

ZHULIAN

ZHULIAN CORPORATION BERHAD (415527-P)

Annual Report 2008

ZHULIAN CORPORATION BERHAD (415527-P)

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

Annual Report
2008



We Achieve What We believe

We believe with the right opportunities, knowledge and guidance, any dream can become a reality. We take pride in helping people who have faith in us to live a better life by defining the path towards realising their dream. While doing so, we continue to grow from strength to strength together. Indeed, it required determination, dedication and commitment from all our people to reach where we are today. And we believe we will be able to conquer all challenges and continue to achieve more if we stay united as one.....

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FINANCIAL HIGHLIGHTS

YEAR ENDED 30 NOVEMBER

Performance (RM'000)	2008	2007
Revenue	303,577	220,546
Profit Before Taxation	94,993	74,348
Profit After Taxation and Minority Interest	74,690	58,927

Key Balance Sheet Data (RM'000)

Shareholders' Equity	279,500	249,679
Total Assets	342,457	283,500
Total Borrowings	—	—

Financial Ratio

Earnings Per Share ("EPS") (sen)*	21.65	18.05
Net Dividends Per Share (sen)	11.00	12.67
Net Assets Per Share ("APS") (sen)**	81.01	72.37
Gearing Ratio (%)	0.00%	0.00%

* EPS was calculated based on weighted average number of ordinary share issue of 326,421,000 and 345,000,000 for the financial year of 2007 and 2008 respectively .

** APS for both financial years were based on weighted average number of ordinary share issue of 345,000,000.

Our Vision

“ We aspire to become a respectful leading company for health and beauty products by gaining customers' enthusiasm and trust through continuous improvement driven by innovation, teamwork and integrity. ”

Our Mission

We are dedicated to excel in resource management, product quality and customer service to ensure customers will continue to value our products, ZHULIAN members will build their businesses, employees will build their careers and shareholders will build their wealth. The following are seven guiding principles of our business practice:

- Being innovative in managing our brands and products to enhance our competitiveness.
- Being enthusiastic in serving our customers to our best.
- Being mindful to provide a conducive working and business environment for our people.
- Being respectful towards diversity in building a strong people network.
- Being passionate in developing entrepreneurial spirit among our people.
- Being hearty in contributing positively to our communities and our environment.
- Being visionary in building our financial solidity and maximising our shareholders return.

CORPORATE PROFILE

Our Company was incorporated in Malaysia on 2 January 1997 under the Companies Act, 1965 as a private limited company under the name of **ZHULIAN CORPORATION SDN BHD**. Subsequently on 28 February of that same year, the Company was 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 Bursa Malaysia Securities Berhad ("Bursa Securities").

ZHULIAN CORPORATION BERHAD is an investment holding company. Our core business is in Multi-Level Marketing (MLM), with diversified interests in the manufacturing and trading of costume and fine jewellery, consumer products and printing. The principal 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 home technology products
ZHULIAN MANUFACTURING SDN. BHD. (392763-V)	Manufacturing of bedroom apparels and therapeutic products
ZHULIAN PRINTING INDUSTRIES SDN. BHD. (216788-X)	Printing of brochures, leaflets, catalogues, name cards and other related documents
AMAZING VESTRAX SDN. BHD. (688963-U)	Manufacturing of sanitary products
MASTER SQUARE SDN. BHD. (389011-A)	Trading of consumer products
ZHULIAN MARKETING (M) SDN. BHD. (186058-T)	Direct marketing of costume jewellery and consumer products
ZHULIAN (SINGAPORE) PTE. LTD. (200105275R)	Direct marketing of costume jewellery and consumer products
ZHULIAN (THAILAND) LTD. [(3) 1207/2539]	Direct marketing of costume jewellery and consumer products

Investment Holding

ZHULIAN MANAGEMENT SDN. BHD. (374415-M)	Provision of management services and investment holding
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Others

ZHULIAN DEVELOPMENT SDN. BHD. (321164-M)	Property development
DIAMOND INSPIRATION SDN. BHD. (375186-D)	Operation of in-house cafeteria business
ZHULIAN VENTURES SDN. BHD. (665168-A)	Dormant
ZHULIAN PROPERTIES SDN. BHD. (665167-D)	Dormant
SELAT NUSANTARA DEVELOPMENT SDN. BHD. (665240-M)	Dormant
DEXASSETS SDN. BHD. (686970-K)	Dormant
ZHULIAN CONSTRUCTION SDN. BHD. (415546-H)	Dormant
ZHULIAN NUTRACEUTICAL SDN. BHD. (644402-D)	Dormant

CORPORATE CALENDAR

24 February 2008

26th National Agency Meeting

One World Hotel, Kuala Lumpur

The National Agency Meeting is a meeting platform for the management and Authorised Agents to sit and discuss about challenges and opportunities in the MLM business with the objective to find solutions and formulate strategies to propel the business further to the next level.



21 - 26 March 2008

Diamond International Forum 2008 to Istanbul, Turkey

Istanbul, Turkey

This year, a total of 474 super achievers from Malaysia, Singapore, Thailand and Indonesia had come together to participate in this special forum cum tour which is only catered for the best of the best in ZHULIAN's direct marketing business.



26 April 2008

National Convention - Night of Honour 2008

Stadium Putra Bukit Jalil, Kuala Lumpur

ZHULIAN's Night of Honour event is held annually to honour and celebrate the profound accomplishments and success of the best among the best in the MLM network. This year, a huge crowd of over 10,000 people from all over Malaysia, Singapore and Indonesia had turned up to participate in the grandest event of the year.



26 April 2008

The Presentation Ceremony of the Education Trust Fund (Academic Year 2007/2008)

Stadium Putra Bukit Jalil, Kuala Lumpur

The Education Trust Fund was launched during the National Convention 2007 with the aim to encourage both parents and children to work unanimously to achieve success. A total of 17 achievers have been presented with this special fund during the National Convention 2008.





3 May 2008

National Convention of ZHULIAN (THAILAND) LTD.

Thammasat Rangsit Stadium, Northern Bangkok

ZHULIAN's Multi-Level Marketing Business in Thailand has seen a steady growth all these years and in March, their sales had hit an all-time high record of 200 million Baht! Their National Convention, namely Night of Honour event had seen a massive turnout of over 12,000 people.



7 May 2008

Annual General Meeting

G Hotel, Penang

The Company's 11th AGM had been successfully concluded at the G Hotel in Penang.



25 October 2008

ZHULIAN's 3rd Plant Official Opening Ceremony

Plot 3, Bayan Lepas Free Industrial Zone, Penang

The official opening ceremony of ZHULIAN's 3rd Plant at Plot 3, Bayan Lepas Free Industrial Zone, Penang was held to celebrate the commencement of its operations.



28 November 2008

Charitable Contribution to National Kidney Foundation

Plot 41, Bayan Lepas Industrial Estate, Penang

As part of its corporate social responsibility agenda, the Group has made a contribution of RM420,000 to the National Kidney Foundation of Malaysia. The fund will be used for setting up a Lions Kidney Dialysis Centre in Penang.

CHAIRMAN'S STATEMENT

“ 2008 was another tremendous year for ZCB and the Group's resilience in overcoming challenges during the financial year has proven once again its strong business fundamentals. ”



Dear Valued Shareholders,

On behalf of the Board of Directors of **ZHULIAN CORPORATION BERHAD** (“ZCB” or the “Company”), I am pleased to present the Annual Report and Audited Financial Statements of the Company and its subsidiaries (the “Group”) for the financial year ended 30 November 2008 (“FY 2008”).

FINANCIAL PERFORMANCE

2008 was another tremendous year for ZCB and the Group's resilience in the face of challenges during the financial year has proven once again the strong fundamentals of our businesses. The financial highlights are as follows:

- Our Group's revenue has increased by 37.65% to RM303.577 million compared with RM220.546 million in the financial year of 2007.
- Our Pre-tax Profit has also increased by 27.77% to RM94.993 million in the year under review, representing an increase of RM20.645 million, as compared to RM74.348 million achieved in the preceding financial year.
- The Earnings per Share has increased from 18.05 sen to 21.65 sen per Share.
- Our financial position remains very strong, with net cash of RM106.529 million and an increase in Net Assets per Share of 11.94% to 81.01 sen, as compared to 72.37 sen in the previous financial year.

DIVIDEND

The Group paid single tier dividend of 11 sen per ordinary share of RM 0.50 each, totalling RM37.95 million in respect of the financial year ended 30 November 2008.

CORPORATE DEVELOPMENT

The Group has obtained the approval from the Indonesia Investment Coordinating Board (BKPM) for the 60% acquisition of **PT. ZHULIAN INDONESIA** and the acquisition process is expected to complete by FY 2009.

CORPORATE GOVERNANCE

The Board recognises that the practice of good corporate governance is the key factor contributing to the Group's continued progress and successful achievements such as these would not only safeguard and enhance shareholders' investment and value but ensure that the interest of other stakeholders are protected. Therefore, the Board is fully committed to ensuring that the Group will continuously foster a culture of transparency, credibility, excellence and reliance in our people and business practices. A stringent internal control system and policies are in place to ensure the Group's long term viability.

CORPORATE SOCIAL RESPONSIBILITY

The Group has been involved in a multitude of corporate social responsibility activities that offered help to the needy and the less fortunate through various charitable bodies. The most significant one was our contribution of RM420,000 to the National Kidney Foundation of Malaysia for setting up a dialysis centre in Penang under the management of the Lions Club. On top of that, we have also continued to support the educational needs of our Distributors' kin with the establishment of the Education Trust Fund that is aimed at motivating the Distributors to nurture their children towards academic success while pursuing success in the MLM business. During the year under review, a total of 17 achievers have been presented with this special fund during the National Convention that was held on 26 April 2008.

RECOGNITION & AWARDS

During the year ended 30 November, 2008, the Group has managed to achieve another level of excellence with the winning of several prestigious awards.

ZCB has been awarded "Business of the Year 2007 Award" under the "Superior Company" category for achieving excellent business performance. Its subsidiary, **ZHULIAN MARKETING (M) SDN BHD** has also won "The Asia Super Excellence Master Award of Direct Sales 2008" under the "Grand Master Company" category and "The 7th Asia Pacific International Honesty Enterprise – Keris Award 2008".



The Group has also successfully enhanced the brand positioning of "BEYOND", one of its best-selling brand of products, namely **BEYOND WATER BIO-ACTIVE REFORMING SYSTEM** and **BEYOND MICROPLASMA AIR PURIFIER**, which have received the accolade of the prestigious "The 4th Asia Pacific Super Excellent Brand 2008 Award" during the same year.





OUTLOOK AND PROSPECTS

With the Malaysia economy forecasted to grow by 3.5% in 2009, supported by sustained private sector activities, and the Government's stimulus package to boost Malaysia's economy, prospects for year 2009 remains challenging, in view of the unstable oil prices, global economic slowdown stemmed from the US financial crisis and keen competition in the consumer market. These factors will inevitably put margins under pressure. Nevertheless, the Company will continue to leverage on our strength and resources to meet these challenges and move forward. Most importantly, we remain confident in our prospects' capacity to grow the value of the Company in the future.

We will also strive to extend and improve our customer reach by enhancing service and support measures to our Authorised Agents and Distributors. Expanding our distribution network will also be our continuous effort to ensure that ZCB remains dynamic and well positioned in the direct selling industry in Malaysia. With this aim in mind, we have plans to set up another distribution centre in Kuching, Sarawak in addition to the existing warehouse in Kota Kinabalu, Sabah to improve the logistics and expedite the delivery of products and services within the region.

In summary, we foresee that 2009 will be a more challenging year for all of us in the business world. However, it is important to note that 2009 will mark our 20th anniversary. In the past 20 years, we have accomplished a great deal. While we are again hoping for a better year, we will be vigilant against unexpected situations and will take all the necessary steps to prepare for another challenging period. Regardless of what occurs, we intend to be well positioned for the years ahead.

APPRECIATION

The Board would like to extend its gratitude to the management, employees, Agents and Distributors for their dedication and contribution to the Group, and to thank our customers, business associates, bankers, suppliers and shareholders for their support and trust in the Company. We will continue to work hand in hand to realise shareholders' value and enable every one of us to share our growth prospects.

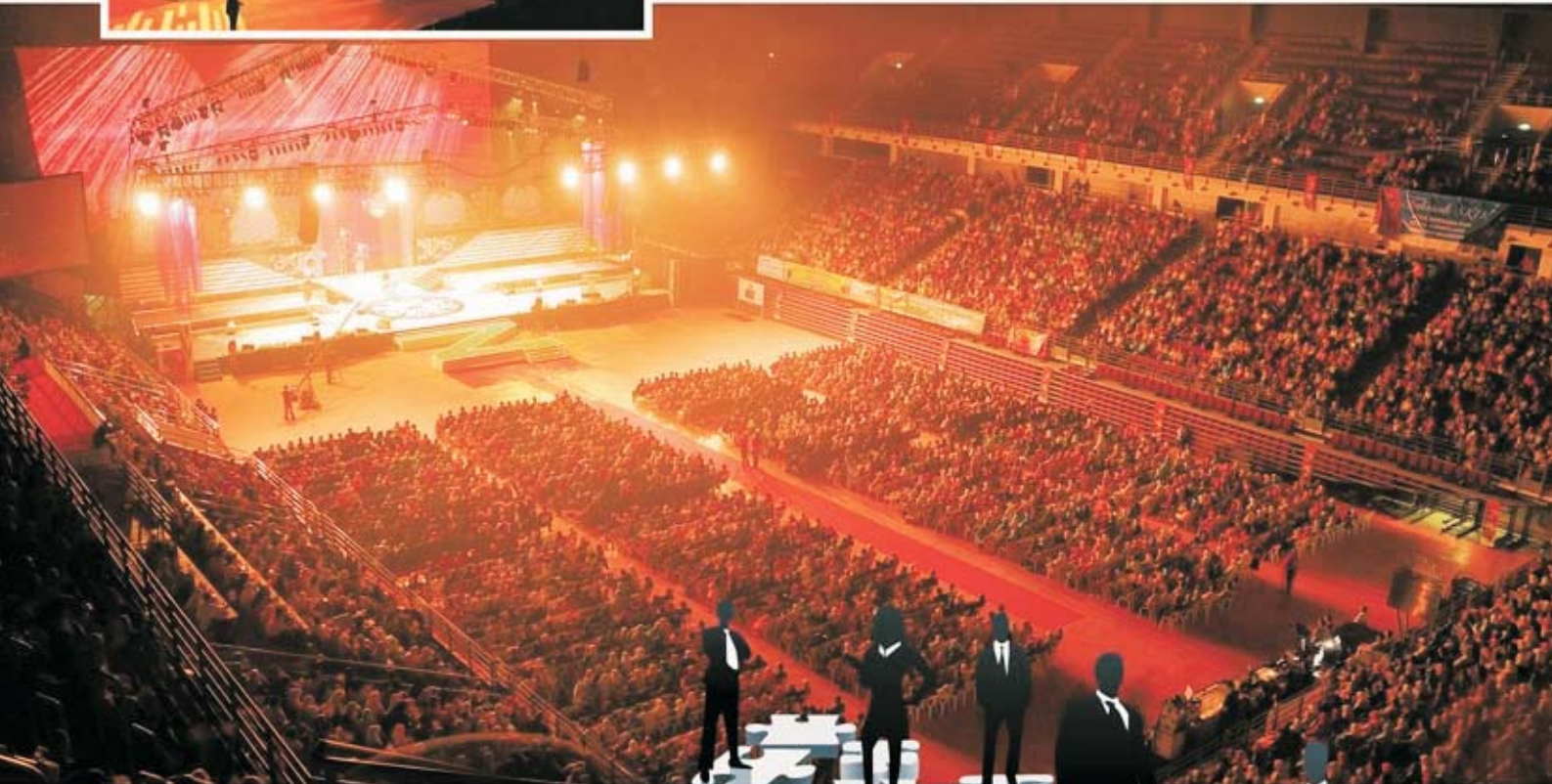
On Behalf of the Board
ZHULIAN CORPORATION BERHAD

HAJI WAN MANSOOR BIN WAN OMAR
Chairman, Independent Non-Executive Director

OPERATION REVIEW



Over the past 12 months, there has been continued progress across all the key processes. These improvements have made significant contributions in increasing revenue for the Group.



Multi-Level Marketing (“MLM”)

The Group’s MLM business remains as the core business activity. In Malaysia, its MLM business has continued to grow strongly with a growth of 11.54% in the number of Distributors in our network and 29.77% in terms of annual turnover compared to the previous financial year. Our initiatives to grow our market in East Malaysia have also recorded excellent results and the sales for Sabah & Sarawak have hit 2.5 times higher in FY 2008 as compared to FY 2007. Based on our statistics as at 30 November 2008, our Distributor base in the ASEAN region has reached 421,957 in number and our Distribution network has expanded to 248 Authorised Agencies strewn across Malaysia, Thailand, Indonesia and Singapore.

In response to increased raw material cost during the middle of the year, we have reviewed our pricing policy on a substantial portion of our product portfolio to mitigate the impact of increased direct and indirect cost to the Group.



With the aim to encourage customers and Distributors to buy more from us, we continue to place importance in developing cost-effective promotion campaigns with a clear objective and focussing on the ability to deliver measurable results as well as transferring results to the rest of the product range so that we will ultimately be able to retain customers. In the year under review, the Group had also launched a Voucher Redemption promotion during the Hari Raya festive season.



Based on our thorough evaluation on the overall Distributors' needs as well as to capture the huge underlying opportunities in the current market scenario, we have also revised our business plan by improving on the incentive packages for the purpose of offering greater Cash Incentives to our Distributors. We believe that this new plan will lead to a significant network growth in the future.



Concurrent with our expansion plans respective to our production facilities, we have also taken positive measures to improve our training programmes for our Distributors to boost motivation in them, enhance their product knowledge and foster the leaders' professional capabilities.



The direct selling business operations in Thailand and Indonesia that are managed by our associated company, **ZHULIAN (THAILAND) LTD.** and our appointed master agent, **PT. ZHULIAN INDONESIA** have also had a commendable year with a strong growth of 36% and 14% respectively.

ZHULIAN (THAILAND) LTD. has recently purchased an additional piece of land spanning 23,159 sq. metres at the back of its existing office building to build a bigger convention hall and expand the size of its warehouse. This again contributes to strengthening the Group's leading position in Thailand's MLM industry.



Manufacturing

The financial year's strong results are due to the excellent outcome of our Manufacturing segment, with a solid reputation in producing quality products, mainly the beverage and nutritional product lines. These products have demonstrated that they are able to continually draw customers in a challenging economic environment. We believe that our target markets are becoming more appreciative of the value of our business opportunity and products and we anticipate a continuation of these positive trends.

The completion of the Group's third plant has also marked another significant milestone in ZCB's development. This move demonstrates that our Group business has moved up another level in the value chain. The new plant is expected to enhance our overall productivity and expand our product portfolio, particularly the beverage and nutritional product lines.





During the year under review, we have also taken steps to revamp our product portfolio progressively by phasing out some of the products and developing new products from time to time, in order to meet customers' needs more effectively. In this respect, the Group has launched 12 new products, which include the ISO.3 HYDROLYSED MARINE COLLAGEN WITH MIXED FRUIT EXTRACT BLEND, DR. AFRICANA'S MISAI KUCING HERBAL BEVERAGE MIX and 10 new designs of gold-plated jewellery items.

We have also stepped up our effort in improving the quality of our products to enhance brand loyalty. With this aim, we have launched the BEYOND WATER BIO-ACTIVE REFORMING SYSTEM's 2nd generation improved model during the 3rd quarter of the year.





The Group also constantly seeks new and better production methods that contribute to significant improvements in product quality. On satisfying specific market needs by adding product value in the most efficient, effective and timely manner, the R & D team, which is staffed by experienced and forward-thinking designers and food technologists coupled with the personal involvement of our Directors, has made it possible for the Group to introduce several products with cutting-edge concepts to our customers.

In the aspect of human resources development, the Group has always placed great importance in improving the skills of our employees by providing useful training programmes. Effective internal and external training have been conducted at all levels to ensure successful implementation of new procedures and work methods and they also serve to keep the employees abreast with the latest work knowledge.

All in all, the Group has taken all the necessary steps to ensure tighter control over operating overhead by improving administration and production efficiency, while keeping capital expenditure spending under close scrutiny. Our effort in the previous year has brought about positive results in growing our revenue for FY 2008.



ZHULIAN



BSI+ Ideal Health Programme

Leading you towards
total wellness –
*balanced health,
beauty and longevity*

GROUP STRUCTURE

ZHULIAN CORPORATION BERHAD

100%
ZHULIAN INDUSTRIES SDN. BHD.

100%
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.

100%
BEYOND PRODUCTS TECHNOLOGY SDN. BHD.

100%
ZHULIAN MANUFACTURING SDN. BHD.

100%
ZHULIAN MARKETING (M) SDN. BHD.

100%
MASTER SQUARE SDN. BHD.

100%
ZHULIAN PRINTING INDUSTRIES SDN. BHD.

100%
ZHULIAN MANAGEMENT SDN. BHD.

100%
ZHULIAN DEVELOPMENT SDN. BHD.

100%
ZHULIAN VENTURES SDN. BHD.

100%
ZHULIAN PROPERTIES SDN. BHD.

100%
SELAT NUSANTARA DEVELOPMENT SDN. BHD.

100%
ZHULIAN NUTRACEUTICAL SDN. BHD.

100%
DIAMOND INSPIRATION SDN. BHD.

100%
AMAZING VESTRAX SDN. BHD.

49%
ZHULIAN (THAILAND) LTD.
100%
ZHULIAN (SINGAPORE) PTE. LTD.

100%
DEXASSETS SDN. BHD.
62%
ZHULIAN CONSTRUCTION SDN. BHD.

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
(Senior Independent Non-Executive Director)

Tan Lip Gay
(Independent Non-Executive Director)

AUDIT COMMITTEE

Diong Chin Teck (Chairman)
Haji Wan Mansoor Bin Wan Omar
Tan Lip Gay

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
Sitham & Associates

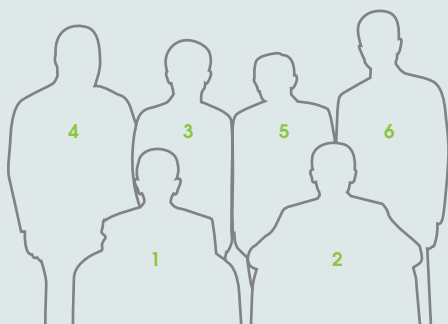
STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities
Berhad ("Bursa Securities")
(Listed since 27 April 2007)
Stock Code : 5131
Stock Name : **ZHULIAN**
Syariah Status : Approved by Syariah
Advisory Council and
Securities Commission

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**
(Senior 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 60, was appointed to our Board as an Independent Non-Executive Chairman on 30 October 2006. An economics graduate from the University of Malaya, he had begun his illustrious career with the Malaysian Administrative and Diplomatic Service serving various positions in various student departments at Washington D.C. and the Implementation Coordination Unit and Economic Planning Unit in the Prime Minister's Department. He has 33 years of experience in public service. 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 has actively participated in many seminars and training courses both locally and overseas, including a Master of Business and Public Administration course at the 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 the 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 Board Meetings held during the financial year ended 30 November 2008 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 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 50, 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, travelling 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 four of the five Board Meetings held during the financial year ended 30 November 2008. 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 42, 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 Board Meetings held during the financial year ended 30 November 2008. 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 46, 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 includes consulting, installation, maintenance, and support as well as application software used in personal computers, servers and embedded systems.

Khoo Teng It has attended four of the five Board Meetings held during the financial year ended 30 November 2008. Khoo Teng It does not have any family relationship with any other directors of the Company. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.



DIONG CHIN TECK
Senior Independent Non-Executive Director

Diong Chin Teck, a Malaysian aged 76, was appointed to our Board as an Independent Non-Executive Director on 30 October 2006. Subsequently, he was appointed as the Senior Independent Non-Executive Director in our Board on 15 October 2008. 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 1996.

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.

Diong Chin Teck 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. Subsequently, he was appointed as a Director of Oriental Holdings Berhad in 2009. He is also currently an Independent Non-Executive Director of Eurospan Holdings Berhad, Globetronics Technology Bhd and Asas Dunia Berhad.

Diong Chin Teck has attended all Board Meetings held during the financial year ended 30 November 2008. Diong Chin Teck does not have any family relationship with any other directors of the Company. 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 45, 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 in Legal Practise (CLP) in 1988. In 1989, he was admitted to the High Court of 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 Di-Pertua Negeri Pulau Pinang – the Pingat Kelakuan Terpuji (PKT) in 2005.

Tan Lip Gay has attended all Board Meetings held during the financial year ended 30 November 2008. Tan Lip Gay does not have any family relationship with any other directors of the Company. 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** (the “Company”) is committed to the adoption of the corporate governance principles embodied in the Malaysian Code on Corporate Governance (the “Code”) as well in the Listing Requirements of Bursa Malaysia Securities Berhad (the “Listing Requirement”). The Board believes that a high standard of corporate governance is paramount in safeguarding the best interest of shareholders and enhancing shareholders’ value continually.

As such, 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 maximise shareholder’s value.

The Board is pleased to provide the following statements that outline corporate governance, which were in place for the financial year ended 30 November 2008.

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 responsibility for providing stewardship of the Company and its subsidiaries (“the Group’s”) business and affairs on behalf of the shareholders with a view of enhancing long term shareholder value. The Board’s principal focus is on the overall strategic direction, development and control of the Group. Hence, the Board has established **ZHULIAN**’s vision and mission and is responsible for setting the strategic direction of the Group, establishing goals for the Management, monitoring the achievement of these goals and reviewing 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 year ended 30 November 2008, the Board met on five occasions, where it discussed various matters including the Group’s financial results, investment decisions, operation planning and the overall direction of the Group.

The agenda for each Board meeting and 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’ attendance at meetings of the Board during the financial year ended 30 November 2008 are as follows:

Directors	Attendance
Executive Directors	
Mr Teoh Beng Seng (Group President and Chief Executive Officer)	4/5
Mr Teoh Meng Keat (Group Managing Director)	5/5
Mr Khoo Teng It	4/5
Independent Non-Executive Directors	
Haji Wan Mansoor bin Wan Omar (Chairman)	5/5
Mr Tan Lip Gay	5/5
Mr Diong Chin Teck	5/5

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 the 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. The Board composition 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 19 to 21 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 Haji Wan Mansoor bin Wan Omar as the independent non-executive Chairman whilst 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 year ended 30 November 2008, 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, Senior Independent Non-Executive Director

During the financial year, the Nominating Committee met once (1) and attended by all its members.

The Nominating Committee 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 shall annually 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.

Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third of the Directors shall retire by rotation at each subsequent Annual General Meeting 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.

Directors standing for re-election at the Annual General Meeting of the Company to be held on 21 April 2009 are detailed in the Notice of the Twelfth Annual General Meeting on page 93.

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 prescribed by Bursa Securities. The Directors are encouraged to attend various external professional programmes to keep abreast with developments of the business environment as well as with the new statutory and regulatory requirements.

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

Training workshops and seminars attended by Directors are as follows:

Training Programme
Audit Committee Forum : Meeting New Audit Committee Challenges
Directors' Training Session on Corporate Governance, Interim Financial Reporting and Basic Financial Ratios
Understanding Financial Theories and Financial Mathematics
Understanding Private Entities Reporting Standards

B. Directors' Remuneration

Remuneration Committee

During the financial year ended 30 November 2008, the Remuneration Committee 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

During the financial year, the Remuneration Committee met twice (2) and attended by all its members.

The Committee is primarily responsible for recommending the remuneration framework for Executive Directors and senior management staff, including their salary packages.

In arriving at the framework and levels of remuneration, the Committee considers 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 Annual General Meeting 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	—
RM100,001 to RM150,000	—	—
RM50,001 to RM100,000	—	—
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 and www.zhulian.com. In addition to these formal channels, the Management provides briefings to the financial communities during the financial year 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. Notice of the meeting and related documents are sent to shareholders at least 21 days before the meeting is to be held.

The quarterly and full financial results and the Annual Report of the Company are available on the website of Bursa Securities.

While the Company endeavours to provide as much information as 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 approved accounting standards applicable 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 29 to 30 of this Annual Report provides an overview of the state of internal controls within the Group during the financial year ended 30 November 2008.

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 32 to 33 of this Annual Report.

A summary of the activities of the Audit Committee during the financial year under review, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 31 and 33 of this Annual Report.

The Board and Management strive 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

The Group has complied with all the Best Practices set out in Part 2 of the Code throughout the financial year ended 30 November 2008.

This statement is issued in accordance with a resolution of Directors dated 21 January 2009.

OTHER CORPORATE DISCLOSURE

1. UTILISATION OF PROCEEDS

As at 30 November 2008, a sum of RM32.393 Million from the proceeds of the rights issue raised pursuant to the restructuring and listing of Company was fully utilised.

2. SHARE BUYBACKS

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

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

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

6. NON-AUDIT FEES

During the year, a total of RM138,000 was payable to KPMG for non-audit services rendered.

7. VARIATION IN RESULTS

The Company did not make or announce any profit estimate, forecast or projection during the financial year ended 30 November 2008. There was no variation to the unaudited results which were announced for the financial year ended 30 November 2008.

8. PROFIT GUARANTEE

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

9. MATERIAL CONTRACTS

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

10. REVALUATION POLICY ON LANDED PROPERTIES

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

11. RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF REVENUE NATURE

There was no related party transactions during the financial year ended 30 November 2008.

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa 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". Furthermore, the Malaysian Code on Corporate Governance requires all listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.

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 year ended 30 November 2008.

Board Responsibility

The Board is ultimately responsible for 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. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, operational and compliance controls and risk management procedures.

Risk Management Processes

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the financial year under review. The Board regularly reviews this process, which accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the "Internal Control Guidance").

Whilst the Board maintains ultimate control over risk and control issues, it has delegated to Management the implementation of the system of risk management and internal control within an established framework. The Board has established key policies and has carried out a specific assessment of the Group's risk management and internal control systems through the appointment of an external consultant and its Group Internal Audit function to conduct an Enterprise Risk Management ("ERM") review of the Group's marketing division as a pilot site during the financial year.

Group Internal Audit Function

The Group Internal Audit Function was established by the Board on 5 March 2008 to provide independent assurance on the adequacy of risk management, internal control and governance systems within the Group. The Internal Audit Department operates in accordance with the Internal Audit Charter and reports directly to the Audit Committee.

The Internal Audit function adopted the risk based methodology in its review of key processes of the various operating units in the Group and provided independent and objective reports on the state of internal control of the various operating units within the Group direct to the Audit Committee.

The Internal Audit function also ensured that Management followed up in the implementation of action plans recommended to improve areas where control deficiencies were noted during internal audits.

Other Internal Control Processes

Apart from the risk management and internal audits, the Board has put in place the followings salient internal control features regulating the Group's operations:

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 financial personnel and Executive Directors to the Audit Committee and onwards to the Board;
- c) Annual Budgeting Process for each area of business division and approval of the Annual Budget by the Board;
- d) 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;
- d) Achievement by certain business division of certification awarded by International Organization for Standardization.

iii. Other processes

- a) Procurement of insurance policies to ensure that the Group is sufficiently covered against any mishap that will result in material losses to the Group;
- b) The professionalism and competence of the Group's human resources are maintained through established recruitment process, performance appraisal system and training. Training and development programmes are conducted on an ad-hoc basis when need arises to enhance staff competency skills;

Weaknesses in Internal Controls that Resulted in Material Losses

There were no material losses incurred during the financial year ended 30 November 2008 as a result of weaknesses in internal control. The management continues to take measures to strengthen the control environment.

This statement is issued in accordance with a resolution of Directors dated 21 January 2009.

AUDIT COMMITTEE REPORT

Membership

Directors who have served as members of the Audit Committee (the "Committee") during the financial year ended 30 November 2008 and as at the date of this report are:

Directors	
Mr Diong Chin Teck	Chairman, Senior 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
Haji Wan Mansoor bin Wan Omar	Member, Independent Non-Executive Chairman

Terms of Reference

The Audit Committee act as a Committee of the Board of Directors, with the terms of reference set out on pages 32 and 33 of this Annual Report.

Meetings

The Committee convened five (5) meetings during the financial year under review. 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, Senior Accountant and Head of Internal Auditor also attended the meetings, where appropriate, upon invitation of the Committee.

During the financial year under review, the Committee met twice with the external auditors without the presence of Executive Directors which complies to the requirement of the Best Practice Provision BB III set out in Part 2 of the code.

Details of Directors' attendance at meetings of the Audit Committee during the financial year ended 30 November 2008 are as follows:

Directors	Attendance
Mr Diong Chin Teck (Chairman)	5/5
Mr Tan Lip Gay	5/5
Haji Wan Mansoor bin Wan Omar (appointed on 17 January 2008)	4/4
Teoh Meng Keat (ceased on 17 January 2008)	1/1

Summary of activities of the Committee during the financial year ended 30 November 2008

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:

- 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 Securities;
- In respect of the quarterly financial statements, reviewed the Company's compliance with the Bursa Securities Listing Requirements, financial reporting standards and other relevant legal and regulatory requirements;
- Reviewed and approved the Internal Audit Charter;

- Reviewed and approved the Internal Audit Plan for adequacy of scope and coverage on the activities of the Group;
- Reviewed the Internal Audit Reports and ensured the appropriate actions were taken on the recommendations of the internal audit function;
- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and Audit Committee Report, to the Board for approval and inclusion in the Annual Report;
- 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) fulfils such other requirements as prescribed or approved by the Bursa Securities.
- (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 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.

This statement is issued in accordance with a resolution of Directors dated 21 January 2009.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2008

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 2008.

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 other than those disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Shareholders of the Company	74,690	53,073
Minority interest	—	—
Profit for the year	74,690	53,073

Reserves and provisions

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

Dividends

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

- i) a third interim single tier dividend of 5 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the year ended 30 November 2007 on 26 February 2008;
- ii) a first interim single tier dividend of 2 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2008 on 3 June 2008;
- iii) a second interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the year ended 30 November 2008 on 8 September 2008;
- iv) a third interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the year ended 30 November 2008 on 8 December 2008; and
- v) a fourth interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the year ended 30 November 2008 on 21 January 2009.

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	- Executive Director
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 1.12.2007	Bought	(Sold)	Balance at 30.11.2008
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	39,749,618	—	—	39,749,618
Deemed interest in the Company :				
- own	180,979,842	16,045,040	(15,947,540)	181,077,342
Teoh Meng Keat :				
Interest in the Company :				
- own	20,152,200	—	—	20,152,200
- others #	2,000,000	—	—	2,000,000
Khoo Teng It :				
Interest in the Company :				
- own	160,000	—	—	160,000
- others #	55,000	—	—	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	15,000	—	25,000
Number of ordinary shares of RM1.00 each				
Teoh Beng Seng :				
Deemed interest in a subsidiary, ZHULIAN CONSTRUCTION SDN. BHD.				
- own	124,000	—	—	124,000

Directors' interest (Cont'd)

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) 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.

Issue of shares and debentures

There were no changes in the issued and paid-up share capital of the Company and no debentures were issued by 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.

Other statutory information (Cont'd)

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.

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, and
- 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 2008 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 event during the year

The details of such event are disclosed in Note 30 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 : 22 January 2009

CONSOLIDATED BALANCE SHEET

AT 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Assets			
Property, plant and equipment	3	85,712	46,940
Prepaid lease payments	4	6,629	6,785
Investment property	5	384	395
Land held for development	7	10,696	10,671
Investment in an associate	8	23,801	15,512
Other investments	9	4,453	7,401
Total non-current assets		131,675	87,704
Receivables, deposits and prepayments	11	52,729	32,975
Inventories	12	51,245	42,201
Current tax assets		279	487
Cash and cash equivalents	13	106,529	120,133
Total current assets		210,782	195,796
Total assets		342,457	283,500
Equity			
Share capital	14	172,500	172,500
Reserves	15	107,000	77,179
Total equity attributable to equity holders of the Company		279,500	249,679
Minority interest	16	76	76
Total equity		279,576	249,755
Liabilities			
Deferred tax liabilities	10	2,169	12
Total non-current liabilities		2,169	12
Payables and accruals	17	57,165	32,390
Current tax liabilities		3,547	1,343
Total current liabilities		60,712	33,733
Total liabilities		62,881	33,745
Total equity and liabilities		342,457	283,500

The notes on pages 49 to 79 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Continuing operations			
Revenue	18	303,577	220,546
Changes in manufactured inventories and work-in-progress		(2,593)	310
Raw materials and consumables used		(76,536)	(52,328)
Employee benefits expenses		(28,647)	(23,273)
Depreciation and amortisation expenses		(4,161)	(3,879)
Other operating expenses		(132,152)	(92,858)
Other operating income		17,312	10,623
Results from operating activities		76,800	59,141
Finance costs	19	—	(40)
Operating profit		76,800	59,101
Share of profit after tax and minority interest of equity accounted associate		18,193	15,247
Profit before tax	20	94,993	74,348
Tax expense	22	(20,303)	(15,421)
Profit for the year		74,690	58,927
Attributable to :			
Equity holders of the Company		74,690	58,927
Minority interest		—	—
Profit for the year		74,690	58,927
Basic earnings per ordinary share (sen)	23	21.65	18.05
Gross dividends per ordinary share (sen)	24	11.00	15.50
Net dividends per ordinary share (sen)	24	11.00	12.67

The notes on pages 49 to 79 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 December 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 24)	—	—	—	(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
Dividends (Note 24)	—	—	—	(44,850)	(44,850)	—	(44,850)
Foreign exchange translation differences	—	—	(19)	—	(19)	—	(19)
Net loss recognised directly in equity	—	—	(19)	—	(19)	—	(19)
Profit for the year	—	—	—	74,690	74,690	—	74,690
Total recognised income and expense for the year	—	—	(19)	74,690	74,671	—	74,671
At 30 November 2008	172,500	—	(27)	107,027	279,500	76	279,576

The notes on pages 49 to 79 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		94,993	74,348
Adjustments for :			
Share issue expenses		—	477
Depreciation of property, plant and equipment	3	3,994	3,716
Amortisation of prepaid lease payments	4	156	152
Depreciation of investment property	5	11	11
Interest expense	19	—	40
Interest income	20	(3,420)	(3,925)
Plant and equipment written off	20	133	282
Gain on disposal of property, plant and equipment	20	(7)	(273)
Share of profit of equity accounted associate		(18,193)	(15,247)
Allowance for diminution in value of other investments	20	3,200	—
Operating profit before changes in working capital		80,867	59,581
Changes in working capital :			
Receivables, deposits and prepayments		(19,753)	(8,592)
Inventories		(9,012)	3,675
Payables and accruals		14,102	(1,919)
Cash generated from operations		66,204	52,745
Tax paid		(15,734)	(15,291)
Net cash generated from operating activities		50,470	37,454
Cash flows from investing activities			
Purchase of other investments		(252)	(29,481)
Interest received		3,420	3,925
Proceeds from disposal of property, plant and equipment		40	15,907
Purchase of property, plant and equipment	3	(42,672)	(10,884)
Additions to land held for development	7	(25)	(90)
Dividends received from an associate		9,904	14,609
Proceeds from disposal of other investments	9	—	22,080
Net cash (used in)/generated from investing activities		(29,585)	16,066
Cash flows from financing activities			
Interest paid		—	(40)
Rights issue		—	32,393
Share issue expenses paid		—	(2,596)
(Placement)/Withdrawal of short term deposits pledged		(48)	1,120
Payment of finance lease liabilities		—	(927)
Dividends paid to :			
- former shareholders before acquisitions		—	(4,410)
- shareholders of the Company		(34,500)	(46,444)
Net cash used in financing activities		(34,548)	(20,904)
Net (decrease)/increase in cash and cash equivalents		(13,663)	32,616
Cash and cash equivalents at 1 December		120,133	87,519
Effect of exchange differences on cash and cash equivalents of foreign subsidiary		11	(2)
Cash and cash equivalents at 30 November	A	106,481	120,133

Consolidated cash flow statement (Cont'd)

NOTE

A. Cash and cash equivalents

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

	Note	2008 RM'000	2007 RM'000
Short term deposits with licensed banks	13	90,859	108,601
Cash and bank balances	13	15,670	11,532
	13	106,529	120,133
Less : Deposits pledged	13.1	(48)	—
		106,481	120,133

The notes on pages 49 to 79 are an integral part of these financial statements.

BALANCE SHEET

AT 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Assets			
Investment in subsidiaries	6	144,501	144,501
Other investments	9	4,453	7,401
Total non-current assets		148,954	151,902
Receivables, deposits and prepayments	11	36,818	443
Current tax assets		15	—
Cash and cash equivalents	13	14,319	42,501
Total current assets		51,152	42,944
Total assets		200,106	194,846
Equity			
Share capital	14	172,500	172,500
Reserves	15	13,517	5,294
Total equity		186,017	177,794
Liabilities			
Payables and accruals	17	14,089	16,889
Current tax liabilities		—	163
Total current liabilities		14,089	17,052
Total equity and liabilities		200,106	194,846

The notes on pages 49 to 79 are an integral part of these financial statements.

INCOME STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Continuing operations			
Revenue	18	69,981	36,849
Other operating expenses		(3,567)	(682)
Other operating income		782	1,348
Profit before tax	20	67,196	37,515
Tax expense	22	(14,123)	(10,189)
Profit for the year attributable to equity holders of the Company		53,073	27,326
Gross dividends per ordinary share (sen)	24	11.00	15.50
Net dividends per ordinary share (sen)	24	11.00	12.67

The notes on pages 49 to 79 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
At 1 December 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 24)	—	—	(46,444)	(46,444)
At 30 November 2007	172,500	—	5,294	177,794
Profit for the year	—	—	53,073	53,073
Dividends (Note 24)	—	—	(44,850)	(44,850)
At 30 November 2008	172,500	—	13,517	186,017

The notes on pages 49 to 79 are an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2008

	Note	2008 RM'000	2007 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		67,196	37,515
Adjustments for :			
Share issue expenses		—	477
Dividend income	20	(69,981)	(36,849)
Interest income	20	(780)	(1,348)
Allowance for diminution in value of other investments	20	3,200	—
Operating loss before changes in working capital		(365)	(205)
Changes in working capital :			
Receivables, deposits and prepayments		(36,375)	21,818
Payables and accruals		(13,150)	16,735
Cash (used in)/generated from operations		(49,890)	38,348
Tax paid		(120)	(77)
Dividends received		55,800	26,900
Net cash generated from operating activities		5,790	65,171
Cash flows from investing activities			
Proceeds from disposal of other investments	9	—	22,080
Purchase of other investments		(252)	(29,481)
Interest received		780	1,348
Net cash generated from/(used in) investing activities		528	(6,053)
Cash flows from financing activities			
Rights issue		—	32,393
Dividends paid to shareholders of the Company		(34,500)	(46,444)
Share issue expenses paid		—	(2,596)
Net cash used in financing activities		(34,500)	(16,647)
Net (decrease)/increase in cash and cash equivalents		(28,182)	42,471
Cash and cash equivalents at 1 December		42,501	30
Cash and cash equivalents at 30 November	13	14,319	42,501

The notes on pages 49 to 79 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 2008 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 as stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 22 January 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group plans to apply FRS 8 from the annual period beginning 1 December 2009. The Group and the Company plan to apply the abovementioned FRSs/ Interpretations from the annual period beginning 1 December 2010 except for FRS 4 and IC Interpretation 9 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and 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 exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 30 November 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 27). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(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.

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, unless otherwise stated.

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, unless otherwise stated.

(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 interests 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 interests 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.

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets 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 holders 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.

2. Significant accounting policies (Cont'd)

(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 are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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 operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal of operations, 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.

(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 operating 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.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(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.

(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.

For business acquisitions beginning from 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 statement.

(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.

2. Significant accounting policies (Cont'd)

(d) Intangible assets (Cont'd)

(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.

(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 life, the recoverable amount is estimated usually 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.

2. Significant accounting policies (Cont'd)

(g) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company 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

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as 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.

(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.

2. Significant accounting policies (Cont'd)

(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.

(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) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Share issue expenses

Incremental costs directly attributable to issue of equity instruments 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.

2. Significant accounting policies (Cont'd)

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

(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) Dividend income

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

(iii) 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.

2. Significant accounting policies (Cont'd)

(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.

(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.

Unutilised reinvestment allowance is treated as tax base of assets and is recognised as a reduction of tax expense as and when it is utilised.

(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

	Freehold 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
Cost								
At 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)	—	—	(6)	(328)	(10)	—	(15,638)
Written off	—	—	—	—	(5)	—	—	(334)
Effect of movements in exchange rates	—	—	(47)	—	—	—	—	(52)
At 30 November 2007/1 December 2007	—	23,992	8,522	8,335	3,892	2,161	6,141	53,043
Additions	—	141	—	6,809	1,834	328	33,560	42,672
Disposals	—	—	—	(41)	(41)	—	—	(41)
Written off	—	—	—	(246)	(3)	—	—	(249)
Reclassifications	—	39,018	—	302	(302)	—	(39,018)	—
Effect of movements in exchange rates	—	—	262	—	6	—	—	268
At 30 November 2008	—	63,151	8,784	15,200	5,386	2,489	683	95,693
Accumulated depreciation								
At 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 2007/1 December 2007	—	919	162	2,670	1,421	931	—	6,103
Depreciation for the year	—	937	176	1,522	780	579	—	3,994
Disposals	—	—	—	(8)	(8)	—	—	(8)
Written off	—	—	—	(114)	(2)	—	—	(116)
Reclassifications	—	—	—	267	(267)	—	—	—
Effect of movements in exchange rates	—	—	4	—	4	—	—	8
At 30 November 2008	—	1,856	342	4,345	1,928	1,510	—	9,981
Carrying amounts								
At 1 December 2006	15,518	23,638	5,587	6,271	2,963	1,761	—	55,738
At 30 November 2007/1 December 2007	—	23,073	8,360	5,665	2,471	1,230	6,141	46,940
At 30 November 2008	—	61,295	8,442	10,855	3,458	979	683	85,712

4. Prepaid lease payments - Group

	Note	RM'000
Unexpired period less than 50 years		
Cost		
At 1 December 2006/30 November 2007		7,074
At 1 December 2007/30 November 2008		7,074
Amortisation		
At 1 December 2006		137
Amortisation for the year	20	152
At 30 November 2007/1 December 2007		289
Amortisation for the year	20	156
At 30 November 2008		445
Carrying amounts		
At 1 December 2006		6,937
At 30 November 2007/1 December 2007		6,785
At 30 November 2008		6,629

5. Investment property - Group

	Note	Freehold shoplots RM'000
Cost		
At 1 December 2006/30 November 2007		412
At 1 December 2007/30 November 2008		412
Accumulated depreciation		
At 1 December 2006		6
Depreciation for the year	20	11
At 30 November 2007/1 December 2007		17
Depreciation for the year	20	11
At 30 November 2008		28
Carrying amounts		
At 1 December 2006		406
At 30 November 2007/1 December 2007		395
At 30 November 2008		384
Fair values		
At 1 December 2006		406
At 30 November 2007/1 December 2007		395
At 30 November 2008		384

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

	Group	
	2008 RM'000	2007 RM'000
Direct operating expenses :		
- non-income generating investment property	15	15

6. Investment in subsidiaries - Company

	2008 RM'000	2007 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
	2008	2007		
ZHULIAN JEWELLERY MANUFACTURING SDN.	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 home technology 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
AMAZING VESTRAX SDN. BHD. ("AVT")**	100%	100%	Malaysia	Commenced operations in the manufacturing of personal care products during the year ended 30 November 2008
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. ("DISB") #	100%	100%	Malaysia	Operator of the cafeteria for the employees of the Group

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

Name of Subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2008	2007		
<i>Subsidiaries of ZDSB</i>				
ZHULIAN CONSTRUCTION SDN. BHD.	62%	62%	Malaysia	Dormant
DEXASSETS SDN. BHD.	100%	100%	Malaysia	Dormant
<i>Subsidiary of ZMSB</i>				
ZHULIAN (SINGAPORE) PTE. LTD. *	100%	100%	Malaysia	Direct marketing of all kinds of costume jewellery and consumer products

* Not audited by KPMG

** This subsidiary was previously a subsidiary of ZDSB. During the year ended 30 November 2008, the Company acquired the entire equity interest in AVT from ZDSB at cost.

During the year ended 30 November 2008, DISB took over the activity of ZMSB as the operator of the cafeteria for the employees of the Group.

7. Land held for development - Group

	2008 RM'000	2007 RM'000
At 1 December	10,671	10,581
Additions	25	90
At 30 November **	10,696	10,671
** This comprises :		
Freehold land, at cost	8,679	8,679
Other outgoings	2,017	1,992
	10,696	10,671

8. Investment in an associate - Group

	2008 RM'000	2007 RM'000
Unquoted shares, at cost	10,287	10,287
Share of post-acquisition reserves	13,514	5,225
	23,801	15,512

Summary financial information on an associate:

	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
2008						
ZHULIAN (THAILAND) LTD.	Thailand	49%	271,666	38,056	107,901	56,541
2007						
ZHULIAN (THAILAND) LTD.	Thailand	49%	212,460	31,036	81,410	45,362

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

	2008 RM'000	2007 RM'000
Cost		
Quoted unit trusts	7,653	7,401
Less: Allowance for diminution in value	(3,200)	—
	4,453	7,401
Market value		
Quoted unit trusts	4,450	7,088

Details of disposed investments stated at cost are as follows :

	2008 RM'000	2007 RM'000
Proceeds from disposal	—	22,080
Carrying amount of investments disposed	—	(22,080)
Gain on disposal of investments	—	—

10. Deferred tax liabilities - Group

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

	2008 RM'000	2007 RM'000
Property, plant and equipment	(3,259)	(2,108)
Provisions	556	128
Capital allowances carry-forwards	—	7
Other items	534	1,961
	(2,169)	(12)

Movement in temporary differences during the year

	1 December 2006 RM'000	Recognised in the income statement (Note 22) RM'000	At 30 November 2007 RM'000	Recognised in the income statement (Note 22) RM'000	At 30 November 2008 RM'000
Property, plant and equipment	(2,296)	188	(2,108)	(1,151)	(3,259)
Provisions	116	12	128	428	556
Capital allowances carry-forwards	—	7	7	(7)	—
Other items	2,348	(387)	1,961	(1,427)	534
	168	(180)	(12)	(2,157)	(2,169)

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

	2008 RM'000	2007 RM'000
Taxable temporary differences	(310)	(164)
Capital allowances carry-forwards	234	61
Tax losses carry-forwards	378	271
Provisions	674	213
	976	381

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

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade					
Amount due from an associate	11.1	41,663	19,456	—	—
Others		6,215	3,067	—	—
	11.2	47,878	22,523	—	—
Non-trade					
Amount due from an associate	11.1	17	—	—	—
Amount due from subsidiaries	11.3	—	—	36,800	—
Other receivables		354	6,071	—	442
Deposits		622	311	—	—
Prepayments		3,858	4,070	18	1
		4,851	10,452	36,818	443
		52,729	32,975	36,818	443

11.1 Amount due from an associate

The trade receivable due from an associate is subject to the normal trade terms.

The non-trade receivable due from an associate is unsecured, interest-free and repayable on demand.

11.2 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 are as follows :

	2008 RM'000	2007 RM'000
US Dollars	47,864	21,371

11.3 Amount due from subsidiaries

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

12. Inventories - Group

	2008 RM'000	2007 RM'000
Raw materials	22,855	12,776
Work-in-progress	7,204	9,918
Manufactured inventories	18,071	17,950
Consumables	3,115	1,557
	51,245	42,201

13. Cash and cash equivalents

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term deposits with licensed banks	13.1	90,859	108,601	14,136	42,042
Cash and bank balances		15,670	11,532	183	459
	13.2	106,529	120,133	14,319	42,501

13.1 Short term deposits

Included in the short term deposits with licensed banks of the Group is RM48,000 (2007 : RM Nil) pledged for a bank facility granted to a subsidiary.

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 :

	2008 RM'000	2007 RM'000
US Dollars	3,341	2,414
Singapore Dollars	40	27
Brunei Dollars	25	28

14. Share capital

	Number of shares	Par value RM	RM'000
Ordinary shares			
Authorised :			
Balance at 1 December 2006/30 November 2007	1,000,000,000	0.50	500,000
Balance at 1 December 2007/30 November 2008	1,000,000,000	0.50	500,000
Issued and fully paid :			
Balance at 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 2007/30 November 2008	345,000,000	0.50	172,500

15. Reserves

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable					
Translation reserve	15.1	(27)	(8)	—	—
Share premium	15.2	—	—	—	—
Distributable					
Retained earnings		107,027	77,187	13,517	5,294
		107,000	77,179	13,517	5,294

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. Payables and accruals

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables	17.1	15,504	8,651	—	—
Non-trade					
Amount due to subsidiaries	17.2	—	—	3,600	16,750
Other payables	17.3	18,476	14,218	1	7
Accrued expenses		12,835	9,521	138	132
Dividend payable		10,350	—	10,350	—
		41,661	23,739	14,089	16,889
		57,165	32,390	14,089	16,889

17.1 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 RM15,000 (2007 : RM58,000) denominated in US Dollars.

17.2 Amount due to subsidiaries

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

17.3 Other payables

Included in other payables of the Group is an amount of RM14,464,000 (2007 : RM13,018,000) in respect of security deposits received from agents.

18. Revenue

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Dividend income	—	—	69,981	36,849
Sale of goods	300,599	218,208	—	—
Services rendered	2,978	2,338	—	—
	303,577	220,546	69,981	36,849

19. Finance costs - Group

	2008 RM'000	2007 RM'000
Interest paid and payable	—	—
Finance lease liabilities	—	40

20. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
After charging :				
Auditors' remuneration				
Statutory audit by				
- KPMG				
- current year	165	134	36	30
- prior year	22	37	5	28
- other auditors	11	9	—	—
Other services by				
- KPMG	51	113	51	113
- Affiliates of KPMG	87	—	4	—
Personnel expenses (including key management personnel)				
- Contributions to Employees' Provident Fund	2,677	2,357	—	—
- Wages, salaries and others	25,970	20,916	—	—
Depreciation of :				
- property, plant and equipment (Note 3)	3,994	3,716	—	—
- investment property (Note 5)	11	11	—	—
Amortisation of prepaid lease payments (Note 4)	156	152	—	—
Plant and equipment written off	133	282	—	—
Inventory written off	1,648	279	—	—
Research and development expenditure	54	54	—	—
Loss on foreign exchange				
- Realised	—	1,419	—	—
- Unrealised	—	171	—	—
Rental of premises	391	270	—	—
Allowance for diminution in value of other investments	3,200	—	3,200	—
Inventory written down	3,368	—	—	—
and crediting :				
Dividend income from subsidiaries (unquoted)	—	—	69,981	36,849
Gain on disposal of property, plant and equipment	7	273	—	—
Interest income	3,420	3,925	780	1,348
Allowance for doubtful debts written back	6	4	—	—
Bad debts recovered	26	—	—	—
Gain on foreign exchange				
- Unrealised	4,266	—	—	—
- Realised	1,795	—	—	—

21. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of the Company				
- Fees	90	90	90	90
- Remuneration	4,915	4,915	12	12
Other Directors' remuneration	623	623	—	—
Other short term employees benefits (including estimated monetary value of benefits-in-kind)	25	25	—	—
Total short term employee benefits	5,653	5,653	102	102
Other key management personnel:				
Short-term employee benefits	204	204	—	—
	5,857	5,857	102	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.

22. Tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense on continuing operations	20,303	15,421	14,123	10,189
Share of tax of equity accounted associate	8,088	7,168	—	—
Total tax expense	28,391	22,589	14,123	10,189

Major components of tax expense include :

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
- Current year	18,369	15,344	14,261	10,189
- Prior year	(223)	(103)	(138)	—
	18,146	15,241	14,123	10,189
Deferred tax expense				
- Origination and reversal of temporary differences	2,120	267	—	—
- Prior year	37	(87)	—	—
	2,157	180	—	—
Share of tax of equity accounted associate	8,088	7,168	—	—
Total tax expense	28,391	22,589	14,123	10,189

22. Tax expense (Cont'd)

Recognised in the income statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit for the year	74,690	58,927	53,073	27,326
Total tax expense	28,391	22,589	14,123	10,189
Profit excluding tax	103,081	81,516	67,196	37,515
Tax at Malaysian tax rate of 26% (2007 : 27%)	26,801	22,009	17,471	10,129
Effect of lower tax rate for certain subsidiaries *	(115)	(185)	—	—
Effect of tax rates in foreign jurisdictions **	1,302	1,142	—	—
Effect of change in tax rate ***	(140)	23	—	—
Non-deductible expenses	1,866	1,121	897	136
Tax exempt income	(303)	(301)	(3,960)	(104)
Tax incentives	(1,461)	(690)	—	—
Unrecognised/(Recognition of previously unrecognised) temporary differences	595	(390)	—	—
Other items	32	50	(147)	28
Over provided in prior year	(186)	(190)	(138)	—
Tax expense	28,391	22,589	14,123	10,189

* 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 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.

23. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM74,690,000 (2007 : RM58,927,000) and a weighted average number of ordinary shares outstanding during the financial year of 345,000,000 (2007 : 326,420,718).

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at 1 December	345,000	284,452
Effect of rights issue in March 2007	—	41,969
Weighted average number of ordinary shares at 30 November	345,000	326,421

24. Dividends

Dividends recognised in the current year by the Company are :

	2008 RM'000	2007 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% tax paid on 16 November 2007	—	8,815
- Third interim single tier dividend of 5 sen per ordinary share paid on 26 February 2008	17,250	—
In respect of financial year ended 30 November 2008		
- First interim single tier dividend of 2 sen per ordinary share paid on 3 June 2008	6,900	—
- Second interim single tier dividend of 3 sen per ordinary share paid on 8 September 2008	10,350	—
- Third interim single tier dividend of 3 sen per ordinary share declared on 15 October 2008	10,350	—
	44,850	46,444

The Directors declared a fourth interim single-tier exempt dividend of 3 sen per ordinary share of RM0.50 each, totalling RM10,350,000 in respect of the financial year ended 30 November 2008 on 21 January 2009. The financial statements do not reflect this dividend declared after 30 November 2008, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2009.

25. 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 RM2.0 million (2007 : RM2.0 million).

26. Capital commitments

	2008 RM'000	2007 RM'000
Property, plant and equipment		
Contracted but not provided for	3,872	32,455

27. Segment 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 and provision of management services
Others	Property developer Operator of a cafeteria for the employees of the Group

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 based on the geographical location of assets.

27. Segment reporting (Cont'd)

<i>Business segments</i>	Multi-level marketing RM'000	Investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
2008					
Total external revenue	300,458	2,978	141	—	303,577
Inter-segment revenue	28	1,759	429	(2,216)	-
Total segment revenue	300,486	4,737	570	(2,216)	303,577
Results from operating activities	77,379	(1,619)	(200)	1,240	76,800
Finance costs					—
Share of profit of equity accounted associate					18,193
Tax expense					(20,303)
Profit for the year					74,690
Segment assets					
Investment in an associate	281,426	25,411	11,540	—	318,377
Unallocated assets	—	23,801	—	—	23,801
Total assets					342,457
Segment liabilities					
Unallocated liabilities	46,271	342	202	—	46,815
Total liabilities					62,881
Capital expenditure	42,112	46	514	—	42,672
Depreciation of property, plant and equipment	3,793	148	53	—	3,994
Depreciation of investment property	11	—	—	—	11
Amortisation of prepaid lease payments	156	—	—	—	156
Non cash expenses other than depreciation and amortisation	5,149	3,200	—	—	8,349

27. Segment reporting (Cont'd)

	Multi-level marketing RM'000	Investment holding RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
2007					
Total external revenue	218,163	2,383	—	—	220,546
Inter-segment revenue	57	1,355	—	(1,412)	-
Total segment revenue	218,220	3,738	—	(1,412)	220,546
Results from operating activities	58,704	(604)	(82)	1,123	59,141
Finance costs					(40)
Share of profit of equity accounted associate					15,247
Tax expense					(15,421)
Profit for the year					58,927
Segment assets					
Investment in an associate	199,448	51,307	16,746	—	267,501
Unallocated assets	—	15,512	—	—	15,512
Total assets					283,500
Segment liabilities					
Unallocated liabilities	31,921	400	69	—	32,390
Total liabilities					33,745
Capital expenditure	10,714	60	110	—	10,884
Depreciation of property, plant and equipment	3,532	166	18	—	3,716
Depreciation of investment property	11	—	—	—	11
Amortisation of prepaid lease payments	152	—	—	—	152
Non cash expenses other than depreciation and amortisation	721	—	11	—	732

27. Segment reporting (Cont'd)

Geographical segments

	Malaysia RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Consolidated RM'000
2008					
Revenue from external customers	177,186	3,999	110,803	11,589	303,577
Segment assets	308,310	10,067	—	—	318,377
Capital expenditure	42,514	158	—	—	42,672
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

28. 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	
	2008 RM'000	2007 RM'000
Group		
Associate		
Sales	110,803	70,564
Company		
Subsidiaries		
Advances provided	23,300	—
Dividend income	69,981	36,849
Advances obtained	—	26,000

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

29. 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, Singapore dollars and Brunei dollars.

In respect of other monetary assets and liabilities held in currencies other than RM, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Liquidity risk

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

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, 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				
2008				
Fixed rate instruments				
Short term deposits with licensed banks	3.24	90,859	90,859	—
Cash at bank	2.05	7,094	7,094	—
2007				
Fixed rate instruments				
Short term deposits with licensed banks	3.32	108,601	108,601	—
Company				
2008				
Fixed rate instruments				
Short term deposits with licensed banks	2.98	14,136	14,136	—
Cash at bank	2.05	134	134	—
2007				
Fixed rate instruments				
Short term deposits with licensed banks	3.40	42,042	42,042	—

29. Financial instruments (Cont'd)

Fair values

The carrying amounts of cash and cash equivalents, receivables and payables, 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.

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

	2008		2007	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group/Company				
Quoted unit trusts	4,453	4,450	7,401	7,088

30. Significant event during the year

On 10 June 2008, its wholly-owned subsidiary, **ZHULIAN MANAGEMENT SDN. BHD.** ("ZMSB") entered into an agreement to acquire 60% of the total equity interest in **PT ZHULIAN INDONESIA** ("PTZI"), for cash.

ZMSB has received the approval from the relevant authorities and is making arrangement to complete the proposed acquisition. The total investment cost of the 60% equity interest in **PTZI** is approximately RM1.6 million.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 40 to 79 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company at 30 November 2008 and of their financial performance 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 : 22 January 2009

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 40 to 79 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 22 January 2009.

Teoh Beng Seng

Before me :

Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK
(No. P103)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ZHULIAN CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of **ZHULIAN CORPORATION BERHAD**, which comprise the balance sheets as at 30 November 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 79.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 November 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

LEE KEAN TEONG
1857/02/10 (J)
Chartered Accountant

Date : 22 January 2009

Penang

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m ²)	Tenure	Approximate age of building (years)	Carrying amounts at 30 Nov 2008 (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)	10	17,471	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) 0.8659 hectares (2.140 acres) (ii) 5,785.54 sq. metres	Leasehold (60 years expiring 30 Dec 2053)	12	6,682	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 shoplot	15	384	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	6,092	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	24	4,604	23/08/2004
Plot 3, Bayan Lepas Free Industrial Zone, Phase IV, 11900 Penang.	3 Storey factory building	(i) 4.314 acres (17,458 sq. metres) (ii) 17,444 sq. metres	Leasehold (60 years expiring 29 May 2051)	1	43,771	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	13	6,225	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	13	2,217	14/12/2006

Notes:

(a) This property is currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRE & DISTRICT AGENTS (AS AT 28 FEBRUARY 2009)

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	M-9, Lot 116, Block M, Ground Floor, Alamesra Plaza Permai, Jalan Sulaiman, Kuala Menggatal, 88400 Kota Kinabalu, Sabah.	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 Penang.	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 Penang.	04-6413615 012-4083341	04-6413615
BUTTERWORTH (BWB)	ALEX LOOI SWEE LIN CHOW POH KAM	No. 7229, Jln Permatang Pauh, Taman Bagan, 13400 Butterworth, Penang.	04-3323899 012-4087193	04-3323899
BERTAM (BTA)	LEE CHOON LEAN MOHD RIDZUAN BIN GHASALI	No. 24, Persiaran Seksyen 4/2, Bandar Putra Bertam, 13200 Kepala Batas, Penang.	04-5757339 019-4747892 019-4779473 016-4173339	04-5756339
BUKIT MERTAJAM (BMC)	SEAH BOON CHIN	No. 9, Lorong Perda Utama 7, Bandar Perda, 14000 Bukit Mertajam, Penang.	04-5383219 019-5752219	04-5395219
SIMPANG AMPAT (SPS)	ALEX LOOI SWEE LIN CHOW POH KAM LOOI KHAI YUEN	No. 83, Lorong Tasek Mutiara 1/SS2, Bandar Tasek Mutiara, 14120 Simpang Ampat, Penang.	04-5021998 012-4087193 012-5896072	04-5021998

PERLIS

KANGAR (KGA)	FOO YAU GEEM LOOI KONG YOKE	No. 69, Jalan Kangar - Alor Setar, Taman Pertiwi, 01000 Kangar, Perlis.	04-9777269 016-3303578	04-9777269
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DISTRICT AGENTS

KEDAH

Location	Authorised Agent(s)	Address	Tel	Fax
SUNGAI PETANI (SPT)	FOO YAU GEEM LOOI KONG YOKE	23-A, Ground & 1st Floor, Jalan Pahlawan, Taman Lagenda Indah, 08000 Sungai Petani, Kedah.	04-4223319 012-4949300	04-4227168
KULIM (KUB)	KEE AH BA	No. 15, Jalan Kempas 1, Taman Kempas Indah, 09000 Kulim, Kedah.	04-4918466 012-4841960	04-4918466
BALING (BLI)	CHEW SWEE SANG HOR KEK BOON	No. 8, Jalan Liku, 09100 Baling, Kedah.	04-4707392 019-5975998 016-4907392	04-4707392
ALOR SETAR (AST)	SA'ADIAH BT BAHARUM	No. 63, Jln Shahab 7, Kompleks Shahab Perdana, L/Raya Sultanah Bahiyah, 05350 Alor Setar, Kedah.	04-7322309 019-4772309	04-7322309
GUAR CEMPEDAK (GCA)	IBRAHIM BIN ISMAIL ROSLINDA BT KAMIS	13 A, Taman Mewah, Guar Cempedak, 08800 Gurun, Kedah.	04-4619005/07 016-4196719	04-4619006
POKOK SENJA (KNC)	HANIZA BT MD ISA NOZHATUNSIMA BT GHAZALI	No. 11, Taman Bunga Sena, 06400 Pokok Sena, Kedah.	04-7823526 013-4282765 016-4496028 016-4496044	04-7824228
JITRA (KNA)	ONG CHING SOO TEH KIM LOOI	No. 83, Taman Ihsan, 06000 Jitra, Kedah.	04-9183888 019-4167766 016-5247766 012-4291672	04-9183883

PERAK

IPOH (IPA)	NORLIA BT SHAHARUDDIN SHARIFAH SALWAH BT MOHD JIPLUS SETRIA HAZAZI BIN MOHD ANUAR	No. 1A-3A, Medan Istana 2, Bandar Ipoh Raya, 32000 Ipoh, Perak.	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, Perak.	05-3577511 012-5039889	05-3577511
SITIAWAN (SWN)	LAU SHENG MING WONG YEAK MEI	127, Pusat Perniagaan Sri Manjung, 32040 Bandar Sri Manjung, Sitiawan, Perak.	05-6889828 016-4198899	05-6881899
PARIT BUNTAR (PBA)	KEE AH BA	No. 3, Jalan Shahbandar, Pusat Bandar, 34200 Parit Buntar, Perak.	05-7165952 012-4841960 012-4210690	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, Perak.	05-8082550 012-5039889 012-5175707 016-5515355	05-8082550
KUALA KANGSAR (KKS)	SURAIYA BT SHAHARUDDIN OTHMAN BIN HJ NOH	No. 7A, Tingkat 1, Persiaran Taiping 1, Jalan Taiping, 33000 Kuala Kangsar, Perak.	05-7775239 016-5209366	05-7776125
BAGAN SERAI (BGS)	RAHAINE BT BASRAN	No. 20, Tingkat 1, Jalan Harmoni, Pusat Bandar, 34300 Bagan Serai, Perak.	05-7217820 012-5126739	05-7217820
GERIK (GRA)	SITI AJAM BT HARUN	Lot 8292, Jalan Air Suda Bahagia, Jalan Taman Intan, 33300 Gerik, Perak.	05-7921009 019-4406377	05-7921009
TG. MALIM (TJA)	CHE'MAH BT ADAM SAFEER BIN HARUN	No. 18, Atas, Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900 Tanjung Malim, Perak.	05-4583303 012-4149335	05-4583303
TELUK INTAN (TIB)	ZAKIAH BT YAHYA LAU SHENG MING	No. 27, Tingkat Bawah, Lorong Tembaga 1, Taman Sri Emas, Jalan Maharajalela, 36000 Teluk Intan, Perak.	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, Wilayah Persekutuan.	03-22841077 012-335 2912	03-22849078
SETAPAK (SPK)	LEE SIOW VERT CHEOK SIEW CHIN	No. 12B-14B, Jalan 3/50C, Taman Setapak Indah Jaya, Off Jalan Genting Klang, 53300 Kuala Lumpur, Wilayah Persekutuan.	03-40230188 017-3317108	03-40230188
BANDAR TASIK SELATAN (SRA)	AMRAN BIN MOHAMMAD YATIM ZALIZAN BT YA'ACOB	23-1, Jalan 8/146, Bandar Tasik Selatan, 57000 Kuala Lumpur, Wilayah Persekutuan.	03-90576293 019-3926711	03-90576293
BANDAR TUN RAZAK (BTR)	NOROSLITA BT MOHD IDRUS	Suite 08-25, 08-26, 8th Floor, Wisma Zelan, Jalan Permaisuri 2, Bandar Tun Razak, 56000 Kuala Lumpur, Wilayah Persekutuan.	03-91737616 03-91737618 019-7741363 019-3363838	03-91737617

SELANGOR

SUNGAI BULOH (KPA)	SAKINAH BT SALLEH ALWI BIN MOHD YUNUS	No. 15, Jalan BRP 1/5, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	03-61413372 019-3353648	03-61413375
KLANG (KLD)	AISHAH BT MOHAMED	No. 13-01-1 & 15-01-1, Lorong Batu Nilam 1A, Bandar Bukit Tinggi, 41200 Klang, Selangor.	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 Selangor.	03-32243413 019-5642332 016-5262332	03-32245958
AMPANG (AMG)	DING MOY NGUK	No. 4A & 4B, Pusat Komersial Ara Ampang, Jalan Ampang, 68000 Ampang, Selangor.	03-42513668 03-42510668 012-3938112 012-3828112	03-42531668
SHAH ALAM (SAA)	DAVID LEE THIAM SENG TAN SAY	No. 7, Jalan Cheong Sam 10/11, Section 10, 40000 Shah Alam, Selangor.	03-55104170 012-2248722 012-3229589	03-55107841
BANTING (BNA)	AZMI BIN ABDUL MANAF	B-30-1, Tingkat 1, Jalan Bunga Pekan 9, Pusat Perniagaan Banting Uptown, 42700 Banting, Selangor.	03-31812253 019-2743953	03-31812955
SUBANG JAYA (SJA)	DARMA TA'SIAH BT ISMAIL	No. 1-1, Jalan USJ 1/1C, Regalia Business Centre, UEP Subang Jaya, 47620, Selangor.	012-3207648 012-3171749	03-80247719
PETALING JAYA (PJU)	AHMAD RAZALI BIN MUSTAFFA RAMLAH BT ABU BAKAR IZUDDIN BIN ABU BAKAR	No. 11&13, Jalan PJU 5/9, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor.	03-61408134 03-61408135 019-7285626	03-61408154
KAJANG (KJA)	TEOH SENG LOCK CHONG KIOOK HEONG	No. 2, Tingkat 1, Jalan S10-1, Off Jalan Bukit, 43000 Kajang, Selangor.	03-87379878 012-2169878 012-3229878	03-87379878
PUCHONG (PCA)	NORLELA BT NAWI HAMIDI BIN HASSAN	No. 10, Jalan Puchong Permai 3, Taman Puchong Permai, 47100 Selangor.	03-58826964 019-2286433	03-58826954
BANDAR BARU BANGI (BGA)	TENGGU REIHANAH BT TUAN ABDULLAH	No. 11(G), Jalan 9/9C, Seksyen 9, Bandar Baru Bangi, 43650 Selangor.	03-89266848 019-2799094	03-89262672
RAWANG (RWC)	SHANTY BT ABDULLAH ROHANI BT AHMAD	No. 83, Jalan Bandar Rawang 2, Pusat Bandar Rawang, 48000 Selangor.	03-60910085 012-4058085 012-4276762	03-60910085
KUALA SELANGOR (KSA)	SANIAH BT SAYUTI ANIZAH BT SYED ALWEE	21, Jalan Raja Lumu, Bandar Kuala Selangor, 45000 Kuala Selangor, Selangor.	03-32896036 019-7285626	03-32896027

DISTRICT AGENTS

NEGERI SEMBILAN

Location	Authorised Agent(s)	Address	Tel	Fax
SENAWANG (NLI)	MOHD BAJURI BIN HAJI JOLI SAADIAH BT SALEE	No. 44, Jalan Bunga Raya 7, Pusat Perniagaan Senawang, Taman Tasik Jaya, 70400 Senawang, Negeri Sembilan.	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, Negeri Sembilan.	06-8503707 019-2246271	06-8503257
SEREMBAN (SMA)	DATIN ANIMAH BT SABTU DATO' IR. ZAMZURI BIN ABD. GHAFAR	602 & 603, Jln Haruan 4/8, Oakland Commercial Centre, 70300 Seremban, Negeri Sembilan.	06-6336433 012-6351538	06-6323909
PORT DICKSON (PDC)	NORAZIMAH BT MOHAMAD	Lot G 4, Bangunan Arked D'Mara, 71000 Port Dickson, Negeri Sembilan.	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 Melaka.	06-2843090 012-6127474	06-2843081
MASJID TANAH (MJT)	GAN CHIN KEONG	MT 1408, Pusat Perdagangan Masjid Tanah, 78300 Masjid Tanah, Melaka.	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 Melaka.	06-2322887 012-6239447 012-6117495	06-2320326

JOHOR

BATU PAHAT (BPH)	TAN TIONG WI @ TAN TIONG HUI LIM CHWEE CHOO TAN CHIAT MING	No. 16, Jalan Rotan Cucur, Taman Sri Jaya, 83000 Batu Pahat, Johor.	07-4334331 07-4337331 012-7079385	07-4338331
JOHOR BAHRU (JHA)	ROZANA BT ABDUL RAHIM AZAHARI BIN BAHARUM	No. 12, Jalan Suria 19, Taman Suria, 81100 Johor Bahru, Johor.	07-3322020 07-3340958 019-7252257 019-7252262	07-3323020
KLUANG (KLG)	LOW BOK LUAN	No. 35, Jalan Berangan, 86000 Kluang, Johor.	07-7738899 012-7098899 012-7878899	07-7735431
KOTA TINGGI (KTI)	CHIA CHENG MING	No. 3-G, Jalan Abdullah, 81900 Kota Tinggi, Johor.	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, Johor.	06-9547996 012-6237996 012-6287996	06-9547996
KULAI (KIA)	SOELASTRO BIN DAMIS	No. 039, Jalan Kenanga 29/3, Bandar Indahpura, 81000 Kulai, Johor.	07-6625579 019-7707666	07-6625579
SKUDAI (SKA)	JAMALIAH BT ESA JAMILAH BT MOHAMMAD	No. 6 & 7, Jalan Pendidikan 3, Taman Universiti, 81300 Skudai, Johor.	07-5206255 019-7788848	07-5206355
MASAI (MSD)	NORLIN BT AHMAD	No. 7G, Jalan Suria 7, Bandar Seri Alam, 81750 Masai, Johor.	012-7196535 012-7035307	07-5542311
SEGAMAT (SMT)	NGOI MEE CHIN TAN KIAN SAI	No. 1, Jalan Nagasari 14, Bandar Segamat Baru, 85000 Segamat, Johor.	07-9437008 07-9437168 019-7587289	07-9437168
PONTIAN (PTA)	MUSLEHA BT OTHMAN AZARI BIN A GHANI	No. 53, Aras Bawah PTB 12820, Bangunan Baitulmal, Jalan Delima, Pusat Perdagangan Baru, 82000 Pontian, Johor.	07-6868076 019-7004070 013-7704388	07-6868086
MERSING (MGA)	NORMAHDAH BT ARSAD	No. 933, Jalan Endau, 86800 Mersing, Johor.	07-7982717 012-7176234	07-7982718
BANDAR AYER HITAM (JAH)	LIM BOON PIAU	No. 2, Jalan Putra 1, Taman Medan Putra, 86100 Ayer Hitam, Johor.	07-7583996 012-7127828 017-7748996	07-7583996

DISTRICT AGENTS

KELANTAN

Location	Authorised Agent(s)	Address	Tel	Fax
MACHANG (MCH)	NORMA BT NAWI	3318, Taman Sentosa, Kweng Hitam, 18500 Machang, Kelantan.	09-9757876 019-9591314	09-9757876
KOTA BHARU (KBA)	NORMA BT NAWI	Wisma Norma Nawi, Seksyen 26, Jalan Dusun Muda, 15200 Kota Bharu, Kelantan.	09-7419153 09-7419150 09-7419152 019-9591314	09-7438150
PASIR MAS (PMB)	ROHIDA BT ISMAIL	No. 9, Tkt 1, Wisma Al-Ridha, Lorong Hj. Ahmad Sebelah Balai Polis Pasir Mas, 17000 Pasir Mas, Kelantan.	09-7902004 019-9178256	09-7902004
PASIR TUMBOH (PSA)	WAN AHMAD BIN WAN IDRIS LONG HABSAH BT ISMAIL	PT904, Desa Darul Naim, Pasir Tumbuh, 16150 Kota Bharu, Kelantan.	09-7656588 013-9805020 016-9236937	09-7647588
GUA MUSANG (GMA)	NORIZAN BT MAT NOR	PT8397, Taman Wangsa Mewangi, 18300 Gua Musang, Kelantan.	09-9126614 013-9844342	09-9126614

TERENGGANU

KUALA TERENGGANU (KTR)	AS'ARI BIN OMAR	No. 51B, 1st Floor, Jalan Tok Lam, 20100 Kuala Terengganu, Terengganu.	09-6311868 013-9305776	09-6311868
JERTEH (JET)	CHE ROSNAH BT CHE HUSIN	Lot 285, Jalan Tangki Air, Taman Jerteh, 22000 Jerteh, Terengganu.	09-6975164 019-9130188	09-6975164
CHENDERING (CDA)	FATIMI BT MOHAMMAD @ MOHD ZAIN	2022 K, Taman Permint Jaya, Fasa IV, Chendering, 21080 Kuala Terengganu, 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, Terengganu.	09-8481928 09-8451928 019-9130188	09-8451928
KEMAMAN (KMB)	AZIMAH BT ABD HADI MOHD AZHAM BIN ABD HADI	PT8897, Tingkat Bawah & Satu, Jalan Kuantan-Kemaman, Taman Geliga Sakti, 24000 Kemaman, Terengganu.	09-8684227 012-9211599	09-8684226

PAHANG

KUANTAN (MSB)	VICTOR KEOW WUN LIONG	No. 94B, Jalan Wong Ah Jang, 25100 Kuantan, Pahang.	09-5151388 019-9159967	09-5151488
TEMERLOH (TMH)	MOHD IRWAN BIN ZULKEFLI	No. 9, Tingkat 1, Jalan Sudirman, Pusat Perdagangan Sri Semantan, 28000 Temerloh, Pahang.	09-2968700 013-9222278 016-6266554	09-2968700
PEKAN (PKB)	ZABEDAH BT ISMAIL	No. 3, Pusat Komersial Pekan, Jalan Sultan Abu Bakar, 26600 Pekan, Pahang.	09-4211020 013-9285448	09-4211021
INDERA MAHKOTA (DMA)	MAZIAH BT HAMZAH	B36, Persiaran Sultan Abu Bakar, Taman Sri Mahkota 25200 Kuantan, Pahang.	09-5736716 019-9596122 013-9852868	09-5736716

SARAWAK

TABUAN STUTONG (TSA)	DAVID LAM TAH WI NAH KHENG ANG	1st Floor, Sublot 9, Tabuan Stutong Commercial Centre, Jalan Setia Raja 93350 Kuching, Sarawak.	082-361022 017-2200022	082-361022
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DISTRICT AGENTS

SABAH

Location	Authorised Agent(s)	Address	Tel	Fax
KOTA KINABALU (KKC)	NUR KHAIRUNNISA BT MATUSSIN	Lot 73 & 74, Phase 1B, 1st Floor Block H, Asia City, 88000 Kota Kinabalu, Sabah.	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, Sabah.	089-919768 013-8868279 019-8134269	089-919769
PENAMPANG (PNP)	NIKMAH BT JAOJAINI	Lot 29, Blok E, 1st & 2nd Floor, Donggongan Square, Km10, Pekan Donggongan, 89500 Penampang, Sabah.	088-731006 013-8865006	088-731006
LAHAD DATU (LDA)	CHEAH SOO SIANG @ APANG CHONG YIN TECK	MDLD 7055, Lot 307, Jalan Silam, Bandar Sri Perdana, 91100 Lahad Datu, Sabah.	089-862898 019-8633918	089-862898
SANDAKAN (SDB)	SALASIAH MASBAKUN SITI HAJAR BT ABDUL RAHIM	No. 1-46, Shopping Arcade Tyng Garden, Mile 6, 90000 Sandakan, Sabah.	089-668848 016-2292107 013-8562882	089-669848

ANALYSIS OF SHAREHOLDINGS

AS AT 27 FEBRUARY 2009

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

	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 - 99	4	0.176	113	0.000
100 - 1,000	522	23.016	487,995	0.141
1,001 - 10,000	1,272	56.085	6,372,100	1.847
10,001 - 100,000	385	16.975	12,031,293	3.487
100,001 - 17,249,999	80	3.527	70,205,439	20.349
17,250,000 - 345,000,000	5	0.220	255,903,060	74.175
GRAND TOTAL	2,268	100.000	345,000,000	100.000

DIRECTORS' SHAREHOLDINGS AS AT 27 FEBRUARY 2009

No.		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	25,000	0.01	—	—

* 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 27 FEBRUARY 2009

No.		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	—	—
5	Lembaga Tabung Haji	17,308,900	5.02	—	—

THIRTY LARGEST SHAREHOLDERS AS AT 27 FEBRUARY 2009

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.	59,827,342	17.34
3	Teoh Beng Seng	37,864,618	10.98
4	Teoh Meng Keat	20,152,200	5.84
5	Lembaga Tabung Haji	17,308,900	5.02
6	Malaysian Technology Development Corporation Sdn. Bhd.	6,652,824	1.93
7	A. A. Anthony Nominees (Tempatan) Sdn. Bhd. for Abdul Rahman Bin Ahmad	3,624,500	1.05
8	Teoh Beng Chye	3,600,000	1.04
9	A. A. Anthony Nominees (Tempatan) Sdn. Bhd. for Nazir Ariff Bin Mushir Ariff	3,500,000	1.01
10	A. A. Anthony Nominees (Tempatan) Sdn. Bhd. for Syed Azahari Bin Syed Noh Shahabudin	3,500,000	1.01
11	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Abdul Rashid Bin Abdul Manaf (MH0324)	2,987,700	0.87
12	Yayasan Terengganu	2,599,634	0.75
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	CIMSEC Nominees (Tempatan) Sdn. Bhd. Teoh Beng Seng (ZCB ACCOUNT)	1,885,000	0.55
19	Perbadanan Kemajuan Negeri Kedah	1,684,106	0.49
20	Yayasan Sarawak	1,653,502	0.48
21	P'ng Swee Guan	1,565,115	0.45
22	Koperasi Permodalan Felda Berhad	1,400,000	0.41
23	Teoh Siew Hong	1,250,002	0.36
24	Teoh Siew Choo	1,250,000	0.36
25	Malaysia Nominees (Tempatan) Sendirian Berhad Overseas Assurance Corporation (Malaysia) Berhad (MGF)	1,248,400	0.36
26	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt an for MIDF Amanah Asset Nominees (Tempatan) Sdn. Bhd. (Account 1)	1,237,950	0.36
27	Mohd Munir Bin Abdul Majid	1,128,500	0.33
28	A. A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for TC Holdings Sdn. Bhd.	904,900	0.26
29	Khoor Ah Siew	878,000	0.25
30	Ng Gaik Hua	827,700	0.24
	TOTAL:	310,806,893	90.08

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Tuesday, 21 April 2009 at 2:30 p.m. for the following purposes:-

AGENDA

1.	To receive the Audited Financial Statements for the year ended 30 November 2008 and Reports of the Directors and Auditors thereon.	
2a.	To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:-	
	i. Mr Teoh Beng Seng	Ordinary Resolution 1
	ii. Mr Tan Lip Gay	Ordinary Resolution 2
2b.	To re-elect Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965.	Ordinary Resolution 3
3.	To approve Directors' fees for the year ended 30 November 2008.	Ordinary Resolution 4
4.	To re-appoint Messrs. KPMG and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5
5.	As Special Business 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 ("Act") 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 ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM 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 6
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, 30 March 2009.

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.
5. The details of the Directors standing for re-election as in Agenda 2 are as more particularly disclosed in Pages 19 and 21 of the Annual Report of the Company.

Explanatory Note on Special Business:

1. The Ordinary Resolution 6, 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 AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

PROXY FORM

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

I/We,
(Full name in block letters)
 of
(Address)
being a member / members of the above-named Company hereby
 appoint
(Full name in block letters)
 of
(Address)
 or failing him,
(Full name in block letters)
 of
(Address)

as my/our proxy, to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Tuesday, 21 April 2009 at 2:30 p.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		

(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)

No. of Ordinary Shares Held

Signed this day of 2009.

.....
 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.
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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

Please fold here

Fold this flap for sealing