointees to the Board are individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director of the Company. Such individuals are considered and evaluated by the Nominating Committee as described above.

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursa Securities. Subsequent to the financial period under review, a briefing was conducted for all Board members on 5 March 2008 covering the following areas:

1. Revised changes in the Code of Corporate Governance;
2. FRS 134₂₀₀₄ Interim Financial Reporting and Appendix 9B on quarterly announcement as prescribed in the Listing Requirement of Bursa Malaysia; and
3. Basic financial ratio analysis and interpretation of financial statements of public listed company.

To enhance their knowledge and understanding of the Group's operations, visits to the Group's premises were made by new members of the Board. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environment and business dynamics and therefore able to contribute effectively in the Board's deliberation.

The Company Secretary circulates relevant guidelines to update the Directors on statutory and regulatory requirements changes from time to time.

Re-election of Directors

The Company's Articles of Association provide that at the first Annual General Meeting ("AGM"), all the Directors shall retire from office and at least one-third of the Board shall retire by rotation at each subsequent AGM of the Company, providing an avenue to the shareholders to renew their mandate. The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

B. Directors' Remuneration

Remuneration Committee

The Remuneration Committee is formed on 8 March 2007 and during the financial period ended 30 November 2007, comprised the following members:

Directors	
Mr Tan Lip Gay	- Chairman, Independent Non-Executive Director
Haji Wan Mansoor bin Wan Omar	- Member, Independent Non-Executive Chairman
Mr Teoh Meng Keat	- Member, Group Managing Director

The Committee primarily responsible for recommending the remuneration framework for Executive Directors and senior management staff, including their salary packages. Nonetheless, as there was no meeting held during the financial period, the Board as a whole determine the remuneration packages of the directors.

In arriving at the framework and levels of remuneration, the Committee considered information prepared by independent consultants and survey data on the remuneration practices of comparable companies. None of the executive Directors participated in any way in determining their individual remuneration. Similarly, whilst the Board, as a whole, determines the remuneration of Non-Executive Directors, the individual Director concerned abstains from the decision in respect of his remuneration.

Directors' fees are set within a framework comprising responsibility fees, attendance fees and the performance of the Group. The Company pays each of its Directors an annual fee, which is approved by the shareholders at the AGM of the Company.

The policy adopted by the Remuneration Committee is to provide a package necessary to attract, retain and reward directors for their individual performance in managing the business of the Company and to align the interest of these directors with those of the shareholders.

Details of the nature and amount of each major element of the remuneration of Directors of the Company, during the financial year, are as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors	—	3,864	1,064	4,928
Non-Executive Directors	90	—	12	102
Total	90	3,864	1,076	5,030

The number of Directors whose remuneration fell within the following bands is shown below:

Range of remuneration	Executive Directors	Non-Executive Directors
RM2,900,000 to RM3,500,000	1	—
RM1,100,000 to RM1,500,000	1	—
RM150,001 to RM200,000	1	—
RM50,000 and below	—	3

C. Shareholders

Dialogue between companies and investors

Cognisant of the value of continuous communication with its stakeholders, including the general public, the Company utilises various channels such as its annual report, announcements to Bursa Securities, and during annual general meetings and extraordinary general meetings as well as through its website www.zhulian.com.my. In addition to these formal channels, Management provided briefings to the financial communities during the financial period under review.

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with private shareholders, investors and institutional investors that allows the stakeholders to have a clear and complete picture of the Company's performance and position.

The quarterly and full financial results and the annual report of the Company are available on the website of Bursa Malaysia.

While the Company endeavours to provide as much information possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

D. Accountability and Audit

Financial Reporting

In its quest to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, the Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes as well as the quality of its financial reporting.

The annual financial statements, quarterly announcements of results to the shareholders and the Chairman's statement in the Annual Report are the three primary means of communication on the results and business performance of the Group.

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give 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 their results and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been complied with.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a responsibility under the Companies (Amendment) Act 2007 to have in place a system of internal control that will provide reasonable assurance that:

- assets of the Company are safeguarded against loss from unauthorised use or disposition; and
- all transactions are properly authorised and that they are recorded as necessary to enable the preparation of true and fair profit and loss accounts and balance sheets and to give a proper account of the assets.

State of Internal Controls

The Statement on Internal Control furnished on pages 31 to 32 of this Annual Report provides an overview of the state of internal controls within the Group during the financial period ended 30 November 2007.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 34 to 35 of this Annual Report.

A summary of the activities of the Audit Committee during the financial period under review, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 33 of this Annual Report.

The Board and Management strives to maintain a professional and transparent relationship with the external auditors in the conduct of the audit and towards ensuring compliance with requirements of the appropriate accounting standards. Additionally the Audit Committee has been explicitly accorded the power to communicate directly with the external auditors.

Statement of Compliance

Since its listing on the Main Board of Bursa Securities on 27 April 2007, the Group has complied, throughout the financial period ended 30 November 2007, with all the Best Practices set out in Part 2 of the Code except for the following:

- Best Practice VII on appointment of a Senior Independent Non-Executive Director of the Board to whom concerns of Directors, Shareholders, Management and others may be conveyed. Given the current composition of the Board which reflects a strong independent element and the separation of the roles of Chairman and Group President and Chief Executive Officer, the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director;
- Examination of the Board's size, review its required mix of skills, competencies and experience and assessments of the effectiveness of the Board as a whole, the committees of the Board and individual directors were not carried out by the Nominating Committee during the period under review but it is done at the date of the statement prior to the AGM;
- The Remuneration Committee did not meet during the financial period and recommend to the Board the remuneration of the executive directors and they were determined by the Board as a whole with the individuals concerned were abstained from discussing their own remuneration; and
- During the financial period under review, the Board deliberate on the appointment of the Head of internal audit function. She was appointed subsequent to the financial period under review and reports directly to the Audit Committee with audit charter being approved on 5 March 2008.

This statement is issued in accordance with a resolution of the Directors dated 5 March 2008.

OTHER CORPORATE DISCLOSURE

1. Utilisation of Proceeds

A sum of RM8.737 million which is a portion of proceeds arising from the rights issue pertaining to the Public Listing of ZHULIAN CORPORATION BERHAD on the Main Board of the Bursa Malaysia Securities Berhad has been utilised during the financial year.

2. Share Buybacks

During the financial year, there were no share buybacks by the Group.

3. Options, Warrants or Convertible Securities

No Options, Warrants or Convertible Securities were exercised by the Group during the financial year.

4. American Depository Receipt (ADR) Global Depository Receipt (GDR) Programme

The Group did not sponsor any ADR or GDR programmes during the financial year.

5. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

6. Non-Audit Fees

During the year, a total of RM615,000 was payable to KPMG for non-audit services rendered.

7. Profit Guarantee

During the financial year, there was no profit guarantee given by the Group.

8. Material Contracts

There were no material contracts with the Group involving Directors' and major shareholders' interest.

9. Revaluation Policy on Landed Properties

The Group does not have a policy of regular revaluation on landed properties.

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial period under review.

Board Responsibility

The Board confirms its responsibility over the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Nevertheless, inherent limitations in any system of internal control preclude absolute assurance against material misstatement or loss, as the system is designed to manage, rather than eliminate, risk of failure to achieve the Group's business objectives.

Risk Management Processes

Although the Board has not adopted a formal risk management framework, the Directors, being hand-on managers of the Group's operations, identify, evaluate and adopt risk mitigation measures on a continuous basis.

Nevertheless, going forward, the Board intends to adopt a risk management framework and apply it to significant operating entities in the Group.

Other internal control processes

Salient internal control features regulating the Group's operations are as follows:

i. Monitoring and review

- (a) Periodic management meetings to review performance of business divisions and status of action plans to achieve strategic objectives set by the Board;
- (b) Reporting of financial results by operating personnel and Executive Directors to the Audit Committee and onwards to the Board;
- (c) Management information systems which enable transactions to be captured, compiled and reported in a timely and accurate manner;

ii. Standardisation of limits and processes

- (a) Standing policies and operating procedures were drafted to cover as far as possible any significant business processes of the Group;
- (b) A chart of authority was established to provide guidance to management in the execution of day-to-day transactions;
- (c) Reporting lines have been clearly defined with managers assigned areas of responsibility; and
- (d) Achievement by certain business division of certification awarded by International Organization on Standardization.

iii. Other processes

Procurement of insurance policies to ensure that the Group is sufficiently covered against any mishap that will result in material losses to the Group.

Group internal audit function

A group internal audit function was established subsequent to the financial period end, and is led by a Head of Internal Audit. It is envisaged that the group internal audit function to provide significant assistance to the Audit Committee in the discharge of its duties.

Weaknesses in Internal Controls that Resulted in Material Losses

There were no material losses incurred during the financial period ended 30 November 2007 as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is issued in accordance with a resolution of Directors dated 5 March 2008.

AUDIT COMMITTEE REPORT

Membership

Directors who have served as members of the Audit Committee (the "Committee") during the financial period ended 30 November 2007 and as at the date of this report are:

Directors	
Mr Diong Chin Teck	Chairman, Independent Non-Executive Director (Fellow of The Institute of Chartered Accountants, Australia and member of Malaysian Institute of Accountants)
Mr Tan Lip Gay	Member, Independent Non-Executive Director
Mr Teoh Meng Keat (resigned on 17 January 2008)	Member, Group Managing Director
Haji Wan Mansoor bin Wan Omar (appointed on 17 January 2008)	Member, Independent Non-Executive Chairman

Terms of Reference

The Audit Committee was established on 8 March 2007 to act as a Committee of the Board of Directors, with the terms of reference set out on pages 34 to 35 of this Annual Report.

Meetings

The Committee convened three (3) meetings during the financial period under review. Details of the members' attendances are shown in the Statement on Corporate Governance set out on pages 24 to 29 of this Annual Report. The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present at all the meetings. Representatives of the External Auditors, Messrs KPMG, Chartered Accountants, the Administrative Manager, and Senior Accountant also attended the meetings, where appropriate, upon invitation of the Committee.

Details of Directors' attendances at meetings of the Audit Committee during the financial period ended 30 November 2007 are as follows:

Directors	Attendance
Mr Diong Chin Teck	3/3
Mr Tan Lip Gay	3/3
Mr Teoh Meng Keat (resigned on 17 January 2008)	3/3
Haji Wan Mansoor bin Wan Omar (appointed on 17 January 2008)	Not applicable

Summary of activities of the Committee during the financial period ended 30 November 2007

The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Tabled and approved the Terms of References of Audit Committee;
- Reviewed with the External Auditors their scope of work and audit plan;
- Reviewed with the Group Managing Director, Senior Accountant and the Administration Manager the unaudited quarterly financial statements and proposed interim dividends before submission to the Board for consideration and approval for release to Bursa Malaysia Securities Berhad;
- In respect of the quarterly financial statements, reviewed the Company's compliance with the Bursa Malaysia Listing Requirements, financial reporting standards and other relevant legal and regulatory requirements;
- Considered the requirement of setting up Internal Audit function in compliance with the requirement of revised Code of Corporate Governance and appointment of head of Internal Audit function; and
- Considered and recommended the trainings for Board of Directors and Internal Audit personnel.

Terms Of Reference Of The Audit Committee

Composition of the Audit Committee

An Audit Committee shall be appointed by the Board from among their numbers (pursuant to a resolution of the Board of Directors) and shall fulfil the following requirements: -

- (a) the Audit Committee must be composed of not less than three (3) members;
- (b) all must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (c) at least one (1) member of the Audit Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;
 - (iii) fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.

The Committee shall elect a chairman from among its members who shall be an independent Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of (a), (b) & (c) above, the Board must fill the vacancy within three (3) months.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Meetings

The Audit Committee shall hold at least four regular meetings per year and such additional meetings as the Chairman of the Audit Committee shall decide in order to fulfil its duties. In addition, the Chairman of the Audit Committee may call for a meeting of the Audit Committee if a request is made by any member of the Audit Committee or the Board, or the internal or external Auditors.

The quorum for a meeting of the Committee shall be two members, majority of whom must be independent Directors.

The Company Secretary shall be the secretary of the Audit Committee.

The Company shall ensure that the attendance of the other Directors and employees of the Company at any particular Audit Committee meeting is only at the Audit Committee's invitation and is specific to the relevant meeting.

The Audit Committee shall regulate its own procedure, in particular, the calling of meetings, the notice and agenda to be given of such meetings, the voting and proceeding of such meetings, the keeping of minutes and the custody, production and inspection of such minutes.

The Company Secretary who acts as Secretary of the Committee shall circulate the minutes of each meeting to all members of the Board.

Duties and Responsibilities

- (a) To review the following and to report the same to the Board:-
- (i) To review the quarterly announcements to the Bursa Malaysia Securities Berhad ("Bursa Securities") and year end annual financial statements prior to the approval by the Board, focusing on: -
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events or adjustments;
 - going concern assumption; and
 - compliance with accounting standards and other legal requirements.
 - (ii) To review with the external Auditors the following:-
 - the audit plan;
 - the evaluation of the system of internal controls;
 - auditor's management letter and management response; and
 - problems and reservation arising from the interim and final audit.
 - (iii) To review the internal audit functions on the following: -
 - adequacy of the scope, function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings;
 - adequacy of risk management system to safeguard the company's assets; and
 - assessment of the performance of the outsourced internal audit team.
 - (iv) To review:-
 - any letter of resignation from the external Auditors of the Company or Group; and
 - whether there is reason (support by grounds) to believe that the Company or Group's external Auditor is not suitable for re-appointment;
 - the assistance given by the employees of the Company or Group to the external Auditors; and
 - any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (b) To recommend the nomination of a person or persons as external Auditors and the audit fees.
- (c) To act upon the Board of Director's request to investigate and report on any issues or concerns in regards to the management of the Company.
- (d) To promptly report to the Bursa Securities on matters reported by the Audit Committee to the Board of Directors of the Company which has not been satisfactorily resolved resulting in breach of the Listing Requirements of Bursa Securities.
- (e) To undertake such other responsibilities as may be agreed by the Committee and the Board.

Authority

The Audit Committee shall, wherever necessary and reasonable for the performance of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its term of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external Auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external Auditors, the internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

DIRECTORS' REPORT

For The Year Ended 30 November 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 November 2007.

Principal activities

The Company is an investment holding company whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Shareholders of the Company	58,927	27,326
Minority interest	—	—
Profit for the year	58,927	27,326

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in Note 15 to the financial statements.

Dividends

Since the end of the previous financial year, the Company paid :

- (i) a special interim dividend of 1.257 sen per ordinary share of RM0.50 each less 27% tax and tax exempt dividend of 6.114 sen per ordinary share of RM0.50 each, totalling RM20,000,000 in respect of the year ended 30 November 2006 on 23 March 2007 based on the share capital of 284,451,447 ordinary shares;
- (ii) an interim dividend of 7 sen per ordinary share of RM0.50 each less 27% tax, totalling RM17,629,500 in respect of the financial year ended 30 November 2007 on 17 August 2007, based on the share capital of 345,000,000 ordinary shares;
- (iii) a second interim dividend of 3.5 sen per ordinary share of RM0.50 each less 27% tax, totalling RM8,814,750 in respect of the financial year ended 30 November 2007 on 16 November 2007, based on the share capital of 345,000,000 ordinary shares; and
- (iv) a third interim single-tier exempt dividend of 5 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the financial year ended 30 November 2007 on 26 February 2008, based on the share capital of 345,000,000 ordinary shares.

The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are :

Haji Wan Mansoor Bin Wan Omar	
Teoh Beng Seng	- Group President and Chief Executive Officer
Teoh Meng Keat	- Group Managing Director
Khoo Teng It	
Tan Lip Gay	
Diong Chin Teck @ Tiong Chin Sang	

Directors' interest

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.12.2006	Rights issue	(Offer for sale)	Bought	(Sold)	Balance at 30.11.2007
Number of ordinary shares of RM0.50 each						
Haji Wan Mansoor Bin Wan Omar :						
Interest in the Company : - own	—	—	—	10,000	—	10,000
Teoh Beng Seng :						
Interest in the Company : - own	107,064,312	28,048,232	(98,795,426)	4,317,500	(885,000)	39,749,618
Deemed interest in the Company : - own	121,381,882	25,815,658	—	43,782,302	(10,000,000)	180,979,842
Teoh Meng Keat :						
Interest in the Company : - own - others #	23,617,925 —	5,699,238 —	(9,317,163) —	152,200 * 2,000,000	— —	20,152,200 2,000,000
Khoo Teng It :						
Interest in the Company : - own - others #	— —	— —	— —	180,000 * 55,000	(20,000) —	160,000 55,000
Tan Lip Gay :						
Interest in the Company : - own	—	—	—	15,000	—	15,000
Diong Chin Teck @ Tiong Chin Sang :						
Interest in the Company : - own	—	—	—	10,000	—	10,000
Number of ordinary shares of RM1 each						
Teoh Beng Seng :						
Deemed interest in a subsidiary, ZHULIAN CONSTRUCTION SDN. BHD. - own	124,000	—	—	—	—	124,000

Directors' interest (Cont'd)

- * At 15 August 2007, the effective date of the amendments to Companies Act, 1965.
- # These are shares held in the name of the spouse and are treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interest in the shares of the Company, Teoh Beng Seng is also deemed to be interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of its related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the allocation to certain Directors of the Company to subscribe for shares in conjunction with the listing and quotation of the Company on the Main Board of the Bursa Malaysia Securities Berhad.

Issue of shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from 284,451,447 to 345,000,000 ordinary shares of RM0.50 each by way of a rights issue of 60,548,553 new ordinary shares at an issue price of RM0.535 each for cash on the basis of approximately 0.213 new ordinary shares for every 1 existing ordinary share held.

There were no other changes in the issued and paid-up share capital of the Company during the financial year.

Options granted over unissued shares

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

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances :

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) 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, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (Cont'd)

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 November 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

The details of such events are disclosed in Note 31 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

TEOH BENG SENG

TEOH MENG KEAT

Penang,

Date : 5 March 2008

STATEMENT BY DIRECTORS

Pursuant To Section 169(15) Of The Companies Act, 1965

In the opinion of the Directors, the financial statements of the Group and of the Company set out on pages 43 to 89 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 November 2007 and of the results of their operations and cash flows for the year ended on that date.

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

TEOH BENG SENG

TEOH MENG KEAT

Penang,

Date : 5 March 2008

STATUTORY DECLARATION

Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Teoh Beng Seng**, the Director primarily responsible for the financial management of **ZHULIAN CORPORATION BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 43 to 89 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 5 March 2008.

TEOH BENG SENG

Before me :

CHEAH BENG SUN, DJN, AMN, PKT, PJK, PJM, PK
(No. P.103)
Commissioner for Oaths
Penang

REPORT OF THE AUDITORS

To The Members Of ZHULIAN CORPORATION BERHAD

We have audited the financial statements set out on pages 43 to 89. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of :
 - i) the state of affairs of the Group and of the Company at 30 November 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 6 to the financial statements and we have considered their financial statements and, where audited, the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

LEE KEAN TEONG
Partner
Approval Number : 1857/02/10 (J)

Penang,

Date : 5 March 2008

CONSOLIDATED BALANCE SHEET

At 30 November 2007

	Note	2007 RM'000	2006 RM'000 (Restated)
Assets			
Property, plant and equipment	3	46,940	55,738
Prepaid lease payments	4	6,785	6,937
Investment property	5	395	406
Land held for development	7	10,671	10,581
Investment in an associate	8	15,512	14,874
Other investments	9	7,401	—
Deferred tax assets	10	—	168
Total non-current assets		87,704	88,704
Receivables, deposits and prepayments	11	32,975	24,404
Inventories	12	42,201	45,885
Current tax assets		487	1,628
Cash and cash equivalents	13	120,133	88,639
Total current assets		195,796	160,556
Total assets		283,500	249,260
Equity			
Share capital	14	172,500	142,226
Reserves	15	77,179	64,693
Total equity attributable to shareholders of the Company		249,679	206,919
Minority interest	16	76	76
Total equity		249,755	206,995
Liabilities			
Borrowing	17	—	627
Deferred tax liabilities	10	12	—
Total non-current liabilities		12	627
Payables and accruals	18	32,390	38,804
Borrowing	17	—	300
Current tax liabilities		1,343	2,534
Total current liabilities		33,733	41,638
Total liabilities		33,745	42,265
Total equity and liabilities		283,500	249,260

The notes on pages 52 to 89 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For The Year Ended 30 November 2007

	Note	2007 RM'000	2006 RM'000
Continuing operations			
Revenue	19	220,546	126,007
Changes in manufactured inventories and work-in-progress		310	565
Raw materials and consumables used		(52,328)	(26,804)
Employee benefits expenses		(23,273)	(17,182)
Depreciation and amortisation expenses		(3,879)	(2,584)
Other operating expenses		(92,858)	(58,087)
Other operating income		10,623	46,075
Finance costs	20	(40)	(41)
Share of profit after tax and minority interest of equity accounted associate		15,247	5,109
Profit before tax	21	74,348	73,058
Tax expense	23	(15,421)	(8,286)
Profit for the year		58,927	64,772
Attributable to :			
Shareholders of the Company		58,927	64,772
Minority interest		—	—
Profit for the year		58,927	64,772
Basic earnings per ordinary share (sen)	24	18.05	22.77
Gross dividends per ordinary share (sen)	25	15.50	7.37
Net dividends per ordinary share (sen)	25	12.67	7.03

The notes on pages 52 to 89 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 November 2007

	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 December 2005	*	—	—	(68)	(68)	—	(68)
Issue of shares (Note 14) - Acquisition of subsidiaries by way of shares swap	142,226	—	—	—	142,226	76	142,302
Foreign exchange translation differences	—	—	(11)	—	(11)	—	(11)
Net loss recognised directly in equity	—	—	(11)	—	(11)	—	(11)
Profit for the year	—	—	—	64,772	64,772	—	64,772
Total recognised income and expense for the year	—	—	(11)	64,772	64,761	—	64,761
At 30 November 2006	142,226	—	(11)	64,704	206,919	76	206,995
Rights issue (Note 14)	30,274	2,119	—	—	32,393	—	32,393
Share issue expenses	—	(2,119)	—	—	(2,119)	—	(2,119)
Dividends (Note 25)	—	—	—	(46,444)	(46,444)	—	(46,444)
Foreign exchange translation differences	—	—	3	—	3	—	3
Net gain recognised directly in equity	—	—	3	—	3	—	3
Profit for the year	—	—	—	58,927	58,927	—	58,927
Total recognised income and expense for the year	—	—	3	58,927	58,930	—	58,930
At 30 November 2007	172,500	—	(8)	77,187	249,679	76	249,755

* Denotes RM2.

The notes on pages 52 to 89 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 30 November 2007

	Note	2007 RM'000	2006 RM'000 (Restated)
Cash flows from operating activities			
Profit before tax from continuing operations		74,348	73,058
Adjustments for :			
Share issue expenses		477	—
Depreciation of property, plant and equipment	3	3,716	2,441
Amortisation of prepaid lease payments	4	152	137
Depreciation of investment property	5	11	6
Interest expense	20	40	41
Interest income	21	(3,925)	(1,655)
Plant and equipment written off	21	282	384
Gain on disposal of property, plant and equipment	21	(273)	(166)
Share of profit of equity accounted associate		(15,247)	(5,109)
Negative goodwill recognised	21	—	(40,296)
Operating profit before changes in working capital		59,581	28,841
Changes in working capital :			
Receivables, deposits and prepayments		(8,592)	6,480
Inventories		3,675	4,026
Payables and accruals		(1,919)	(1,707)
Cash generated from operations		52,745	37,640
Tax paid		(15,291)	(10,404)
Net cash generated from operating activities		37,454	27,236
Cash flows from investing activities			
Purchase of other investments		(29,481)	—
Acquisition of subsidiaries, net of cash acquired	A	—	97,809
Interest received		3,925	1,655
Proceeds from disposal of property, plant and equipment		15,907	450
Purchase of property, plant and equipment	3	(10,884)	(7,514)
Additions to land held for development	7	(90)	(29)
Dividends received from an associate		14,609	522
Proceeds from disposal of other investments	9	22,080	—
Net cash generated from investing activities		16,066	92,893
Cash flows from financing activities			
Interest paid		(40)	(41)
Rights issue	14	32,393	—
Share issue expenses paid		(2,596)	—
Withdrawal/(Placement) of short term deposits pledged		1,120	(10)
Payment of finance lease liabilities		(927)	(205)
Dividends paid to :			
- former shareholders before acquisitions		(4,410)	(32,363)
- shareholders of the Company	25	(46,444)	—
Net cash used in financing activities		(20,904)	(32,619)
Net increase in cash and cash equivalents		32,616	87,510
Cash and cash equivalents at 1 December		87,519	*
Effect of exchange differences on cash and cash equivalents of foreign subsidiary		(2)	9
Cash and cash equivalents at 30 November	B	120,133	87,519

* Denotes RM2.

Consolidated cash flow statement (Cont'd)

Notes

A. Analysis of acquisition of subsidiaries

The fair value of assets acquired and liabilities assumed was as follows :

	2006 RM'000
Property, plant and equipment	58,809
Land held for development	10,552
Investment in an associate	10,287
Current assets	
Receivables, deposits and prepayments	30,249
Inventories	49,893
Current tax assets	2,051
Cash and bank balances	101,194
Current liabilities	
Payables and accruals	(35,350)
Borrowing	(1,132)
Current tax liabilities	(2,569)
Dividend payable	(36,773)
Deferred tax liability	(2,338)
Minority interest at the date of acquisition	(76)
Net assets acquired	184,797
Negative goodwill on consolidation	(40,296)
Total purchase consideration	(144,501)
Purchase consideration satisfied by issue of shares	142,226
Purchase consideration by cash	(2,275)
Less : Cash and cash equivalents acquired, net of short term deposits pledged	(100,084)
Net of cash acquired	97,809

B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts :

	2007 RM'000	2006 RM'000
Short term deposits with licensed banks	108,601	80,592
Cash and bank balances	11,532	8,047
	120,133	88,639
Less : Deposits pledged	—	(1,120)
	120,133	87,519

The notes on pages 52 to 89 are an integral part of these financial statements.

BALANCE SHEET

At 30 November 2007

	Note	2007 RM'000	2006 RM'000
Assets			
Investment in subsidiaries	6	144,501	144,501
Other investments	9	7,401	—
Total non-current assets		151,902	144,501
Receivables, deposits and prepayments	11	443	22,261
Cash and cash equivalents	13	42,501	30
Total current assets		42,944	22,291
Total assets		194,846	166,792
Equity			
Share capital	14	172,500	142,226
Reserves	15	5,294	24,412
Total equity		177,794	166,638
Liabilities			
Payables and accruals	18	16,889	154
Current tax liabilities		163	—
Total current liabilities		17,052	154
Total equity and liabilities		194,846	166,792

The notes on pages 52 to 89 are an integral part of these financial statements.

INCOME STATEMENT

For The Year Ended 30 November 2007

	Note	2007 RM'000	2006 RM'000
Continuing operations			
Revenue	19	36,849	27,094
Other operating expenses		(682)	(10)
Other operating income		1,348	—
<hr/>			
Profit before tax	21	37,515	27,084
Tax expense	23	(10,189)	(2,604)
<hr/>			
Profit for the year attributable to shareholders of the Company		27,326	24,480
<hr/>			
Gross dividends per ordinary share (sen)	25	15.50	7.37
<hr/>			
Net dividends per ordinary share (sen)	25	12.67	7.03
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The notes on pages 52 to 89 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 November 2007

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
At 1 December 2005	*	—	(68)	(68)
Issue of shares (Note 14) - Acquisition of subsidiaries by way of shares swap	142,226	—	—	142,226
Profit for the year	—	—	24,480	24,480
At 30 November 2006	142,226	—	24,412	166,638
Rights issue (Note 14)	30,274	2,119	—	32,393
Share issue expenses	—	(2,119)	—	(2,119)
Profit for the year	—	—	27,326	27,326
Dividends (Note 25)	—	—	(46,444)	(46,444)
At 30 November 2007	172,500	—	5,294	177,794

* Denotes RM2

The notes on pages 52 to 89 are an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2007

	Note	2007 RM'000	2006 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		37,515	27,084
Adjustments for :			
Share issue expenses		477	—
Dividend income	21	(36,849)	(27,094)
Interest income	21	(1,348)	—
Operating loss before changes in working capital		(205)	(10)
Changes in working capital :			
Receivables, deposits and prepayments		21,818	(21,628)
Payables and accruals		16,735	(547)
Cash generated from/(used in) operations		38,348	(22,185)
Tax paid		(77)	—
Dividends received		26,900	24,490
Net cash generated from operating activities		65,171	2,305
Cash flows from investing activities			
Acquisition of subsidiaries	A	—	(2,275)
Proceeds from disposal of other investments	9	22,080	—
Purchase of other investments		(29,481)	—
Interest received		1,348	—
Net cash used in investing activities		(6,053)	(2,275)
Cash flows from financing activities			
Rights issue	14	32,393	—
Dividends paid to shareholders of the Company	25	(46,444)	—
Share issue expenses paid		(2,596)	—
Net cash used in financing activities		(16,647)	—
Net increase in cash and cash equivalents		42,471	30
Cash and cash equivalents at 1 December		30	*
Cash and cash equivalents at 30 November	13	42,501	30

* Denotes RM2

Notes

A. Acquisition of subsidiaries

In 2006, the Company acquired subsidiaries with an aggregate cost of RM144,501,183 of which RM142,225,722 was satisfied by the issuance of 284,451,443 new ordinary shares at par value of RM0.50 each. The balance of RM2,275,461 was made by cash payments.

The notes on pages 52 to 89 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ZHULIAN CORPORATION BERHAD is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows :

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

Plot 42
Bayan Lepas Industrial Estate
Phase IV
11900 Penang

The consolidated financial statements of the Company as at and for the year ended 30 November 2007 comprise the Company and its subsidiaries and the Group's interest in an associate.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 5 March 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 December 2006 and that have not been applied in preparing these financial statements:

FRSs/Interpretations	Effective date
Amendment to FRS 119, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs/Interpretations	Effective date
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply the rest of the above-mentioned FRSs and Interpretations for the annual period beginning 1 December 2007 except for FRS 139, Financial Instruments : Recognition and Measurement which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, except for the adoption of FRS 117, Leases.

Other than the reclassification of leasehold land from property, plant and equipment to prepaid lease payments, the adoption of FRS 117, Leases does not have any significant financial impact on the Group and the Company.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 33).

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates*

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil 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 investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) *Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) *Net investment in foreign operations*

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses, if any.

Cost 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. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) *Reclassification to investment property*

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

(iii) *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 its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) *Depreciation*

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
Buildings	2
Freehold shoplots	2
Plant and machinery, moulds, tools and equipment	10 - 50
Furniture, fittings and office equipment	10 - 50
Motor vehicles	20

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (Cont'd)

(d) Intangible assets

(i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) *Amortisation*

Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

(e) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associates, are stated at cost less allowance for diminution in value; and
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to :

- (a) the recognition of an asset on the day it is received by the entity, and
- (b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

2. Significant accounting policies (Cont'd)

(f) Impairment of assets

The carrying amounts of assets except for financial assets, inventories, deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(g) Leased assets

(i) Finance lease

Leases in terms of the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and 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 that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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 accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (Cont'd)

(h) Investment property

(i) *Investment property carried at cost*

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment property.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Transfers between investment property and property, plant and equipment do not change the carrying amount of the property transferred.

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) *Determination of fair value*

The Directors estimate the fair values of the Group's investment property without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(i) Land held for development

Land held for development consist of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

2. Significant accounting policies (Cont'd)

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(m) Share capital

Share issue expenses

Incremental costs directly attributable to issue of shares are recognised as a deduction from equity.

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) 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.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(p) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the borrowings using the effective interest method.

(q) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (Cont'd)

(r) Income recognition

(i) *Goods sold and services rendered*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(ii) *Construction contracts*

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

(iii) *Dividend income*

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

(iv) *Rental income*

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

(s) Interest income and borrowing cost

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2. Significant accounting policies (Cont'd)

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per ordinary share

The Group presents basic earnings per ordinary 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 the weighted average number of ordinary shares outstanding during the period.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment - Group

Cost	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Freehold shoplots RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Acquisition of subsidiaries										
As previously reported	15,513	1,758	5,317	23,648	412	6,742	3,045	2,374	—	58,809
Effect of adopting FRS 140 (Note 5)	—	—	—	—	(412)	—	—	—	—	(412)
Effect of adopting FRS 117 (Note 4)	—	(1,758)	(5,317)	—	—	—	—	—	—	(7,075)
As restated	15,513	—	—	23,648	—	6,742	3,045	2,374	—	51,322
Additions	5	—	—	327	5,587	888	707	—	—	7,514
Disposals	—	—	—	—	—	(8)	(20)	(255)	—	(283)
Written off	—	—	—	—	—	(235)	(149)	—	—	(384)
Effect of movements in exchange rates	—	—	—	—	—	—	14	—	—	14
At 30 November 2006, restated/1 December 2006	15,518	—	—	23,975	5,587	7,387	3,597	2,119	—	58,183
Additions	110	—	—	17	2,982	954	628	52	6,141	10,884
Disposals	(15,628)	—	—	—	—	—	—	(10)	—	(15,638)
Written off	—	—	—	—	—	(6)	(328)	—	—	(334)
Effect of movements in exchange rates	—	—	—	—	(47)	—	(5)	—	—	(52)
At 30 November 2007	—	—	—	23,992	8,522	8,335	3,892	2,161	6,141	53,043

3. Property, plant and equipment - Group (Cont'd)

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Freehold shoplots RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation										
Depreciation for the year	—	—	137	337	6	1,116	630	358	—	2,584
As previously reported	—	—	—	—	(6)	—	—	—	—	(6)
Effect of adopting FRS 140 (Note 5)	—	—	—	—	—	—	—	—	—	—
Effect of adopting FRS 117 (Note 4)	—	—	(137)	—	—	—	—	—	—	(137)
As restated	—	—	—	337	—	1,116	630	358	—	2,441
Effect of movements in exchange rates	—	—	—	—	—	—	4	—	—	4
At 30 November 2006, restated/1 December 2006	—	—	—	337	—	1,116	634	358	—	2,445
Depreciation for the year	—	—	—	582	162	1,555	840	577	—	3,716
Disposals	—	—	—	—	—	—	—	(4)	—	(4)
Written off	—	—	—	—	—	(1)	(51)	—	—	(52)
Effect of movements in exchange rates	—	—	—	—	—	—	(2)	—	—	(2)
At 30 November 2007	—	—	—	919	162	2,670	1,421	931	—	6,103
Carrying amounts										
At 30 November 2006, restated/1 December 2006	15,518	—	—	23,638	5,587	6,271	2,963	1,761	—	55,738
At 30 November 2007	—	—	—	23,073	8,360	5,665	2,471	1,230	6,141	46,940

3. Property, plant and equipment - Group (Cont'd)

3.1 Security

The buildings amounting to RM Nil (2006 : RM23,638,000) are charged to licensed banks as security for banking facilities granted to a subsidiary.

3.2 Leased plant and machinery

At 30 November 2007, the net carrying amount of leased plant and equipment of the Group was RM Nil (2006 : RM1,337,083).

4. Prepaid lease payments - Group

	Note	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost				
Acquisition of subsidiaries				
As previously reported		—	—	—
Effect of adopting FRS 117	3	1,758	5,317	7,075
As restated		1,758	5,317	7,075
Disposals		—	(1)	(1)
Reclassification		(1,758)	1,758	—
At 30 November 2006, restated		—	7,074	7,074
At 1 December 2006/ 30 November 2007		—	7,074	7,074
Amortisation				
Amortisation for the year				
As previously reported		—	—	—
Effect of adopting FRS 117	3	—	137	137
At 30 November 2006, restated/ 1 December 2006		—	137	137
Amortisation for the year		—	152	152
At 30 November 2007		—	289	289
Carrying amounts				
At 30 November 2006, restated/ 1 December 2006		—	6,937	6,937
At 30 November 2007		—	6,785	6,785

4.1 Security

At 30 November 2007, properties with a carrying amount of RM Nil (2006 : RM1,736,000) have been charged to secure banking facilities granted to a subsidiary.

5. Investment property - Group

	Note	Freehold shoplots RM'000
Cost		
Acquisition of subsidiaries		—
As previously reported		—
Effect of adopting FRS140	3	412
At 30 November 2006, restated		412
At 1 December 2006/30 November 2007		412
Accumulated depreciation		
Depreciation for the year		—
As previously reported		—
Effect of adopting FRS 140	3	6
At 30 November 2006, restated/1 December 2006		6
Depreciation for the year		11
At 30 November 2007		17
Carrying amounts		
At 30 November 2006, restated/1 December 2006		406
At 30 November 2007		395
Fair values		
At 30 November 2006, restated/1 December 2006		406
At 30 November 2007		395

The following are recognised in the income statement in respect of investment property :

	Group	
	2007 RM'000	2006 RM'000
Rental income	—	—
Direct operating expenses :		
- non-income generating investment property	15	9

Investment property of the Group amounting to RM Nil (2006 : RM406,000) has been charged to secure banking facilities granted to a subsidiary.

6. Investment in subsidiaries - Company

	Group	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	144,501	144,501

Details of subsidiaries are as follows :

Name of Subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2007	2006		
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.	100%	100%	Malaysia	Manufacturing of costume and fine jewellery
ZHULIAN MARKETING (M) SDN. BHD.	100%	100%	Malaysia	Direct marketing of costume jewellery and consumer products
ZHULIAN INDUSTRIES SDN. BHD.	100%	100%	Malaysia	Manufacturing of consumer products
BEYOND PRODUCTS TECHNOLOGY SDN. BHD.	100%	100%	Malaysia	Manufacturing of water treatment system and its related products
ZHULIAN MANUFACTURING SDN. BHD.	100%	100%	Malaysia	Manufacturing of bedroom apparels and therapeutic products
MASTER SQUARE SDN. BHD.	100%	100%	Malaysia	Trading of consumer products
ZHULIAN PRINTING INDUSTRIES SDN. BHD.	100%	100%	Malaysia	Printing of brochures, leaflets, catalogues, name cards and other related documents
ZHULIAN MANAGEMENT SDN. BHD. ("ZMSB")	100%	100%	Malaysia	Provision of management services and investment holding
ZHULIAN DEVELOPMENT SDN. BHD. ("ZDSB")	100%	100%	Malaysia	Property development
ZHULIAN VENTURES SDN. BHD.	100%	100%	Malaysia	Dormant
ZHULIAN PROPERTIES SDN. BHD.	100%	100%	Malaysia	Dormant
SELAT NUSANTARA DEVELOPMENT SDN. BHD.	100%	100%	Malaysia	Dormant
ZHULIAN NUTRACEUTICAL SDN. BHD.	100%	100%	Malaysia	Dormant
DIAMOND INSPIRATION SDN. BHD.	100%	100%	Malaysia	Dormant

6. Investment in subsidiaries - Company (Cont'd)

Name of Subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2007	2006		
<i>SUBSIDIARIES OF ZDSB</i>				
ZHULIAN CONSTRUCTION SDN. BHD.	62%	62%	Malaysia	Dormant
AMAZING VESTRAX SDN. BHD.	100%	100%	Malaysia	Dormant
DEXASSETS SDN. BHD.	100%	100%	Malaysia	Dormant
<i>Subsidiary of ZMSB</i>				
ZHULIAN (SINGAPORE) PTE. LTD. *	100%	100%	Singapore	Direct marketing of all kinds of costume jewellery and consumer products.

* Not audited by KPMG

On 28 April 2006, the Company acquired the above subsidiaries for a total consideration of RM144,501,183, satisfied by the issuance of 284,451,443 new ordinary shares at par value of RM0.50 each. The balance of RM2,275,461 was made by cash. The acquisitions were accounted for under the acquisition method of accounting and accordingly, the subsidiaries contributed a net profit of RM24,486,355 and net assets of RM40,357,225 to the results and financial position of the Group respectively as at 30 November 2006.

7. Land held for development - Group

	2007 RM'000	2006 RM'000
At 1 December	10,581	—
Acquisition of subsidiaries	—	10,552
Additions	90	29
At 30 November **	10,671	10,581
** This comprises :		
Freehold land, at cost	8,679	8,679
Other outgoings	1,992	1,902
	10,671	10,581

8. Investment in an associate - Group

	2007 RM'000	2006 RM'000
Unquoted shares, at cost	10,287	10,287
Share of post-acquisition reserves	5,225	4,587
	15,512	14,874

	Country of incorporation	Effective ownership interest	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2007						
ZHULIAN (THAILAND) LTD.	Thailand	49%	212,460	31,036	81,410	45,362
2006						
ZHULIAN (THAILAND) LTD.	Thailand	49%	188,792	25,493	78,717	53,876

The principal activity of the associate consists of direct marketing of costume jewellery and consumer products.

The financial year end of the associate is 31 December.

9. Other investments - Group and Company

	2007 RM'000	2006 RM'000
Cost		
Quoted unit trusts	7,401	—
Market value		
Quoted unit trusts	7,088	—

Details of disposed investments stated at cost are as follows :

	2007 RM'000	2006 RM'000
Proceeds from disposal	22,080	—
Carrying amount of investments disposed	(22,080)	—
Gain on disposal of investments	—	—

10. Deferred tax assets/(liabilities) - Group

The recognised deferred tax assets and liabilities (before offsetting) are attributable to the following :

	2007 RM'000	2006 RM'000
Plant and equipment	(2,108)	(2,296)
Provisions	128	116
Capital allowances carry-forwards	7	—
Other items	1,961	2,348
	(12)	168

Movement in temporary differences during the year

	At date of acquisition of subsidiaries RM'000	Recognised in the income statement (Note 23) RM'000	At 30 November 2006 RM'000	Recognised in the income statement (Note 23) RM'000	At 30 November 2007 RM'000
Property, plant and equipment	(2,580)	284	(2,296)	188	(2,108)
Provisions	224	(108)	116	12	128
Other items	18	2,330	2,348	(387)	1,961
Capital allowances carry-forwards	—	—	—	7	7
	(2,338)	2,506	168	(180)	(12)

No deferred tax assets has been recognised in respect of the following items :

	2007 RM'000	2006 RM'000
Taxable temporary differences	(160)	(215)
Capital allowances carry-forwards	61	29
Tax losses carry-forwards	281	200
Provisions	213	771
	395	785

The tax losses carry-forwards and capital allowances carry-forwards do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

The comparative figures have been restated to reflect the revised tax losses carry-forwards, capital allowances carry-forwards, provisions and taxable temporary differences available to the Group.

11. Receivables, deposits and prepayments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Amount due from an associate	19,456	16,230	—	—
Others	3,067	2,552	—	—
	11.1	22,523	18,782	—
Non-trade				
Amount due from subsidiaries	11.2	—	—	21,210
Other receivables		6,071	380	442
Deposits	11.3	311	3,374	—
Prepayments		4,070	1,868	1
		10,452	5,622	443
		32,975	24,404	443
				22,261

11.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities is as follow :

	2007 RM'000	2006 RM'000
US Dollars	21,371	17,450

11.2 Amount due from subsidiaries

The non-trade receivables due from subsidiaries were unsecured, interest-free and repayable on demand.

11.3 Deposits

In 2006, included in deposits of the Group was an amount of RM2,130,963 relating to the purchase of an office building by a subsidiary. The transaction was completed on 14 December 2006.

12. Inventories - Group

	2007 RM'000	2006 RM'000
Raw materials	12,776	16,462
Work-in-progress	9,918	9,314
Manufactured inventories	17,950	18,244
Consumables	1,557	1,865
	42,201	45,885

13. Cash and cash equivalents

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short term deposits with licensed banks	13.1	108,601	80,592	42,042	—
Cash and bank balances		11,532	8,047	459	30
	13.2	120,133	88,639	42,501	30

13.1 Short term deposits

The short term deposits pledged to licensed banks for banking facilities granted to the Group amounted to RM Nil (2006 : RM1,120,091).

13.2 Analysis of foreign currency exposure for significant cash and cash equivalents

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	2007 RM'000	2006 RM'000
US Dollars	2,414	2,407
Singapore Dollars	27	37
Brunei Dollars	28	37

14. Share capital

	Number of shares	Par value RM	RM'000
Ordinary shares			
Authorised :			
Balance at 1 December 2005	100,000	1.00	100
Share split	100,000		—
	200,000	0.50	100
Increase in authorised share capital	999,800,000	0.50	499,900
Balance at 30 November 2006	1,000,000,000	0.50	500,000
Balance at 1 December 2006/ 30 November 2007	1,000,000,000	0.50	500,000
Issued and fully paid :			
Balance at 1 December 2005	2	1.00	*
Share split	2		—
	4	0.50	*
Acquisition of subsidiaries	284,451,443	0.50	142,226
Balance at 30 November 2006/ 1 December 2006	284,451,447	0.50	142,226
Rights issue at RM0.535 per ordinary share	60,548,553	0.50	30,274
Balance at 30 November 2007	345,000,000	0.50	172,500

* denotes RM2

15. Reserves

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-distributable					
Translation reserve	15.1	(8)	(11)	—	—
Share premium	15.2	—	—	—	—
Distributable					
Retained earnings		77,187	64,704	5,294	24,412
		77,179	64,693	5,294	24,412

15.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

15.2 Share premium

The share premium of RM2,119,199 arose from the rights issue was set off by the share issue expenses of RM2,595,853 with the remaining balance of RM476,654 expensed to the income statements during the financial year ended 30 November 2007.

16. Minority interest

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary's goodwill on consolidation.

17. Borrowing - Group

	2007 RM'000	2006 RM'000
Finance lease liabilities		
Current	—	300
Non-current	—	627

Finance lease liabilities are payable as follows :

	2007			2006		
	Minimum lease payments RM'000	Interest RM'000	Principal RM'000	Minimum lease payments RM'000	Interest RM'000	Principal RM'000
Less than 1 year	—	—	—	351	51	300
Between 1 and 5 years	—	—	—	667	40	627
	—	—	—	1,018	91	927

Finance lease liabilities of the Group were subject to fixed rates ranging from 3.25% to 3.55% per annum.

18. Payables and accruals

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	18.1	8,651	6,329	—	—
Non-trade					
Amount due to subsidiaries	18.2	—	—	16,750	—
Other payables	18.3	14,218	14,040	7	154
Accrued expenses		9,521	14,025	132	—
Dividend payable		—	4,410	—	—
		23,739	32,475	16,889	154
		32,390	38,804	16,889	154

18.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group entities is RM58,000 (2006 : RM Nil) denominated in US Dollars.

18.2 Amount due to subsidiaries

The non-trade payables due to subsidiaries are unsecured, interest-free and repayable on demand.

18. Payables and accruals (Cont'd)

18.3 Other payables

Included in other payables of the Group is an amount of RM13,018,000 (2006 : RM12,930,000) in respect of security deposits received from agents.

19. Revenue

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Dividend income	—	—	36,849	27,094
Sale of goods	218,208	124,862	—	—
Services rendered	2,338	1,145	—	—
	220,546	126,007	36,849	27,094

20. Finance costs - Group

	2007 RM'000	2006 RM'000
Interest paid and payable		
Finance lease liabilities	40	40
Bank overdraft	—	1
	40	41

21. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
After charging :				
Auditors' remuneration				
Statutory audit by				
- KPMG				
- current year	134	107	30	2
- prior year	37	2	28	2
- other auditors	9	10	—	—
Other services by KPMG	113	—	113	1
Personnel expenses				
(including key management personnel)				
- Contributions to Employees' Provident Fund	2,357	1,725	—	—
- Wages, salaries and others	20,916	15,457	—	—
Depreciation of :				
- property, plant and equipment (Note 3)	3,716	2,441	—	—
- investment property (Note 5)	11	6	—	—
Amortisation of prepaid lease payments (Note 4)	152	137	—	—
Plant and equipment written off	282	384	—	—
Inventory written off	279	526	—	—
Research and development expenditure	54	12	—	—
Loss on foreign exchange				
- Realised	1,419	180	—	—
- Unrealised	171	—	—	—
Rental of premises	270	147	—	—
and crediting :				
Dividend income from subsidiaries	—	—	36,849	27,094
Gain on disposal of property, plant and equipment	273	166	—	—
Interest income	3,925	1,655	1,348	—
Allowance for doubtful debts written back	4	6	—	—
Reversal of inventory written down	—	219	—	—
Negative goodwill recognised	—	40,296	—	—
Gain on foreign exchange				
- Unrealised	—	193	—	—

22. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company				
- Fees	90	—	90	—
- Remuneration	4,915	2,544	12	—
Other Directors' remuneration	623	348	—	—
Other short term employees benefits (including estimated monetary value of benefits-in-kind)	25	25	—	—
	5,653	2,917	102	—

There were no other key management personnel apart from all the Directors of the Group having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

23. Tax expense

Recognised in the income statements

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense on continuing operations	15,421	8,286	10,189	2,604
Share of tax of equity accounted associate	7,168	2,247	—	—
Total tax expense	22,589	10,533	10,189	2,604

23. Tax expense (Cont'd)

Major components of tax expense include :

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
- Current year	15,344	10,792	10,189	2,604
- Prior year	(103)	—	—	—
	15,241	10,792	10,189	2,604
Deferred tax expense				
- Origination and reversal of temporary differences	267	(2,506)	—	—
- Prior year	(87)	—	—	—
	180	(2,506)	—	—
Share of tax of equity accounted associate	7,168	2,247	—	—
Total tax expense	22,589	10,533	10,189	2,604

Recognised in the income statements

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit for the year	58,927	64,772	27,326	24,480
Total tax expense	22,589	10,533	10,189	2,604
Profit excluding tax	81,516	75,305	37,515	27,084
Tax at Malaysian tax rate of 27% (2006 : 28%)	22,009	21,085	10,129	7,583
Effect of lower tax rate for certain subsidiaries *	(185)	(4)	—	—
Effect of tax rates in foreign jurisdictions **	1,142	135	—	—
Effect of change in tax rate ***	23	—	—	—
Non-deductible expenses	1,121	687	136	—
Tax exempt income	(301)	(11,292)	(104)	(4,982)
Tax incentives	(690)	(54)	—	—
Recognition of previously unrecognised temporary differences	(390)	(22)	—	—
Other items	50	(2)	28	3
Over provided in prior year	(190)	—	—	—
Tax expense	22,589	10,533	10,189	2,604

23. Tax expense (Cont'd)

- * With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.
- ** The associate operates in a tax jurisdiction with higher tax rate and a subsidiary operates in a tax jurisdiction with lower tax rate.
- *** The corporate tax rates are at 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and exempt income to frank/distribute approximately RM5,095,000 and RM402,000 respectively from its retained earnings at 30 November 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 November 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 30 November 2013, whichever is earlier.

24. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM58,927,000 (2006 : RM64,772,000) and a weighted average number of ordinary shares outstanding during the financial year of 326,420,718 (2006 : 284,451,447).

Weighted average number of ordinary shares

	2007 '000	2006 '000
Issued ordinary shares at 1 December	284,452	*
Effect of ordinary shares issued for acquisition of subsidiaries	—	284,452
Effect of rights issue in March 2007	41,969	—
Weighted average number of ordinary shares at 30 November	326,421	284,452

- * denotes 2 ordinary shares of RM1.00 each which was subsequently subdivided into 4 ordinary shares of RM0.50 each.

25. Dividends

Dividends recognised in the current year by the Company are :

	2007 RM'000	2006 RM'000
In respect of financial year ended 30 November 2006		
- Special interim dividend of 1.257 sen per ordinary share less 27% tax and tax exempt dividend of 6.114 sen per ordinary share paid on 23 March 2007	20,000	—
In respect of financial year ended 30 November 2007		
- Interim dividend of 7 sen per ordinary share less 27% tax paid on 17 August 2007	17,629	—
- Second interim dividend of 3.5 sen per ordinary share less 27% paid on 16 November 2007	8,815	—
	46,444	—

The Directors declared a third interim single-tier exempt dividend of 5 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the financial year ended 30 November 2007 on 26 February 2008. The financial statements do not reflect this dividend declared after 30 November 2007, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2008.

26. Contingent liability, unsecured - Company

Continuing financial support

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their financial obligations as and when they fall due.

Corporate guarantees

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to limits of RM2.1 million (2006 : RM Nil) of which none were utilised at balance sheet date.

27. Capital commitments

	2007 RM'000	2006 RM'000
Property, plant and equipment		
Contracted but not provided for	32,455	—

28. Segmental reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investment in an associate and related revenue, borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments :

Multi-level marketing	Manufacture and sale of costume jewellery and consumer products on a direct sales basis
Investment holding	Investment holding
Others	Printing of brochures, leaflets, catalogues, name cards and other related documents Provision of management services Property developer

Geographical segments

All the business segments operate in two principal geographical areas, Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

28. Segmental reporting (Cont'd)

Business segments	Multi-level marketing RM'000	Investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2007					
Total external revenue	217,048	—	8,350	—	225,398
Inter-segment revenue	—	—	(4,852)	—	(4,852)
Total segment revenue	217,048	—	3,498	—	220,546
Results from operating activities	57,081	56,924	1,732	(56,596)	59,141
Finance costs					(40)
Share of profit of equity accounted associate	15,247	—	—	—	15,247
Tax expense					(15,421)
Profit for the year					58,927
Segment assets					267,501
Investment in an associate	196,578	50,344	20,579	—	15,512
Unallocated assets	—	15,512	—	—	487
Total assets					283,500
Segment liabilities					32,390
Unallocated liabilities	31,249	138	1,003	—	1,355
Total liabilities					33,745
Capital expenditure	10,689	—	195	—	10,884
Depreciation of property, plant and equipment	3,276	—	440	—	3,716
Depreciation of investment property	11	—	—	—	11
Amortisation of prepaid lease payments	152	—	—	—	152
Non cash expenses other than depreciation and amortisation	640	—	92	—	732

28. Segmental reporting (Cont'd)

Business segments	Multi-level marketing RM'000	Investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2006					
Total external revenue	124,150	—	5,393	—	129,543
Inter-segment revenue	—	—	(3,536)	—	(3,536)
Total segment revenue	124,150	—	1,857	—	126,007
Results from operating activities	36,142	33,363	420	(1,935)	67,990
Finance costs	5,109	—	—	—	(41)
Share of profit of equity accounted associate	—	—	—	—	5,109
Tax expense	—	—	—	—	(8,286)
Profit for the year	—	—	—	—	64,772
Segment assets	210,175	1,081	21,334	—	232,590
Investment in an associate	—	14,874	—	—	14,874
Unallocated assets	—	—	—	—	1,796
Total assets	33,193	154	1,047	—	249,260
Segment liabilities	—	—	—	—	34,394
Unallocated liabilities	—	—	—	—	7,871
Total liabilities	—	—	—	—	42,265
Capital expenditure	7,012	—	502	—	7,514
Depreciation of property, plant and equipment	2,115	—	326	—	2,441
Depreciation of investment property	6	—	—	—	6
Amortisation of prepaid lease payments	137	—	—	—	137
Non cash expenses other than depreciation and amortisation	781	—	129	—	910

28. Segmental reporting (Cont'd)

Geographical segments	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Consolidated RM'000
2007					
Revenue from external customers	136,600	1,732	70,564	11,650	220,546
Segment assets	257,624	9,877	—	—	267,501
Capital expenditure	7,878	3,006	—	—	10,884
2006					
Revenue from external customers	82,931	1,175	36,529	5,372	126,007
Segment assets	222,730	9,860	—	—	232,590
Capital expenditure	1,927	5,587	—	—	7,514

29. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows :

	Transactions amount for the year ended 30 November	
	2007 RM'000	2006 RM'000
Group		
Associate		
Sale	70,564	36,529

29. Related parties (Cont'd)

	Transactions amount for the year ended 30 November	
	2007 RM'000	2006 RM'000
Company		
Subsidiaries		
Dividend income	36,849	27,049
Advances obtained	26,000	—

The terms and conditions for the above transactions are based on normal trade terms.

30. Financial instruments

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of Group's business.

Credit risk

Exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk other than the amount due from an associate (Note 11). The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group places excess funds with reputable licensed banks to generate interest income for the Group.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and dividend income which are denominated in a currency other than Ringgit Malaysia. The currency that gives rise to this is primarily US dollars, Thai Baht and Singapore dollars.

Liquidity risk

The liquidity risk is minimal as the Group maintains adequate funds to meet its obligations as and when they fall due.

30. Financial instruments (Cont'd)

Effective interest rates and repricing analysis

In respect of interest-earning financial asset and interest-bearing financial liability, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	Average effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Group				
2007				
Fixed rate instruments				
Short term deposits with licensed banks	3.32	108,601	108,601	—
2006				
Fixed rate instruments				
Short term deposits with licensed banks	3.43	80,592	80,592	—
Finance lease liabilities	3.51	927	300	627
Company				
2007				
Fixed rate instruments				
Short term deposits with licensed banks	3.40	42,042	42,042	—

Fair values

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowing, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to financial institutions for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

30. Financial instruments (Cont'd)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows :

	2007		2006	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Quoted unit trusts	7,401	7,088	—	—
Finance lease liabilities	—	—	927	927
Company				
Quoted unit trusts	7,401	7,088	—	—

31. Significant events during the year

- a) Rights issue of 60,548,553 new ordinary shares of RM0.50 each at an issue price of RM0.535 per share, on the basis of approximately 0.213 new ordinary shares for every 1 existing ordinary share of RM0.50 held. The rights issue was completed on 23 March 2007.
- b) Offer for sale of 122,341,000 ordinary shares of RM0.50 each at an offer price of RM1.23 per ordinary share was completed on 24 April 2007.
- c) On 27 April 2007, the entire issued and paid-up ordinary shares of the Company was quoted on the Main Board of Bursa Malaysia Securities Berhad.

32. Changes in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 November 2007.

The changes in accounting policies arising from the adoption of FRS 140, Investment Property and FRS 117, Prepaid Lease Payments are summarised below :

FRS 140, Investment Property

The Group measures all investment property at historical cost less accumulated depreciation and accumulated impairment losses, if any.

32. Changes in accounting policies (Cont'd)

Property in the Group amounting to RM406,000 as at 30 November 2006 that are held to earn rental income or for capital appreciation or for both were reclassified from property, plant and equipment to investment property in accordance with the requirement of FRS 140, Investment Property. The change in accounting policy has been applied retrospectively as allowed by the transitional provisions in FRS 140.

This change in accounting policy does not have an impact on earnings per ordinary share.

FRS 117, Leases

Prior to 1 December 2006, leasehold land were classified as part of property, plant and equipment and were stated at cost less accumulated depreciation and impairment losses, if any.

Under FRS 117, leasehold land are classified as an operating lease and the upfront payments made represent prepaid lease payments.

In accordance with the transitional provisions of FRS 117, the unamortised amount of leasehold land as at 1 December 2006 are retained as the surrogate carrying amount of prepaid lease payments and presented as a separate line item under non-current assets and are amortised on a straight-line basis over the remaining lease period.

The reclassifications have been accounted for retrospectively. Accordingly, certain comparatives have been restated as disclosed in Note 33.1. There is no financial impact on the income statements of the Group and of the Company.

33. Comparative figures - Group

33.1 The following comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 32 :

	Group	
	As restated RM'000	As previously reported RM'000
Balance sheet		
Property, plant and equipment	55,738	63,081
Prepaid lease payments	6,937	—
Investment property	406	—
Income statement		
Depreciation of property, plant and equipment	2,441	2,584
Amortisation of prepaid lease payments	137	—
Depreciation of investment property	6	—
Cash flow statement		
Depreciation of property, plant and equipment	2,441	2,584
Amortisation of prepaid lease payments	137	—
Depreciation of investment property	6	—

Leasehold land amounting to RM6,937,000 in 2006 was reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, Leases.

33.2 The comparative figures for consolidated income statement and consolidated cash flow statement were in respect of period from 28 April 2006 to 30 November 2006 as the Group was only formed on 28 April 2006 upon the completion of the acquisition of subsidiaries then.

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area	Tenure	Approximate age of building (years)	Carrying amounts at 30 Nov 2007 (RM'000)	Date of Acquisition
Plot 42, Bayan Lepas Industrial Estate, Phase IV, 11900 Penang	The property comprises a parcel of industrial land and a 4-storey factory and office	(i) 0.8304 hectares (2.052 acres) (ii) 15,097.06 sq. metres	Leasehold (60 years expiring 2 Feb 2055)	9	17,910	10/03/1994
Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Penang	The property comprises a parcel of industrial land with a detached factory, double-storey office and one storey of production floor.	(i) 0.86608 hectares (2.140 acres) (ii) 5,785.54 sq. metres	Leasehold (60 years expiring 30 Dec 2053)	11	6,862	27/02/1993
Unit 26-B and 26-C, Jalan Tun Dr Awang, 11900 Pulau Pinang	Two commercial units located on 2nd and 3rd floor of a 4 ½-storey commercial complex ^(a) .	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold shophot	14	395	27/12/1994
Lot 2428-2584, 2587-2589, 2592-2593, Keladi, Bandar Kulim, Daerah Kulim. (Formerly known as Geran No. HSM861 to HSM1022 and No. Lot PT5081 to PT5244)	Development land.	(i) 28,918 sq. metres (ii) n/a	Freehold	n/a	6,070	13/03/1996
No.3, Changkat Minden, Jalan 8, 11700 Penang	Development land with a single-storey bungalow ^(a) . As at the date of this Annual Report, plans for the redevelopment of the property to 5 units of 2 storey bungalow have been approved by the local authorities. No development works have commenced to date.	(i) 3,184 sq. metres (ii) 555.36 sq. metres	Freehold	23	4,601	23/08/2004
No. Hakmilik PN 5873, Lot 12367 (formerly known as H.S.(D) 7819). PT. No. 1704, Mukim 12, Daerah Barat Daya, Pulau Pinang	Vacant land currently designated as the site for our new factory.	(i) 4.314 acres (17,458 sq. metres) (ii) n/a	Leasehold (60 years expiring 29 May 2051)	n/a	5,085	25/07/2005
5, Jalan Masjid #01-09 Kembangan Court Singapore 418924	Residential with commercial at 1 Storey only.	(i) n/a (ii) 410 sq. metres	Freehold	12	6,164	14/11/2006
5, Jalan Masjid #01-08 Kembangan Court Singapore 418924	Residential with commercial at 1 Storey only.	(i) n/a (ii) 123 sq. metres	Freehold	12	2,196	14/12/2006

Notes:

(a) This property is currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRE & DISTRICT AGENTS

(As at 12 March 2008)

REGIONAL OFFICES

Country	Company	Address	Tel	Fax
THAILAND	ZHULIAN (THAILAND) LTD. *	88 Moo 9, Bangbuathong – Supanburi Road, Tambol La-Han, Ampure Bangbuathong, Nontaburi 11110, Thailand.	662-9833984	662-9833916 662-9833917 662-9833918
INDONESIA	PT. ZHULIAN INDONESIA**	Plaza Chase Lt.9, Jl. Jend. Sudirman Kav.21, Jakarta 12920 Indonesia.	6221-5229988	6221-5229977 6221-5207337
SINGAPORE	ZHULIAN SINGAPORE PTE. LTD.	5 Jalan Masjid, #01-08/09, Kembangan Court, Singapore 418924	65-6846 8848	65-6846 8844

* Our associated company.

** Our Master Agent but not related to our Group.

DISTRIBUTION CENTRE

Location	Distribution Centre	Address	Tel	Fax
KOTA KINABALU	Kota Kinabalu Warehouse	Unit No.116, Block M, Alamesra, Plaza Permai, Jalan Sulaiman, Kuala Menggatal, 88400	088-484930	088-484920

DISTRICT AGENTS

PENANG

Location	Authorised Agent(s)	Address	Tel	Fax
PENANG (PNG)	ROSNA BT YUSOFF SITI HAWA BT MAD ISA	No. 108-B, 2nd Floor, Jalan Tan Sri Teh Ewe Lim, 11600	04-2822973 016-4160236 012-4440069	04-2828972
BAYAN BARU (BBA)	JOHNNY LIM ENG CHENG	No.54, 1st Floor, Jalan Tengah, Taman Sri Tunas, Bayan Baru, 11950	04-6413615 012-4083341	04-6413615
BUTTERWORTH (BWB)	ALEX LOOI SWEE LIN CHOW POH KAM	No.7229, Jln Permatang Pauh, Taman Bagan, 13400 Butterworth	04-3323899 04-3332900 012-4087193	04-3323899 04-3332900
BERTAM (BTA)	LEE CHOON LEAN MOHD RIDZUAN BIN GHASALI	No.24, Persiaran Seksyen 4/2, Bandar Putra Bertam, 13200 Kepala Batas	04-5757339 019-4747892	04-5756339
BUKIT MERTA JAM (BMC)	SEAH BOON CHIN	No.9, Lorong Perda Utama 7, Bandar Perda, 14000 Bukit Mertajam	04-5390219 019-5752219	04-5395219

PERLIS

KANGAR (KGA)	FOO YAU GEEM	No. 69, Jalan Kangar - Alor Setar, Taman Pertiwi, 01000 Kangar	04-9777269 016-3233578	04-9777269
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KEDAH

SUNGAI PETANI (SPT)	FOO YAU GEEM	23-A, Ground & 1st Floor, Jalan Pahlawan, Taman Lagenda Indah, 08000 Sungai Petani	04-4223319 016-4184168	04-4227168
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DISTRICT AGENTS

KEDAH

Location	Authorised Agent(s)	Address	Tel	Fax
KULIM (KUB)	KEE AH BA	No. 15, Jalan Kempas 1, Taman Kempas Indah, 09000 Kulim	04-4918466 012-4841960	04-4918466
BALING (BLI)	CHEW SWEE SANG HOR KEK BOON	No.8, Jalan Liku, 09100 Baling	04-4707392 019-5433668 019-5435521	04-4707392
ALOR SETAR (AST)	SA'ADIAH BT BAHARUM	No. 63, Jln Shahab 7, Kompleks Shahab Perdana, L/Raya Sultanah Bahiyah, 05350 Alor Setar	04-7322309 019-2733088	04-7322309
LANGKAWI (LKA)	AMNAH BT HALIM ROKIAH BT ISMAIL	Lot 184, Tingkat 1, Langkawi Mall, 07000 Kuah, Pulau Langkawi	04-9661109 013-5039512 012-3922239	04-9661109
GUAR CEMPEDAK (GCA)	IBRAHIM BIN ISMAIL ROSLINDA BT KHAMIS	13 A, Taman Mewah, Guar Cempedak, 08800 Gurun	04-4619005/07 019-4251899	04-4619006
KUALA NERANG (KNC)	HANIZA BT MD ISA NOZHATUNSIMA BT GHAZALI	24, Jalan Semeliang, Pekan Baru, Kuala Nerang, 06300	04-7865758 016-4496028 016-4496044	04-7865758
JITRA (KNA)	ONG CHING SOO TEH KIM LOOI	No.83, Taman Ihsan, 06000 Jitra	04-9183888 019-4167766	04-9183883

PERAK

IPOH (IPA)	NORLIA BT SHAHARUDDIN SHARIFAH SALWAH BT MOHD JIPLUS MOHD ANUAR BIN SALLEH	No.1A-3A, Medan Istana 2, Bandar Ipoh Raya, 30000 Ipoh	05-2411666 013-5288266	05-2424366
SIMPANG PULAI (SPP)	SONIA KHOR MUI NGEE FRANKIE WOO KOK WAH	No.38, Persiaran Timor 8, Taman Chandan Desa, 31300 Spg. Pulai, Kg. Kepayang	05-3577511 012-5159889	05-3577511
SITIAWAN (SWN)	LAU SHENG MING WONG YEAK MEI	127, Pusat Perniagaan Sri Manjung, 32040 Bandar Sri Manjung, Sitiawan	05-6889828 012-5036638 012-5208899 019-5735786	05-6881899
PARIT BUNTAR (PBA)	KEE AH BA	No.3, Jalan Shahbandar, Pusat Bandar, 34200 Parit Buntar	05-7165952 012-4841960	05-7165952
TAIPING (TPI)	FRANKIE WOO KOK WAH MOHD NOOR BIN ZAINUDDIN SONIA KHOR MUI NGEE SANIAH BT MOHAMED JACKY WOO KOK HONG	No.63, Jln Taman Kamunting Maju, Medan Saujana Kamunting, 34600 Kamunting	05-8082550 012-5039889 012-5175707	05-8082550
KUALA KANGSAR (KKS)	SURAIYA BT SHAHARUDDIN OTHMAN BIN HJ NOH	No. 7A, Tingkat 1, Persiaran Taiping 1, Jalan Taiping, 33000 Kuala Kangsar	05-7775239 016-5209366	05-7776125
BAGAN SERAI (BGS)	RAHAINE BT BASRAN	No. 20, Tingkat 1, Jalan Harmoni, Pusat Bandar, 34300 Bagan Serai	05-7217820 012-5126739	05-7217820
GERIK (GRA)	SITI AJAM BT HARUN	Lot 8292, Jalan Air Suda Bahagia, Jalan Taman Intan, 33300 Gerik	05-7921009 019-4406377	05-7921009
TG. MALIM (TJA)	CHE'MAH BT ADAM	No. 18, Atas, Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900, Tanjung Malim	05-4583303 012-4149335	05-4583303
TELUK INTAN (TTB)	ZAKIAH BT YAHYA LAU SHENG MING	No.27, Tingkat Bawah, Lorong Tembaga 1, Taman Sri Emas, Jalan Maharajalela, 36000 Teluk Intan	05-6215952 019-5757336	05-6227453

DISTRICT AGENTS

WILAYAH PERSEKUTUAN

Location	Authorised Agent(s)	Address	Tel	Fax
BANGSAR (BSR)	IR. ANIS MD. SALLEH LATIPAH BT SABTU	No.4-G, Jalan Bangsar Utama 9, Bangsar Utama, 59100 Kuala Lumpur	03-22841077 012-335 2912	03-22849078
SETAPAK (SPK)	HON SOW CHONG CHEOK SIEW CHIN	No.12B-14B, Jalan 3/50C, Taman Setapak Indah Jaya, Off Jalan Genting Klang, 53300 Kuala Lumpur	03-40230188 03-40230199 017-3317108	03-40230200
BANDAR TASIK SELATAN (SRA)	AMRAN BIN MOHAMMAD YATIM ZALIZAN BT YA'ACOB	23-1, Jalan 8/146, Bandar Tasik Selatan, 57000 Kuala Lumpur	03-90576293 019-3926711	03-90576293
BANDAR TUN RAZAK (BTR)	NOROSLITA BT MOHD IDRUS	Suite 08-25, 08-26, 8th Floor, Wisma Zelan, Jalan Tasik Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur	03-91737616 03-91737618 019-7741363	03-91737617

SELANGOR

SUNGAI BULOH (KPA)	SAKINAH BT SALLEH ALWI BIN MOHD YUNUS	No.52A, Jalan BRP 1/2, Bukit Rahman Putra, 47000 Sungai Buloh	03-61413372 019-3353648 019-3855152	03-61413375
KLANG (KLD)	AISHAH BT MOHAMED	No.13-01-1 & 15-01-1, Lorong Batu Nilam 1A, Bandar Bukit Tinggi, 41200 Klang	03-33236264 012-5065983 016-5243829	03-33237961
SUNGAI BESAR (SGB)	HAMIDIN BIN SAIRI	No. 6, PT 1476, Jalan SBBC 4, Sg Besar Business Centre, 45300	019-5642332 016-5262332	03-32245958
AMPANG (AMG)	DING MOY NGUK	No.4A & 4B, Pusat Komersial Ara Ampang, Jalan Ampang, 68000 Ampang	03-42513668 03-42510668 019-5740560	03-42531668
SHAH ALAM (SAA)	DAVID LEE THIAM SENG TAN SAY	No.7, Jalan Cheong Sam 10/11, Section 10, 40000 Shah Alam	03-55104170 012-2248722	03-55107841
BANTING (BNA)	AZMI BIN ABDUL MANAF	No.127, (1st Floor), Jalan Morib, 42700 Banting	03-31812253 019-2743953	03-31812955
SUBANG JAYA (SJA)	DARMA TAKSIAH BT ISMAIL	No.1-1, Jalan USJ 1/1C, Regalia Business Centre, UEP Subang Jaya, 47620	03-80247749 012-3207648	03-80247719
SELAYANG (RWA)	ZUBIER BIN NAZIR MAZNAH BT MD.ISA NORHAYATI BT WAJIB	No.18M, Lorong Medan Batu Caves 1, Taman Medan Batu Caves, 68100 Batu Caves	03-61891035 012-3899985	03-61891035
PETALING JAYA (PJU)	AHMAD RAZALI BIN MUSTAFA	No.11&13, Jalan PJU 5/9, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya	03-61408134 03-61408135 019-7285626	03-61408154
KAJANG (KJA)	TEOH SENG LOCK	No.2, Tingkat 1, Jalan S10-1, Off Jalan Bukit, 43000 Kajang	03-87379878 012-2169878 016-3309878	03-87379878
PUCHONG (PCA)	NORLELA BT NAWI HAMIDI BIN HASSAN	No. 20-1, Jalan Puteri 7/8, Bandar Puteri Puchong, 47100	03-80610848 012-2192772	03-80603848
BANDAR BARU BANGI (BGA)	TENGGU REIHANAH BT TUAN ABDULLAH	No.11, Jalan 9/9C, Seksyen 9, Bandar Baru Bangi, 43650	03-89266848 03-89262672 019-2799094	03-89262672

NEGERI SEMBILAN

SENAWANG (NLI)	MOHD BAJURI BIN HAJI JOLI SAADIAH BT SALEE	No.44, Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang	06-6778440 012-6837113	06-6778440
NILAI (NLB)	SITI NORBAYA BT ABD. KADIR	PT 9895, Jalan BBN 1/3J, Putra Point Bandar Baru Nilai, 71800 Nilai	06-8503707 019-2246271	06-8503447
SEREMBAN (SMA)	DATIN ANIMAH BT SABTU DATO' IR. ZAMZURI BIN ABD. GHAFFAR	602 & 603, Jln Haruan 4/8, Oakland Commercial Centre, 70300 Seremban	06-6336433	06-6323909

DISTRICT AGENTS

NEGERI SEMBILAN

Location	Authorised Agent(s)	Address	Tel	Fax
PORT DICKSON (PDC)	NORAZIMAH BT MOHAMAD	Lot G 4, Bangunan Arked D'Mara, 71000 Port Dickson	06-6463677 013-6219749	04-6463677

MELAKA

MELAKA (MKA)	SIAO FOON FUAT CATHERINE NA PEY FANG	7, 7A & 7B, Jalan Melaka Raya 24, Taman Melaka Raya, 75000	06-2843090 012-6127474	06-2843081
MASJID TANAH (MJT)	GAN CHIN KEONG	MT 1408, Pusat Perdagangan Masjid Tanah, 78300 Masjid Tanah	06-3848128 016-5207128	06-3848127
AYER KEROH (AKM)	ZAIDAH BT YET DR. ROSNANI BT SABTU	No. 152, 152-1, Jalan TU 2, Taman Tasik Utama, Ayer Keroh, 75450	06-2322887 012-6239447 012-6117495	06-2320326

JOHOR

BATU PAHAT (BPH)	TAN TIONG WI @ TAN TIONG HUI	No.16, Jalan Rotan Cucur, Taman Sri Jaya, 83000 Batu Pahat	07-4334331 07-4337331 012-7993999 012-7079385	07-4338331
JOHOR BAHRU (JHA)	ROZANA BT ABDUL RAHIM AZAHARI BIN BAHARUM	No.12, Jalan Suria 19, Taman Suria, 81100 Johor Bahru	07-3322020 019-7252257 019-7252262	07-3323020
KLUANG (KLG)	LOW BOK LUAN	No.35, Jalan Berangan, 86000 Kluang	07-7738899 012-7098899 012-7878899	07-7735431
KOTA TINGGI (KTI)	CAH AH CHONG	No.3-G, Jalan Abdullah, 81900 Kota Tinggi	07-8834933 019-7765799	07-8834933
MUAR (TKA)	SIMON TEW KAM HOCK	No - 37, Jalan Pesta 1-2, Taman Tun Dr Ismail-1, 84000 Muar	06-9547996 012-6237996 012-6287996	06-9547996
KULAI (KIA)	SOELASTRO BIN DAMIS	No.039, Jalan Kenanga 29/3, Bandar Indahpura, 81000 Kulai	07-6625579 019-7707666	07-6625579
SKUDAI (SKD)	IZUDDIN BIN ABU BAKAR	No.6 & 7, Jalan Pendidikan 3, Taman Universiti, 81300 Skudai	07-5206255 019-7851391	07-5206355
MASAI (MSD)	NORLIN BT AHMAD	No.7G, Jalan Suria 7, Bandar Seri Alam, 81750 Masai	012-7196535	07-5542311
SEGAMAT (SMT)	NGOI MEE CHIN TAN KIAN SAI	No.1, Jalan Nagasari 14, Bandar Segamat Baru, 85000 Segamat	07-9437168 019-7587289	07-9437168
PONTIAN (PTA)	HAJJAH MUSLEHA BT OTHMAN AZARI BIN A GHANI	No.53, Aras Bawah PTB 12820, Bangunan Baitulmal, Jalan Delima, Pusat Perdagangan Baru, 82000 Pontian	07-6868076 013-7701770	07-6868086
MERSING (MGA)	NORMAHDAH BT ARSAD	No.933, Jalan Endau, 86800 Mersing	07-7982717 012-7176234	07-7982718

KELANTAN

MACHANG (MCH)	NORMA BT NAWI	3318, Taman Sentosa, Kweng Hitam, 18500 Machang	09-9757876 019-9591314	09-9757876
KOTA BHARU (KBA)	NORMA BT NAWI	Wisma Norma Nawi, Section 26, Jalan Dusun Muda, 15400 Kota Bharu	09-7419150 09-7419152 019-9591314	09-7419153

DISTRICT AGENTS

KELANTAN

Location	Authorised Agent(s)	Address	Tel	Fax
PASIR MAS (PMB)	ROHIDA BT ISMAIL	No.9, Tkt 1, Wisma Al-Ridha, Lorong Hj. Ahmad Sebelah Balai Polis Pasir Mas, 17000 Pasir Mas	09-7902004 019-9178256	09-7902004
PASIR TUMBOH (PSA)	HAJI WAN AHMAD BIN WAN IDRIS HAJJAH LONG HABSAB BT ISMAIL	PT904, Desa Darul Naim, Pasir Tumbuh, 16150 Kota Bharu	09-7656588 013-9805020	09-7656588

TERENGGANU

KUALA TERENGGANU (KTR)	AS'ARI BIN OMAR	No.51B, 1st Floor, Jalan Tok Lam, 20100 Kuala Terengganu	09-6311868 013-9305776	09-6311868
JERTEH (JET)	CHE ROSNAH BT CHE HUSIN	Lot 285, Jalan Tangki Air, Taman Jerteh, 22000 Jerteh	09-6975164 019-9130188	09-6975164
CHENDERING (CDA)	FATIMI BT MOHAMMAD @ MOHD ZAIN	2022 K, Taman Permint Jaya , Fasa IV, Chendering, 21080 Kuala Terengganu	09-6170221 012-3833255	09-6175602
DUNGUN (DGA)	CHE ROSNAH BT CHE HUSIN	Lot 6519, Tingkat Atas, Batu 48, Jalan Dungun Paka, 23000 Dungun	09-8481928 019-9130227	09-8481928
KEMAMAN (KMB)	AZIMAH BT ABD HADI MOHD AZHAM BIN ABD HADI	Lot K 3110, Jalan Kemaman-Kuantan, Taman Geliga Sakti, 24000 Cukai Kemaman	09-8683488 012-9211599	09-8683487

PAHANG

KUANTAN (MSB)	VICTOR KEOW WUN LIONG	No. 94B, Jalan Wong Ah Jang, 25100 Kuantan	09-5151388 019-9159967	09-5151488
TEMERLOH (TMH)	MOHD IRWAN BIN ZULKEFLI	Tingkat 1, No. 9 Jalan Sudirman, 28000 Temerloh	09-2968700 013-9222278 016-6266554	09-2968700
PEKAN (PKB)	ZABEDAH BINTI ISMAIL	No. 3A, Pusat Komersial, Jalan Sultan Abu Bakar, 26600 Pekan	09-4211020 013-9285448	09-4211021
INDERA MAHKOTA (DMA)	MAZIAH BT HAMZAH	B 36, Persiaran Sultan Abu Bakar, Taman Sri Mahkota 25200 Kuantan	09-5736716 019-9596122 013-9852868	09-5736716

SARAWAK

KUCHING (KCH)	REBECCA BEKA AK BANA	1st Floor, Lot 261, Section 8, KTL, Jalan Haji Taha, 93400 Kuching	082-236687 019-8480393	082-236687
TABUAN STUTONG (TSA)	DAVID LAM TAH WI NAH KHENG ANG	1st Floor, Sublot 9, Tabuan Stutong Commercial Centre, Jalan Setia Raja 93350 Kuching	082-361022 017-2200022	082-361022

SABAH

KOTA KINABALU (KKC)	NUR KHAIRUNNISA BT MATUSSIN	Shoplot No.5, Lot No.77, 2nd. Floor Block H, Asia City Phase 1B, 88000 Kota Kinabalu	088-264717 016-8107584	088-262767
TAWAU (TWB)	ARMINOH BT JAPAR AISHAH BT MARSUS	Lot 7, TB 4416, 1st Floor, Sabindo Square, Lorong Sabindo Baru, 91000 Tawau	089-919768 013-8868279	089-919769
PENAMPANG (PNP)	NIKMAH BT JAOJAINI	Lot 29, Blok E, 1st & 2nd Floor, Donggongan Square, Km10, Pekan Donggongan, 89500 Penampang	088-731006 013-8865006	088-731006

ANALYSIS OF SHAREHOLDINGS

As At 12 March 2008

AUTHORISED SHARE CAPITAL	: RM500,000,000
ISSUED AND FULLY PAID-UP CAPITAL	: RM172,500,000
CLASS OF SHARE	: Ordinary shares of RM0.50 each fully paid
VOTING RIGHT	: On a show of hands one vote for every shareholder On a poll one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	2	0.10	100	0.00
100 - 1,000	491	23.75	467,800	0.14
1,001 - 10,000	1119	54.14	5,601,700	1.62
10,001 - 100,000	375	18.14	11,823,400	3.43
100,001 - 17,249,999	76	3.68	88,610,340	25.68
17,250,000 - 345,000,000	4	0.19	238,496,660	69.13
TOTAL	2,067	100.00	345,000,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 12 MARCH 2008

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1	Haji Wan Mansoor Bin Wan Omar	10,000	0.00	—	—
2	Teoh Beng Seng	39,749,618	11.52	181,077,342	52.49
3	Teoh Meng Keat	20,152,200	5.84	*2,000,000	0.58
4	Khoo Teng It	160,000	0.05	*55,000	0.02
5	Tan Lip Gay	15,000	0.00	—	—
6	Diong Chin Teck @ Tiong Chin Sang	10,000	0.00	—	—

* These are shares held in the name of the spouse and are treated as interest of the Director as in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interests of more than 15% in the shares of the Company, Mr Teoh Beng Seng is also deemed to be interested in the shares of the subsidiaries to the extent that the Company has an interest.

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2008

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1	Teoh Beng Seng	39,749,618	11.52	181,077,342	52.49
2	Teoh Meng Keat	20,152,200	5.84	—	—
3	The Best Source Holdings Pte Ltd	59,827,342	17.34	—	—
4	Zhulian Holdings Sdn. Bhd.	120,750,000	35.00	—	—

THIRTY LARGEST SHAREHOLDERS AS AT 12 MARCH 2008

No.	Name	No. of Shares	% of Issued Share Capital
1	Zhulian Holdings Sdn. Bhd.	120,750,000	35.00
2	The Best Source Holdings Pte. Ltd.	59,729,842	17.31
3	Teoh Beng Seng	37,864,618	10.98
4	Teoh Meng Keat	20,152,200	5.84
5	Lembaga Tabung Haji	15,000,000	4.35
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Abdul Rashid Bin Abdul Manaf (MH0324)	8,346,700	2.42
7	Malaysian Technology Development Corporation Sdn. Bhd.	5,465,489	1.58
8	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Abdul Rahman Bin Ahmad	3,624,500	1.05
9	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Nazir Ariff Bin Mushir Ariff	3,500,000	1.02
10	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Syed Azahari Bin Syed Noh Shahabudin	3,500,000	1.02
11	Malaysian Technology Venture Two Sdn. Bhd. (In Liquidation)	3,367,005	0.98
12	Teoh Beng Chye	3,113,000	0.90
13	Chong Siew Kam	2,526,000	0.73
14	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Ahmad Razali Bin Mustaffa	2,500,000	0.73
15	Teoh Meng Soon	2,250,000	0.65
16	Teoh Meng Lee	2,250,000	0.65
17	Khoo Lay Boon	2,000,000	0.58
18	Yayasan Terengganu	1,966,386	0.57
19	CIMSEC Nominees (Tempatan) Sdn. Bhd. Teoh Beng Seng (ZCB Account)	1,885,000	0.55
20	Perbadanan Usahawan Johor Sdn. Bhd.	1,809,100	0.52
21	P'ng Swee Guan	1,565,115	0.45
22	Koperasi Permodalan Felda Berhad	1,400,000	0.41
23	Yayasan Sarawak	1,272,982	0.37
24	Perbadanan Kemajuan Negeri Kedah	1,272,982	0.37
25	Teoh Siew Hong	1,250,002	0.36
26	Teoh Siew Choo	1,250,000	0.36
27	Malaysia Nominees (Tempatan) Sendirian Berhad Overseas Assurance Corporation (Malaysia) Berhad (MGF)	1,248,400	0.36
28	Mohd Munir Bin Abdul Majid	1,128,500	0.33
29	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt an for MIDF Amanah Asset Nominees (Tempatan) Sdn. Bhd. (Account 1)	946,378	0.27
30	AKKA Sdn. Bhd.	909,100	0.26
		313,843,299	90.97

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 7 May 2008 at 2:30 p.m. for the following purposes:-

AGENDA

- | | | |
|-----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the year ended 30 November 2007 and Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2a. | To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:- | |
| i. | Mr Teoh Meng Keat | Ordinary Resolution 2 |
| ii. | Mr Khoo Teng It | Ordinary Resolution 3 |
| 2b. | To re-elect Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965. | Ordinary Resolution 4 |
| 3. | To approve Directors' fees for the year ended 30 November 2007. | Ordinary Resolution 5 |
| 4. | To re-appoint Messrs. KPMG and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |
| 5. | As Special Business | |
| a) | To consider, and if thought fit, to pass the following Ordinary Resolution:- | |
| | SECTION 132D OF THE COMPANIES ACT, 1965 | |
| | "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorized to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." | Ordinary Resolution 7 |
| b) | To consider, and if thought fit, to pass the following Special Resolution:- | |
| | PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY | |
| | "THAT the amendments to the Articles of Association of the Company contained in Appendix I be and are hereby approved." | Special Resolution 1 |
| 6. | To transact any other business of which due notice shall have been given. | |

By Order of the Board

LAM VOON KEAN
(MIA 4793)
Company Secretary

Penang, 15 April 2008.

Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42-A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.
5. The details of the Directors standing for re-election as in Agenda 2 are as more particularly disclosed in Pages 21 to 23 of the Annual Report of the Company.

Explanatory Notes on Special Business:

1. The Ordinary Resolution 7, if passed, will give authority to the Board of Directors to issued and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.
2. The Special Resolution 1, if passed, will amend the Articles of Association of the Company to be in compliance with the amendments to Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad.

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

THAT the Articles of Association of the Company be amended in the following manner:-

1. (a) **Existing Article 2(b) :-**
 "Approved Market Place" means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order, 1998.
- (b) **The existing Article 2(b) be deleted in its entirety.**

2. (a) **Existing sub-title of Article 39**
 "Transmission of securities from Foreign Register"
- (b) **The existing sub-title of Article 39 be amended by deleting the words "from Foreign Register" and to read as follows:-**
 "Transmission of securities"

3. (a) **Existing Article 39(1)**
 "Where:-
 - (a) the securities of the Company are listed on an Approved Market Place; and
 - (b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as case may be, under the Rules of the Central Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "**the Foreign Register**"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "**the Malaysian Register**") subject to the following conditions:-

 - (i) there shall be no change in the ownership of such securities; and
 - (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder."
 - (b) **The existing Article 39(1) be amended to read as follows:-**
 "Where:-
 - (a) the securities of the Company are listed on another stock exchange; and
 - (b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities."

4. (a) *Existing Article 39(2)*

"For the avoidance of doubt, no Company which fulfils the requirements of subparagraphs (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register."

(b) *The existing Article 39(2) be deleted in its entirety.*

5. (a) *Existing Article 92(2)*

"Until otherwise determined by the Company in general meeting the number of Directors shall not be less than two (2) nor more than twelve (12) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act for the purpose of filling up such vacancy or vacancies or of summoning a general meeting of the Company. No one other than a natural person shall be a Director of the Company."

(b) *The existing Article 92(2) be amended by deleting the phrase "No one other than a natural person shall be a Director of the Company." in the last sentence of the Article to read as follows :-*

"Until otherwise determined by the Company in general meeting the number of Directors shall not be less than two (2) nor more than twelve (12) but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum the continuing Directors or Director may act for the purpose of filling up such vacancy or vacancies or of summoning a general meeting of the Company."

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PROXY FORM

ZHULIAN CORPORATION BERHAD (415527P)
(Incorporated in Malaysia)

I/We,
 of
 being a member / members of the above-named Company hereby

(Full name in block letters)

(Address)

appoint
 or failing him,
 of

(Full name in block letters)

(Full name in block letters)

(Address)

as my/our proxy, to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 7 May 2008 at 2:30 p.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Ordinary Resolution 1		
2a(i).	Ordinary Resolution 2		
2a(ii).	Ordinary Resolution 3		
2b.	Ordinary Resolution 4		
3.	Ordinary Resolution 5		
4.	Ordinary Resolution 6		
5a.	Ordinary Resolution 7		
5b.	Special Resolution 1		

(Please indicate with "X" 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 discretion)

Signed this day of 2008.

No. of Ordinary Shares Held

.....
Signature of Shareholder(s)

Notes :

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42-A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

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(STAMP)

TO,
The Company Secretary
ZHULIAN CORPORATION BERHAD (415527-P)
Suite 2-1, 2nd Floor, Menara Penang Garden
42-A, Jalan Sultan Ahmad Shah
10050 Pulau Pinang

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