

ZHULIAN



Annual Report
2010



Powering the Synergy of Integration

The strength, resilience and edge of ZCB are built upon the combined efforts, teamwork, collaboration, understandings towards one vision and one direction amongst its network of people and the strategic integration of its subsidiaries and associated company. With a solid foundation and synergistic network, ZCB is primed to move towards an achievement-filled growth and expansion.

Contents

- 01 Financial Highlights 02 Vision & Mission 03 Corporate Profile
- 04 Chairman's Statement / Penyata Pengerusi 14 Group Structure 15 Corporate Information
- 16 Board of Directors 17 Directors' Profile 22 Operation Review
- 26 Corporate Social Responsibility 30 Statement on Corporate Governance
- 36 Audit Committee Report 39 Statement on Internal Control
- 41 Other Corporate Disclosure 42 Directors' Report 48 Consolidated Balance Sheet
- 49 Consolidated Income Statement 50 Consolidated Statement of Changes in Equity
- 51 Consolidated Cash Flow Statement 53 Balance Sheet 54 Income Statement
- 55 Statement of Changes in Equity 56 Cash Flow Statement
- 57 Notes to the Financial Statements 92 Statement by Directors 93 Statutory Declaration
- 94 Independent Auditors' Report 96 List of Properties
- 97 Regional Offices, Distribution Centre & District Agents 103 Analysis of Shareholdings
- 105 Notice of Fourteenth Annual General Meeting 107 Proxy Form

FINANCIAL HIGHLIGHTS

YEAR ENDED 30 NOVEMBER

Performance (RM'000)	2007	2008	2009	2010
Revenue	220,546	303,577	315,275	322,611
Profit Before Taxation	74,348	94,993	102,704	105,897
Profit After Taxation and Minority Interest	58,927	74,690	82,057	86,672

Attributable to:

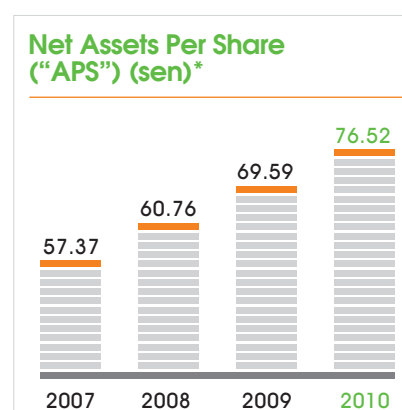
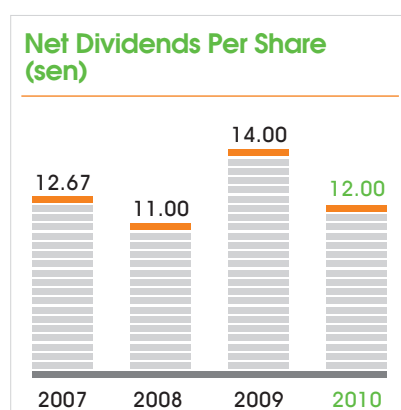
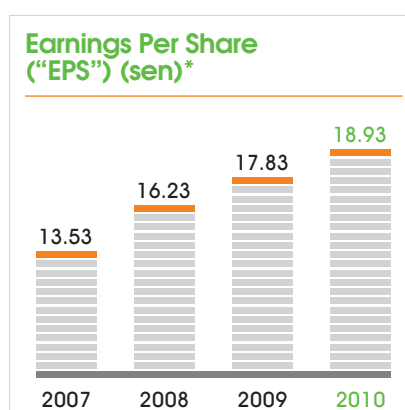
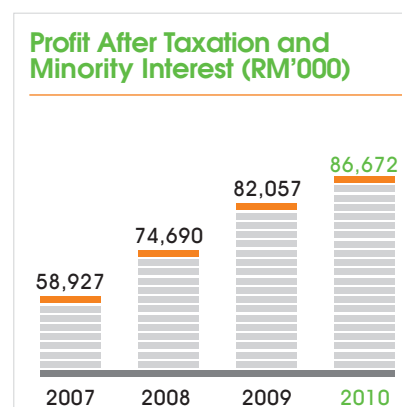
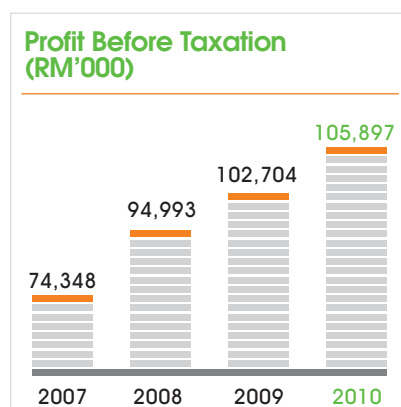
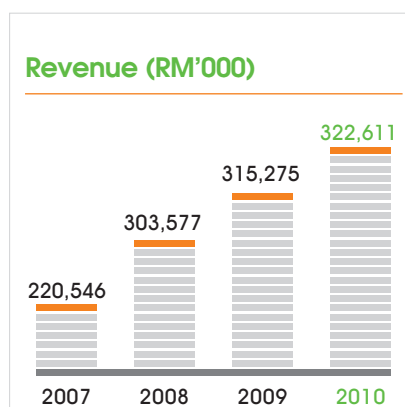
Equity holders of the Company	58,927	74,690	82,005	87,065
Minority interest	—	—	52	(393)

Key Balance Sheet Data (RM'000)

Shareholders Equity	249,679	279,500	320,111	351,987
Total Assets	283,500	342,457	373,334	405,612
Total Borrowings	—	—	—	—

Financial Ratio

Earnings Per Share (EPS)* (sen)	13.53	16.23	17.83	18.93
Net Dividends Per Share (sen)	12.67	11.00	14.00	12.00
Net Assets Per Share ("APS") (sen)*	57.37	60.76	69.59	76.52
Gearing Ratio (%)	0.00%	0.00%	0.00%	0.00%



* EPS and APS were calculated based on weighted average number of ordinary share in issue of 435,228,000 for the financial year 2007 and 460,000,000 for the financial year 2008, 2009 and 2010.

VISION & MISSION



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."

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, namely **ZHULIAN CORPORATION SDN BHD.** (“ZCB” or the Company). Subsequently on 28 February of that same year, we were converted into a public limited company and assumed our present name. On the 27 April 2007, ZCB was officially listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

ZCB is an investment holding company of ZHULIAN Group of Companies. Our core business is in Multi-level Marketing (MLM), with diversified interests in the manufacturing and trading of an array of widely diversified products and also printing business. The core activities of the subsidiaries and associated company are as follows:

Multi-level Marketing	
ZHULIAN INDUSTRIES SDN. BHD. (304448-X)	Manufacturing of consumer products
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD. (183361-U)	Manufacturing of costume / fine jewellery and accessories
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
AMAZING VESTRAX SDN. BHD. (688963-U)	Manufacturing of personal care products
ZHULIAN NUTRACEUTICAL SDN. BHD. (644402-D)	Manufacturing of traditional products
ZHULIAN PRINTING INDUSTRIES SDN. BHD. (216788-X)	Printing of brochures, leaflets, catalogues, name cards and other related documents
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
PT. ZHULIAN INDONESIA	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
ZHULIAN LABUAN LIMITED (LL07218)	Investment holding
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

CHAIRMAN'S STATEMENT

"ZCB steered through a challenging operating environment to emerge as an even more resilient company.... With the building blocks for future growth set firmly in place, the Group today is in a stronger position to capitalise on the many opportunities in its role as the preferred integrated group of companies in the MLM industry ..."



Dear Valued Shareholders,

On behalf of the Board of Directors of **ZHULIAN CORPORATION BERHAD** ("ZCB" or "the Company"), it is my great pleasure to present the Annual Report and Audited Consolidated Financial Statements of **ZCB** and its subsidiaries ("the Group") for the financial year ended 30 November 2010 ("FY 2010").

FINANCIAL OVERVIEW

FY 2010 was the year in which ZCB steered through a challenging operating environment to emerge as an even more resilient company. While many market players adopted a cautious stance in the face of the uncertain economic climate, the Group continued to pursue a strategy of expansion and growth. In the year under review, the Company still managed to exhibit a continuing upward trend and recorded a growth of 2.33% in revenue to RM322.611 million for FY 2010 as compared to RM315.275 million for the last financial year ended 30 November 2009.

Meanwhile, Profit Before Taxation increased 3.11% to RM105.897 million for the 2010 financial year, whilst Profit After Taxation for the financial year increased to RM86.672 million, a growth of 5.62% compared to RM82.057 million last financial year. The results were within expectations considering the much challenged economic situation where the prices of raw material that keep escalating had squeezed the margin of the Company. Nevertheless, the Company remains strong financially with net cash increased from RM125.084 million to RM131.547 million, which is equivalent

to 5.17%. With the building blocks for future growth set firmly in place, the Group today is in a stronger position to capitalise on the many opportunities in its role as the preferred integrated group of companies in the MLM industry which has proven to be steadfast in its promise to deliver its people the best infrastructure for further betterment and advancement.

DIVIDENDS

Adhering to Dividend Policy

Taken together with the fourth interim dividends declared earlier in the year of 2011, the total dividend for the financial year ended 30 November 2010 amounts to 12 sen net per ordinary share of 50 sen each. The total net dividend payout of RM51.75 million will translate into a net dividend yield of 7% as at 30 November 2010. This dividend paid-out is in concurrence with the Group's policy of creating value for shareholders through a sustainable dividend policy, i.e. 60% of Profit After Tax. This is the 4th consecutive financial year that ZCB has declared dividends to shareholders since listing on the Main Market of Bursa Malaysia Securities Berhad in 2007.

CORPORATE DEVELOPMENT

Expanding Strategic Infrastructure

With the aim to enhance business focus and expand infrastructure strategically, the Company made capital commitments of RM22.756 million at 30 November 2010, mainly to reconstruct the existing building. In furtherance to the expansion plan, ZCB is also in the process of acquiring a land held under PN 5876, Lot 12414, Mukim 12, Daerah Barat Daya Negeri Pulau Pinang. DEXASSETS SDN. BHD., a wholly owned subsidiary of the Company has entered into the said land sale and purchase agreement on 29 July 2010 with a purchase consideration of RM12 million. The land transfer has already been approved by the relevant authority on 22 November 2010.

BONUS ISSUE

Increasing Share Capital

ZCB has successfully implemented the corporate proposal of bonus issue which was approved by the shareholders in the Extraordinary General Meeting held on 2 July 2010. The bonus issue of 115,000,000 new ordinary shares of 50 sen each in the Company on the basis of one new ordinary share for every three existing shares was held on 21 July 2010 as announced on 5 July 2010. The Bonus Shares were listed and quoted on 22 July 2010. As the result of this bonus issue, ZCB's issued and paid-up share capital has been enlarged from RM172.5 million to RM230 million.



AWARDS AND RECOGNITIONS

Testaments of Excellence and Brand Success

In the year under review, ZCB had won two categories of the 2nd Malaysia Independence Award 1957 @ Anugerah Merdeka - "Malaysia's Prominent Multi-Level Marketing Company" and "Malaysia's Prominent Product & Services". The double recognitions have again signified ZCB's leading position and superb competitive edge over others in the Multi-Level Marketing industry in Malaysia.

On the other hand, one of its best seller - CONTIAGO brand bedding product range, which are developed and manufactured by one of its subsidiary, ZHULIAN MANUFACTURING SDN. BHD. has emerged as the recipient of The 6th Asia Pacific Super Excellent Brand 2010 for "Excellence in Best Quality Products". Undeniably, the prestigious award serves as a testament to the Group on having delivered its brand promise through continuous improvement and innovations.



CORPORATE GOVERNANCE

Cultivating a Corporate Culture of Ethics, Compliance and Transparency

In its quest to be the leading player of the Multi-level Marketing industry, ZCB does not compromise on ethics which are eminent for any business practice to safeguard the best interest of the shareholders, stakeholders and employees as well as sustain continuous growth of the Group. The Board ensures sustainable value creation for all shareholders by maintaining the highest standards of corporate governance at every level of the organisation. The Group's Statement on Corporate Governance and the Statement on Internal Control spell out the stringent internal controls and policies that are in place to oversee the overall operation of the Group as to ensure continuous improvement in pursuit of the highest standards of ethics, compliance and transparency for the betterment of the whole Group.

INVESTOR RELATIONS

Continue to Reach for Investment Community

The Group seeks to maintain and enhance good relations with its investment communities. The Company's interim and annual reports are supplemented by public announcements to the market on the Company's progress. All shareholders are invited to make use of the Company's Annual General Meeting to raise any questions regarding the management or performance of the Company. All investors also have access to up-to-date information on the Company via its website, www.zhulian.com, which also provides contact details for investor relations (IR) enquiries. The Group issues its results and other news releases promptly via www.shareinvestor.com.my, the appointed IR portal and publishes them on the IR section of the Group's website. Regular updates on news related to the Group and the status of development programmes are also included into the website. Shareholders and other interested parties can subscribe to receive these news updates via email by registering online on the website.

While this IR work is ongoing, the Company will continue to put effort in ensuring effective communication with investment community, so that ultimately there will be a broad-based understanding of the opportunity for investing in ZCB.



CORPORATE SOCIAL RESPONSIBILITIES

Integrating Social and Environmental Concerns in Business

As a socially responsible company, **ZCB** is achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment. **ZCB** understands that operating in a way that respects the needs of its people and society at large while protecting the environment enables long-term viability of the Company. With emphasis on the culture of sharing and caring, the Group is able to sustain an uptrend despite there were dramatic contractions in some of the key consumer markets. To safeguard the best interests of its Distributors and provide the best value to the consumer at large, the Company also seeks opportunities to engage with its stakeholders especially its MLM leaders and distributors to better understand their perspectives on important issues relating to the Group's sustainability performance and goals.

Besides making contributions either in cash or in kind to charitable bodies such as The Penang Home of the Infirm and Aged, Charis Hospice, Mount Miriam Cancer Hospital, Women's Centre for Change and Malaysian Red Crescent Society (Penang Branch), the Group also presented the **ZHULIAN** Education Trust Fund to 23 deserving kins of Distributors who excel academically during the year under review.

In the year under review, the Group continued to undertake various corporate social responsibility initiatives that created value in the areas of the workplace, community, environment and marketplace. The details of the Group's efforts to ensure worker safety, enrich communities, create sustainable shareholder's value and protect the environment can be found in the Corporate Responsibility section on pages 26 to 29 of this Annual Report.

OUTLOOK AND PROSPECTS

In a preview of its economic report for 2011 published in early December, the United Nations said the world economy is expected to slow in 2011 with economists cutting their forecasts for growth in developed countries. The Asian Development Bank (ADB) in its bi-annual report on Asia Economic Monitor in December 2010 also mentioned that the economic growth in emerging East Asia would likely moderate next year, with Malaysia posting a full-year growth of 5% against a weaker global economic outlook and the overall phasing out of fiscal and monetary stimulus plans.

However, in the Economic Report 2010/2011 published by the Ministry of Finance Malaysia, the Malaysia economy is expected to register growth of 5% to 6% led by strong expansion in manufacturing and services sectors in an environment of stable prices with inflation rate below 3%. Other than that, regional market such as Thailand, Indonesia and Singapore are also forecast to show

steady real GDP growth of 4.0%, 6.2% and 4.5% respectively. In view of the initiative set in place by the Malaysian Government to transform the country into a developed and high-income nation by 2020 through Economic Transformation Programme (ETP) which was announced by the Prime Minister Datuk Seri Najib Abdul Razak in September 2010, the Group believes the economy will change for better. The Group is also optimistic about the Private Funding Initiatives (PFIs) and consumer spending projects under the Government's ETP in which tourism, wholesale, retail and distribution have been identified as National Key Economic Areas (NKEA), will further drive the domestic economy.

Even though the Board of Directors are of the opinion that the Group will continue to experience a challenging period ahead for the next financial year and is also mindful that external factors such as a prolonged weakness in the global economy may impact upon the Group's development plans and overall performance, the Group will continue to implement the rationalisation of its operations by focussing on continuous improvements in the aspect of product quality, productivity, utilisation of resources and cost control. Barring unforeseen circumstances, the Board of Directors is reasonably confident that the prospects for the Group remain positive. The Group will continue to place emphasis on its consumable products business. In light of more new product line-up to be added into the existing product mix, **ZCB** envisages that demand for the Group's products, both local and overseas, at market will remain encouraging as it move forward into the new financial year.

APPRECIATION

On behalf of **ZCB's** Board of Directors, I wish to express my heartfelt appreciation to all the shareholders and stakeholders for their continuing support and unwavering confidence in the Group. I also wish to convey my sincere gratitude to the Malaysian Government, regulatory authorities as well as our business associates, suppliers and bankers for their steadfast support and the kind cooperation extended to the Group.

We would not be where we are today without the hard work and sacrifices of our loyal Distributors, also our distinguished leaders, committed authorised agents and dedicated employees. Our utmost gratitude to our Distributors especially our leaders for the diligence and dynamism they have demonstrated amidst the challenges of a highly competitive operating environment in MLM industry. I also wish to convey

my deep appreciation to other members of the Board and our senior management team for their visionary foresight, strong leadership and prudent insights which helped us to sail through FY 2010 smoothly. We shall face the challenges and capitalise on the opportunities that may present before us in 2011 and I am confident that all of the Group will accelerate forward by building upon the good momentum already in place.

On Behalf of the Board
ZHULIAN CORPORATION BERHAD

Haji Wan Mansoor Bin Wan Omar
Chairman, Independent Non-Executive Director

PENYATA PENGERUSI

"ZCB telah melalui persekitaran pengoperasian yang mencabar untuk muncul sebagai sebuah syarikat yang lebih teguh... Dengan blok binaan yang telah dibentangkan untuk pertumbuhan masa depan, Kumpulan pada hari ini berada pada satu kedudukan yang lebih kukuh untuk memanfaatkan pelbagai peluang, di dalam peranannya sebagai sebuah kumpulan syarikat bersepadu terpilih di dalam industri MLM."



Para Pemegang Saham Yang Dihargai,

Bagi pihak Lembaga Pengarah ZHULIAN CORPORATION BERHAD ("ZCB" atau "Syarikat"), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Disatukan Yang Diaudit bagi ZCB dan subsidiarinya ("Kumpulan") untuk tahun kewangan yang berakhir pada 30 November 2010 ("FY 2010").

TINJAUAN KEWANGAN

Tahun kewangan 2010 adalah tahun di mana **ZCB** telah melalui persekitaran pengoperasian yang mencabar untuk muncul sebagai sebuah syarikat yang lebih teguh. Sementara kebanyakan peneraju pasaran mengambil langkah berjaga-jaga menghadapi suasana ekonomi yang tidak menentu, Kumpulan tetap meneruskan strategi perkembangan dan pertumbuhan. Semasa tahun dalam tinjauan, Syarikat masih berupaya mempamerkan trend yang terus meningkat dan merekodkan pertumbuhan sebanyak 2.33% bagi perolehan kepada RM322.611 juta bagi FY 2010 berbanding RM315.275 juta bagi tahun kewangan lepas yang berakhir 30 November 2009.

Sementara itu, Keuntungan Sebelum Cukai meningkat 3.11% kepada RM105.897 juta bagi tahun kewangan 2010, manakala Keuntungan Selepas Cukai bagi tahun kewangan tersebut meningkat kepada RM86.672 juta, iaitu pertumbuhan 5.62% berbanding RM82.057 juta tahun sebelumnya. Keputusan ini adalah dalam jangkaan memandangkan situasi ekonomi yang semakin mencabar di mana harga bahan mentah yang semakin meningkat telah menekan margin Syarikat. Namun begitu, kewangan Syarikat kekal kukuh dengan tunai

bersih meningkat daripada RM125.084 juta kepada RM131.547 juta, iaitu bersamaan 5.17%. Dengan blok binaan yang telah dibentangkan untuk pertumbuhan masa depan, Kumpulan pada hari ini berada pada satu kedudukan yang lebih kukuh untuk memanfaatkan pelbagai peluang, di dalam peranannya sebagai sebuah kumpulan syarikat bersepadu terpilih di dalam industri MLM yang telah terbukti teguh memegang janjinya untuk memberikan kepada orang-orangnya prasarana terbaik demi penambahbaikan dan kemajuan di masa depan.

DIVIDEN

Berpegang Teguh kepada Polisi Dividen

Dikira bersama dividen interim keempat yang diisytiharkan di awal tahun 2011, jumlah dividen untuk tahun kewangan berakhir 30 November 2010 berjumlah 12 sen bersih sesaham biasa 50 sen setiap satu. Jumlah dividen bersih terbayar sebanyak RM51.75 juta akan diterjemahkan ke dalam hasil dividen bersih 7% pada 30 November 2010. Pembayaran dividen ini adalah selaras dengan polisi Kumpulan untuk mencipta nilai buat para pemegang saham melalui polisi dividen yang boleh dikekalkan iaitu 60% daripada

Keuntungan Selepas Cukai. Tahun ini adalah tahun kewangan ke-4 berturut-turut di mana **ZCB** mengisytiharkan dividen kepada para pemegang saham semenjak penyaraannya di Papan Utama Bursa Malaysia Securities Berhad pada tahun 2007.

PEMBANGUNAN KORPORAT

Memperluaskan Infrastruktur Strategik

Berbekalkan matlamat untuk memantapkan fokus perniagaan dan mengembangkan infrastrukturnya secara strategik, Syarikat membuat komitmen modal berjumlah RM22.756 juta pada 30 November 2010, di mana sebahagian besarnya adalah untuk membina semula bangunan sedia ada. Lanjutan daripada pelan perluasan tersebut, **ZCB** juga di dalam proses pengambilan tanah di PN 5876, Lot 12414, Mukim 12, Daerah Barat Daya Negeri Pulau Pinang. **DEXASSETS SDN. BHD.**, sebuah subsidiari milik penuh Syarikat telah memasuki perjanjian jual-beli pada 29 Julai 2010 dengan pertimbangan beli tanah bernilai RM12 juta. Pindahmilik tanah telah pun diluluskan oleh pihak berkuasa berkenaan pada 22 November 2010.

TERBITAN BONUS

Meningkatkan Model Saham

ZCB dengan jayanya telah melaksanakan cadangan korporat bagi terbitan bonus yang diluluskan oleh pemegang saham dalam Mesyuarat Agung Luar Biasa pada 2 Julai 2010. Terbitan bonus 115,000,000 saham biasa baru 50 sen setiap satu di dalam Syarikat berdasarkan satu saham biasa baru bagi setiap tiga saham sedia ada telah dilaksanakan pada 21 Julai 2010 seperti yang diumumkan pada 5 Julai 2010. Saham Bonus telah disenaraikan dan disebut harga pada 22 Julai 2010. Dengan terbitan bonus sedemikian, modal saham terbitan dan berbayar **ZCB** telah meningkat daripada RM172.5 juta kepada RM230 juta.



ANUGERAH DAN PENGIKTIRAFAN

Bukti Kecemerlangan dan Kejayaan Jenama

Semasa tahun dalam tinjauan, **ZCB** telah memenangi dua kategori bagi anugerah The 2nd Malaysia Independence Award 1957 @ Anugerah Merdeka – “Malaysia’s Prominent Multi-Level Marketing Company” dan “Malaysia’s Prominent Products & Services”. Pengiktirafan berganda ini sekali lagi membuktikan kedudukan **ZCB** sebagai peneraju dan berdaya saing hebat berbanding syarikat lain di dalam industri Pemasaran Berbilang Tingkat di Malaysia.

Selain daripada itu, salah satu produk jualan terlarisnya – rangkaian produk kelengkapan tidur jenama **CONTIAGO**, yang dibangunkan dan dikilangkan oleh salah satu subsidiarinya, **ZHULIAN MANUFACTURING SDN. BHD.** telah muncul sebagai penerima anugerah The 6th Asia Pacific Super Excellent Brand 2010 untuk “Excellence in Best Quality Products” (Kecemerlangan dalam Produk Kualiti Terunggul). Tidak dapat disangkal lagi, anugerah berprestij ini menjadi bukti bahawa Kumpulan telah mengotakan janji penjenamaannya melalui penambahbaikan dan inovasi berterusan.



TADBIR URUS KORPORAT

Memupuk Budaya Korporat Etika, Kepatuhan dan Ketelusan

Dalam usahanya untuk menjadi peneraju utama bagi industri Pemasaran Berbilang Tingkat, **ZCB** tidak berkompromi terhadap etika, iaitu elemen penting bagi mana-mana amalan perniagaan demi menjaga kepentingan para pemegang saham, pemegang kepentingan dan pekerja serta mengekalkan pertumbuhan Kumpulan yang berterusan. Lembaga memastikan penciptaan nilai yang boleh dikekalkan buat para pemegang saham dengan mengekalkan piawaian tanggungjawab sosial korporat yang tertinggi pada setiap lapisan organisasi. Penyata Tadbir Urus Korporat (*Corporate Governance*) dan Penyata Kawalan Dalaman (*Statement on Internal Control*) bagi Kumpulan membentangkan kawalan dan polisi dalaman ketat yang ditetapkan untuk menyelia operasi keseluruhan Kumpulan bagi memastikan penambahbaikan berterusan dalam mencapai piawaian tertinggi etika, kepatuhan dan ketelusan demi kebaikan Kumpulan secara keseluruhannya.

PERHUBUNGAN PELABUR

Terus Mencapai kepada Masyarakat Pelabur

Kumpulan berusaha mengekalkan dan meningkatkan hubungan baik dengan masyarakat pelabur. Interim dan laporan tahunan Syarikat disokong oleh pengumuman awam kepada pasaran berkenaan perkembangan Syarikat. Semua pemegang saham dipelawa menggunakan Mesyuarat Agung Tahunan Syarikat untuk membangkitkan soalan berkenaan pengurusan atau prestasi Syarikat. Semua pelabur mendapat akses kepada maklumat terkini Syarikat melalui laman webnya www.zhulian.com, yang turut memberikan butiran untuk berhubung bagi pertanyaan perhubungan pelabur. Kumpulan juga menerbitkan keputusan dan siaran berita lainnya dengan segera melalui www.shareinvestor.com.my, iaitu portal Perhubungan Pelabur (*Investor Relation-IR*) terlantik dan menerbitkannya pada bahagian Hubungan Pelabur di laman web Kumpulan. Kemaskini berkala berita-berita berkaitan Kumpulan dan status program perkembangan turut disertakan di dalam laman web ini. Para pemegang saham dan pihak-pihak yang berminat boleh melanggan untuk menerima berita-berita terkini ini melalui email dengan mendaftar secara online di laman web.

Oleh kerana kerja-kerja *IR* adalah secara berterusan, Syarikat akan terus berusaha memastikan komunikasi yang berkesan dengan masyarakat pelabur, agar akhirnya dapat mewujudkan pemahaman yang meluas berkenaan peluang pelaburan di **ZCB**.



TANGGUNGJAWAB SOSIAL KORPORAT

Menyepadukan Kepentingan Sosial dan Alam Sekitar di dalam Perniagaan

Sebagai syarikat yang bertanggungjawab sosial, ZCB kian mencapai kejayaan komersial yang menyanjungi nilai etika dan menghormati insan, masyarakat dan alam sekitar semula jadi. ZCB sedar bahawa beroperasi dengan cara yang menghormati keperluan insan dan masyarakat sambil melindungi alam sekitar memberikan Syarikat daya maju yang lebih berpanjangan. Dengan penekanan terhadap budaya berkongsi dan prihatin, Kumpulan berupaya mengekalkan trend yang meningkat walaupun terdapat pengecutan dramatik pada sebahagian pasaran pengguna utama. Bagi melindungi kepentingan terbaik para Pegerang serta memberikan nilai terbaik kepada pengguna secara meluas, Syarikat turut mencari peluang-peluang untuk melibatkan para pemegang kepentingannya terutamanya para pemimpin dan pegerang MLMnya untuk lebih memahami pandangan mereka terhadap hal-hal penting berkaitan prestasi kebolehtahanan dan matlamat Kumpulan.

Selain membuat sumbangan dalam bentuk tunai dan barangan kepada badan-badan kebajikan seperti Rumah Orang Tua Uzur Pulau Pinang, Charis Hospice, Hospital Kanser Mount Miriam, Pusat Kesedaran Wanita dan Persatuan Bulan Sabit Merah (Cawangan Pulau Pinang), Kumpulan juga menyampaikan Tabung Pendidikan Amanah ZHULIAN kepada 23 anak-anak Pegerang berkelayakan yang cemerlang dalam bidang pelajaran mereka sepanjang tahun dalam tinjauan.

Semasa tahun dalam tinjauan, Kumpulan terus memikul inisiatif tanggungjawab sosial korporat yang

mencipta nilai terhadap aspek tempat kerja, masyarakat, alam persekitaran dan pasaran. Butiran usaha-usaha Kumpulan dalam memastikan keselamatan para pekerja, memperkayakan masyarakat, mewujudkan nilai berkekalan buat pemegang kepentingan dan melindungi alam sekitar boleh didapati di bahagian Tanggungjawab Sosial Korporat (*Corporate Social Responsibility*) di muka surat 26 ke 29 di dalam Laporan Tahunan ini.

TINJAUAN DAN PROSPEK

Di dalam laporan petunjuk ekonomi bagi tahun 2011 yang diterbitkan pada awal bulan Disember, Pertubuhan Bangsa-bangsa Bersatu menyatakan bahawa ekonomi dunia dijangkakan bergerak perlahan pada 2011 di mana pakar ekonomi telah merendahkan ramalan pertumbuhan di negara-negara maju. *Asia Development Bank* (ADB) di dalam laporan dwi-tahunan *Asia Economic Monitor* pada Disember 2010 juga menyebut bahawa pertumbuhan ekonomi di Asia Timur mungkin agak sederhana di tahun depan, dengan Malaysia dijangkakan pertumbuhan setahun penuh sebanyak 5% berbanding tinjauan ekonomi global yang lebih lemah dan pemberhentian berperingkat pelan rangsangan fiskal dan monetari.

Namun, di dalam Laporan Ekonomi 2010/2011 yang diterbitkan oleh Kementerian Kewangan Malaysia, ekonomi Malaysia dijangkakan akan merekodkan pertumbuhan di antara 5% ke 6% yang dipandu oleh pertumbuhan kukuh sektor pengilangan dan perkhidmatan di dalam persekitaran harga yang stabil dengan kadar inflasi bawah 3%. Selain itu, pasaran serantau seperti Thailand, Indonesia dan Singapura juga diramalkan akan menunjukkan pertumbuhan KDNK benar yang kukuh, masing-masing sebanyak 4%, 6.2% dan 4.5%. Melihat kepada inisiatif

yang dirangka oleh Kerajaan Malaysia untuk merubah negara kita kepada sebuah negara yang maju dan berpendapatan tinggi menjelang tahun 2020 melalui Program Transformasi Ekonomi (ETP) yang diumumkan oleh Perdana Menteri Datuk Seri Najib Abdul Razak pada September 2010, Kumpulan yakin ekonomi akan berubah menjadi lebih baik. Kumpulan juga memandang optimis terhadap Inisiatif Pembiayaan Swasta (PFI) dan projek perbelanjaan pengguna di bawah ETP Kerajaan di mana pelancongan, perniagaan borong, perniagaan runcit dan pengedaran telah dikenalpasti sebagai Aktiviti Ekonomi Utama Nasional (NKEA), akan terus memacu ekonomi dalam negara.

Walaupun Lembaga Pengarah berpendapat bahawa Kumpulan akan terus melalui tempoh yang mencabar di masa depan untuk tahun kewangan berikutnya, di samping turut memikirkan faktor-faktor luaran seperti kelemahan berpanjangan di dalam ekonomi global berkemungkinan membawa impak ke atas pelan pembangunan dan prestasi keseluruhan Kumpulan, namun Syarikat akan terus melaksanakan pendekatan yang rasional dalam pengoperasiannya dengan menumpukan kepada penambahbaikan berterusan dari aspek kualiti produk, produktiviti, penggunaan sumber serta kawalan kos. Selain daripada keadaan yang tidak dapat dijangkakan, Lembaga Pengarah berkeyakinan sesungguhnya prospek Kumpulan kekal positif. Kumpulan akan terus meletakkan penekanan terhadap perniagaan produk gunapakai (*consumeable*). Memandangkan lebih banyak barisan produk akan ditambahkan kepada campuran produk sedia ada, ZCB menjangkakan permintaan untuk produk Kumpulan di dalam dan luar negara, akan kekal menggalakkan sementara ia menuju ke tahun kewangan yang baru.

PENGHARGAAN

Bagi pihak Lembaga Pengarah ZCB, saya ingin mengucapkan setinggi-tinggi penghargaan kepada semua pemegang saham dan pemegang kepentingan di atas sokongan berterusan dan keyakinan yang tidak pernah luntur terhadap Kumpulan. Saya juga ingin menyampaikan terima kasih tidak terhingga kepada Kerajaan Malaysia, pihak berkuasa serta rakan sekutu, pembekal dan bank-bank di atas sokongan padu serta kerjasama yang diberikan kepada Kumpulan.

Kita tidak akan sampai ke tahap hari ini tanpa usaha keras dan pengorbanan para Pegerang yang setia, para Pemimpin yang dihormati, para ejen bertauliah yang beriltizam dan para pekerja yang berdedikasi. Penghargaan tertinggi buat para Pegerang terutamanya para Pemimpin kerana keazaman dan kedinamikan yang telah dipamerkan di kala menghadapi

persekitaran operasi yang serba mencabar di dalam industri MLM. Saya juga ingin menyampaikan penghargaan ikhlas buat ahli-ahli Lembaga dan barisan pengurusan kanan kita kerana wawasan jauh, kepimpinan teguh dan pengertian mendalam yang membantu kita melayari FY 2010 dengan lancar sekali. Kita akan hadapi cabaran dan memanfaatkan setiap peluang yang wujud di hadapan kita di tahun 2011, dan saya yakin Kumpulan akan terus mara ke depan dengan momentum hebat yang telah dicituskan.

Bagi pihak Lembaga Pengarah
ZHULIAN CORPORATION BERHAD

HAJI WAN MANSOOR BIN WAN OMAR
Pengerusi, Pengarah Bebas Bukan Eksekutif

Unveil the
BEAUTY in YOU
like never before



GROUP STRUCTURE

THE SYNERGY OF INTEGRATION

"ZCB is a well-integrated company dealing with a myriad of interrelated businesses that complement each other. We have expertise and capacity of conducting our own R&D to develop and manufacture a wide variety of products at our own manufacturing facilities and distributing them to the markets through Multi-level Marketing channel."



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)

Teoh Meng Lee
(Executive Director)

Teoh Meng Soon
(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

WEBSITES:

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

BOARD OF DIRECTORS

BUILDING A CULTURE OF INTEGRITY AND TRANSPARENCY

"We must say the right things, do the right things timely and give others the means to judge for themselves. We are committed to build reputations that will serve us well in the market competition and the creation of value."



Seated (from left to right):

Tuan Haji Wan Mansoor Bin Wan Omar (Independent Non-Executive Chairman),
Mr. Teoh Beng Seng (Group President and Chief Executive Officer).

Standing (from left to right):

Mr. Khoo Teng It (Executive Director), Mr. Diong Chin Teck (Senior Independent Non-Executive Director),
Mr. Tan Lip Gay (Independent Non-Executive Director), Mr. Teoh Meng Soon (Executive Director),
Mr. Teoh Meng Lee (Executive Director) and Mr. Teoh Meng Keat (Group Managing Director)

DIRECTORS' PROFILE

Haji Wan Mansoor Bin Wan Omar *Independent Non-Executive Chairman*

Haji Wan Mansoor Bin Wan Omar, a Malaysian aged 62, 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 departments and ministries including public services department, Malaysian student departments in 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 Islamic Chamber of Commerce, an honorary Secretary General to the Malaysian Chamber of Rural Industry Entrepreneurs and a Secretary General to the DUID (Dewan Usahawan Industri Desa) Cooperative Malaysia.

Haji Wan Mansoor Bin Wan Omar has attended all Board Meetings held during the financial year ended 30 November 2010 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 52, 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 three of four Board Meetings held during the financial year ended 30 November 2010. Teoh Beng Seng is the brother of Teoh Meng Keat, Teoh Meng Lee and Teoh Meng Soon. 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 44, 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 2010. Teoh Meng Keat is the brother of Teoh Beng Seng, Teoh Meng Lee and Teoh Meng Soon. 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 48, 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 all Board Meetings held during the financial year ended 30 November 2010. 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.

Teoh Meng Lee

Executive Director

Teoh Meng Lee, a Malaysian aged 41, was appointed to our Board on 15 July 2009 as an Executive Director. He is also the Operations Director and Executive Director of **BEYOND PRODUCTS TECHNOLOGY SDN. BHD.** and **ZHULIAN MANUFACTURING SDN. BHD.** He is responsible for production planning and strategy, scheduling of material requisitions and inventory management for the manufacturing activities of the specified plants. He joined **ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.** in 1996 as a Coordinator and was promoted to the position of Production Control Manager at the end of 1996. He was subsequently promoted to the position of Operations Director in 2003.

In his capacity as the Operations Director as well as the head of our R&D team for home technology products, he has continuously improved our products through ongoing R&D and implementation of new production technology. He has extensive experience in the manufacturing industry and has contributed significantly to the establishment of our production planning and inventory control system for our manufacturing activities.

Teoh Meng Lee has attended all Board Meetings held during the financial year ended 30 November 2010. Teoh Meng Lee is the brother of Teoh Beng Seng, Teoh Meng Keat and Teoh Meng Soon. He has had no conflict of interest with the Company and no conviction for offences within the past ten (10) years.

Teoh Meng Soon

Executive Director

Teoh Meng Soon, a Malaysian aged 41, was appointed to our Board on 15 July 2009 as an Executive Director. He is also the Production Director and Executive Director of **ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.** and **ZHULIAN INDUSTRIES SDN. BHD.** He has in-depth experience in research and development as well as the manufacturing processes of jewellery and food products. His specialised knowledge in electroplating has contributed to the success and growth of our trademark fashion jewellery products where electroplating is a critical element in contributing towards product quality. He leads the food division's R&D team and is also involved in the implementation and continuous improvement of our wide-ranging quality control procedures that ensures that high product quality is consistently maintained and uncompromised.

He joined **ZJMSB** in 1993 as a Plating Operator and was promoted to the position of Plating Process Manager in 1996. He was subsequently promoted to the position of Production Director in 2003.

Teoh Meng Soon has attended three of four Board Meetings held during the financial year ended 30 November 2010. Teoh Meng Soon is the brother of Teoh Beng Seng, Teoh Meng Keat and Teoh Meng Lee. 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 78, 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 was the Company Secretary of Oriental Holdings Berhad and its subsidiaries from 1974 to February 2010. 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. He is 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 2010. 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 47, 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 2010. 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 other.





Cutting Edge
TECHNOLOGY,
Uncompromising
STANDARDS,
Unparalleled
QUALITY



OPERATION REVIEW

Its years of experience enable the Group to overcome the obstacles and the evolving pace of its consolidated businesses, at the same time creates new opportunities to support long-term growth. The Group's effort to restructure and consolidate the expertise of its many different subsidiaries continues to bear fruit. Aside from enhancing its business focus and ensuring the best use of its resources, the integration has allowed the Group to operate more smoothly and quickly. Moreover, through integration, the Group has been able to enjoy better margins and cost efficiencies to provide better value to its shareholders, Distributors and customers.

This FY 2010 saw an overall satisfactory performance in both Multi-level Marketing and Manufacturing business divisions considering the softer regional economy. A substantial increase of over 15% in export demand helped offset the decline in local demand.

Multi-level Marketing ("MLM")

Capturing New Opportunities in Face of Challenges Ahead

The Group's MLM business has shown a lower growth in the number of Distributors in its regional network whereby it has only increase 12.76% to 540,581 from 479,413. At the meantime, its agency network that spans across Malaysia, Thailand, Indonesia and Singapore has also expanded from 273 to 293 authorised agencies in total as of 30 November 2010. The situation has not been rosy during the year under review on the local and overseas market i.e. Indonesia and Singapore except for the Thailand market which showed a positive growth of 17% in revenue. Hence, in pushing the existing market to be stronger, the MLM business division has plans in place to gear up its promotional activities and tackle new market segment through the launch of new products relevant to the ever-changing and highly-competitive market.

Improving the Infrastructure for Future Growth

As to advance forward, the Group has taken the initiative to revamp its International Headquarters building since November 2009 and the construction process has been completed in early 2011. The newly revamped building with more sophisticated infrastructures will serve as a new brand identity and hallmark of success for the Group – one that serves to convey its dynamism and strong momentum to accelerate towards new heights of success. The new 3-storey building has a 2,000-pax auditorium as the venue to hold a variety of events for Distributors; also a new manufacturing plant for bedding product range, a big warehouse for storing finished goods and a spacious cafeteria for visiting Distributors. The international operation centre for the MLM business segment has already been shifted back to the modern, extensively refurbished office in the newly revamped building.





ZHULIAN (THAILAND) LTD., the associated company of **ZHULIAN CORPORATION BERHAD** had also made a significant step forward in its history and opened its mega auditorium in the premises adjacent to its regional office building in October 2010 after almost 2 years of construction. The state-of-the-art 2-storey building houses a 6000-pax seating capacity convention centre that is fully equipped with sophisticated sound and multi-media systems, a broad stage and other technical facilities. The beautifully designed lobby has a stylish escalator and stairs led to the foyer of the convention centre. The new building also consists of a cosy 1000-seater cafeteria and a marketing office.

Training Seminars, Conventions and Loyalty Programmes for Distributors

With the objective to infuse its Distributors with up-to-date product knowledge and MLM business know-how as well as develop their leadership potential, a variety of training programmes were designed, scheduled and conducted at various locations across the regions. The top achievers and newly promoted Distributors were also given due recognitions during the Day of Honour which is a regional convention and Night of Honour - the national convention.

Meanwhile, in its commitment to deliver the best to Distributors, the Group has designed a series of unique Loyalty Programme as part of its effort to reward the deserving Distributors in recognition of their support, loyalty

and hard work. Among which were “1-ZHULIAN Alliance Seminar” (*Seminar Gagasan 1 ZHULIAN*) and 2010 Royal Appreciation Gathering that aimed to promote closer interactions between the MLM elite Leaders and the Management to propel the ZHULIAN Golden Business to a higher level.

Strategic Marketing Campaigns Creates Positive Impacts

The Group’s MLM division took a more aggressive step to boost its seasonal demands during the year under review by launching the *Riang Ria Raya Promotion* and the 2010 **ZHULIAN** Tour Incentive Tour Campaign with destinations to Umrah & Ziarah / Shanghai, China. Apart from these campaigns, the Diamond International Forum 2011 to Dubai, UAE which required the Distributors to meet certain qualifications during the year under review was also one of the major stimuli to sales.

A More Rewarding Business Plan

ZHULIAN’s MLM business model provides a unique competitive advantage for **ZCB**. As announced at the year end of 2010, the latest amendments on the marketing plan which was set to be launched in early 2011 cover the following 4 areas: First, motivating the distributors; second, improving the Group’s competitiveness; third, instil higher ethical value and fourth, improving our overall business effectiveness. With all loyal and dedicated Distributors coming together as one to consolidate their wealth of experience and expertise, **ZCB** is certainly a force to be reckoned with.





Manufacturing

Innovation Shapes Competitive Landscape

As a manufacturer, **ZHULIAN** is up at the top of its sector. In line with its origins, it is the leading gold plated jewellery manufacturer in the region. Today, the Group owns three manufacturing plants in Bayan Lepas Industrial Estate, Penang. One of which is used as the manufacturing plants for jewellery products and home technology products. The newest of which commenced operations to produce food & beverage and nutritional supplement products in 2008 and obtained the GMP certification for food safety and hygiene in 2009. Another plant catered for bedding products will be housed in the newly revamped **ZHULIAN** International Headquarters. Approximately 83% of its products are manufactured in these facilities, which also have in-house R&D and quality control departments.

The main contributor of the Group's total revenue is still the food & beverage and nutritional supplement category which command 42% of the MLM division sales figure. Meanwhile, the export business of the Group constitutes up to 52% of the revenue. As the Group's export business to Thailand, Indonesia and Singapore is transacted in US dollars, a

strengthening Ringgit does not bode well for the Group as the Group's US dollar-denominated income from overseas market will be less in Ringgit terms. The export performance could have been better if not for the weakened US dollar, which has eroded the Group's profit from export business.

Enhancing Speed-to-Market

Ongoing product innovation will continue to drive the food & beverage, nutritional supplement and home technology product markets in the long term to cater for the ever-changing needs of consumers. With the aim to close the gap of innovation, **ZCB** is set to continuously reinventing itself in order to produce innovative products which are fundamentally

better. The 2nd generation **CONTIAGO** bedding product range which is developed and manufactured by one of its subsidiary, **ZHULIAN MANUFACTURING SDN. BHD.** has won the 6th Asia Pacific Super Excellent Brand 2010 for "Excellence in Best Quality Products", this has once again proven that its endeavours in R&D and innovation has borne fruits.

The Group realises that innovation requires focus and meticulous planning and research as well as speed-to-market - the ability to bring products quickly to market to compete. Therefore, the Group is in the process of stream-lining the R&D procedures and systems as to increase the efficiency and effectiveness of this important aspect.





New Product Line-Up to Boost Future Sales

Currently, the food manufacturing division of ZCB, namely **ZHULIAN INDUSTRIES SDN. BHD. (ZISB)**, is bringing consumers a wide range of the finest and most sought after food & beverage products and dietary supplements. As its line-up of quality nutritional supplements continually expands, the Group adopts innovative applications to explore the goodness and nutrition of traditional herbs. After years of painstaking research and development, the new traditional herb supplement range will soon enter the market in the next financial year.

The product range in tablet and capsule form will be manufactured at the Group's own production facility which complies with Good Manufacturing Practices (GMP) standards in every phase of production processes including blending, encapsulation, filling, labelling, product traceability, incoming raw materials inspection, and storage and shipping.

Besides the traditional herb supplements, in the year under review, one of the ZCB's subsidiaries, **BEYOND PRODUCTS TECHNOLOGY SDN. BHD.** has completed its R&D process on another two new products i.e. **BEYOND FOOD JUNCTION DETOXIFYING UNIT** and upgraded

BEYOND MICROPLASMA AIR PURIFIER. Both of the products have been scheduled to enter the market in the 1st quarter of FY 2011. Next to be rolled out will be the imported kitchenware products which will be produced on OEM basis. The new launches are expected to be able to stimulate new demands for the next Financial Year.

To enhance the Group's manufacturing capability, ZCB will continue to focus on the areas of business that the Group is good at by improving control of the production environment and squeezing better margins without sacrificing quality, speed of delivery and safety. The Group will continue to pursue a strategy of diversified product mix that brings repeat sales and recurring income. As such, the Group will continue to invest in R&D to seek continual improvement on quality and productivity. ZCB's strength as a well-integrated Group of Companies and one of the leading MLM business players affords it greater exposure to a wider spread of business segments and the Group expect to benefit from being able to undertake more activities throughout the value chain.



CORPORATE SOCIAL RESPONSIBILITY

Providing Opportunities toward Betterment

We run our business based on our seven guiding principles – “Being Innovative”, “Being Enthusiastic”, “Being Mindful”, “Being Respectful”, “Being Passionate”, “Being Hearty” and “Being Visionary” and these principles spell out clearly our commitment to be a good corporate citizen.

We are well aware that our conduct, products, and services affect and influence people. Consequently decisions and actions are based on ethical behaviour and a sense of responsibility in accordance with the Company’s fundamental values established in our seven guiding principles. These values serve as guidance on how we develop, produce, and meet the needs of its people and the market. Undoubtedly, sustainability and social responsibility are the fundamental building blocks to the success and longevity of any business in today’s 21st century competitive market. With the aim to create strong market presence and value, the Group strives to create an environment where our people are engaged with the communities by maintaining a strong understanding of people’s needs and a sense of

responsibility to the environment." We run our business based on our seven guiding principles – “Being Enthusiastic”, “Being Mindful”, “Being Respectful”, “Being Passionate”, “Being Hearty” and “Being Visionary” and these principles spell out clearly our commitment to be a good corporate citizen. It is our hope that by doing what is right in the long run, we are able to contribute positively to our communities and our environment.

Our corporate social responsibility activities focus on the following 4 areas: Marketplace, Environment, Workplace and Community where we continue to seek better ways to integrate people’s talent, socioeconomic development and minimise the reverse impact of our business operation to the environment.

MARKETPLACE

Creating Market Value through Ethical Business Practice

The issues of business ethics has all along been a challenge to the MLM industry as there are culprits using unscrupulous tactics to confuse the public and these have resulted in negative perception of the public towards MLM business. In tackling such issues, the Group has established strict measures to ensure its business operations is in total compliance to all the provisions of the Direct Sales Act 1993 and also to the DSAM’s (Direct Selling Association of Malaysia’s) Code of Conduct. For instance, the Group has set in place clear procedures and codes of conduct as stipulated in **ZHULIAN** Golden Business Guide to promote healthy business practice. Distributors are also reminded repeatedly about the importance of ethical business practice as the key of success during seminars and training sessions as well as through publications and website. Our people are encouraged to build business on integrity and trust even in a highly competitive market environment. Meanwhile, to streamline the operation of the Group’s authorised agencies, clear guidelines have been established internally with the regularly updated Agency Manual.





ENVIRONMENT

Addressing the Importance of Protecting the Nature

As a Group of Companies that promotes sound environmental practices in order to safeguard our natural resources, the Group ensures that all its production process are run in proper systems that are able to minimise or eliminate hazardous effluent to the environment. Towards this end, the Group has in place environmental-friendly wastewater treatment systems to treat the by-products of all the manufacturing process being carried out within the Group's premises. On top of that, the Group also has in place a proper waste disposal system for its other waste products and scraps.

With the aim to achieve the ideals of cleaner environment and make the home a healthier place to live in, the Group also conducts R&D continuously in order to find solutions to the problems affecting the eco-system. By employing the most advanced technology and expertise, the Group had successfully developed and will continue to develop revolutionary products that are environmental-friendly and able to curb environmental hazards such as water, air and food pollution. These products includes the best selling water purifier namely BEYOND WATER BIO-ACTIVE REFORMING SYSTEM that filters, purifies, activates and magnifies the water we drink, the ozone generating food detoxifying device called BEYOND FOOD JUNCTION DETOXIFYING UNIT that helps to eliminate contaminants on the food we eat and BEYOND MICROPLASMA AIR PURIFIER that is specially designed to help remove indoor contaminants and pollutants from the air we breathe in an enclosed environment, such as home, office, etc.

In the objective to ensure the highest quality standards of its products in ensuring customers' satisfaction, the Group's food manufacturing division has also adopted the Good Manufacturing Practice (GMP) standard and ISO 9001-2008 quality management system as to ensure only the best is delivered to the market.

The Company also recognises the importance of good corporate governance in ensuring the Group will continue to advance into greater height, also to safeguard and enhance the value of shareholders' investment. To put it into practice, the Company is doing every way it can to keep its investors, potential investors, shareholders and stakeholders updated on the material information through multiple communication channels through announcements, circulars and periodical press releases that published in the website of Bursa Malaysia Securities Berhad and its own corporate website, www.zhulian.com. On top of that, the Company also organises Annual General Meetings, normally in the 2nd quarter of the year and encourages the shareholders to attend in order to gain better understandings about the current position and future direction of the Company.



WORKPLACE

Creating a Conducive Working Environment

ZCB's core business - MLM is a people's business where people are the most valuable asset that make up to the success of the Group. Providing a safe and healthy working environment for all of our employees and Distributors within our premises is a basic responsibility to us and is fundamental to the success of our business. This belief is part of our culture and is embedded within the Group of companies. Besides, all the people in the Group are driven by the common desire to build successes and help people attain a better life. The Group strives to achieve dynamic growth and common objectives based on participation, initiative and drive.

Hence, ZCB is committed to create an avenue that is conducive to foster the entrepreneurial spirit of the people who share the Company's vision as well as strengthen their knowledge and skill in the business as the key driver to network expansion and business growth. The Group always finds way to understand the needs of our Distributors through dialogues and meetings with the Leaders of the MLM network and strives to offer its best in ensuring their needs are fulfilled and their goals are achieved. The Group encourages interactions at all levels as a way to foster better understandings about the company's directions and goals.

The extension project of the Group's Plot 41 Headquarters building has been completed in early 2011. The reason for this reconstruction has been to expand operations, create the best of

working-places as well as enhance the brand and our core values. The new facilities are also intended to support the Group's expanding MLM business operations which include a spacious auditorium with the most advanced sound and lighting systems to host its MLM activities. The interior of the building is designed to be modern, functional, comfortable and safe to promote interactions between the Company and the agencies as well as the Distributors through a multitude of assemblies or gatherings to be held in the new auditorium. As for the manufacturing facilities, appropriate measures are taken to address the health and safety issues. The Company also provides the employees with necessary gears and equipments to ensure they are well-protected against any workplace hazards.





COMMUNITY

From the Society, to the Society

Since its inception 21 years ago, the **ZHULIAN** Group of Companies has strive to carry out its mission in "Cultivating a healthy and wealthy nation by providing products and services that improve people's lives in terms of beauty, health and convenience as well as nurturing distributors' success, both materially and spiritually." We provide success opportunities to all the people who dare to dream big through our business model. The aspiration to provide our community with the best in quality and health benefits through our products is what pushes us to move ahead. We take pride to see the transformation of the people who succeed in life through our business as well as those who enjoyed better health after using our products. To **ZHULIAN**, what we do is more than a business, it is a mean for helping people to grow and live a better life.

The Group also offers its helps to the needy and underprivileged group of people by participating in charitable activities such as fund raising programmes. Throughout the year under review, The Group has made contributions either in cash or in kind to charitable bodies such as The Penang Home of the Infirm and Aged, Charis Hospice, Mount Miriam Cancer Hospital, Women's Centre for Change and Malaysian Red Crescent Society (Penang Branch).

Knowing that education is one of the keys to socioeconomic development, we encourage our Distributors to learn in every way they can through the seminars and training workshops organised by the Company with the objective to enhance their entrepreneurial skill and professionalism in the field of MLM business. The Group has also set up **ZHULIAN** Education Trust Fund since 2007 to encourage the Distributor's Kins to excel academically.



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of **ZHULIAN CORPORATION BERHAD** ("the Board") is committed to the adoption of the corporate governance principles embodied in the Malaysian Code on Corporate Governance ("the Code") as well as in the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"). 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 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 2010.

Statement of Principles

The following statement sets out how the Company has applied the Principles of Corporate Governance 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 2010, the Board met on four (4) 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 2010 are as follows:

Directors	Attendance
Executive Directors	
Mr Teoh Beng Seng (Group President and Chief Executive Officer)	3/4
Mr Teoh Meng Keat (Group Managing Director)	4/4
Mr Khoo Teng It	4/4
Mr Teoh Meng Soon	3/4
Mr Teoh Meng Lee	4/4
Independent Non-Executive Directors	
Tuan Haji Wan Mansoor bin Wan Omar (Chairman)	4/4
Mr Diong Chin Teck	4/4
Mr Tan Lip Gay	4/4

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 eight members, comprising three Independent Non-Executive Directors and five Executive Directors. The Board composition complies with 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 17 to 20 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 Director 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 2010, comprised the following members:

Director	
Mr Tan Lip Gay	- Chairman, Independent Non-Executive Director
Tuan 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 11 May 2011 are detailed in the Notice of the Fourteenth Annual General Meeting on page 105.

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 Malaysia Securities Berhad. 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 for the Board's reference and briefed the Board on these updates at the quarterly Board Meetings. The External Auditors also briefed the Board members on any new Financial Reporting Standards that would affect the Group's financial statements during the year.

Training workshops and seminars attended by Directors are as follows:

Training Programme
2010 Tax Updates
Advancement in Metal Detection
Good (Quality Control) Laboratory Practices
Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
Business Opportunity and Government Facilities
5S
Strategic Marketing and Financial Management For Small Business

The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge.

B. Directors' Remuneration

Remuneration Committee

During the financial year ended 30 November 2010, the Remuneration Committee comprised the following members:

Director	
Mr Tan Lip Gay	- Chairman, Independent Non-Executive Director
Tuan 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)	Bonus (RM'000)	Allowance (RM'000)	EPF – Employer Contribution (RM'000)	Others (RM'000)	Total (RM'000)
Executive Directors	—	4,508	550	48	602	1	5,709
Non-Executive Directors	120	—	—	12	—	—	132
Total	120	4,508	550	60	602	1	5,841

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

Range of remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	—	3
RM150,001 to RM500,000	3	—
RM1,100,000 to RM2,000,000	1	—
RM2,900,000 to RM3,500,000	1	—

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 websites 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 annual 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 30 to 35 of this Annual Report provides an overview of the state of internal controls within the Group during the financial year ended 30 November 2010.

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 37 to 38 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 36 to 38 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 2010.

This statement is issued in accordance with a resolution of Directors dated 26 January 2011.

AUDIT COMMITTEE REPORT

Membership

Directors who have served as members of the Audit Committee (“the Committee”) during the financial year ended 30 November 2010 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
Tuan 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 37 to 38 of this Annual Report.

Meetings

The Committee convened four (4) meetings during the financial year under review. The meeting were structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present at all the meetings. Representative of the Board, representatives of the External Auditors, Messrs KPMG, Chartered Accountants, the Administration Manager, Senior Chief Accountant and Head of Internal Audit 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’ attendances at meetings of the Audit Committee during the financial year ended 30 November 2010 are as follows:

Directors	Attendance
Mr Diong Chin Teck (Chairman)	4/4
Mr Tan Lip Gay	4/4
Tuan Haji Wan Mansoor bin Wan Omar	4/4

Summary of activities of the Committee during the financial year ended 30 November 2010

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 Chief 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 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: -

- the Audit Committee must be composed of not less than three (3) members;
- all must be Non-Executive Directors, with a majority of them being Independent Directors; and
- at least one (1) member of the Audit Committee:-
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - 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;
 - fulfils such other requirements as prescribed or approved by the Bursa Securities.
- 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.
- e) To undertake such other responsibilities as may be agreed by the Audit 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 26 January 2011.

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Listing Requirements 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 2010.

Board Responsibility

The Board is ultimately responsible for maintaining the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework to safeguard shareholders’ investment and Group’s assets as well as reviewing the adequacy and integrity of these systems. 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 objective is to add maximum sustainable value to all the business activities in the Group, measures and control systems are in place to manage the business risks faced by the Group, so as to increase the probability of success, and reduces both the probability of failure and the uncertainty of achieving the Group’s overall objectives and goals.

The Board has established a proper risk management framework that conforms to the Internal Control Guidance to better identify, assess and prioritise the possible risk factors that may affect the results of the goals set, then brainstorm the mitigation actions for each risk factor and build a risk profile to ensure the risks are under control.

In this context, the risk management function is led by the Internal Audit Department whereby the process is integrated into the operation system of the related companies under the Group with each director, manager and head of department responsible for the management of risk as part of their job description. The Audit Committee that consists of the Board members will then review the Risk Management Report produced by the Internal Audit Department.

In view of risk management is a continuous process which runs throughout the planning, implementation and control process of the Group, the effectiveness of the risk management process are reviewed from time to time and changes may be made to include new risk factors or exclude those no longer applicable when necessary.

Group Internal Audit Function

The Group Internal Audit Function was established by the Board 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, which is independent of the activities they audit, maintains their impartiality, proficiency and due professional care by having their plans and reports directly under the purview of the Audit Committee who reviews and approves the internal audit function’s annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

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 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 includes any significant issues arising from changes in the Group's business environment, which may result in significant risks to the Group 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 2010 as a result of weaknesses in internal control. The Management continues to take measures to strengthen the control environment.

Pursuant to paragraph 15.23 of the Listing Requirements, the external auditor has reviewed this statement for inclusion in the Annual Report for the financial year ended 30 November 2010 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

The total costs incurred in managing the internal audit function which was performed in-house for the financial year ended 30 November 2010 were approximately RM103,000.00.

This statement is issued in accordance with a resolution of Directors dated 26 January 2011.

OTHER CORPORATE DISCLOSURE

In compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements the following information are provided:

SHARE BUY-BACK

There was no share buy-back effected during the financial year ended 30 November 2010.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued by the Company during the financial year ended 30 November 2010.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

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

IMPOSITION OF SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEES

During the financial year, a total of RM74,000 was payable to KPMG for non-audit services rendered.

VARIATION IN RESULTS

The Company did not make or announce any profit estimate, forecast or projection during the financial year ended 30 November 2010. There was no variation to the unaudited results which were announced for the financial year ended 30 November 2010.

PROFIT GUARANTEE

There were no profit guarantees during the financial year ended 30 November 2010 by the Company.

MATERIAL CONTRACTS

During the financial year, there were no material contracts by the Company or its subsidiaries involving the Directors' and major shareholders' interests.

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company involving Directors' and major shareholders' interests.

REVALUATION POLICY

The Company does not have a revaluation policy on its landed properties for the financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no related party transactions during the financial year ended 30 November 2010.

CORPORATE SOCIAL RESPONSIBILITY

The disclosure on the Corporate Social Responsibility (“CSR”) activities or practices undertaken during the financial year ended 30 November 2010 is stated on pages 26 to 29 of the annual report.

DIRECTORS' REPORT

For The Year Ended 30 November 2010

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 2010.

Principal activities

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

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

Results

	Group RM'000	Company RM'000
Profit attributable to :		
Shareholders of the Company	87,065	108,815
Minority interest	(393)	—
Profit for the year	86,672	108,815

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 :

- i) paid a fourth interim single tier dividend of 3 sen and special interim single tier dividend of 2 sen per ordinary share of RM0.50 each, totalling RM17,250,000 in respect of the year ended 30 November 2009 on 1 March 2010;
- ii) paid a first 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 2010 on 27 May 2010;
- iii) paid a second interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the year ended 30 November 2010 on 30 August 2010;
- iv) paid a third interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the year ended 30 November 2010 on 29 November 2010; and
- v) declared a fourth interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the year ended 30 November 2010 on 26 January 2011.

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
Teoh Meng Lee	- Executive Director
Teoh Meng Soon	- Executive Director
Diong Chin Teck @ Tiong Chin Sang	
Tan Lip Gay	

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 1.12.2009	Bonus issue	Bought	Sold	Balance at 30.11.2010
Number of ordinary shares of RM0.50 each					
Haji Wan Mansoor Bin Wan Omar :					
Interest in the Company :					
- own	10,000	3,333	—	—	13,333
Teoh Beng Seng :					
Interest in the Company :					
- own	40,124,618	11,975,662	—	(4,200,000)	47,900,280
Deemed interest in the Company :					
- own	180,577,342	60,204,113	35,000	—	240,816,455
Teoh Meng Keat :					
Interest in the Company :					
- own	20,152,200	6,717,400	—	—	26,869,600
- others #	2,000,000	666,666	—	—	2,666,666
Khoo Teng It :					
Interest in the Company :					
- own	160,000	53,333	—	—	213,333
- others #	55,000	18,333	—	—	73,333
Teoh Meng Lee :					
Interest in the Company :					
- own	2,782,000	1,593,999	2,000,000	—	6,375,999
Teoh Meng Soon :					
Interest in the Company :					
- own	2,730,000	1,576,666	2,000,000	—	6,306,666
Diong Chin Teck @ Tiong Chin Sang :					
Interest in the Company :					
- own	25,000	8,333	—	—	33,333
Tan Lip Gay :					
Interest in the Company :					
- own	15,000	5,000	—	—	20,000

Directors' interest (Cont'd)

	Balance at 1.12.2009	Bonus issue	Bought	Sold	Balance at 30.11.2010
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
Number of ordinary shares of USD1.00 each					
Deemed interest in a subsidiary, ZHULIAN LABUAN LIMITED - own	40,000	—	—	—	40,000
Number of ordinary shares of Rp1,000,000 each					
Deemed interest in a subsidiary, PT. ZHULIAN INDONESIA - own	3,000	—	—	—	3,000

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, Mr. 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

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM172,500,000 to RM230,000,000 by way of a bonus issue of 115,000,000 new ordinary shares of RM0.50 each on the basis of 1 new ordinary share for every 3 existing ordinary shares in issue by capitalising the retained earnings of the Company.

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.

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 2010 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.

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 : 31 January 2011

CONSOLIDATED BALANCE SHEET

At 30 November 2010

	Note	2010 RM'000	2009 RM'000
Assets			
Property, plant and equipment	3	102,607	86,969
Prepaid lease payments	4	11,537	12,047
Investment property	5	363	373
Land held for development	7	6,092	6,092
Investment in an associate	8	51,279	30,752
Other investments	9	6,535	6,074
Goodwill	10	1,168	1,168
Deferred tax assets	11	547	226
Total non-current assets		180,128	143,701
Receivables, deposits and prepayments	12	48,260	51,914
Inventories	13	44,350	47,873
Current tax assets		1,327	158
Asset classified as held for sale	14	—	4,604
Cash and cash equivalents	15	131,547	125,084
Total current assets		225,484	229,633
Total assets		405,612	373,334
Equity			
Share capital	16	230,000	172,500
Reserves	17	121,987	147,611
Total equity attributable to equity holders of the Company		351,987	320,111
Minority interest	18	32	425
Total equity		352,019	320,536
Liabilities			
Deferred tax liabilities	11	2,935	1,360
Total non-current liabilities		2,935	1,360
Payables and accruals	19	47,490	46,757
Current tax liabilities		3,168	4,681
Total current liabilities		50,658	51,438
Total liabilities		53,593	52,798
Total equity and liabilities		405,612	373,334

The notes on pages 57 to 91 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For The Year Ended 30 November 2010

	Note	2010 RM'000	2009 RM'000
Continuing operations			
Revenue	20	322,611	315,275
Changes in manufactured inventories and work-in-progress		809	(3,438)
Raw materials and consumables used		(84,728)	(76,037)
Employee benefits expenses		(30,286)	(28,385)
Depreciation and amortisation expenses		(6,889)	(5,681)
Other operating expenses		(137,756)	(128,740)
Other operating income		11,738	12,743
Operating profit		75,499	85,737
Share of profit after tax and minority interest of equity accounted associate		30,398	16,967
Profit before tax	21	105,897	102,704
Tax expense	23	(19,225)	(20,647)
Profit for the year		86,672	82,057
Attributable to :			
Equity holders of the Company		87,065	82,005
Minority interest		(393)	52
Profit for the year		86,672	82,057
Basic earnings per ordinary share (sen)	24	18.93	17.83
Gross dividends per ordinary share (sen)	25	12.00	14.00
Net dividends per ordinary share (sen)	25	12.00	14.00

The notes on pages 57 to 91 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 November 2010

Attributable to equity holders of the Company						
	Share capital RM'000	Non-distributable Translation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 December 2008	172,500	(27)	107,027	279,500	76	279,576
Dividends (Note 25)	—	—	(41,400)	(41,400)	—	(41,400)
Shares issued to minority interest	—	—	—	—	34	34
Acquisition of a subsidiary	—	—	—	—	263	263
Foreign exchange translation differences	—	6	—	6	—	6
Net gain recognised directly in equity	—	6	—	6	—	6
Profit for the year	—	—	82,005	82,005	52	82,057
Total recognised income and expense for the year	—	6	82,005	82,011	52	82,063
At 30 November 2009	172,500	(21)	147,632	320,111	425	320,536
Dividends (Note 25)	—	—	(55,200)	(55,200)	—	(55,200)
Bonus issue	57,500	—	(57,500)	—	—	—
Foreign exchange translation differences	—	11	—	11	—	11
Net gain recognised directly in equity	—	11	—	11	—	11
Profit for the year	—	—	87,065	87,065	(393)	86,672
Total recognised income and expense for the year	—	11	87,065	87,076	(393)	86,683
At 30 November 2010	230,000	(10)	121,997	351,987	32	352,019
	Note 16	Note 17	Note 17			

The notes on pages 57 to 91 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 30 November 2010

	Note	2010 RM'000	2009 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		105,897	102,704
Adjustments for :			
Depreciation of property, plant and equipment	3	6,416	5,440
Amortisation of prepaid lease payments	4	463	230
Depreciation of investment property	5	10	11
Interest income	21	(3,264)	(2,805)
Plant and equipment written off	21	22	79
Gain on disposal of plant and equipment	21	(122)	(15)
Gain on disposal of asset classified as held for sale	21	(1,346)	—
Share of profit of equity accounted associate		(30,398)	(16,967)
Reversal of allowance for diminution in value of other investments	21	(300)	(1,100)
Operating profit before changes in working capital		77,378	87,577
Changes in working capital :			
Receivables, deposits and prepayments		3,644	7,817
Inventories		3,472	5,280
Payables and accruals		1,098	(12,100)
Cash generated from operations		85,592	88,574
Tax paid		(20,654)	(20,179)
Proceeds from disposal of asset classified as held for sale		5,950	—
Dividends received from an associate		9,871	10,016
Net cash from operating activities		80,759	78,411
Cash flows from investing activities			
Purchase of other investments		(161)	(521)
Interest received		3,264	2,805
Proceeds from disposal of plant and equipment		125	173
Purchase of property, plant and equipment	3	(22,290)	(6,514)
Addition to prepaid lease payments	4	—	(5,648)
Net cash inflow on acquisition of a subsidiary	B	—	1,390
Net cash used in investing activities		(19,062)	(8,315)
Cash flows from financing activities			
Dividends paid to shareholders of the Company		(55,200)	(51,750)
Issuance of shares to minority interest		—	34
Net cash used in financing activities		(55,200)	(51,716)
Net increase in cash and cash equivalents		6,497	18,380
Cash and cash equivalents at 1 December		125,035	106,481
Effect of exchange differences on cash and cash equivalents of foreign subsidiary		(33)	174
Cash and cash equivalents at 30 November	A	131,499	125,035

Consolidated cash flow statement (Cont'd)

NOTES

A. Cash and cash equivalents

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

	Note	2010 RM'000	2009 RM'000
Short term deposits with licensed banks	15	110,966	104,109
Cash and bank balances	15	20,581	20,975
	15	131,547	125,084
Less : Deposits pledged	15.1	(48)	(49)
		131,499	125,035

B. Acquisition of a subsidiary

During the financial year ended 30 November 2009, **ZHULIAN MANAGEMENT SDN. BHD.**, a wholly-owned subsidiary of the Company acquired 60% equity interest in **PT. ZHULIAN INDONESIA**, a direct marketing of costume jewellery and consumer products company at a cash consideration of RM1,562,400.

The estimated fair values of assets acquired and liabilities assumed from the acquisition of **PT. ZHULIAN INDONESIA** were as follows :

	Note	2009 RM'000
Plant and equipment	3	196
Deferred tax assets	11	235
Receivables, deposits and prepayments		6,625
Inventories		1,765
Cash and cash equivalents		2,952
Payables and accruals		(11,116)
Minority interest		(263)
Net identifiable assets and liabilities		394
Goodwill on acquisition		1,168
Total purchase consideration, satisfied in cash		1,562
Less : Cash and cash equivalents acquired		(2,952)
Net cash inflow on acquisition		(1,390)

The notes on pages 57 to 91 are an integral part of these financial statements.

BALANCE SHEET

At 30 November 2010

	Note	2010 RM'000	2009 RM'000
Assets			
Investment in subsidiaries	6	145,236	144,736
Other investments	9	6,535	6,074
Total non-current assets		151,771	150,810
Receivables, deposits and prepayments	12	92,793	40,040
Current tax assets		216	118
Cash and cash equivalents	15	3,746	3,921
Total current assets		96,755	44,079
Total assets		248,526	194,889
Equity			
Share capital	16	230,000	172,500
Reserves	17	18,335	22,220
Total equity		248,335	194,720
Liabilities			
Payables and accruals	19	191	169
Total current liabilities		191	169
Total equity and liabilities		248,526	194,889

The notes on pages 57 to 91 are an integral part of these financial statements.

INCOME STATEMENT

For The Year Ended 30 November 2010

	Note	2010 RM'000	2009 RM'000
Continuing operations			
Revenue	20	108,750	63,167
Other operating expenses		(487)	(305)
Other operating income		559	1,754
Profit before tax	21	108,822	64,616
Tax expense	23	(7)	(14,513)
Profit for the year attributable to equity holders of the Company		108,815	50,103
Gross dividends per ordinary share (sen)	25	12.00	14.00
Net dividends per ordinary share (sen)	25	12.00	14.00

The notes on pages 57 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 November 2010

	Distributable		
	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 1 December 2008	172,500	13,517	186,017
Dividends (Note 25)	—	(41,400)	(41,400)
Profit for the year	—	50,103	50,103
At 30 November 2009	172,500	22,220	194,720
Dividends (Note 25)	—	(55,200)	(55,200)
Bonus issue (Note 16)	57,500	(57,500)	—
Profit for the year	—	108,815	108,815
At 30 November 2010	230,000	18,335	248,335
	Note 16	Note 17	

The notes on pages 57 to 91 are an integral part of these financial statements.

CASH FLOW STATEMENT

For The Year Ended 30 November 2010

	Note	2010 RM'000	2009 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		108,822	64,616
Adjustments for :			
Dividend income	21	(108,750)	(63,167)
Interest income	21	(259)	(654)
Reversal of allowance for diminution in value of other investments	21	(300)	(1,100)
Operating loss before changes in working capital		(487)	(305)
Changes in working capital :			
Receivables, deposits and prepayments		(56,203)	3,528
Payables and accruals		22	(3,570)
Cash used in operations		(56,668)	(347)
Tax paid		(105)	(199)
Dividends received		112,200	42,000
Net cash from operating activities		55,427	41,454
Cash flows from investing activities			
Acquisition of subsidiaries		(500)	(235)
Purchase of other investments		(161)	(521)
Interest received		259	654
Net cash used in investing activities		(402)	(102)
Cash flows from financing activities			
Dividends paid to shareholders of the Company		(55,200)	(51,750)
Net cash used in financing activities		(55,200)	(51,750)
Net decrease in cash and cash equivalents		(175)	(10,398)
Cash and cash equivalents at 1 December		3,921	14,319
Cash and cash equivalents at 30 November	15	3,746	3,921

The notes on pages 57 to 91 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 Market 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 2010 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 31 January 2011.

1. Basis of preparation

(a) Statement of compliance

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

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts* *
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations* *
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation* *
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation* *
 - *Separation of Compound Instruments* *
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions* *
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions* *
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* *

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment* *
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements* *
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions* #
- Amendments to FRS 7, *Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers* #
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement* #

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate* ^
- Improvements to FRSs

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations :

- from the annual period beginning 1 December 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010 except for those marked with " * " which are not applicable to the Group and the Company;
- from the annual period beginning 1 December 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011, except for those marked with " # " which are not applicable to the Group and the Company; and
- from the annual period beginning 1 December 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2012, except for those marked with " ^ " which is not applicable to the Group and the Company.

Following the announcement by the MASB on 1 August 2008, the Group's and Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 December 2012. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

(i) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

• FRS 117, Leases

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

(ii) IC Interpretation 4, Determining whether an Arrangement contains a lease

IC Interpretation 4 provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, Leases. Where an arrangement is within the scope of FRS 117, the Group applies FRS 117 in determining whether the arrangement is a finance or an operating lease.

The adoption of IC Interpretation 4 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors in which certain arrangements are to be accounted for as a finance lease.

1. Basis of preparation (Cont'd)

(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 other than those disclosed in Note 10 – assessment on impairment of goodwill.

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.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) *Minority interest*

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

(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, 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.

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

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

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) Depreciation

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

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

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

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

2. Significant accounting policies (Cont'd)

(d) Intangible assets

(i) Goodwill

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

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

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 statements.

(ii) Research and development

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

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

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

(iii) Amortisation

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

(e) Investments in debt and equity securities

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

Subsequent to initial recognition :

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

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

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

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

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

2. Significant accounting policies (Cont'd)

(f) Impairment of assets

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

(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.

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

2. Significant accounting policies (Cont'd)

(h) Investment property

(i) Investment property carried at cost

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

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

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

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

(ii) Determination of fair value

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

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

(i) Land held for development

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

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

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

(j) Receivables

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

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

Receivables are not held for the purpose of trading.

(k) Inventories

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

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

2. Significant accounting policies (Cont'd)

(l) Assets classified as held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

2. Significant accounting policies (Cont'd)

(r) 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.

(s) 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.

(t) 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.

(u) Interest income and borrowing cost

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

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

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

2. Significant accounting policies (Cont'd)

(v) 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.

(w) 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.

(x) Operating segments

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

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment - Group

	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 2008	63,151	8,784	15,200	5,386	2,489	683	95,693
Acquisition through business combination	—	—	—	194	2	—	196
Additions	2,886	—	1,777	1,543	236	72	6,514
Disposals	—	—	(195)	—	(5)	—	(200)
Written off	—	—	(106)	(187)	—	—	(293)
Reclassifications	(15,366)	—	38	16,008	—	(680)	—
Effect of movements in exchange rates	—	216	—	17	3	—	236
At 30 November 2009/1 December 2009	50,671	9,000	16,714	22,961	2,725	75	102,146
Additions	—	—	3,054	1,247	50	17,939	22,290
Disposals	(3)	—	—	—	(235)	—	(238)
Written off	—	—	(9)	(53)	—	—	(62)
Effect of movements in exchange rates	—	(218)	—	(7)	(3)	—	(228)
At 30 November 2010	50,668	8,782	19,759	24,148	2,537	18,014	123,908
Accumulated depreciation							
At 1 December 2008	1,856	342	4,345	1,928	1,510	—	9,981
Depreciation for the year	1,531	180	2,083	1,038	608	—	5,440
Disposals	—	—	(40)	—	(2)	—	(42)
Written off	—	—	(73)	(141)	—	—	(214)
Reclassifications	(510)	—	—	510	—	—	—
Effect of movements in exchange rates	—	8	—	4	—	—	12
At 30 November 2009/1 December 2009	2,877	530	6,315	3,339	2,116	—	15,177
Depreciation for the year	1,200	176	2,198	2,548	294	—	6,416
Disposals	—	—	—	—	(235)	—	(235)
Written off	—	—	(7)	(33)	—	—	(40)
Effect of movements in exchange rates	—	(12)	—	(4)	(1)	—	(17)
At 30 November 2010	4,077	694	8,506	5,850	2,174	—	21,301
Carrying amounts							
At 1 December 2008	61,295	8,442	10,855	3,458	979	683	85,712
At 30 November 2009/1 December 2009	47,794	8,470	10,399	19,622	609	75	86,969
At 30 November 2010	46,591	8,088	11,253	18,298	363	18,014	102,607

4. Prepaid lease payments - Group

	Note	RM'000
Unexpired period less than 50 years		
Cost		
At 1 December 2008		7,074
Additions		5,648
At 30 November 2009/1 December 2009		12,722
Effect of movement in exchange rate		(48)
At 30 November 2010		12,674
Amortisation		
At 1 December 2008		445
Amortisation for the year	21	230
At 30 November 2009/1 December 2009		675
Amortisation for the year	21	463
Effect of movement in exchange rate		(1)
At 30 November 2010		1,137
Carrying amounts		
At 1 December 2008		6,629
At 30 November 2009/1 December 2009		12,047
At 30 November 2010		11,537

5. Investment property - Group

	Note	Freehold shoplots RM'000
Cost		
At 1 December 2008/30 November 2009/1 December 2009/ 30 November 2010		412
Accumulated depreciation		
At 1 December 2008		28
Depreciation for the year	21	11
At 30 November 2009/1 December 2009		39
Depreciation for the year	21	10
At 30 November 2010		49
Carrying amounts		
At 1 December 2008		384
At 30 November 2009/1 December 2009		373
At 30 November 2010		363
Fair values		
At 1 December 2008		384
At 30 November 2009/1 December 2009		373
At 30 November 2010		363

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

	Group	
	2010 RM'000	2009 RM'000
Direct operating expenses : - non-income generating investment property	15	15

6. Investment in subsidiaries - Company

	2010 RM'000	2009 RM'000
Unquoted shares, at cost	145,236	144,736

Details of subsidiaries are as follows :

Name of Subsidiary	Effective ownership interest		Country of incorporation	Principal activities
	2010	2009		
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.	100%	100%	Malaysia	Manufacturing of costume/ fine jewellery and accessories
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.	100%	100%	Malaysia	Manufacturing of personal care products
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	Intended principal activity of manufacturing of traditional products
DIAMOND INSPIRATION SDN. BHD.	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
	2010	2009		
ZHULIAN LABUAN LIMITED *	80%	80%	Malaysia	Investment holding
DEXASSETS SDN. BHD. #	100%	—	Malaysia	Dormant
<i>Subsidiaries of ZDSB</i>				
ZHULIAN CONSTRUCTION SDN. BHD.	62%	62%	Malaysia	Dormant
DEXASSETS SDN. BHD. (“DSB”) #	—	100%	Malaysia	Dormant
<i>Subsidiaries of ZMSB</i>				
PT. ZHULIAN INDONESIA *	60%	60%	Indonesia	Direct marketing of costume jewellery and consumer products
ZHULIAN (SINGAPORE) PTE. LTD. *	100%	100%	Singapore	Direct marketing of all kinds of costume jewellery and consumer products

* Not audited by KPMG

During the financial year ended 30 November 2010, ZDSB disposed of its entire equity interest in DSB to ZHULIAN CORPORATION BERHAD at a cash consideration of RM2.

7. Land held for development - Group

	2010 RM'000	2009 RM'000
At 1 December	6,092	10,696
Transfer to asset classified as held for sale (Note 14)	—	(4,604)
At 30 November **	6,092	6,092
** This comprises :		
Freehold land, at cost	4,294	4,294
Other outgoings	1,798	1,798
	6,092	6,092

8. Investment in an associate - Group

	2010 RM'000	2009 RM'000
Unquoted shares, at cost	10,287	10,287
Share of post-acquisition reserves	40,992	20,465
	51,279	30,752

Summary financial information on an associate:

	Country of incorporation	Effective ownership interest	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2010						
ZHULIAN (THAILAND) LTD.	Thailand	49%	406,621	61,320	183,501	74,688
2009						
ZHULIAN (THAILAND) LTD.	Thailand	49%	317,329	34,564	127,675	62,204

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

	2010 RM'000	2009 RM'000
Cost		
Quoted unit trusts	8,335	8,174
Less: Allowance for diminution in value	(1,800)	(2,100)
	6,535	6,074
Market value		
Quoted unit trusts	6,571	6,091

10. Goodwill - Group

	2010 RM'000	2009 RM'000
At 30 November	1,168	1,168

Impairment testing

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit (CGU) that is expected to benefit from that business combination. The carrying amount of goodwill is allocated to the business segment of multi-level marketing as CGU.

The recoverable amount of the CGU was based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period extrapolated using growth rates determined based on historical experience, management's assessment of future trends and expectations of market developments in the industries concerned.

The key assumptions on which the cash flow projections are based relate to discount rates, sales growth rates and expected changes in operating costs. In determining the recoverable amount of CGU, the projected cash flows were discounted using pre-tax discount rate of 12.5% (2009 : 13.0%) which is specific to the CGU.

11. Deferred tax assets and liabilities - Group

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment	119	48	(4,935)	(4,132)	(4,816)	(4,084)
Provisions	212	162	420	461	632	623
Tax loss carry-forwards	216	16	—	—	216	16
Other items	—	—	1,580	2,311	1,580	2,311
	547	226	(2,935)	(1,360)	(2,388)	(1,134)

11. Deferred tax assets and liabilities - Group (Cont'd)

Movement in temporary differences during the year

	1 December 2008 RM'000	Acquisition through business combination RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statement (Note 23) RM'000	At 30 November 2009 RM'000	Effect of movement in exchange rate RM'000	Recognised in the income statement (Note 23) RM'000	At 30 November 2010 RM'000
Assets								
Property, plant and equipment	—	27	1	20	48	—	71	119
Provisions	—	14	1	147	162	(1)	51	212
Tax loss carry-forwards	—	194	11	(189)	16	—	200	216
	—	235	13	(22)	226	(1)	322	547
Liabilities								
Property, plant and equipment	(3,259)	—	—	(873)	(4,132)	—	(803)	(4,935)
Provisions	556	—	—	(95)	461	—	(41)	420
Other items	534	—	—	1,777	2,311	—	(731)	1,580
	(2,169)	—	—	809	(1,360)	—	(1,575)	(2,935)

Unrecognised deferred tax assets

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

	2010 RM'000	2009 RM'000
(Deductible)/Taxable temporary differences	(435)	52
Capital allowances carry-forwards	567	344
Tax losses carry-forwards	1,205	801
Provisions	462	429
Other items	—	4
	1,799	1,630

11. Deferred tax assets and liabilities - Group (Cont'd)

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.

12. Receivables, deposits and prepayments

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade					
Amount due from an associate	12.1	39,716	41,970	—	—
Others		1,594	1,209	—	—
	12.2	41,310	43,179	—	—
Non-trade					
Amount due from an associate	12.1	4	3	—	—
Amount due from subsidiaries	12.3	—	—	78,953	22,700
Other receivables		1,087	1,095	1	41
Deposits	12.4	1,944	1,074	5	5
Prepayments	12.5	3,915	6,563	34	44
Dividend receivable		—	—	13,800	17,250
		6,950	8,735	92,793	40,040
		48,260	51,914	92,793	40,040

12.1 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.

12.2 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 is as follow :

	Group	
	2010 RM'000	2009 RM'000
US Dollar	39,716	41,970

12. Receivables, deposits and prepayments (Cont'd)

12.3 Amount due from subsidiaries

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

12.4 Deposits

Included in deposits of the Group is an amount of RM1,200,000 (2009 : RMNil) in respect of deposit paid for the purchase of an industrial building.

12.5 Prepayments

Included in prepayments of the Group is an amount of RMNil (2009 : RM1,000,000) in respect of deposit paid for the building expansion.

13. Inventories - Group

	2010 RM'000	2009 RM'000
Raw materials	16,726	20,911
Work-in-progress	8,492	8,260
Manufactured inventories	15,910	14,951
Consumables	3,222	3,751
	44,350	47,873

14. Asset classified as held for sale - Group

	2010 RM'000	2009 RM'000
At 1 December	4,604	—
Transfer from land held for development (Note 7)	—	4,604
Disposal	(4,604)	—
At 30 November	—	4,604

Asset classified as held for sale consists of a freehold land measured at the lower of its carrying amount and fair value less cost to sell of which a subsidiary has collected the deposit at 30 November 2009 and the sale was completed in December 2009.

15. Cash and cash equivalents

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term deposits with licensed banks	15.1	110,966	104,109	3,310	3,718
Cash and bank balances		20,581	20,975	436	203
	15.2	131,547	125,084	3,746	3,921

15.1 Short term deposits

Included in the short term deposits with licensed banks of the Group is RM48,000 (2009 : RM49,000) pledged for a banking facility.

15.2 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 is as follows :

	Group	
	2010 RM'000	2009 RM'000
US Dollar	4,658	3,971

16. Share capital

	Number of shares '000	Par value RM	Amount RM'000
Ordinary shares			
Authorised :			
Balance at 1 December 2008/ 30 November 2009	1,000,000	0.50	500,000
Balance at 1 December 2009/ 30 November 2010	1,000,000	0.50	500,000
Issued and fully paid :			
Balance at 1 December 2008/ 30 November 2009/1 December 2009	345,000	0.50	172,500
Bonus issue on the basis of one (1) new ordinary shares for every three (3) existing shares held	115,000	0.50	57,500
Balance at 30 November 2010	460,000	0.50	230,000

17. Reserves

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable					
Translation reserve	17.1	(10)	(21)	—	—
Distributable					
Retained earnings		121,997	147,632	18,335	22,220
		121,987	147,611	18,335	22,220

17.1 Translation reserve

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

18. Minority interest

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

19. Payables and accruals

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	19.1	15,906	14,659	—	—
Non-trade					
Other payables	19.2	20,239	20,077	191	3
Accrued expenses		11,345	12,021	—	166
		31,584	32,098	191	169
		47,490	46,757	191	169

19. Payables and accruals (Cont'd)

19.1 Analysis of foreign currency exposure for significant payables

There were no significant payables outstanding at year end that are not in the functional currencies of the Group entities.

19.2 Other payables

Included in other payables of the Group is an amount of RM17,785,000 (2009 : RM14,736,000) in respect of security deposits received from agents and an amount of RMNil (2009 : RM595,000) in respect of deposit collected for the asset classified as held for sale (see Note 14).

20. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Dividend income	—	—	108,750	63,167
Sale of goods	312,299	311,819	—	—
Services rendered	4,362	3,456	—	—
Sale of land	5,950	—	—	—
	322,611	315,275	108,750	63,167

21. Profit before tax

Profit before tax is arrived at :

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
After charging :				
Auditors' remuneration				
Statutory audit by				
- KPMG				
- current year	177	167	36	36
- prior year	10	2	1	—
- other auditors	38	36	—	—
Other services by				
- KPMG	14	14	14	14
- Affiliates of KPMG	60	50	3	3
Inventory written off	100	461	—	—
Personnel expenses (including key management personnel)				
- Contributions to Employees' Provident Fund	2,918	2,721	—	—
- Wages, salaries and others	27,368	25,664	—	—
Depreciation of :				
- property, plant and equipment (Note 3)	6,416	5,440	—	—
- investment property (Note 5)	10	11	—	—
Amortisation of prepaid lease payments (Note 4)	463	230	—	—
Plant and equipment written off	22	79	—	—
Loss on foreign exchange				
- Realised	4,498	1,129	—	—
- Unrealised	—	378	—	—
Research and development expenditure	99	119	—	—
Rental of machinery	10	40	—	—
Rental of premises	729	546	—	—
and after crediting :				
Dividend income from subsidiaries (unquoted)	—	—	108,750	63,167
Gain on disposal of plant and equipment	122	15	—	—
Gain on disposal of asset classified as held for sale	1,346	—	—	—
Interest income	3,264	2,805	259	654
Bad debts recovered	10	1	—	—
Gain on foreign exchange				
- Unrealised	344	—	—	—
Reversal of allowance for diminution				
in value of other investments	300	1,100	300	1,100
Reversal of inventory written down	177	433	—	—

22. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Company				
- Fees	120	90	120	90
- Remuneration	5,721	5,408	12	12
Other Directors'				
- Fees	24	—	—	—
- Remuneration	485	427	—	—
Other short term employees benefits (including estimated monetary value of benefits-in-kind)	—	25	—	—
	6,350	5,950	132	102

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

23. Tax expense

Recognised in the income statements

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax expense on continuing operations	19,225	20,647	7	14,513
Share of tax of equity accounted associate	13,332	8,159	—	—
Total tax expense	32,557	28,806	7	14,513

Major components of tax expense include :

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense				
- Current year	18,465	22,625	7	14,399
- Prior year	(493)	(1,191)	—	114
	17,972	21,434	7	14,513
Deferred tax expense				
Origination/(Reversal) of temporary differences				
- Current year	588	(1,173)	—	—
- Prior year	665	386	—	—
	1,253	(787)	—	—
Share of tax of equity accounted associate	13,332	8,159	—	—
Total tax expense	32,557	28,806	7	14,513

23. Tax expense (Cont'd)

Recognised in the income statements

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit for the year	86,672	82,057	108,815	50,103
Total tax expense	32,557	28,806	7	14,513
Profit excluding tax	119,229	110,863	108,822	64,616
Tax at Malaysian tax rate of 25% (2009 : 25%)	29,807	27,716	27,206	16,154
Effect of tax rates in foreign jurisdictions *	2,396	1,840	—	—
Non-deductible expenses	1,284	1,029	122	41
Tax exempt income	(267)	(610)	(27,321)	(1,796)
Tax incentives	(1,005)	(782)	—	—
Change in unrecognised temporary differences	169	350	—	—
Other items	1	68	—	—
Under/(Over) provided in prior year	172	(805)	—	114
Tax expense	32,557	28,806	7	14,513

* The associate operates in a tax jurisdiction with higher tax rate and a subsidiary operates in a tax jurisdiction with lower tax rate.

24. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM87,065,000 (2009 : RM82,005,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2009 : 460,000,000).

The calculation of earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue during the current financial year.

25. Dividends

Dividends recognised in the current year by the Company are :

	2010 RM'000	2009 RM'000
In respect of financial year ended 30 November 2008		
- Fourth interim single tier dividend of 3 sen per ordinary share paid on 10 March 2009	—	10,350
In respect of financial year ended 30 November 2009		
- First interim single tier dividend of 3 sen per ordinary share paid on 29 May 2009	—	10,350
- Second interim single tier dividend of 3 sen per ordinary share paid on 28 August 2009	—	10,350
- Third interim single tier dividend of 3 sen per ordinary share paid on 26 November 2009	—	10,350
- Fourth interim single tier dividend of 3 sen and special interim single tier dividend of 2 sen per ordinary share paid on 1 March 2010	17,250	—
In respect of financial year ended 30 November 2010		
- First interim single tier dividend of 3 sen per ordinary share paid on 27 May 2010	10,350	—
- Second interim single tier dividend of 3 sen per ordinary share paid on 30 August 2010	13,800	—
- Third interim single tier dividend of 3 sen per ordinary share paid on 29 November 2010	13,800	—
	55,200	41,400

The Directors declared a fourth interim single tier dividend of 3 sen per ordinary share of RM0.50 each, totalling RM13,800,000 in respect of the year ended 30 November 2010 on 26 January 2011. The financial statements do not reflect this dividend declared after 30 November 2010, which will be accounted for as appropriation of retained earnings in the year ending 30 November 2011.

26. Contingent liabilities, unsecured - Company

Continuing financial support

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

Corporate guarantees

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to limits of RM2.1 million (2009 : RM2.1 million).

27. Commitments - Group

(a) Capital commitment

	2010 RM'000	2009 RM'000
Property, plant and equipment		
Approved but not contracted for	5,000	12,809
Contracted but not provided for	17,756	17,410
	22,756	30,219

(b) Operating lease commitments

The future minimum lease payments under non-cancellable leases are as follows :

	2010 RM'000	2009 RM'000
Less than one year	4	4
Between one and five years	8	13
	12	17

28. Operating segments

The Group is principally confined to the manufacture and sale of costume jewellery and consumer products on a direct sales basis which are principally carried out in Malaysia, Thailand, Indonesia and Singapore. The operations in Thailand are principally carried out by an associate of the Group. Accordingly, information by operating segments on the Group's operations as required by FRS 8 is not presented.

Geographical segments

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. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

Geographical information

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Singapore RM'000	Consolidated RM'000
2010					
Revenue	157,711	149,220	13,385	2,295	322,611
Non-current assets	113,376	—	6,717	8,209	128,302
2009					
Revenue	171,887	127,018	13,446	2,924	315,275
Non-current assets	97,187	—	6,909	8,627	112,723

28. Operating segments (Cont'd)

Major customers

The major customer with revenue equal or more than 10% of the Group's total revenue is as follows :

	Revenue	
	2010 RM'000	2009 RM'000
Associate	149,220	127,018

29. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

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

	Transactions amount for the year ended 30 November	
	2010 RM'000	2009 RM'000
Group		
Associate		
Sales	149,220	127,018
Dividend income	14,101	14,309
Company		
Subsidiaries		
Advances provided	58,204	—
Dividend income	108,750	63,167

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

30. Financial instruments

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

Credit risk

Exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk other than the amount due from an associate (Note 12). 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 dollar, Thai Baht, Singapore dollar and Indonesian Rupiah.

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				
2010				
Fixed rate instruments				
Short term deposits with licensed banks	2.93	110,966	110,966	—
Cash at bank	1.49	17,033	17,033	—
2009				
Fixed rate instruments				
Short term deposits with licensed banks	2.11	104,109	104,109	—
Cash at bank	1.47	12,350	12,350	—
Company				
2010				
Fixed rate instruments				
Short term deposits with licensed banks	2.80	3,310	3,310	—
Cash at bank	2.15	376	376	—
2009				
Fixed rate instruments				
Short term deposits with licensed banks	2.38	3,718	3,718	—
Cash at bank	1.50	158	158	—

30. 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 :

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group/Company				
Quoted unit trusts (Note 9)	6,535	6,571	6,074	6,091

31. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 November 2010, into realised and unrealised profits, pursuant to the directive, is as follows :

	2010	
	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	206,979	18,335
- unrealised	(3,240)	—
	203,739	18,335
Total share of retained earnings of an associate :		
- realised	41,030	—
- unrealised	(38)	—
	40,992	—
	244,731	18,335
Less : Consolidation adjustments	(122,734)	—
Total retained earnings	121,997	18,335

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

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 48 to 91 are 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 at 30 November 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

.....
Teoh Beng Seng

.....
Teoh Meng Keat

Penang,

Date : 31 January 2011

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 48 to 91 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 31 January 2011.

.....
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 2010 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 48 to 91.

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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal 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 2010 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 subsidiaries of which we have not acted as auditors, which are 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 Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
AF 0758
Chartered Accountants

Ng Swee Weng
1414/03/12 (J/PH)
Chartered Accountant

Date : 31 January 2011

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 2010 (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)	12	17,847	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) 12,299.37 sq. metres	Leasehold (60 years expiring 30 Dec 2053)	14	6,221	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 1/2-storey complex (a).	(i) n/a (ii) 100,614 sq. metres on each floor	Freehold shophot	17	363	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
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)	3	28,847	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	15	5,931	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	15	2,157	14/12/2006
Blok C1, Pasirgombong Cikarang Utara Bekasi, Jawa Barat Indonesia	Construct office building and warehouse in future.	(i) 25,000 sq. metres (ii) n/a	Leasehold (30 years expiring 24 Sep 2027)	n/a	5,213	10/09/2009

Notes:

(a) This property is currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS (As At 28 February 2011)

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	6221-5208271 6221-5208131
SINGAPORE	ZHULIAN (SINGAPORE) PTE. LTD.	5 Jalan Masjid, #01-08/09, Kembangan Court, Singapore 418924	65-6846 8848	65-6846 8844

* Our associated company.

Distribution Centres

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
KUCHING	Kuching Warehouse	Lot 28, No. 471 Lorong Stutong 9, Jalan Stutong, 93350 Kuching, Sarawak.	082-463946	082-463593

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 LOOI KHAI YUEN	No. 7229, Jin Permatang Pauh, Taman Bagan, 13400 Butterworth, Penang.	04-3323899 012-4087193	04-3323899
BERTAM (BTA)	MOHD RIDZUAN BIN GHASALI RUHIZA BT ABDULLAH	No.79, Jalan Dagangan 4, Pusat Bandar Bertam Perdana 1, 13200 Kepala Batas, Penang.	04-5783124 04-5783123 019-4779473 019-4529473	04-5783122
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 Indera Kayangan.	04-9777269 016-3303578	04-9777269
--------------	--------------------------------	---	---------------------------	------------

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 Darul Aman.	04-4223319 012-4949300	04-4227168
KULIM (KUB)	KEE AH BA	No. 15, Jalan Kempas 1, Taman Kempas Indah, 09000 Kulim, Kedah Darul Aman.	04-4918466 012-4841960	04-4918466
BALING (BLI)	CHEW SWEE SANG HOR KEK BOON	No. 8, Jalan Liku, 09100 Baling, Kedah Darul Aman.	04-4707392 019-5975998 016-4907392	04-4707392
ALOR SETAR (AST)	UMMI WARDIAH @ WAHIDA BT ABDELLAH	No. 32, Jln Shahab 6, Kompleks Shahab Perdana, Lebuhraya Sultanah Bahiyah, 05350 Alor Setar, Kedah Darul Aman.	04-7346899 017-4759604	04-7346899
GUAR CEMPEDAK (GCA)	IBRAHIM BIN ISMAIL ROSLINDA BT KAMIS	13 A, Taman Mewah, Guar Cempedak, 08800 Gurun, Kedah Darul Aman.	04-4619005/07 016-4196719	04-4619006
JITRA (KNA)	ONG CHING SOO TEH KIM LOOI	No. 83, Taman Ihsan, 06000 Jitra, Kedah Darul Aman.	04-9183888 019-4167766 016-5247766 012-4291672	04-9183883

Perak

IPOH (IPA)	SHAIDAH FARWIN BT ARSHAD SABARIAH BT SHAPIE NORLIA BT SHAHARUDDIN SHARIFAH SALWAH BT MOHD JIPLUS	No. 10, Jalan Mas 1, Taman Mas, Falim, 30200 Ipoh, Perak Darul Ridzuan.	05-2816401 019-4470450	05-2816401
SIMPANG PULAI (SPP)	SONIA KHOR MUI NGEE FRANKIE WOO KOK WAH	No. 38, Persiaran Pulau Timor 8, Taman Chandan Desa, 31300 Spg. Pulau, Perak Darul Ridzuan.	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 Darul Ridzuan.	05-6889828 016-4198899	05-6881899
PARIT BUNTAR (PBA)	KEE AH BA	No. 3, Jalan Shahbandar, Pusat Bandar, 34200 Parit Buntar, Perak Darul Ridzuan.	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 Darul Ridzuan.	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 Darul Ridzuan.	05-7775239 016-5209366	05-7776125
BAGAN SERAI (BGS)	RAHAINE BT BASRAN	No. 20, Tingkat 1, Jalan Harmoni, Pusat Bandar, 34300 Bagan Serai, Perak Darul Ridzuan.	05-7217820 012-5126739	05-7217820
GERIK (GRA)	SITI A'JAM BT HARUN	Lot 8292, Jalan Air Suda Bahagia, Jalan Taman Intan, 33300 Gerik, Perak Darul Ridzuan.	05-7921009 019-4406377	05-7921009
TG. MALIM (TJA)	CHE'MAH BT ADAM RAMLAH BT ADAM	No. 18, Atas, Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900 Tanjung Malim, Perak Darul Ridzuan.	05-4583303 012-4149335	05-4583303
TELUK INTAN (TTB)	ZAKIAH BT YAHYA LAU SHENG MING	No.8B, Lorong 1, Taman Mewah, 36000 Teluk Intan, Perak Darul Ridzuan.	05-6215952 019-5757336	05-6227453

District Agents

Wilayah Persekutuan

Location	Authorised Agent(s)	Address	Tel	Fax
BANGSAR (BSR)	IR. ANIS BIN 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
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 ISMAIL BIN HASSAN TAN PUAY LENG	No. 57-1, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Wilayah Persekutuan.	03-91737616 03-91737618 019-7741363 019-3363838	03-91737617
SETAPAK (SPA)	ROSLINA BT SAMAT	No.10-2, Jalan Rampai Niaga 1, Rampai Business Park, 53300 Kuala Lumpur, Wilayah Persekutuan.	03-41431545 019-3803659	03-41431545

Selangor

SUNGAI BULOH (KPA)	SAKINAH BT SALLEH ALWI BIN MOHD YUNUS	No. 15, Jalan BRP 1/5, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan.	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 Darul Ehsan.	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 Darul Ehsan.	03-32243413 019-5642332 016-5262332	03-32245958
AMPANG (AMG)	DING MOY NGUK DING TING SENG	No. 4A & 4B, Pusat Komersial Ara Ampang, Jalan Ampang, 68000 Ampang, Selangor Darul Ehsan.	03-42513668 03-42510668 012-3938112 012-3828112	03-42531668
SHAH ALAM (SAA)	DAVID LEE THIAM SENG TAN SAY	No.9, Jalan Tukul N15/N, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	03-55235505 03-55238722 012-2248722	03-55107841
BANTING (BNA)	AZMI BIN ABDUL MANAF	B-30-1, Tingkat 1, Jalan Bunga Pekan 9, Pusat Perniagaan Banting Uptown, 42700 Banting, Selangor Darul Ehsan.	03-31812253 019-2743953	03-31812955
SUBANG JAYA (SJA)	DARMA TA'SIAH BT ISMAIL	No.9, Jalan USJ 1/1B, Regalia Business Centre, UEP Subang Jaya, 47620 Selangor Darul Ehsan.	012-3207648 012-5068939	03-80247719
PETALING JAYA (PJU)	AHMAD RAZALI BIN MUSTAFFA RAMLAH BT ABU BAKAR	No. 11&13, Jalan PJU 5/9, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.	03-61408134 03-61408135	03-61408154
SELAYANG (SLA)	SANIAH BT SAYUTI RAHMAH BT ABDUL	No.1-1, Jalan Dataran Selayang 1, 68100 Batu Caves, Selangor Darul Ehsan.	03-61857494	03-61857490
RINCHING (RCH)	MAFUZAH BT ZAKARIA AHMAD NADZERY RIZAL BIN ABD. KADIR	41-1, Jalan TPS 1/6, Taman Pelangi Semenyih, 43500 Rinching, Selangor Darul Ehsan.	03-87234529 019-6643448	03-87234529
KAJANG (KJA)	TEOH SENG LOCK CHONG KIOOK HEONG	C-12A-GB, Jalan Prima Saujana 2/B, Seksyen 2, Taman Prima Saujana, 43000 Kajang, Selangor Darul Ehsan.	03-87379878 012-2169878 012-3229878	03-87396248
BANDAR BARU BANGI (BGA)	TENGGU REIHANAH BT TUAN ABDULLAH	No. 11(G), Jalan 9/9C, Seksyen 9, Bandar Baru Bangi, 43650 Selangor Darul Ehsan.	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 Darul Ehsan.	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 Darul Ehsan.	03-32896036 019-7285626	03-32896027
PUCHONG (PCB)	LIM SIONG SUM LIM SIONG TECK	No. 3-1, Jalan Puteri 2/6, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.	03-80631216 012-3295218	03-80631216

District Agents

Negeri Sembilan

Location	Authorised Agent(s)	Address	Tel	Fax
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	06-6323909
PORT DICKSON (PDC)	NORAZIMAH BT MOHAMAD	Lot G 4, Bangunan Arked D'Mara, 71000 Port Dickson, Negeri Sembilan.	06-6463677 013-6219749	06-6463677
BAHAU (BHA)	ZARINA BT ZAINUDIN	No. 15, Tingkat 1, Jalan Mahligai, 72100 Bahau, Negeri Sembilan.	06-4540562 012-2083660	06-4540562

Melaka

MASJID TANAH (MJT)	GAN CHIN KEONG	MT 1408, Pusat Perdagangan Masjid Tanah, 78300 Masjid Tanah, Melaka.	06-3848128 016-5207128	06-3848127
AYER KEROH (AKY)	ZAIDAH BT YET	No. 152, 152-1, Jalan TU 2, Taman Tasik Utama, Ayer Keroh, 75450 Melaka.	06-2322887 012-6117495	06-2320326
BATU BERENDAM (BBM)	DR. ROSNANI BT SABTU MOHD AFIQ BIN MOHD YAZID	No. 17 & 17-1, Jalan Mutiara Melaka 5, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka.	06-3178607 012-6239447	06-3178609
JASIN (JSN)	DATIN NIK JUNAINAH BT JAAFAR	JB 8794 & JB 8795, Jalan BH1, Taman Bemban Heights Fasa 1, Bemban, 77200 Jasin, Melaka.	06-5219272 019-7177272	06-5210272

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 Darul Takzim.	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 Darul Takzim.	07-3322020 07-3340958 019-7252257 019-7252262	07-3323020
KLUANG (KLG)	LOW BOK LUAN	No.21A, Tingkat Bawah Jalan Sultanah, 86000 Kluang, Johor Darul Takzim.	07-7738899 012-7878899	07-7712829
KOTA TINGGI (KTI)	CHIA CHENG MING	No. 3-G, Jalan Abdullah, 81900 Kota Tinggi, Johor Darul Takzim.	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 Darul Takzim.	06-9547996 012-6237996 012-6287996	06-9547996
KULAI (JAH)	LIM BOON PIAU	No. 39, Jalan Kenanga 29/3, Bandar Indahpura, 81000 Kulai, Johor Darul Takzim.	07-6626633 012-7127828	07-6625579
SKUDAI (SKA)	JAMALIAH BT ESA JAMILAH BT MOHAMMAD	No. 6 & 7, Jalan Pendidikan 3, Taman Universiti, 81300 Skudai, Johor Darul Takzim.	07-5206255 019-7788848	07-5206355
SEGAMAT (SMT)	NGOI MEE CHIN TAN KIAN SAI	No. 1, Jalan Nagasari 14, Bandar Segamat Baru, 85000 Segamat, Johor Darul Takzim.	07-9437008 07-9437168 019-7587289	07-9437168
PONTIAN (PTA)	AZARI BIN A GHANI	No. 53, Aras Bawah PTB 12820, Bangunan Baitulmal, Jalan Delima, Pusat Perdagangan Baru, 82000 Pontian, Johor Darul Takzim.	07-6868076 019-7004070 013-7704388	07-6868086
MASAI (MSD)	NORLIN BT AHMAD	No. 7G, Jalan Suria 7, Bandar Seri Alam, 81750 Masai, Johor Darul Takzim.	012-7035307 012-7196535	07-5542311

District Agents

Johor

Location	Authorised Agent(s)	Address	Tel	Fax
BANDAR AYER HITAM (MGA)	NORMAHDAH BT ARSAD	No. 4, Jalan Medah Utama, Taman Medah, 86100 Ayer Hitam, Johor Darul Takzim.	07-7583819 013-7443493 012-7176234	07-7583819
LEDANG (LED)	WANOYAH BT SAMSI	No. 8, Tingkat Bawah, Pusat Perniagaan Naib Long, Jalan Naib Long, Tangkak, 84900 Ledang, Johor Darul Takzim.	06-9789039 019-6863408	06-9789039

Kelantan

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 Darul Naim.	09-7902004 019-9178256	09-7902004
PASIR TUMBOH (PSA)	WAN AHMAD BIN WAN IDRIS LONG HABSAH BT ISMAIL	PT904, Desa Darul Naim, Pasir Tumboh, 16150 Kota Bharu, Kelantan Darul Naim.	09-7656588 013-9805020 016-9236937	09-7647588
TANAH MERAH (TMA)	CHE RUHANA BT CHE MOHD AMIN HANUN FATINI BT RASDI	PT 4953 Taman Kota Harmoni, Jalan Chempaka Merah, 17500 Tanah Merah, Kelantan Darul Naim.	09-9550461 019-9390173	09-9550461
KOTA BHARU (KBB)	HAMIAH BT WAN OMAR CHE SUHAIMI BIN CHE HAMID	4712-G, Tingkat Bawah, Jalan Sultan Yahya Petra, 15200 Kota Bharu, Kelantan Darul Naim.	09-7486866 017-9812102	09-7487866

Terengganu

KUALA TERENGGANU (KTR)	AS'ARI BIN OMAR	No. 51B, 1st Floor, Jalan Tok Lam, 20100 Kuala Terengganu, Terengganu Darul Iman.	09-6311868 013-9305776	09-6311868
JERTEH (JET)	CHE ROSNAH BT CHE HUSIN	Lot 371, Jalan Tangki Air, Taman Jerteh, 22000 Jerteh, Terengganu Darul Iman.	09-6974188 019-9130188	09-6974188
CHENDERING (CDA)	FATIMI BT MOHAMMAD @ MOHD ZAIN	2022 K, Taman Permint Jaya, Fasa IV, Chendering, 21080 Kuala Terengganu, Terengganu Darul Iman.	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 Darul Iman.	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 Intan, 24000 Kemaman, Terengganu Darul Iman.	09-8684227 012-9211599	09-8684226
SETIU (STA)	NOR IRDAWANI BT CHE RAZALI	Lot 7308, Bangunan PMINT, Kampung Guntong Luar, Bandar Permaisuri, Guntong, 22100 Setiu, Terengganu Darul Iman.	09-6097076 013-9997107	09-6097076

Pahang

KUANTAN (MSB)	VICTOR KEOW WUN LIONG	No. 94B, Jalan Wong Ah Jang, 25100 Kuantan, Pahang Darul Makmur.	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 Darul Makmur.	09-2968700 013-9222278 016-6266554	09-2968700
PEKAN (PKB)	ZABEDAH BT ISMAIL	No. 3A, Pusat Komersial Pekan, Jalan Sultan Abu Bakar, 26600 Pekan, Pahang Darul Makmur.	09-4211020 013-9285448	09-4211021
INDERA MAHKOTA (DMA)	MAZIAH BT HAMZAH	B 36, Persiaran Sultan Abu Bakar, Taman Sri Mahkota 25200 Kuantan, Pahang Darul Makmur.	09-5736716 019-9596122 013-9852868	09-5736716

District Agents

Sarawak

Location	Authorised Agent(s)	Address	Tel	Fax
TABUAN STUTONG (TSA)	DAVID LAM TAH WI NAH KHENG ANG	1st Floor, Lot 153, Jalan Haji Taha, 93400 Kuching, Sarawak.	082-232022 017-2200022	082-236022
KOTA SAMARAHAN (KHA)	JALIA BT LAMAT MARIATI BT AHMAD ANITA BT SHAWAL	Ground Floor, Lot 3022, S/L 30, Jalan Dato' Mohd Musa, Desa Ilmu Phase II, 94300 Kota Samarahan, Sarawak.	082-662676 019-8174292	082-662676
SIBU (SIB)	AMBING ANAK AMBON @ AMBUN JAMBA ANAK SUMPING KONG GIN HUA	No. 5, Lorong 8B, Jalan Tunku Abdul Rahman, 96000 Sibul, Sarawak.	084-310757 019-8133620 013-8119788 013-8387475	084-310757

Sabah

KOTA KINABALU (KKK)	CHONG YIN TECK CHEAH SOO SIANG @ APANG	Lot 10, Block L, Batu 5½, Jalan Tuaran, KK Taipan, 88459 Kota Kinabalu, Sabah.	088-380713 019-8633918 012-7581783	088-383712
TAWAU (TWB)	ARMINOH BT JAPAR AISHAH BT MARSUS	Lot 7, TB 4416, 1st Floor, Sabindo Square, Lorong Sabindo Baru, 91000 Tawau, Sabah.	089-759768 013-8868279 019-8134269	089-759768
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, Jln Silam, Bandar Sri Perdana, 91100 Lahad Datu, Sabah.	089-862898 019-8633918	089-862898
SANDAKAN (SDB)	SALASIAH BT 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
KENINGAU (KNG)	HALLIJAH BT SEKIMIN @ KHALID BIN MOHD TAIB	Lot 12, Gaya Shopping Centre, 89008 Keningau, Sabah.	087-330081 019-8803006 012-8109021	087-330082

ANALYSIS OF SHAREHOLDINGS

As At 16 MARCH 2011

AUTHORISED SHARE CAPITAL	:	RM500,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM230,000,000
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 AS AT 16 MARCH 2011

Size Of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
Less than 100	94	2.35	4,223	0.00
100 - 1,000	298	7.44	226,182	0.05
1,001 - 10,000	2521	62.96	10,891,506	2.37
10,001 - 100,000	957	23.90	26,170,937	5.69
100,001 - 17,249,999	130	3.25	107,120,817	23.29
17,250,000 - 460,000,000	4	0.10	315,586,335	68.61
TOTAL	4,004	100.00	460,000,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 16 MARCH 2011

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1	Haji Wan Mansoor Bin Wan Omar	13,333	0.00	—	—
2	Teoh Beng Seng	47,900,280	10.41	240,816,455	52.35
3	Teoh Meng Keat	26,869,600	5.84	*2,666,666	0.58
4	Khoo Teng It	213,333	0.05	*73,333	0.02
5	Teoh Meng Lee	6,375,999	1.39	—	—
6	Teoh Meng Soon	6,306,666	1.37	—	—
7	Tan Lip Gay	20,000	0.00	—	—
8	Diong Chin Teck @ Tiong Chin Sang	33,333	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 16 MARCH 2011

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1	Teoh Beng Seng	47,900,280	10.41	240,816,455	52.35
2	Teoh Meng Keat	26,869,600	5.84	—	—
3	The Best Source Holdings Pte Ltd	79,769,789	17.34	—	—
4	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01	—	—

THIRTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2011

No.	Name	No. of Shares	% of Issued Share Capital
1	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01
2	The Best Source Holdings Pte. Ltd.	79,769,789	17.34
3	Teoh Beng Seng	47,900,280	10.41
4	Teoh Meng Keat	26,869,600	5.84
5	Lembaga Tabung Haji	15,109,066	3.29
6	Chong Siew Kam	12,333,333	2.68
7	Teoh Meng Soon	5,666,666	1.23
8	Teoh Meng Lee	5,666,666	1.23
9	Teoh Beng Chye	5,262,533	1.14
10	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Matlamat Handal Sdn. Bhd.	5,137,600	1.12
11	Malaysian Technology Development Corporation Sdn. Bhd.	3,859,365	0.84
12	Yayasan Terengganu	3,466,178	0.75
13	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. for Ahmad Razali Bin Mustaffa	3,333,333	0.73
14	Khoo Lay Boon	2,666,666	0.58
15	P'ng Swee Guan	2,066,820	0.45
16	Perbadanan Kemajuan Negeri Kedah	1,905,798	0.41
17	Teoh Siew Hong	1,666,669	0.36
18	Teoh Siew Choo	1,666,666	0.36
19	Mohd Munir Bin Abdul Majid	1,504,666	0.33
20	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	1,465,804	0.32
21	Ng Gaik Hua	1,400,000	0.30
22	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund W4A9 for Wasatch Micro Cap Value Fund	1,314,196	0.29
23	Khoor Ah Siew	1,224,000	0.27
24	Woon Chuan Keong	1,068,000	0.23
25	Tawaria Sdn. Bhd.	814,700	0.18
26	Chen Tam Chai	809,200	0.18
27	Teoh Meng Lee	709,333	0.15
28	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Deva Dassan Solomon (8041850)	697,000	0.15
29	Soon Bee Ai	680,000	0.15
30	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	680,000	0.15
		397,760,593	86.47

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 11 May 2011 at 2.30 p.m. for the following purposes:-

AGENDA

1.	To receive the Audited Financial Statements for the year ended 30 November 2010 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 Khoo Teng It	Ordinary Resolution 2
2b.	To re-elect Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965 ("Act").	Ordinary Resolution 3
3.	To approve Directors' fees for the year ended 30 November 2010.	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	Ordinary Resolution 6
	"THAT pursuant to Section 132D of the 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."	
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, 19 April 2011.

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.

Explanatory Note on Special Business:

1. The proposed Ordinary Resolution 6, is for the purpose of granting a renewed general mandate ("General Mandate") and 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.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 21 April 2010 and which will lapse at the conclusion of the Fourteenth AGM.

This General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Bursa Securities Main Market Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Fourteenth AGM of the Company.

PROXY FORM

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

I/We,
 of
 being a member / members of the above-named Company hereby
 appoint
 of
 or failing him,
 of

(Full name in block letters)
(Address)
(Full name in block letters)
(Address)
(Full name in block letters)
(Address)

as my/our proxy, to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 11 May 2011 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)

In the case of more than one proxy is appointed, the proportions of my/our percentage of shareholdings to be represented by my/our proxies are as follows:

First named Proxy	%	No. of Ordinary Shares Held
Second named Proxy	%	
	100%	

Signed this day of 2011.

.....
Signature of Shareholder(s)

Notes :

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

Please fold here

(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



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