

The background is a solid teal color. It features a grid of squares in various shades of teal and white, arranged in a pattern that resembles a stylized 'Z' or a series of vertical and horizontal lines. Overlaid on this grid are several concentric white circles of varying diameters, creating a sense of depth and movement.

ZHULIAN
ANNUAL REPORT
2013

People • Drive • Success

At **ZHULIAN CORPORATION BERHAD** and its subsidiaries (“**ZHULIAN Group**” or “the Group”), we hold as truth that human beings are more than assets to be leveraged. We see our people, including our Distributors, Authorised Agents and our workforce as the pillars of the Company. Together, their enthusiasm and commitment drive the business as far forward as possible. The way we nurture the right culture and positive values among our people is critical to our success in the future. **ZHULIAN Group** currently has 605,516 Distributors and 328 Authorised Agents who have chosen us for our visionary and entrepreneurial business model that holds onto firm values of gratitude, integrity and ethics wherever we operate. We welcome more people from all walks of life to join our big family, so that they can benefit from the business opportunities that we offer as their careers progress.



VISION

“ We aspire to become a respected 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.

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FIVE-YEAR GROUP FINANCIAL Highlights

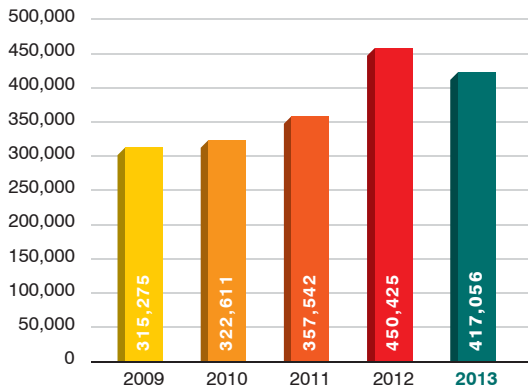
YEAR ENDED 30 NOVEMBER

	2013	2012	2011	2010	2009
1. RESULTS (RM'000)	<hr/>				
Revenue	417,056	450,425	357,542	322,611	315,275
Profit Before Taxation ("PBT")	145,333	141,327	115,072	105,897	102,704
Profit After Taxation	121,010	117,094	95,320	86,672	82,057
2. STATEMENT OF FINANCIAL POSITION (RM'000)	<hr/>				
Total Equity Attributable to Owners of The Company	504,145	451,844	392,319	351,987	320,111
Total Assets	557,519	528,845	446,219	405,612	373,334
Total Borrowings	---	---	---	---	---
3. RATIO	<hr/>				
Net Dividends Per Ordinary Share (sen)	16.00	15.50	12.00	12.00	14.00
Earnings Per Share (sen)	26.31	25.46	20.72	18.93	17.83
Net Assets Per Share (sen)	109.60	98.23	85.29	76.52	69.59
Gearing Ratio (%)	0%	0%	0%	0%	0%

FIVE-YEAR GROUP FINANCIAL Charts

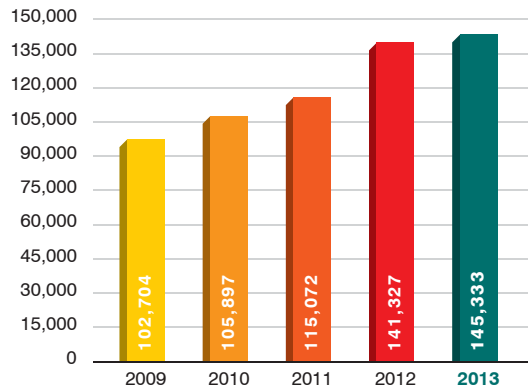
Revenue

(RM'000)



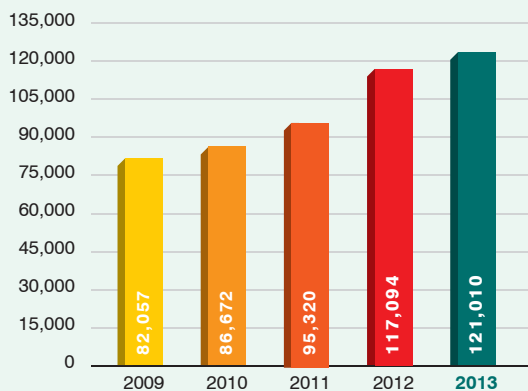
Profit Before Taxation

(RM'000)



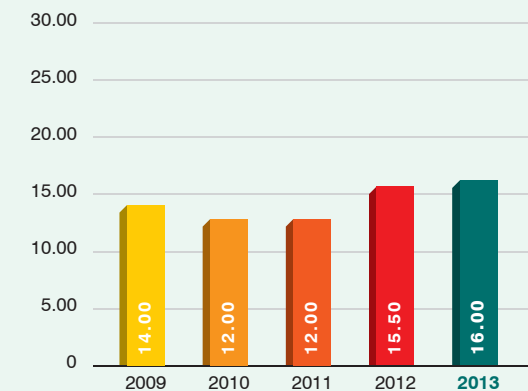
Profit After Taxation

(RM'000)



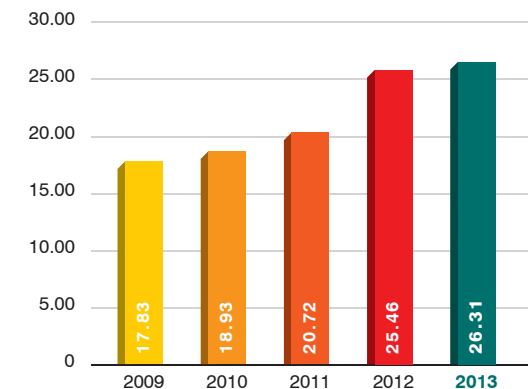
Net Dividend Per Ordinary Share

(sen)



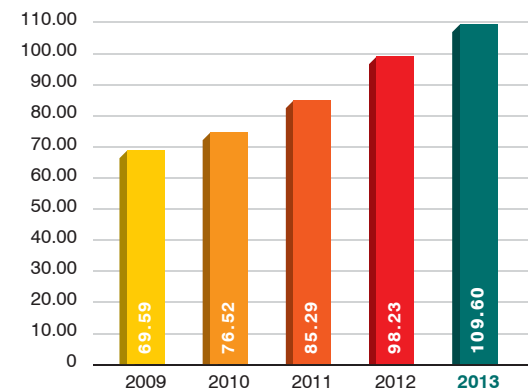
Earning Per Share

(sen)



Net Assets Per Share

(sen)





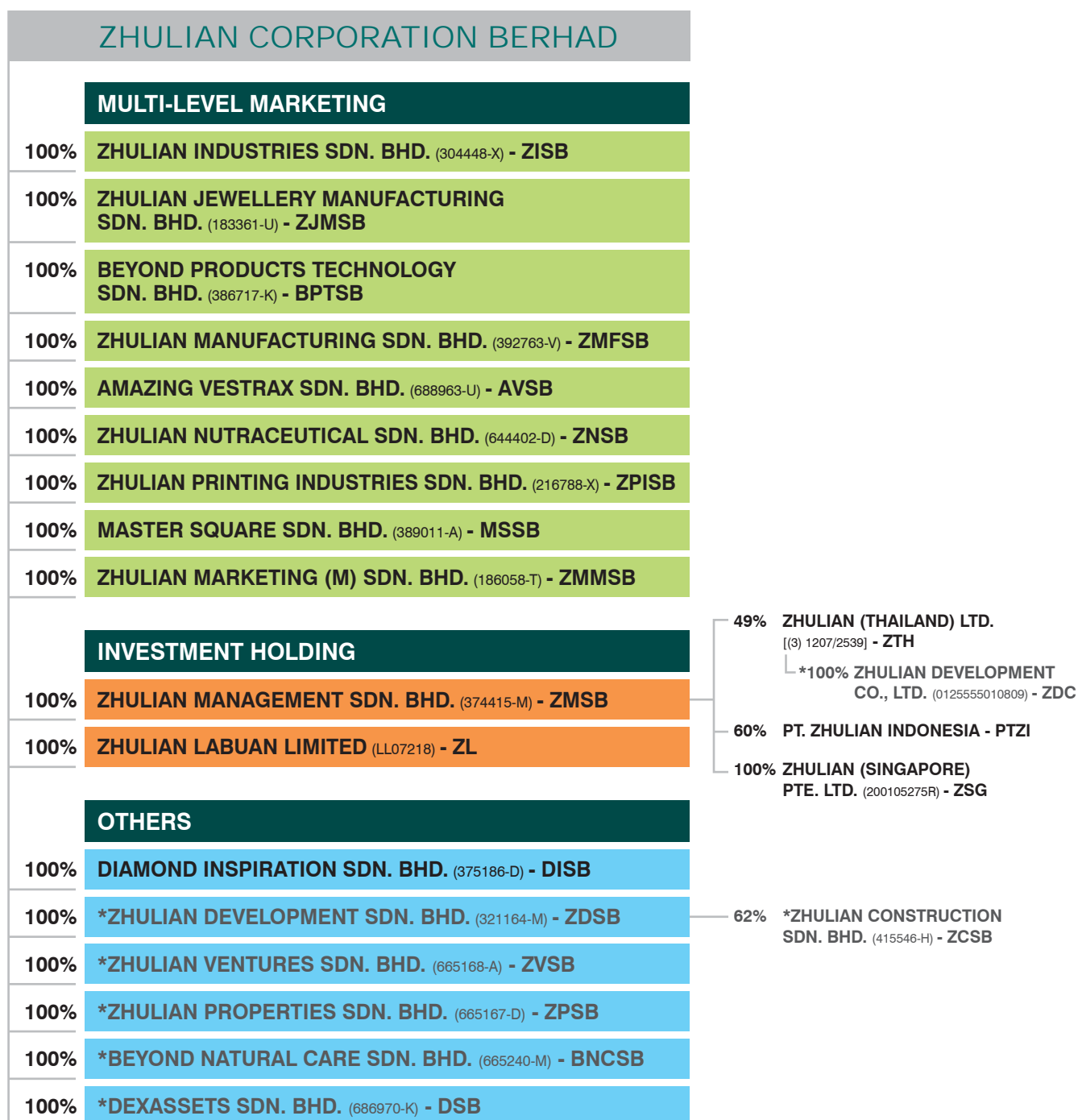
Corporate Review

A Viable Business Model for Growth
& Development

GROUP STRUCTURE

A Group of Companies with Integrated and Diversified Capabilities

ZHULIAN is an innovative network of inter-related businesses engaged in Multi-level Marketing (“MLM”) with manufacturing facilities and ancillary services to support the MLM business operations.



*Dormant



CHAIRMAN'S STATEMENT

Although the economic climate continued to be clouded with uncertainties and volatility in many parts of the world, the key markets of the **ZHULIAN** Group which are located in the Southeast Asia region remain resilient...

“

Dear Valued Shareholders,

On behalf of the Board of Directors (“Board”) of **ZHULIAN CORPORATION BERHAD** (“**ZHULIAN**” or “the Company”), I am pleased to present to you the Annual Report and Audited Consolidated Financial Statements of **ZHULIAN** and its subsidiaries (“**ZHULIAN** Group” or “The Group”) for the financial year ended 30 November 2013 (“FY2013”). ”



PERFORMANCE OVERVIEW

... the Group's financial position as at 30 November 2013 remained healthy and strong with no borrowings...

Although the economic climate continued to be clouded with uncertainties and volatility in many parts of the world, the key markets of the **ZHULIAN** Group which are located in the Southeast Asia region remain resilient but proved increasingly challenging.

Due to the impact of a general softening in consumer sentiment in the wake of price hikes in fuel and food as well as the prolonged political turmoil in Thailand during the year in review, the Group's full year performance was dragged down with a posted consolidated revenue of RM417.06 million in FY2013, a decrease of 7.4% from RM450.43 million in FY2012.

Nevertheless, the Group's financial position as at 30 November 2013 remained healthy and strong with no borrowings and a net asset value per share of 109.60 sen (FY2012: 98.23 sen).

FINANCIAL PERFORMANCE

ZHULIAN Group's revenue dropped 7.4% in FY2013 with total revenue of RM417.06 million, as compared to RM450.43 million in FY2012. However, thanks to our measures to eliminate redundant costs and optimise utilisation of assets, we managed to improve the gross profit margin by 2.8%, from RM141.33 million in FY2012 to RM145.33 million in FY2013. Our Group's profit after tax ("PAT") was RM121.01 million, up 3.3% as compared to RM117.09 million in FY2012.

EARNING PER SHARE ("EPS")

The Group's EPS for FY2013 has stood at 26.31 sen, an increase of 3.3% as compared to 25.46 sen in FY2012.

DIVIDENDS

The Board of Directors has declared a 4th interim single-tier dividend of 3 sen and a special dividend of 4 sen. Including the interim dividends declared earlier in the year of 3 sen per quarter, the total dividends for the financial year ended 30 November 2013 amounted to 16 sen, bringing the total dividend declared for the year of review to RM73.6 million, which is equivalent to 60.8% of FY2013's PAT totalling RM121.01 million.

OPERATIONS OVERVIEW

"...we continued to invest in intensifying our marketing activities and having more vigorous training programmes, increasing active engagement with consumers and Distributors as well as intensifying our Research and Development activities..."

Given the less favourable market conditions with signs indicating a general softening of consumer sentiments, much effort had been put forward to adapt to the new challenges, realign core business strategies and implement changes such as the restructuring of the Group's distribution network during the year under review. To support our core distribution force which consists of 328 Authorised Agencies and 605,516 Distributors spread across Malaysia, Thailand, Singapore and Indonesia as at November 2013, we continued to invest in intensifying our marketing activities and having more vigorous training programmes, increasing active engagement with consumers and Distributors as well as intensifying our Research and Development activities with the aim of making the Group more responsive to market needs and demands as well as helping our Distributors to better serve their customers with innovative products and quality services.



Intensifying Marketing Activities and Training Programmes

In line with our objective to empower our Distributors and unlock their energy and creativity as we strive to meet our marketing objectives, we continue to place emphasis on their training and development. The Group intensified its marketing activities and training programmes in 2013 to upgrade the skills and knowledge of our Distributors in order to sustain as well as strengthen the Distribution network. Besides, sales campaigns and promotions were carried out to help boost demand and create stronger customer affinity. Encouraging response and support from our Distributors managed to stabilise demand during off seasons.

Increasing Engagement with Consumer and Distributors

One of the key initiatives of the year was to engage with our Distributors and Customers using social media. This move is also aimed to help open doors for netizens in general to know more about **ZHULIAN** and also as a platform for promoting its products. Towards this purpose, the Group launched its official Facebook page. The initiative represents the Company's unwavering commitment to staying relevant to the market it serves.

Focussing on R&D Activities

Improved production processes, sourcing of new materials and creation of new formulations and innovative products ensure we consistently offer products of the best quality to our market. During the year under review, *SSSolution 2 Whey Protein & Soy Protein Mix*, a weight management product, *Wanisa Ultra Thin Sanitary Napkin*, a disposable sanitary product and two collections of new gold-plated and rhodium plated fashion jewellery were key launches to create new demand.

Extending Market Reach

The Group undertook prudent steps to continue expanding its overseas market. Export sales during the year under review represented 62% of total sales. Leveraging the geographical advantage of Thailand with the aim to expand its market reach to other parts of Indo-China, the Group is setting up a new warehouse in Korat, Thailand. The construction of the warehouse building is expected to be completed by May 2014.

The Group also continued its efforts to further explore the East Malaysia market by undertaking more marketing activities in the region. With two warehouses situated in Kuching, Sarawak and Kota Kinabalu, Sabah, the Group has significantly improved its delivery capacity to the Sabah and Sarawak markets.



AWARDS AND RECOGNITION



ZHULIAN Group Shines on International Stage in 2013.... ranked 74th in the DSN Global 100 list ...and cited in the Forbes "Asia's 200 Best Under A Billion" list.



The Group's solid financial fundamentals have put **ZHULIAN** on the world stage as we are ranked **74th** in the "**DSN Global 100 list**" in 2013 based on the Group's FY2012 revenue. The "DSN Global List" is an annual ranking list produced by Direct Selling News magazine in United States. We are indeed proud to highlight that **ZHULIAN** is one of only two companies in Southeast Asia that were selected to be in the list. In addition, **ZHULIAN** Group is also proud to be one of the few Malaysian companies cited in the **Forbes "Asia's 200 Best Under A Billion"** list released on 31 July 2013 in recognition of our strong financial track record.

CORPORATE GOVERNANCE

We believe good corporate governance helps us create and maintain trust with our employees, investors, governments, our Distributors, customers, consumers and other stakeholders. Conditioned upon strong compliance, we aim to run our business sustainably and for the long term and will not sacrifice our principles and values for short-term success. Compliance with laws, codes of conduct and our own principles forms the basis of how we do business and is the foundation on which we engage with society.

At **ZHULIAN** Group, we are committed to adopting the best practices in the area of corporate governance. The Board, Management and staff are dedicated to upholding the core values of transparency, integrity, honesty and accountability towards enhancing business prosperity and corporate accountability with the ultimate objective of safeguarding the interests of all stakeholders and enhancing shareholders' value. The core principles on how our governance ensures the effectiveness of our Board are clearly laid down by the Board in the Group's Statement on Corporate Governance and the Statement on Internal Control in this Annual Report.



CORPORATE SOCIAL RESPONSIBILITY

The Group's business is built upon people and through the years since **ZHULIAN**'s inception, we have been offering a unique business opportunity that has proven to change many lives from the ordinary to the extraordinary. We also strive to contribute to the beauty and wellness of our communities through the products we develop, manufacture and distribute.

In year 2013, the Corporate Social Responsibility ("CSR") activities at **ZHULIAN** Group extended well beyond its business objectives, and the Group's concerns for society were evident from the various initiatives undertaken by the Group. The Group recognises education as one of the building blocks of our nation and considers it a priority area of its CSR activities. Realising the importance and relevance of education, the Group had taken a number of initiatives such as establishing **ZHULIAN** Education Trust Fund and conducting seminars to increase health awareness among its Distributors and the public. Additionally, in support of Universiti Sains Malaysia's ("USM") research efforts, the Group donated RM500,000 to the university to set up of the new **ZHULIAN-USM** Joint Laboratory at USM, Penang. The details on the Group's role in important focus areas, including the health and welfare of its workforce, support for charitable bodies and education institutions, community improvement and environmental stewardship are explained in the Corporate Social Responsibility section in this Annual Report.



OUTLOOK FOR 2014

Economists and analytical reports expect Malaysia's economy to be brighter with forecasted growth of 5.5% in 2014 after 4.5% in 2013, driven by higher exports and benefiting from stronger demand as key global economies recover. However, there are also indications of uncertainties in the overall economy due to the volatility in energy cost and hikes in prices of food and other necessities.

Barring any unforeseen circumstances, we remain confident and optimistic towards our overall business performance in FY2014. The Group will continue its promotional efforts to boost the productivity of Distributors while remaining active in innovating and developing its product portfolio, so that its Distributors and customer base can be expanded through promotional campaigns and introduction of new products. To overcome escalating raw material prices, increasing operating cost, stiff market competition and reduced consumer confidence in spending, our Group is looking to further explore untapped markets through overseas market expansion, in particular to Indo-China region, as well as to tap into the local customer base.

The Group will remain prudent in investing for the future and will continue to be engaged and focussed in ensuring that all investments in our business segments will produce the desired results and growth pattern that is consistent with long term value creation and sustainability.



APPRECIATION

On behalf of our Board, I would like to thank our customers, partners, business associates and shareholders for their unstinting support. My utmost gratitude goes to our Distributors and Leaders for their hard work and dedication that makes **ZHULIAN** what it is today. We will continue to be prudent with our usage of funds while balancing the need for further growth and expansion through appropriate measures.

I would also like to express my heartfelt appreciation to our Board for their invaluable guidance, counsel and strong sense of responsibility in undertaking their duties to the Group. Last but not least, I would like to thank the management and staff for their loyalty and commitment for making our success possible.

On Behalf of the Board
ZHULIAN CORPORATION BERHAD

HAJI WAN MANSOOR BIN WAN OMAR
Independent Non-Executive Chairman



PENYATA PENERUSI

Walaupun suasana ekonomi berlanjutan menjadi kelam tanpa kepastian serta ketidakstabilan di kebanyakan negara di dunia, namun pasaran utama Kumpulan **ZHULIAN** yang bertempat di rantau Asia Tenggara kekal bertahan...

“

Para Pemegang Saham Yang Dihargai,

Bagi pihak Lembaga Pengarah (“Lembaga”) **ZHULIAN CORPORATION BERHAD** (“**ZHULIAN**” atau “Syarikat”), saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Disatukan Yang Diaudit bagi **ZHULIAN** dan subsidiarinya (“Kumpulan **ZHULIAN**” atau “Kumpulan”) untuk tahun kewangan yang berakhir pada 30 November 2013 (“FY2013”).

”



TINJAUAN PRESTASI

... kedudukan kewangan Kumpulan pada 30 November 2013 kekal sihat dan teguh tanpa pinjaman...

Walaupun suasana ekonomi berlanjutan menjadi kelam tanpa kepastian serta ketidakstabilan di kebanyakan negara di dunia, namun pasaran utama Kumpulan **ZHULIAN** yang bertempat di rantau Asia Tenggara kekal bertahan di sebalik cabaran yang kian meningkat.

Lantaran impak kemerosotan sentimen pengguna secara umum, ekoran daripada peningkatan harga bahan api dan makanan serta kekecohan politik yang berlanjutan di Thailand semasa tahun tinjauan, prestasi sepanjang tahun Kumpulan turut terseret turun dengan perolehan disatukan sebanyak RM417.06 juta pada FY2013, iaitu turun 7.4% berbanding RM450.43 juta pada FY2012.

Namun demikian, kedudukan kewangan Kumpulan pada 30 November 2013 kekal sihat dan teguh tanpa pinjaman, dengan nilai aset bersih sesaham sebanyak 109.60 sen (FY2012: 98.23 sen).

PRESTASI KEWANGAN

Perolehan Kumpulan **ZHULIAN** menurun 7.4% bagi FY2013 dengan jumlah perolehan sebanyak RM417.06 juta berbanding RM450.43 juta bagi FY2012. Oleh kerana pendekatan yang dilakukan bagi memotong kos berlebihan dan mengoptimalkan penggunaan aset, kita berupaya meningkatkan margin keuntungan kasar dengan peningkatan keuntungan kasar Kumpulan sebanyak 2.8% daripada RM141.33 juta pada FY2012 ke RM145.33 juta pada FY2013. Keuntungan selepas cukai ("PAT") Syarikat adalah RM121.01 juta, iaitu meningkat 3.3% berbanding RM117.09 juta pada FY2012.

PENDAPATAN SESAHAM ("EPS")

Pendapatan sesaham Kumpulan bagi FY2013 berakhir 30 November 2013 adalah 26.31 sen, peningkatan sebanyak 3.3% berbanding 25.46 sen pada FY2012.

DIVIDEN

Lembaga Pengarah telah mengisytiharkan dividen interim satu peringkat ke-4 sebanyak 3 sen dan dividen khas sebanyak 4 sen. Apabila dikira bersama dividen yang diisytiharkan di awal tahun iaitu sebanyak 3 sen setiap suku tahun, jumlah dividen bagi tahun kewangan berakhir 30 November 2013 berjumlah 16 sen, dan menjadikan jumlah dividen yang diisytiharkan untuk tahun dalam tinjauan sebanyak RM73.6 juta, iaitu bersamaan 60.8% bagi PAT FY2013 yang berjumlah RM121.01 juta.

TINJAUAN OPERASI

"...kita terus melabur bagi menggiatkan lagi aktiviti pemasaran kita, serta melaksanakan pelbagai program rangsangan, menjalin hubungan aktif bersama para pengguna dan Penedar, juga mengukuhkan aktiviti Penyelidikan dan Pembangunan..."

Dalam keadaan pasaran yang kurang memberangsangkan dengan tanda-tanda yang menjurus kepada kelembapan sentimen pengguna, pelbagai usaha telah dibariskan untuk menangani cabaran-cabaran baru, menggariskan strategi perniagaan teras dan melaksanakan perubahan seperti penstrukturan semula jaringan pencedar Kumpulan dalam tahun tinjauan. Bagi menyokong tenaga pencedaran utama kita yang terdiri daripada 328 Agensi Bertauliah dan 605,516 Penedar di seluruh Malaysia, Thailand, Singapura dan Indonesia sepertimana pada November 2013, kita terus melabur bagi menggiatkan lagi aktiviti pemasaran kita, serta melaksanakan pelbagai program rangsangan, menjalin hubungan aktif bersama para pengguna dan Penedar, juga mengukuhkan aktiviti Penyelidikan dan Pembangunan yang bertujuan menjadikan Kumpulan lebih peka terhadap keperluan dan permintaan pasaran serta membantu para Penedar kita menyediakan perkhidmatan yang lebih baik kepada para pelanggan mereka melalui produk berinovasi dan perkhidmatan berkualiti.



Menggiatkan Aktiviti Pemasaran dan Program Latihan

Selari dengan objektif kita untuk memperkasakan Pengekar kita dan menyerlahkan kehebatan dan daya kreatif mereka dalam kita giat memenuhi objektif pemasaran kita, maka kita terus menekankan kepentingan latihan dan pembangunan mereka. Kumpulan telah menggiatkan lagi aktiviti pemasaran dan program latihan di dalam tahun 2013 bagi meningkatkan kemahiran dan pengetahuan Pengekar kita agar dapat mengekalkan serta memantapkan jaringan Pengekaran. Selain itu, kempen dan promosi jualan turut dilangsungkan bagi menolong merangsang permintaan dan mewujudkan afiniti pelanggan yang lebih mantap. Maklum balas dan sokongan yang menggalakkan daripada para Pengekar kita telah berupaya menstabilkan daya permintaan semasa luar musim.

Menjalin Perhubungan Yang Baik Dengan Pengguna dan Pengekar

Salah satu inisiatif utama bagi tahun dalam tinjauan adalah merapatkan hubungan bersama para Pengekar dan Pelanggan kita melalui media sosial. Langkah ini juga bertujuan membuka pintu kepada para pengguna internet untuk lebih mengenali **ZHULIAN** dan juga sebagai satu platform mempromosikan produk-produk **ZHULIAN**. Bagi tujuan ini, Kumpulan telah melancarkan laman rasmi Facebooknya. Usaha ini mewakili komitmen yang tidak berbelah bahagi Syarikat agar terus kekal relevan di dalam pasarannya.

Memfokus Terhadap Aktiviti Penyelidikan dan Pembangunan

Proses pengeluaran yang dipertingkatkan, pencarian bahan-bahan baru serta penghasilan formulasi baru dan produk inovatif dapat memastikan kita sentiasa menawarkan produk-produk berkualiti terbaik di pasaran. Bagi tahun tinjauan, *Campuran Protein Wei dan Protein Soya SSSolution 2*, iaitu sejenis produk pengurusan berat badan; *Tuala Wanita Ultra Nipis Wanisa* dan koleksi barangan kemas fesyen bersadur emas dan rhodium telah dilancarkan untuk mencipta permintaan baru.

Mengembangkan Capaian Pasaran

Kumpulan telah mengambil langkah berhati-hati untuk terus mengembangkan capaian pasaran luar negaranya. Jualan eksport pada tahun tinjauan mewakili 62% daripada jumlah jualan. Dengan memanfaatkan kelebihan geografi di Thailand demi menyasarkan untuk memperluaskan capaian pasaran ke bahagian-bahagian lain di Indo-Cina, Kumpulan sedang menubuhkan sebuah gudang baru di Korat, Thailand. Kerja pembinaan bangunan gudang ini dijangka siap menjelang Mei 2014.

Kumpulan turut meneruskan usahanya bagi menerokai pasaran Malaysia Timur dengan melaksanakan lebih banyak aktiviti pemasaran di rantau tersebut. Dengan berdirinya dua gudang di Kuching, Sarawak dan Kota Kinabalu, Sabah, jelas sekali Kumpulan telah berupaya memperbaiki kapasiti penghantaran di dalam pasaran Sabah dan Sarawak.



ANUGERAH DAN PENGIKTIRAFAN



Kumpulan ZHULIAN Bersinar di Pentas Antarabangsa bagi tahun 2013.... kedudukan ke-74 bagi "DSN Global 100 list" ...dan terpilih memasuki senarai "Asia's 200 Best Under A Billion" oleh Forbes.



Asas kewangan Kumpulan yang kukuh telah meletakkan **ZHULIAN** di pentas dunia dengan kedudukan **ke-74** bagi "**DSN Global 100 list**" pada tahun 2013 lalu, berdasarkan perolehan FY2012 Kumpulan. "**DSN Global List**" merupakan senarai kedudukan tahunan yang diterbitkan oleh majalah Direct Selling News. Sesungguhnya kita berbangga menyatakan bahawa **ZHULIAN** adalah satu daripada hanya dua syarikat di Asia Tenggara yang telah terpilih memasuki senarai ini. Selain itu juga, Kumpulan **ZHULIAN** berbangga menjadi salah satu di antara beberapa syarikat Malaysia yang terpilih memasuki senarai "**Asia's 200 Best Under A Billion**" oleh **Forbes** yang diterbitkan pada 31 Julai 2013 sebagai mengiktiraf rekod kewangan kita yang kukuh.

TADBIR URUS KORPORAT

Kita yakin tadbir urus korporat yang baik dapat menolong kita menghasilkan dan mengekalkan kepercayaan sesama kakitangan, para pelabur, pihak kerajaan, para Pemedgar, pelanggan, pengguna dan pemegang kepentingan lain. Berbekalkan pematuhan yang teguh, kita menyasarkan untuk menjalankan perniagaan kita secara berlanjutan serta untuk jangka masa yang panjang dan tidak akan mempertaruhkan prinsip dan nilai demi kejayaan jangka pendek. Kepatuhan kepada undang-undang, kod tatacara dan prinsip kita sendiri membentuk asas bagaimana kita melaksanakan perniagaan dan menjadi dasar bagi kita melibatkan diri dengan masyarakat.

Di dalam Kumpulan **ZHULIAN**, kita berkomitmen untuk menerimapakai amalan-amalan terbaik dari aspek tadbir urus korporat. Ahli Lembaga, Pengurusan dan kakitangan berdedikasi menjulang nilai teras terhadap ketelusan, integriti, kejujuran dan kebolehppercayaan ke arah menggalakkan kemakmuran perniagaan dan kebertanggungjawaban korporat dengan objektif utama untuk memelihara kepentingan seluruh pemegang taruh dan meningkatkan nilai para pemegang saham. Prinsip teras bagaimana tadbir urus kita memastikan keberkesanan Lembaga kita telah dibentangkan dengan jelas oleh Lembaga di dalam Penyata Tadbir Urus Korporat (*Statement of Corporate Governance*) dan Penyata Kawalan Dalaman (*Statement on Internal Control*) di dalam Laporan Tahunan ini.



TANGGUNGJAWAB SOSIAL KORPORAT

Perniagaan Kumpulan adalah bertunjangkan insan dan sejak sekian tahun penubuhan **ZHULIAN**, kita telah berterusan menawarkan peluang perniagaan unik yang terbukti merubah kehidupan ramai insan yang biasa-biasa ke sebuah kehidupan yang cukup luar biasa. Kita juga sentiasa berusaha menyumbang kepada kecantikan dan kesejahteraan ahli-ahli di dalam masyarakat melalui aneka produk yang dibangunkan, dikilangkan dan diedarkan.

Pada tahun 2013, aktiviti Tanggungjawab Sosial Korporat (*Corporate Social Responsibility - CSR*) Kumpulan **ZHULIAN** menjangkau lebih daripada objektif perniagaannya, dan keprihatinan Kumpulan terhadap masyarakat terbukti melalui pelbagai inisiatif yang dilaksanakan oleh Kumpulan. Kumpulan mengiktiraf pendidikan sebagai salah satu bongkah binaan negara dan menganggapnya sebagai keutamaan di dalam aktiviti Tanggungjawab Sosial Korporatnya. Menyedari kepentingan dan peranan pendidikan, Kumpulan telah mengambil beberapa inisiatif seperti mewujudkan Tabung Pendidikan Amanah **ZHULIAN** dan mengendalikan pelbagai seminar bagi meningkatkan kesedaran kesihatan di kalangan Pengedar dan orang awam. Selain itu, bagi menyokong usaha-usaha penyelidikan yang dijalankan Universiti Sains Malaysia ("USM"), Kumpulan telah menyumbangkan derma sebanyak RM500,000 kepada universiti tersebut untuk membangunkan Makmal Bersama **ZHULIAN-USM** yang baru di USM, Pulau Pinang. Butir-butir bagi peranan Kumpulan terhadap bahagian-bahagian fokus penting, termasuk kesihatan dan kebajikan kakitangannya, sumbangan kepada badan-badan kebajikan dan institusi pendidikan, peningkatan masyarakat dan pengawasan alam sekitar dijelaskan di bahagian Tanggungjawab Sosial Korporat (*Corporate Social Responsibility*) di dalam Laporan Tahunan ini.



TINJAUAN BAGI 2014

Pakar ekonomi dan laporan analitikal menjangkakan ekonomi Malaysia akan lebih cerah dengan ramalan pertumbuhan sebanyak 5.5% pada tahun 2014 berbanding 4.5% pada tahun 2013, kerana eksport yang lebih banyak dan permintaan lebih tinggi dengan pemulihan ekonomi utama dunia. Namun, terdapat tanda-tanda ketidakpastian pada ekonomi secara keseluruhannya oleh kerana lonjakan kos tenaga dan harga barang makanan serta keperluan yang lain.

Sekiranya tiada aral yang melintang, kita kekal yakin dan optimistik terhadap prestasi perniagaan secara keseluruhannya bagi FY2014. Kumpulan akan meneruskan usaha-usaha promosi bagi merangsang produktiviti para Pengedar sambil kekal aktif menginovasikan dan membangunkan portfolio produk, agar para Pengedar dan pelanggan dapat diperluaskan lagi melalui kempen-kempen promosi dan pengenalan produk-produk baru. Bagi menangani harga bahan mentah yang bertambah, kos operasi yang meningkat, persaingan sengit di pasaran dan penurunan keyakinan pengguna untuk berbelanja, Kumpulan berusaha untuk menerokai pasaran baru secara peluasan pasaran luar negara, terutamanya bagi rantau Indo-China, serta menembusi asas pelanggan tempatan.

Kumpulan akan kekal berhati-hati apabila melabur demi masa depan dan akan meneruskan perhubungan dan fokus bagi memastikan segala pelaburannya di dalam segmen perniagaan kita akan membuahkan hasil yang diingini dan corak pertumbuhan yang selari dengan penciptaan nilai dan kemapanan.



PENGHARGAAN

Bagi pihak Lembaga kita, saya ingin mengucapkan terima kasih kepada para pelanggan, rakan-rakan niaga, rakan-rakan sekutu dan pemegang saham kita di atas sokongan mereka yang tidak terhingga. Penghargaan tertinggi saya tujukan buat para Penganjur dan Pemimpin kita kerana kerja keras dan dedikasi mereka telah meletakkan **ZHULIAN** di kedudukannya hari ini. Kita akan terus berwaspada menggunakan dana yang ada serta mengimbangkan keperluan bagi pertumbuhan dan perkembangan masa depan melalui pendekatan yang bersesuaian.

Saya juga ingin menyampaikan penghargaan kepada Ahli Lembaga kita di atas bimbingan, rundingan dan rasa tanggungjawab yang tidak ternilai sepanjang menjalankan tugas mereka di dalam Kumpulan. Akhir kata, saya ingin mengucapkan ribuan terima kasih kepada pihak pengurusan dan kakitangan di atas kesetiaan dan komitmen untuk menjadikan kejayaan kita sebuah kenyataan.

Bagi pihak Lembaga Pengarah
ZHULIAN CORPORATION BERHAD

HAJI WAN MANSOOR BIN WAN OMAR
 Pengerusi Bebas Bukan Eksekutif



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
(Group Executive Director)

Teoh Meng Lee
(Group Executive Director)

Teoh Meng Soon
(Group 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 SECRETARIES

Ong Tze-En (MAICSA 7026537)
Tai Yit Chan (MAICSA 7009143)

AUDITORS

Messrs KPMG
Chartered Accountants
Level 18, Hunza Tower
163E Jalan Kelawei
10250 Penang
Telephone No.: 04-2382288
Fax No.: 04-2382222

REGISTERED OFFICE

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang
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

STOCK EXCHANGE LISTING

Main Market 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>

DIRECTORS' PROFILE

Haji Wan Mansoor Bin Wan Omar

Independent Non-Executive Chairman

Haji Wan Mansoor Bin Wan Omar, a Malaysian aged 65, was appointed to our Board as 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 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 and the Chairman of the Malaysian Chamber of Rural Industry Entrepreneurs, Kuala Lumpur.

Haji Wan Mansoor Bin Wan Omar has attended all Board Meetings held during the financial year ended 30 November 2013. 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 55, 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 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 all Board Meetings held during the financial year ended 30 November 2013. 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 47, 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 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 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 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 2013. 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

Group Executive Director

Khoo Teng It, a Malaysian aged 51, was appointed to our Board on 29 April 2006 as an Executive Director and subsequently promoted to the current position as Group Executive Director cum Personal Assistant to Chief Executive Officer on 21 June 2012. He is responsible for implementing and overseeing the entire operation of the Group and also the Product Development activities. He is also involved in ongoing human resources development programmes particularly in recruitment, training, skills development and human resources advancement.

He brings vast experience gained from his many years of involvement in IT-related industries dealing in both software and hardware. His exposure to the IT 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 2013. 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

Group Executive Director

Teoh Meng Lee, a Malaysian aged 44, was appointed to our Board on 15 July 2009 as an Executive Director and subsequently promoted to Group Executive Director on 21 June 2012. He is responsible for managing the operations 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 2013. 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

Group Executive Director

Teoh Meng Soon, a Malaysian aged 44, was appointed to our Board on 15 July 2009 as an Executive Director and he was elevated to his current position as Group Executive Director on 21 June 2012. He heads the operations of **ZHULIAN INDUSTRIES SDN. BHD.** and **ZHULIAN NUTRACEUTICAL SDN. BHD.** He is a certified environmental professional by Department Of Environment Malaysia in the operation of Industrial Effluent Treatment System - Biological Process since 2010 and also in Scheduled Waste Management since 2011. With his in-depth experience in research and development as well as the manufacturing processes of food products and traditional supplements, he leads the food division's R&D team and oversees the implementation and continuous improvement of our wide ranging quality control procedures that ensures that high product quality is consistently maintained and uncompromised to meet the stringent quality standards of ISO and GMP.

He joined **ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.** 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 when he was given the responsibility to run the food manufacturing division and he was also instrumental in setting up the nutraceutical products division in 2010.

Teoh Meng Soon has attended all Board Meetings held during the financial year ended 30 November 2013. 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 81, 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 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 1966.

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

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 required 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 recently retired as an Independent Non-Executive Director of Eurospan Holdings Berhad, Globetronics Technology Bhd and Asas Dunia Berhad after serving more than 10 years in each company.

Diong Chin Teck has attended three out of four Board Meetings held during the financial year ended 30 November 2013. 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, a Malaysian aged 50, 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 2013. 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.



Business Review

Driving Long-term Business Sustainability



The year 2013 was much more challenging for the Group. Firstly, high input cost further increased our raw material costs. This put continuous pressure on our gross margins and highlighted the need for further internal cost saving measures. We were able to partially mitigate the higher input costs through price increase and by improving efficiencies across the whole value chain.

Another challenge that we faced in the year of review was lacklustre domestic market demand and lower consumer spending sentiment as a result of increasing concerns over increases in prices of fuel and food leading to a domino effect on the prices of most goods and services. Exports have remained steady on the back of slack domestic demand, contributing 62% of total revenue in 2013. Unfortunately, Thailand's economic climate changed unexpectedly towards the end of 2013, with uncertainties arising from the impact of the political turmoil which raised speculation on general market prospects.

All the above caused quite an impact on our overall business performance. Although much had been done to enhance our market position, for instance, strengthening our core distributor network in the existing markets as well as exploring other market opportunities in the region, the Group's revenue dipped 7.4% in FY2013 with a total revenue of RM417.06 million, as compared to RM450.43 million in FY2012. On a brighter note, despite the decrease in revenue, the Group's gross profit rose 2.8% to RM145.33 million in FY2013 as compared to RM141.33 million in FY2012. Our Group's profit after tax (PAT) also increased 3.3% to RM121.01 million as compared to RM117.09 million in FY2012.

Sharpening Entrepreneurial and Leadership Skills

For the Group, the year in review was busy and eventful with many activities taking place. Realising that the Group's core business is built upon people, the Group undertook relevant measures in order to attract, retain and motivate its Distributors. Working in partnership with the Distributor leadership, a series of training programmes was organised to boost the productivity and performance of our Leaders and Distributors.

These programmes involved all the different ranks and levels of our Distributors. The Group also gave more emphasis towards the Diamond ranking Leaders who play important roles as front-liners of the MLM business with seminars specially catering to their needs to sharpen and enhance their leadership skills. Seminars and workshops were also conducted for up and coming leaders to acquire the necessary technical skills and product knowledge required to run their independent business effectively. Additionally, the Group had also organised a series of events to promote entrepreneurship skills as well as to increase awareness on the various business opportunities offered by the Group. These activities received strong and enthusiastic support from **ZHULIAN** Leaders and Distributors which reflected their keen dedication and commitment to their business opportunities in **ZHULIAN**.

Enhancing and Stimulating Demand

Recognising that the incentive programmes as well as the sales and promotion campaigns for the previous years had worked well for us, we endeavoured to bring to further fruition these programmes by mapping out several initiatives along the same lines. Such campaigns included two rebate promotions which generated positive demand particularly for the selective Health and Nutritional, Personal Care, Food & Beverage products and other premium product ranges. Other prominent programmes included two incentive campaigns – the annual Incentive Tour and the Diamond International Forum with destinations to Beijing and Tokyo respectively.



Reaching Out to Distributors, Customers and Communities

Besides engaging the Distributors and Consumers through advertising avenues such as bi-monthly magazines, posters, leaflets and its official website, the Group undertook several initiatives to improve its engagement with its Distributors and Customers. Realising that social media, when used strategically, can be beneficial to better connect with Distributors and consumers and at the same time enhancing the **ZHULIAN** brand name, the Group had launched its official Facebook page. In addition, the Group also organised a series of get-together functions to foster closer interaction with its Leaders, Distributors and local communities in particular during the Hari Raya festive period.

Further Enhancing Brand Awareness

In 2013, the Group continued to make use of the print media to increase public awareness towards the **ZHULIAN** brandname. In conjunction with the launch of its newly improved weight management product - *SSSolution 2*, the Group had put up a total of 181 Billboards featuring the slogan - “*SSSolution 2 – Akan Dipasarkan hingga Tahun 2039*” (“*SSSolution 2 – will be marketed until the year of 2039*”) along the North-South Highway, East Coast Region and Klang Valley in Peninsular Malaysia. The slogan signifies the foresight and commitment of the Group in developing products which will remain relevant to the market for many decades to come.

Continued Innovation and Development of New Products

As the Group operates three manufacturing plants, it is an on-going endeavour for the Group to ensure the production processes conform to the quality systems in terms of cost and quality controls. The Group is also well focussed towards developing innovative products of high quality in order to stay relevant in the market place. In the year of review, the Group launched several new products which include a weight management product - *SSSolution 2*, *Wanisa Ultra Thin Sanitary Napkin* and new ranges of gold plated and rhodium plated fashion jewellery. Based on the overall sales performance during the year of review, Nutrition & Health products continues to lead in terms of sales contribution, followed by the Food & Beverage products and Personal Care product category.





Exploring New Market Opportunities

The Group has plans in place to further extend its market reach and our next target will be the Indo-China market. In line with its plan, the Group will set up a new warehouse in Korat, Thailand, of which its construction work is expected to be completed by May, 2014. This warehouse will be the logistic centre to serve the northern and eastern parts of Thailand as well as the Myanmar market in future as currently, the Group is in the midst of incorporating a company in Myanmar to be the regional office to penetrate the new market.

The coming year is expected to bring much excitement as the year of 2014 marks the Group's 25th year of existence in Malaysia and in commemoration of this special occasion, more product launches, promotions and activities will be initiated. The 2015 Diamond International Forum which is set to be held in Switzerland is planned to boost Distributors' productivity as well as stimulate market demand. Furthermore, a series of strategic plans will be carried out to bring our Company to the next level. For instance, plans are in place to set up an R&D centre for developing personal care products, further explore the East Malaysia market with the setting up of a new branch at Miri, Sarawak and also the incorporation of a local company in Myanmar. In addition, the Group also plans to channel investments towards increasing the Group's production capacity in line with its objective to grow the business by extending the scale and capability of its F&B manufacturing division.

Based on economic indicators stated in "*Economic Outlook 2014 – Focussing on Domestic Challenges*" published by Malaysian Rating Corporation Berhad, our country's economy seems to be increasingly challenging where inflation is a key concern of businesses and consumers due to several developments which have taken place or are likely to happen in the near term. These include, amongst others: tariff hikes for electricity starting January 2014; further reduction in fuel subsidy expected in 2nd half of year 2014; pre-Goods and Services Tax (GST) price hikes due to rising demand and increasing speculation and possible hikes in toll charges. Anticipating that consumer sentiment in the domestic market may remain cautious and lead to reduction in demand for our products that can possibly affect our performance in the new financial year, the Group will evaluate the cost-effectiveness of all operational areas and ensure all decisions in capital expenditure and development will add value to the shareholders.

Given all these and barring any unusual circumstances, we at **ZHULIAN** Group remain optimistic of the Group's performance in the year ahead. We are confident that we will be able to weather the challenges of less favourable market sentiments along with our dedicated Distributors, Leaders and Authorised Agents in our well-established and extensive distribution network. We also expect our local as well as overseas demand to bounce back healthily in the next financial year as we will muster all our resources to maximise every sales opportunity and induce higher consumer demand.





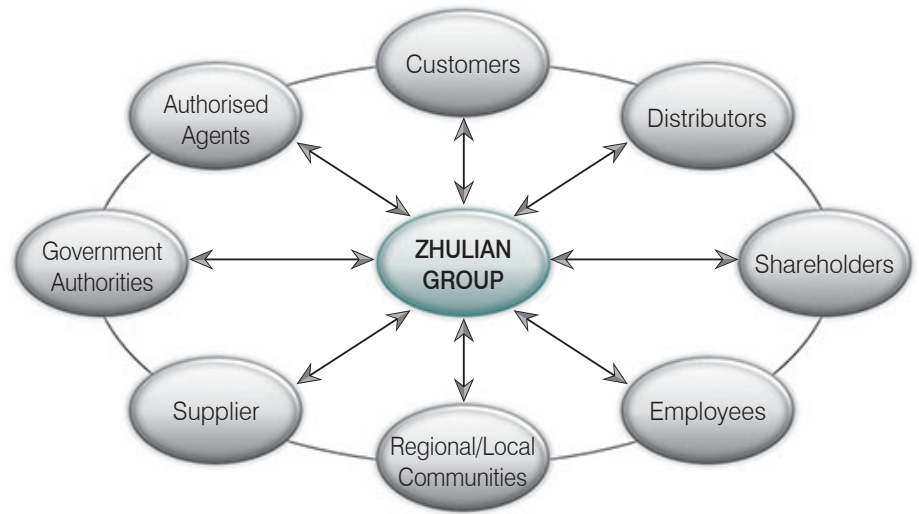
Corporate Social Responsibility

Demonstrating Good Corporate
Role Model



COMMITMENT TOWARDS SUSTAINABILITY

We at **ZHULIAN** Group strive to conduct our business in a sustainable manner by ensuring high standard of governance across our value chain, promoting ethical and responsible business practices as well as managing our environmental impact. We perceive Corporate Social Responsibility ("CSR") as an extension of our day-to-day business and our endeavours are on positively enhancing the quality of life of our people and contributing towards the development of society by fulfilling our business responsibility. CSR activities in **ZHULIAN** Group cover the 4 key areas that include: Workplace, Marketplace, Community and Environment which aim to create and deliver sustainable values.



MARKETPLACE

Upholding Principles of Good Governance

Being an ethical Multi-level Marketing group of companies, we have committed ourselves to the Direct Sales and Anti-Pyramid Scheme Act 1993 and Consumer Codes of Practice set out by the World Federation of Direct Selling Associations (WFDSA) when we were awarded the GOLD RECOGNITION in 2012. Besides, we also employ our own Codes of Conducts stipulated in its **ZHULIAN** GOLDEN BUSINESS GUIDE which binds all **ZHULIAN** registered Distributors.

We have established close communication links with our stakeholders, particularly with our Distributors and Customers through our official website and facebook page to convey information on the latest updates on Company's events, campaigns and products. In order to ensure our business operations and the implementation of our plans are consistent, fair and transparent, we have set out a proper system, namely *Let's Chat Customer Service Hotline* for handling enquiries and complaints as we always believe feedbacks from Customers and Distributors are most valuable to an organisation seeking continuous improvement. On the other hand, we also closely keep our existing shareholders and potential investors in touch through our investor relations portal at our official corporate website, analyst meetings and engagement calls.





The Group is committed to conducting its MLM business and manufacturing operations in a socially and environmentally responsible manner and to sourcing from suppliers that share its values. We initiate and continue transactions with suppliers based on comprehensive evaluation criteria, which include compliance with regulatory and statutory requirements, good collaboration and credibility, sound and stable management, right price and quality and stable supply capabilities.

To the Group, our responsibility and commitment to Customers and consumers means offering products of the best quality to them. This also means responding to their needs through development of products that keep our consumers excited about our brands. Besides selecting high quality raw material from trusted source of vendors and adhering to the highest quality standards such as strictly adopting the Good Manufacturing Practice (GMP) and conforming to the requirements of ISO 9001-2008 quality management system, we also strive to add the extra benefits into the food products we develop and manufacture. Our ultimate aim is to promote healthy living through our products.



ENVIRONMENT

Committed to Promote Environmental-friendliness

We are committed to create a culture in our organisation where Distributors and employees show great concern for the environment and pay immense attention to efficient resource utilisation. The Group has put in place an environmental policy to closely monitor and periodically review its operations to ensure the environmental concerns are duly addressed. On top of that, proper measures are taken to promote the prevention of environmental pollution throughout our production processes and continuously make the effort to minimise any impact on the environment through effective management of resources and waste wherever possible by adopting the Good Manufacturing Practices.

In terms of waste management, we have regulated proper procedures for waste disposal, reuse of consumables and recycled paper. Our manufacturing plants are equipped with a water treatment plant to treat waste water and exhaust air purification system in order to ensure water and air released from our plants contain minimal contaminants.

Furthermore, with the aim to save on electricity consumption, all our buildings are installed with heat regulators and energy efficient lighting such as LED lights. In addition, our Maintenance and Facility department also plays its role to monitor the usage of electric, gas and other fuel to reduce wastage. Our premises that are surrounded by green landscape planted with trees and plants also signify our keen initiative to promote a green and healthy eco-friendly environment.



WORKPLACE

Creating A Clean, Healthy, Safe and Conducive Working Environment

The skills and motivation of our employees are fundamental to our success. We have strived to create a working environment in which all our people can thrive and have the equal opportunity to realise their full potential by promoting personal development, team spirit and ensuring a high standard in health and safety at the workplace.

Towards this end, we have also put in place training programmes for our employees at all levels which includes internal training and on-the-job coaching conducted by experienced senior staff and external training courses and seminars conducted by external training providers. The Group also provides a competitive benefits package for our employees, including provision of company transport, uniforms, food allowance and Group Hospitalisation and Surgical Insurance. The Group had also promptly complied to the minimum wages ruling once it was gazetted by the Government in year 2012. We are also deeply concerned towards the safety and health issues at the workplace where daily operations are monitored closely to mitigate the risk of hazards at workplace and maintain regulatory compliance. On top of that, various training programmes are held to educate the staff on how to handle machines and equipment safely for hazard prevention.

COMMUNITY

Contributing towards Improving Lives

The Group continues to enhance entrepreneurial spirit among our communities through sharing its proven business opportunity so as to bring positive change to those involved in the business. Throughout 2013, we have implemented several initiatives to promote entrepreneurship by increasing the community's awareness towards how they can live up to their full potential through the business opportunity provided by **ZHULIAN** Group. As part of our initiative to increase the awareness of the importance of healthy lifestyles among our people and the local communities, we have further intensified our communication on healthy living through printed materials and marketing activities. We have also organised several public seminars in collaboration with professional nutritional experts to share their knowledge on how to curb diabetes and obesity.

Realising the importance of education in propelling the nation's growth, the Group plays its role to boost the academic performance of its Distributors' children by setting up the **ZHULIAN** Education Trust Fund. Since 2007 till now, more than 200 students have been benefiting from the fund. Other than that, in support of Universiti Sains Malaysia ("USM")'s research efforts, the Group donated RM500,000 to the university as fund to purchase equipment for facilitating the new **ZHULIAN-USM** Joint Laboratory at the School of Industrial Technology, USM, Penang. In addition, **ZHULIAN** was one of the sponsors of the Penang Hill Climb Competition organised by Kwong Wah Yit Poh in 2013. Apart from this, we had also participated in the fund-raising activities organised by the Malaysian Red Crescent Society.

Our efforts to engage with the communities are on-going where we always encourage our Distributors to include general public participation in our Factory Visit Programmes. In year 2013, our headquarters situated at Bayan Lepas, Penang managed to attract more than 10,000 visitors from Malaysia, Thailand, Singapore and Indonesia. The Group also held a series of get-together functions during the Hari Raya festive season in its effort in fostering interaction with the local communities.



ZHULIAN
Joint Laboratory
School of Industrial Technology





Corporate Governance

Staying True to Integrity and
Ensuring Compliance

Statement on Corporate Governance

INTRODUCTION

The Board of Directors (“Board”) of **ZHULIAN** (the “Company”) supports the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (“the Code” or “MCCG 2012”) pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board acknowledges the importance of enhancing shareholders’ value and in improving the Group’s financial performance through building a sustainable business by implementing and maintaining high standards of corporate governance in managing the business affairs of every subsidiary company in the Group.

The Board further recognises that the principles of integrity, transparency and accountability are key components for the Group’s continued growth and success.

The Statement in the ensuing paragraphs describes how the Group has applied the principles and recommendations of the Code throughout the financial year ended 30 November 2013.

Board Of Directors

Roles and principal duties

The Board consists of members who provide an effective blend of entrepreneurship, business and professional expertise in multi-level marketing, manufacturing, accounting, financial and technical areas the Group is involved in.

The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions.

- formulating and reviewing the Group’s annual strategic plan, medium-term and long-term business plans and key policies;
- approving the Group’s annual budget, quarterly financial results and carrying out periodic review of the achievements by the various operating divisions against their respective business targets;
- overseeing of the Group’s business operations and financial performance;
- identify principal business risks faced by the Company and its subsidiaries and implementation of appropriate internal controls and mitigating measures to address areas of identified risks;
- reviewing the adequacy and integrity of the Group’s internal control and management information systems;
- succession planning to identify suitable candidates for senior managerial positions to ensure continuity of key positions; and
- Other key corporate matters

In the normal course of events, the day-to-day management of the Group’s business and resources will be in the hands of the Executive Directors and the Management.

The Board is mindful of the importance of business sustainability and in developing the corporate strategy of the Group, its impact on the environment, social and governance aspects is taken into consideration. The Company’s activities on corporate social responsibilities for the year under review are disclosed in this Annual Report.

Board Charter

The Board and Board Committees act in a professional manner and uphold the core values of integrity with due regard to their fiduciary duties and responsibilities. The Board recognises the importance of formalising a Board Charter which provides guidance to Directors to deal with ethical issues, and help foster a culture of honesty and accountability.

The Board is in the midst of finalising the formal Board Charter by incorporating recent changes in regulations and best practices. Once it is approved, steps will be taken to upload the salient features of the Charter on the Company’s website at www.zhulian.com.



Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected by all personnel in the Group as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Board is aware that a formalised Code of Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behaviour. The Board will finalise the key principles of expected conduct and formalise the Code of Ethics in the following financial year. Appropriate measures will be taken to put in place a process to ensure its compliance.

Supply of and Access to Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development, audit matters and information technology updates by way of Board reports or upon specific requests, for informed decision making and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings.

The Audit Committee Chairman meets with the Board, Senior Management Team, Head of Internal Audit and External Auditors on a quarterly basis to review the reports regarding the internal control system and financial reporting.

Qualified and Competent Company Secretaries

The Directors have unrestricted access to the advice and services of the Company Secretaries on compliance with the new statutory and regulatory requirements. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Company's expense.

The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The Company Secretaries also facilitate timely communication of decision made by the Board at Board meetings, to the Senior Management Team for action. The Company Secretaries work closely with the Senior Management Team to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Board Composition and Balance

The Board consists of eight (8) members, five (5) of whom are Executive Directors and three (3) are Independent Non-Executive Directors.

This composition complies with Paragraph 15.02 of the MMLR of Bursa Securities that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher are Independent Directors. All the Independent Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

The functions of Executive and Independent Non-Executive Directors are separate. The Executive Directors are responsible for implementing the operational and corporate decisions and manage the Group's daily operations.

The Independent Non-Executive Directors provide the Company with unbiased, independent views and decisions and they do not participate in the day-to-day management as well as the daily business of the Group.

The expertise of the Independent Non-Executive Directors complements the knowledge and experience of the Executive Directors in the formulation of the Group's strategies and policies for business operations, scrutinising the performance of Management in meeting approved goals and objectives, monitoring the risk profile of the Group's business and the reporting of quarterly business performances to ensure sustainability and profitability.

The Board's composition represents a mix of knowledge, skill and expertise relevant to the activities of the Group. The profile of each Director is presented on pages 18 to 21 of this Annual Report.

Separation of positions of Chairman and Group President and Chief Executive Officer

The positions of the Chairman and Group President and Chief Executive Officer are held by two different individuals which are in accordance with the recommendation of the MCCG 2012. The distinct and separate roles of the Chairman and Group President and Chief Executive Officer promote accountability and facilitate division of responsibilities between them. The Group President and Chief Executive Officer focuses on the day-to-day operations of the Group while the Chairman leads the Board in the oversight of management.

Board Meetings

The Board meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

The agenda, the relevant reports, information and documents are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial matters.

The Chairman of the respective Board Committees, namely, Audit Committee, Nominating Committee and Remuneration Committee were given time under a separate Agenda of each Board Meeting following their respective meetings to brief the Board on the salient matters deliberated at such Committee meetings and which required the Board's notice or direction.

All pertinent matters discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. Confirmed minutes of each meeting of the Committee is also furnished to the Board for information.

Senior Management staff have been invited to attend the Board meetings to provide the Board with operational, management and financial details.

During the financial year ended 30 November 2013, four (4) Board meetings were held and details of the Directors' attendance are as follows:-

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

All Directors have thus more than adequately complied with the minimum requirement on 50% attendance at Board Meetings as stipulated in the MMLR of Bursa Securities.



Appointment of Directors

The appointment of new Directors is made based on the recommendation of the Nominating Committee and is presented to the full Board for consideration and approval.

The key task of the Nominating Committee is to assist the Board in its annual review of the required mix of skills, knowledge and experience and other qualities including core competencies which Executive and Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board as a whole, as well as, look into succession planning, gender diversity and training courses.

The Board acknowledges the recommendation of the Code on gender diversity. However, the Board has not establish a specific policy on setting targets for women candidates. The Board believes it is not necessary to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity, performance and experience to bring value and expertise to the Board. The Nominating Committee will, however, continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.

Re-election of Directors

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

The Articles of Association of the Company further provides that all Directors who are appointed during the financial year are subject to retirement and re-election by the shareholders at the AGM following their appointment.

The performance of those Directors who are subject to re-election at the AGM of the Company will be assessed by the Nominating Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Director concerned for shareholders' approval at the next AGM.

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 AGM of the Company to be held on 7 May 2014 are detailed in the Notice of the Seventeenth AGM in this Annual Report.

Reinforce Independence

Annual Assessment of Independent Directors

The Board, through the Nominating Committee, assesses the independence of the Independent Non-Executive Directors annually. Based on the assessment carried out for financial year ended 30 November 2013, the Board is generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interests of the Group in decision making.

Tenure of Independent Directors

The tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. However, an Independent Non-Executive Director may continue to serve the Board subject to his re-designation as an Independent Non-Executive Director. As at to-date, none of the Independent Non-Executive Directors have exceeded the cumulative term of 9 years.

Shareholders' Approval for Retaining Independent Non-Executive Directors

The Board must justify and seek the shareholders' approval in the event that it retains a Director as an Independent Non-Executive Director, a person who has served in that capacity for more than 9 years. As at to-date, none of the Independent Non-Executive Director has served for more than 9 years.

Directors' Training

The Board acknowledges that continuous education is essential for its members to gain insight into the state of economy, technological advances, regulatory updates and management strategies.

All Directors have completed the Mandatory Accreditation Programme in accordance with the Main Market Listing Requirements. The Directors are encouraged to attend various external professional programmes and seminars to keep abreast of changes in legislations and regulations affecting the Group to further enhance their knowledge and skills in discharging their responsibilities more effectively.

The Company Secretaries circulated the latest relevant guidelines on statutory and regulatory requirements from time to time 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 changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

During the financial year, the training programmes and seminars attended by the Directors are as follows:

Training Programmes & Seminars

Roles & Responsibilities of Company Directors And Common Offences Committed by Company Directors Under Companies Act 1965

PwC Seminar 2013 – Rising to the Challenge

Seminar Pengurusan Buangan Terjadual

Review of Syariah Compliant Security Status

Regular continuous training programmes and seminars would be organised for the Directors to keep them abreast of the latest developments and advances in Corporate Governance.

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. The Board appoints the members and the Chairman of each committee.

Terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. The Chairman of the respective Committees shall report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Nominating Committee – Selection and assessment of Directors

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 Nominating Committee ensures adequate training and orientation for new Directors with respect to the business structure and management of the Group, as well as the expectation of the Board with regard to their contributions to the Board and the Group.

The Committee also analyses the structure, size and composition of the Board as well as considers succession planning for senior Board members, gender diversity and training courses. In addition, the Committee systematically assesses the effectiveness of the Board, Board Committees and the performance of each individual Director on an annual basis.

The Nominating Committee comprises three (3) Independent Non-Executive Directors. The members of Nominating Committee are as follows:

Directors

Mr Tan Lip Gay - Chairman

Tuan Haji Wan Mansoor bin Wan Omar - Member

Mr Diong Chin Teck - Member



During the financial year, the Nominating Committee met once (1) and attended by all its members with the exception of Mr. Diong Chin Teck. The Nomination Committee deliberated on the following matters:

- recommendation for the re-election of the Directors who were retiring and seeking for re-election at the forthcoming AGM of the Company to be held on 7 May 2014;
- assessment of the independence of the Independent Directors;
- evaluation of the current Board structure, size and composition and effectiveness of the Board as a whole and the Committees of the Board as well as the contribution and performance of each individual Director;
- evaluation of the character, experience, integrity and competence of the Group President and Chief Executive Officer, Directors or Group Chief Accountant and to ensure they have the time to discharge their respective roles.

The Company Secretaries assisted the Board in coordinating the annual assessment of the Directors.

Remuneration Committee - Directors' Remuneration

During the financial year under review, the Remuneration Committee comprises the following members:

Directors	
Mr Tan Lip Gay	- Chairman
Tuan Haji Wan Mansoor bin Wan Omar	- Member
Mr Teoh Meng Keat	- Member

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

The Committee is primarily responsible for recommending the remuneration framework for Executive Directors including their salary packages.

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 and attendance fees. The Company pays each of its Independent Non-Executive Directors an annual fee, which is approved by the shareholders at the AGM of the Company.

The remuneration policy adopted by the Remuneration Committee is to provide a package necessary to attract, retain and motivate the Executive Directors for their individual performance in managing the business of the Company and to align the interest of the 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)	Bonuses (RM'000)	Allowances (RM'000)	EPF- Employer Contributions (RM'000)	Benefits in Kind & Others (RM'000)	Total (RM'000)
Executive Directors	----	3,682	561	----	502	4	4,749
Non-Executive Directors	120	----	----	11	----	----	131
Total	120	3,682	561	11	502	4	4,880

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	2	----

Audit Committee

The Board has established an Audit Committee comprising exclusively of Independent Non-Executive Directors.

The composition of the Audit Committee, including its roles and responsibilities are set out under the Audit Committee Report of this Annual Report.

One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

In line with the MCCG 2012 and the MMLR, the Board has established an independent internal audit function that reports directly to the Audit Committee. The scope of work covered by the internal audit function during the financial year under review is provided in the Risk Management and Internal Control Statement of this Annual Report.

Annual General Meeting

The AGM is the principal forum for dialogue with shareholders and investors that allows the stakeholders to review the Group's business and performance. The Notice of AGM and related documents are sent to shareholders at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report.

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

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful that any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Effective communication with Shareholders and other Stakeholders

Recognising the importance and value of continuous communication with its shareholders and other stakeholders including the general public of the Group's business performance and corporate development, the Company utilises various channels such as timely quarterly results announcements and various disclosures to Bursa Securities, press releases, Annual Report and circulars to shareholders, if applicable.

Additionally, the AGM and Extraordinary General Meeting, if applicable, of the Company provide shareholders with the opportunity to engage in candid dialogue and to seek and clarify any issues with the Directors and to have a better understanding of the Group's business and performance.

At general meetings, shareholders are informed that voting will be by show of hands of every member or representative or proxy of a member present, unless a poll is duly demanded, before the meeting proceeds to transact the businesses set forth in the notice calling for the meeting.

The Company has also established websites at www.zhulian.com.my and www.zhulian.com to which the shareholders can have access to corporate and financial information.



Accountability and Audit

Financial Reporting

In its quest to provide and present a true and fair assessment of the Group's financial performance and prospects in the quarterly reports to Bursa Securities and the Annual Report at the end of the financial year, the Board is assisted by the Audit Committee in scrutinising information to ensure accuracy, adequacy and completeness in disclosure before announcing to shareholders and the general public.

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

Risk Management and Internal Control

An overview of the state of risk management and internal control system within the Company and the Group, is set out under the Statement on Risk Management and Internal Control of this Annual Report.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of reference as specified in this Annual Report.

Additionally the Audit Committee has been accorded due power to communicate directly with the Group's external auditors.

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 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.

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 provide 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 for the year ended 30 November 2013, the Directors have:

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

The Directors also have a responsibility under the Companies Act 1965 to have in place a system of risk management and 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.

This Statement is made in accordance with a resolution of the Board dated 22 January 2014.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee comprised of Independent Non-Executive Directors who have served as members of the Audit Committee ("the Committee") during the financial year ended 30 November 2013 are as follows:

Directors	
Mr Diong Chin Teck	Chairman
Mr Tan Lip Gay	Member
Tuan Haji Wan Mansoor bin Wan Omar	Member

Memberships

The Audit Committee shall be appointed by the Board from amongst its Directors (pursuant to a resolution of the Board of Directors) and shall fulfill the following requirements: -

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

The Chairman of the Committee shall be an Independent Non-Executive Director.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members being reduced to below three (3), appoint such number of new members as may be required to fill the vacancy.

Quorum And Meeting Procedures

The Audit Committee shall hold at least four (4) meetings annually and more frequently as circumstances dictate. The Chairman of the Audit Committee may call for a meeting of the Committee if a request is made by any Committee member, the Board or the Internal or External Auditors.

At least twice a year, the Audit Committee shall meet with the External Auditors without any executive Board members and Management present.

The quorum for the meeting shall be two (2) members and the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretaries shall be the secretaries of the Audit Committee. The Secretaries, in conjunction with the Chairman, shall draw up an agenda and circulating it at least one (1) week prior to each meeting to the Audit Committee members. The minutes of all Committee meetings shall be circulated to the Audit Committee members and to other members of the Board.



The Committee may, as and when deemed necessary, invite other Board members and Senior Management to attend the meetings.

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

TERMS OF REFERENCE

Authority

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

- (a) have the authority to investigate any activity within its terms of reference;
- (b) have the resources that are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company or Group;
- (d) have direct communication channels with the Internal and External Auditors and with Senior Management of the Group whenever deemed necessary;
- (e) be able to obtain external legal or other independent professional advice it considers necessary in the discharge of its duties;
- (f) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of the Executive Directors, Management and employees of the Group at least twice (2) a year whenever deemed necessary; and
- (g) review any significant transactions which are not within the normal course of business and any related party that may arise within the Company or Group.

Duties and Responsibilities

In fulfilling its primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls and risk management processes, management and reporting practices of the Group, the Audit Committee shall undertake the following duties and responsibilities:

- 1) Review the following and to report the same to the Board:-
 - a) With the External Auditors:-
 - i. the audit scope and approval of annual audit plan;
 - ii. the evaluation of the risk management and internal control system;
 - iii. the audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified;
 - iv. major audit findings arising from the interim and final external audits and Management's response during the year; and
 - v. problems and reservations arising from the interim and final audit.
 - b) The quarterly results and the year-end annual financial statements of the Group prior to the approval by the Board, focussing particularly on: -
 - i. changes in and / or implementation of major accounting policies and practices;
 - ii. significant adjustments and unusual events;
 - iii. going concern assumptions; and
 - iv. compliance with financial reporting standards and regulatory requirements.

- c) The related party transactions and conflict of interest situation that may arise within the Company or the Group including any transactions, procedures, course or code of conduct that may raise concern or question of Management's integrity;
 - d) The letter of resignation or dismissal of the External Auditors of the Company or the Group and any reason supported by grounds (if any) to believe that the External Auditors are not suitable for re-appointment;
 - e) The appointment and performance of External Auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
 - f) The nature of non-audit services and the related fee levels in relation to external audit fees of the Company.
- 2) Review the internal audit function which includes the following: -
- i. adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - ii. the internal audit plan, programmes, processes including issues pertaining to the adequacy and effectiveness of the risk management, internal control and governance system within the Group and findings of the internal audit reports or investigation undertaken to ensure that the appropriate actions are taken on the recommendations of the internal auditors;
 - iii. the review, appraisal and assessment of the performance of the Head of Internal Audit and approval for any appointment or termination of any internal audit member.
- 3) To review the Committee's terms of reference as conditions dictate.
- 4) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad ("Bursa Securities").
- 5) To undertake such other activities as authorised by the Board.

Attendance for Meetings

The Audit Committee had convened four (4) meetings during the financial year ended 30 November 2013. The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

The details of attendance of each member are as follows:

Directors	Attendance
Mr Diong Chin Teck (Chairman)	3/4
Mr Tan Lip Gay (Member)	4/4
Tuan Haji Wan Mansoor bin Wan Omar (Member)	4/4

The Company Secretaries were present at all the meetings. Representatives of the External Auditors, Messrs KPMG, the Group Chief Accountant, Senior Administration Manager and the Head of Internal Audit have been invited to attend the meetings during the financial year. Minutes of the Audit Committee Meetings have been circulated to the members.

The Committee had also met with the External Auditors separately on two (2) occasions without the presence of the Executive Directors and Senior Management to discuss the audit findings and any other concerns or observations they may have during the audit.



Summary of activities of the Audit Committee

During the financial year ended 30 November 2013, the Audit Committee carried out its duties in accordance with its terms of reference during the year. The summary of principal activities undertaken by the Committee were as follows:

- Reviewed the unaudited quarterly financial results of the Group before recommending to the Board for approval and releasing the results to Bursa Securities;
- Reviewed the audited financial statements of the Group with the External Auditors for the financial year ended 30 November 2013 before recommending to the Board for approval and releasing the same to Bursa Securities;
- Reviewed and discussed with the External Auditors on the scope of their audit work, the result of their examination, the auditors' report, management letters in relation to the audit and accounting issues arising from the audit and compliance with new developments on accounting standards and regulatory requirements as well as the assistance given by the Group's Officers to the External Auditors;
- Evaluated the independence of the External Auditors and made its recommendations to the Board on their re-appointment and fees;
- Reviewed the nature of non-audit services and the related fee levels in relation to external audit fees of the Company;
- Reviewed and approved the annual audit plan of the Company and the Group prepared and submitted by the External Auditors and Internal Auditors for the financial year ended 30 November 2013;
- Reviewed the risk management and internal control system, processes, procedures or results of activities undertaken by the External Auditors and the Internal Auditors to ensure that all high and critical risk areas are being addressed;
- Reviewed the risk management and internal audit reports, audit recommendations and management responses to ensure that appropriate actions have been taken by the Group including subsidiary and associate companies;
- Reviewed operational procedures to ensure that the Group is in compliance with any legislative and reporting requirements;
- Reviewed and noted that there were no related party transactions within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of Management's integrity.

Internal Audit Function

The Internal Audit Function is performed in-house by the Group's Internal Audit Department. The Internal Audit Department reporting directly to the Audit Committee, had assisted the Audit Committee to undertake independent, regular and systematic reviews of the Group's business operations and activities to ensure that a proper system of risk management and internal controls is satisfactorily and effectively administered within the Group.

During the year, the Internal Audit department has performed audits in accordance to the approved annual Internal Audit Plan. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

The Internal Audit Department while maintaining its role to carry out audit programmes at the various business units and ISO audit assessment for its main subsidiaries, had also performed follow-up audits to ensure that the Management had addressed the control weaknesses accordingly.

The risk management and internal audit reports were presented to the Audit Committee for deliberation and then to the Board after the Management had taken its appropriate actions.

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

The total costs incurred for the Internal Audit Function of the Group for the financial year ended 30 November 2013 amounted to approximately RM195,000.00.

This Report is made in accordance with the resolution of the Board dated 22 January 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2012 (“the Code” or “MCCG 2012”) requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets.

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors (“the Board”) of **ZHULIAN CORPORATION BERHAD** (“the Company”) is pleased to present the following Statement on Risk Management and Internal Control.

This Statement outlines the nature and scope of risk management and internal control of the Group and covers all of the Group’s operations.

Board’s Responsibility

The Board recognises that it is responsible for the Group’s systems of risk management and internal control to safeguard the shareholders’ investment, the interest of customers and the Group’s assets as well as reviewing its effectiveness, adequacy and integrity.

The Board’s responsibility in relation to the system of internal control extends to all subsidiaries of the Group. The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures.

Due to the inherent limitations, the internal controls implemented which are intended to manage and not expected to eliminate all risks of failure to achieve business and corporate objectives of the Group, can only provide reasonable and not absolute assurance against material misstatements, financial losses and fraud.

The Board has established an on-going process for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies.

The Board, through its Audit Committee regularly reviews the results of this process, including mitigating measures taken by Management to address areas of key risks as identified.

Risk Management and Internal Control Processes

The objective is to add maximum sustainable value to all business activities of the Group. Risk management and internal control systems are in place to enhance the efficiency and effectiveness of the Group’s operations. Such measures will help to minimise possible risks and uncertainties so that the Group will be able to achieve its set objectives and goals.

The Board recognises the importance of embedding an adequate and effective risk management and internal control system and has implemented an Enterprise Risk Management (“ERM”) Framework, in line with Recommendation 6.1 of MCCG 2012. This framework includes a risk management process which is on-going and results in the compilation of a specific risk profile and action plans for mitigating the identified risks.

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 assigned to ensure appropriate risk response actions are carried out in a timely manner.

The Audit Committee and the Board meet at least once every quarter to review the adequacy, effectiveness and integrity of the system of internal controls in the Group and to ensure relevant mitigating controls are carried out to mitigate significant business risks faced by the Group.

The Board is of the view that the risk management and internal control system in place for the financial year under review is adequate and effective. Nevertheless, it will continuously be reviewed, enhanced and updated in line with changes in the Group’s operating environment.



Internal Audit Function

The Internal Audit Function was established by the Board to provide independent assurance to the Audit Committee on the adequacy, efficiency and effectiveness of the governance, risk management and internal control 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. Risk based methodology is adopted in the review of key processes of the various operating units within the Group. The internal audit function encompasses audits conducted on the Group's local and overseas subsidiaries as well as audits conducted in the associate companies overseas.

During the financial year ended 30 November 2013, the internal audit function carried out audits in accordance with the annual risk-based internal audit plan approved by the Audit Committee. The results, observations and the recommendations for improvement highlighted in the internal audit reports were presented to the Audit Committee at their quarterly meetings.

The internal audit function also ensures that the Management follows up in the implementation of action plans where control deficiencies were noted during the internal audits. Further details of the activities of the internal audit function are provided in the Audit Committee Report of this Annual Report.

Key elements of internal control

In addition to the risk management and internal audits, the Board has put in place the following salient internal control systems regulating the Group's operations:

- i. Monitoring and review
 - a) Scheduled operational, management as well as financial meetings are held with the Senior Management Team to discuss, review and evaluate the business plans, budgets, financial and operational performances, reports as well as to monitor the business development and resolve key operational and management issues of the Group;
 - b) The Audit Committee reviews the Group's quarterly financial statements containing key financial results and comparisons, which are subsequently presented to the Board for review;
 - c) Budgetary control is applied in the Group and actual performance is closely monitored against budgets to identify significant variances. Discussions are held with the Senior Management Team to ensure the budgets are attainable and realistic before recommending to the Board for approval;
 - d) Management information systems were established to enable transactions to be captured, compiled and reported in a timely and accurate manner.
- ii. Policies and Procedures
 - a) Standing internal policies and operating procedures were established to cover as far as possible any significant business processes of the Group and were regularly updated to reflect changing risks or to resolve operational deficiencies;
 - b) A chart of authority was established to provide guidance to the Management in the execution of day-to-day transactions;
 - c) Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management Team's attention are highlighted for review, deliberation and decision on a timely basis;
 - d) Employees are briefed on Code of Ethics during induction. They are required to sign and adhere to the Code of Ethics, which upholds the Group's corporate values and ethical code of conduct. Formal guidelines are also available to govern staff's termination and resignation;
 - e) Subsidiaries of the Group involved in manufacturing of the health and nutraceutical products are governed by the Standard Operating Procedures ("SOPs") which are certified by ISO and Good Manufacturing Practice.

The implementation and practice of SOPs are widely used throughout the Group's operational activities.

The SOPs also ensure governance controls are embedded in the key business processes to mitigate potential significant business risks faced by the Group;

- f) Insurance and physical safeguards over major assets are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.
- iii. Other internal control processes
 - a) The Executive Directors are actively involved in the running of the business and operations and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large;
 - b) The professionalism and competence of the Group's human resources are maintained through established recruitment process, performance appraisal system and training;
 - c) Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programmes and workshops to enhance their knowledge and the employees' competency levels in executing daily jobs.

Weaknesses in Internal Controls

There were no material losses, contingencies or uncertainties during the financial year ended 30 November 2013 as a result of weaknesses in internal control that would require disclosure in the Group's Annual Report. The Board, in striving for continuous improvement, will continue to take appropriate measures and action plans, where necessary to comply with the Group's internal policies and best practices.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 November 2013 and reported to the Board that nothing has come to their attention that cause them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls within the Group.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon.

CONCLUSION

The Board is of the view that the Group has implemented an adequate and effective system of risk management and internal controls with a view to provide itself with effective measures to prevent or mitigate any possible negative effects arising from any challenging scenario which may occur that can impact the Group's performance.

New protocols will be introduced in the course of time as well as changes and improvements will also be made to the existing systems of risk management and internal controls. The Board and the Management are fully committed to such ongoing improvements and enhancements and view such measures as both critical and necessary to the Group's operations.

This Statement is made in accordance with the resolution of the Board dated 22 January 2014.



OTHER CORPORATE DISCLOSURE

In compliance with Listing Requirements of Bursa Securities, the following information is provided:

UTILISATION OF PROCEEDS	There were no proceeds raised from any corporate proposals during the financial year ended 30 November 2013.
SHARE BUY-BACK	There was no share buy-back effected during the financial year ended 30 November 2013.
OPTIONS OR CONVERTIBLE SECURITIES	There were no options or convertible securities issued by the Company during the financial year ended 30 November 2013.
DEPOSITORY RECEIPT PROGRAMME	The Company did not sponsor any depository receipt programme during the financial year.
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 RM77,000 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 2013. There was no variation to the unaudited results which were announced for the financial year ended 30 November 2013.
PROFIT GUARANTEE	There were no profit guarantees issued during the financial year ended 30 November 2013 by the Company.
MATERIAL CONTRACTS	During the financial year, there were no material contracts by the Company or its subsidiaries involving the interests of Directors and major shareholders.
CONTRACTS RELATING TO LOANS	There were no contracts relating to loans by the Company involving interests of Directors and major shareholders.
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE	There were no related party transactions during the financial year ended 30 November 2013.

DIRECTORS' REPORT

For The Year Ended 30 November 2013

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 2013.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year other than as disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	121,010	73,570

Reserves and provisions

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



Dividends

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

- i) 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 2012 on 13 March 2013;
- ii) a special single tier dividend of 3.5 sen per ordinary share of RM0.50 each, totalling RM16,100,000 in respect of the year ended 30 November 2012 on 13 March 2013;
- iii) a first 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 2013 on 28 May 2013;
- iv) 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 2013 on 28 August 2013;
- v) 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 2013 on 29 November 2013; and
- vi) a fourth interim single tier dividend of 3 sen and a special single tier dividend of 4 sen per ordinary share of RM0.50 each, totalling RM32,200,000 in respect of the year ended 30 November 2013 on 7 March 2014.

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

Directors' interests in shares

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 or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.12.2012	Bought	(Sold)	At 30.11.2013
Number of ordinary shares of RM0.50 each				
Haji Wan Mansoor Bin Wan Omar:				
<i>Interest in the Company:</i>				
- own	13,333	----	----	13,333
Teoh Beng Seng:				
<i>Interest in the Company:</i>				
- own	47,900,280	----	----	47,900,280
<i>Deemed interest in the Company:</i>				
- own	240,816,455	----	----	240,816,455
Teoh Meng Keat:				
<i>Interest in the Company:</i>				
- own	26,869,600	----	----	26,869,600
- others #	2,666,666	----	----	2,666,666
Khoo Teng It:				
<i>Interest in the Company:</i>				
- own	213,333	----	----	213,333
- others #	73,333	----	----	73,333
Teoh Meng Lee:				
<i>Interest in the Company:</i>				
- own	6,375,999	----	----	6,375,999
Teoh Meng Soon:				
<i>Interest in the Company:</i>				
- own	6,306,666	----	----	6,306,666
Diong Chin Teck @ Tiong Chin Sang:				
<i>Interest in the Company:</i>				
- own	33,333	----	----	33,333
Tan Lip Gay:				
<i>Interest in the Company:</i>				
- own	20,000	----	----	20,000



Directors' interests in shares (continued)

	At 1.12.2012	Bought	(Sold)	At 30.11.2013
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 preference shares of RM1.00 each				
Deemed interest in a subsidiary, ZHULIAN CONSTRUCTION SDN. BHD.:				
- own	----	2,000	----	2,000
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 the 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 interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those transactions entered into in the ordinary course of business between the Group and a company in which a Director has substantial financial interest as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue 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 financial 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- 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 financial performance of the Group and of the Company for the financial year ended 30 November 2013 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.

Subsequent event

The details of such event are disclosed in Note 28 to the financial statements.



Auditors

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

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

.....
Teoh Beng Seng

.....
Teoh Meng Keat

Penang,

Date : 21 March 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 November 2013

	Note	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Assets				
Property, plant and equipment	3	132,341	127,460	120,304
Investment property	4	16,457	16,708	16,958
Goodwill	6	1,168	1,168	1,168
Investment in an associate	7	128,980	97,120	72,265
Other investments	8	7,778	7,039	6,451
Deferred tax assets	9	2,647	1,061	883
Total non-current assets		289,371	250,556	218,029
Inventories	10	81,735	61,991	48,799
Trade and other receivables	11	53,906	77,673	49,250
Current tax assets		3,809	942	2,438
Cash and cash equivalents	12	128,698	137,683	127,703
Total current assets		268,148	278,289	228,190
Total assets		557,519	528,845	446,219
Equity				
Share capital	13	230,000	230,000	230,000
Reserves	14	274,145	221,844	162,319
Total equity attributable to owners of the Company		504,145	451,844	392,319
Non-controlling interests		29	29	32
Total equity		504,174	451,873	392,351
Liabilities				
Deferred tax liabilities	9	4,904	4,272	3,711
Total non-current liabilities		4,904	4,272	3,711
Trade and other payables	15	41,765	67,107	45,273
Current tax liabilities		6,676	5,593	4,884
Total current liabilities		48,441	72,700	50,157
Total liabilities		53,345	76,972	53,868
Total equity and liabilities		557,519	528,845	446,219

The notes on pages 63 to 109 are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 November 2013

	Note	2013 RM'000	2012 RM'000
Continuing operations			
Revenue	16	417,056	450,425
Changes in finished goods and work-in-progress		5,609	2,564
Raw materials and consumables used		(132,371)	(141,936)
Employee benefits expenses		(40,267)	(38,084)
Depreciation		(9,851)	(8,840)
Other operating expenses		(163,383)	(181,810)
Other operating income		17,595	12,017
Results from operating activities			
	17	94,388	94,336
Share of profit of equity-accounted investee, net of tax		50,945	46,991
Profit before tax		145,333	141,327
Tax expense	19	(24,323)	(24,233)
Profit for the year		121,010	117,094
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		307	171
Fair value of available-for-sale financial assets		800	290
Share of other comprehensive income/(expense) of equity accounted investee, net of tax		1,484	(2,833)
Total other comprehensive income/(expense) for the year, net of tax		2,591	(2,372)
Total comprehensive income for the year		123,601	114,722
Profit attributable to:			
Owners of the Company		121,010	117,097
Non-controlling interests		----	(3)
Profit for the year		121,010	117,094
Total comprehensive income attributable to:			
Owners of the Company		123,601	114,725
Non-controlling interests		----	(3)
Total comprehensive income for the year		123,601	114,722
Basic earnings per ordinary share (sen)	20	26.31	25.46

The notes on pages 63 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For The Year Ended 30 November 2013

	Attributable to owners of the Company						
	Share capital RM'000	Non-distributable Translation reserve RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 December 2011	230,000	181	21	162,117	392,319	32	392,351
Foreign currency translation differences for foreign operations	---	171	---	---	171	---	171
Fair value of available-for-sale financial assets	---	---	290	---	290	---	290
Share of other comprehensive expense of equity accounted investee, net of tax	---	(2,833)	---	---	(2,833)	---	(2,833)
Total other comprehensive (expense)/income for the year	---	(2,662)	290	---	(2,372)	---	(2,372)
Profit for the year	---	---	---	117,097	117,097	(3)	117,094
Total comprehensive (expense)/income for the year	---	(2,662)	290	117,097	114,725	(3)	114,722
<i>Distributions to owners of the Company</i> - Dividends to owners of the Company (Note 21)	---	---	---	(55,200)	(55,200)	---	(55,200)
At 30 November 2012	230,000	(2,481)	311	224,014	451,844	29	451,873
At 1 December 2012	230,000	(2,481)	311	224,014	451,844	29	451,873
Foreign currency translation differences for foreign operations	---	307	---	---	307	---	307
Fair value of available-for-sale financial assets	---	---	800	---	800	---	800
Share of other comprehensive income of equity accounted investee, net of tax	---	1,484	---	---	1,484	---	1,484
Total other comprehensive income for the year	---	1,791	800	---	2,591	---	2,591
Profit for the year	---	---	---	121,010	121,010	---	121,010
Total comprehensive income for the year	---	1,791	800	121,010	123,601	---	123,601
<i>Distributions to owners of the Company</i> - Dividends to owners of the Company (Note 21)	---	---	---	(71,300)	(71,300)	---	(71,300)
At 30 November 2013	230,000	(690)	1,111	273,724	504,145	29	504,174

The notes on pages 63 to 109 are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 November 2013

	Note	2013 RM'000	2012 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		145,333	141,327
Adjustments for:			
Depreciation of:			
- property, plant and equipment	3	9,600	8,590
- investment property	4	251	250
Gain on disposal of plant and equipment	17	(339)	(298)
Gain on disposal of other investments	17	(40)	----
Impairment loss on other investments	17	----	10
Interest income	17	(3,986)	(4,123)
Property, plant and equipment written off	17	37	109
Share of profit of equity accounted investee, net of tax		(50,945)	(46,991)
Operating profit before changes in working capital		99,911	98,874
Change in inventories		(19,764)	(13,185)
Change in trade and other receivables		23,572	(28,495)
Change in trade and other payables		(10,092)	8,753
Cash generated from operations		93,627	65,947
Dividends received from an associate		18,512	19,303
Tax paid		(25,163)	(21,720)
Net cash from operating activities		86,976	63,530
Cash flows from investing activities			
Interest received		3,986	4,123
Purchase of property, plant and equipment	3	(15,103)	(16,236)
Purchase of other investments		(365)	(308)
Proceeds from disposal of plant and equipment		468	363
Proceeds from disposal of other investments		466	----
Net cash used in investing activities		(10,548)	(12,058)
Cash flows from financing activity			
Dividends paid to owners of the Company		(85,100)	(41,400)
Net cash used in financing activity		(85,100)	(41,400)
Net (decrease)/increase in cash and cash equivalents		(8,672)	10,072
Effect of exchange rate fluctuations on cash held		(315)	(92)
Cash and cash equivalents at 1 December		137,634	127,654
Cash and cash equivalents at 30 November	A	128,647	137,634

The notes on pages 63 to 109 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 November 2013 (Continued)

NOTE

A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	Note	2013 RM'000	2012 RM'000
Short term deposits with licensed banks	12	101,997	116,492
Cash and bank balances	12	26,701	21,191
		128,698	137,683
Less : Short term deposits pledged	12.1	(51)	(49)
		128,647	137,634

The notes on pages 63 to 109 are an integral part of these financial statements.



STATEMENT OF FINANCIAL POSITION

As At 30 November 2013

	Note	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Assets				
Investment in subsidiaries	5	211,541	181,936	177,236
Other investments	8	7,778	7,039	6,451
Total non-current assets		219,319	188,975	183,687
<hr/>				
Other receivables	11	32,269	64,022	11,048
Current tax assets		264	18	198
Cash and cash equivalents	12	12,822	22,387	50,430
Total current assets		45,355	86,427	61,676
<hr/>				
Total assets		264,674	275,402	245,363
<hr/>				
Equity				
Share capital	13	230,000	230,000	230,000
Reserves	14	34,495	31,425	15,178
Total equity attributable to owners of the Company		264,495	261,425	245,178
<hr/>				
Liabilities				
Other payables	15	179	13,977	185
Total current liability		179	13,977	185
<hr/>				
Total equity and liability		264,674	275,402	245,363
<hr/>				

The notes on pages 63 to 85 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 November 2013

	Note	2013 RM'000	2012 RM'000
Continuing operations			
Revenue	16	73,708	70,200
Other operating expenses		(1,147)	(398)
Other operating income		1,078	1,802
Results from operating activities	17	73,639	71,604
Tax expense	19	(69)	(447)
Profit for the year		73,570	71,157
Other comprehensive income, net of tax			
Item that are or may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets		800	290
Total other comprehensive income for the year, net of tax		800	290
Total comprehensive income for the year		74,370	71,447

The notes on pages 63 to 109 are an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 November 2013

	Share capital RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 December 2011	230,000	21	15,157	245,178
Total other comprehensive income for the year				
- Fair value of available-for-sale financial assets	----	290	----	290
Profit for the year	----	----	71,157	71,157
Total comprehensive income for the year	----	290	71,157	71,447
<i>Distributions to owners of the Company</i>				
- Dividends to owners of the Company (Note 21)	----	----	(55,200)	(55,200)
At 30 November 2012 / 1 December 2012	230,000	311	31,114	261,425
Total other comprehensive income for the year				
- Fair value of available-for-sale financial assets	----	800	----	800
Profit for the year	----	----	73,570	73,570
Total comprehensive income for the year	----	800	73,570	74,370
<i>Distributions to owners of the Company</i>				
- Dividends to owners of the Company (Note 21)	----	----	(71,300)	(71,300)
At 30 November 2013	230,000	1,111	33,384	264,495

The notes on pages 63 to 109 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For The Year Ended 30 November 2013

	Note	2013 RM'000	2012 RM'000
Cash flows from operating activities			
Profit before tax from continuing operations		73,639	71,604
Adjustments for:			
Dividend income	17	(73,708)	(70,200)
Gain on disposal of other investments	17	(40)	----
Interest income	17	(1,038)	(1,802)
Impairment loss on other investments	17	----	10
Impairment loss on investment in subsidiaries	17	730	----
Operating loss before changes in working capital		(417)	(388)
Changes in other receivables	A	1,953	(29,674)
Changes in other payables		2	(8)
Cash used in operations		1,538	(30,070)
Dividends received		80,508	42,200
Tax paid		(315)	(267)
Net cash from operating activities		81,731	11,863
Cash flows from investing activities			
Investment in subsidiaries		(7,335)	----
Interest received		1,038	1,802
Purchase of other investments		(365)	(308)
Proceeds from disposal of other investments		466	----
Net cash (used in) / from investing activities		(6,196)	1,494
Cash flows from financing activity			
Dividends paid to owners of the Company		(85,100)	(41,400)
Net cash used in financing activity		(85,100)	(41,400)
Net decrease in cash and cash equivalents		(9,565)	(28,043)
Cash and cash equivalents at 1 December		22,387	50,430
Cash and cash equivalents at 30 November	12	12,822	22,387

NOTE

A. Other receivables

During the financial year, the Company subscribed for the shares in subsidiaries with an aggregate cost of RM30,335,000 (2012 : RM4,700,000) of which RM23,000,000 was through capitalisation of amount due from subsidiaries.

The notes on pages 63 to 109 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 16-1 (Penthouse Upper)
Menara Penang Garden
42A, 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 2013 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associate. The financial statements of the Company as at and for the financial year ended 30 November 2013 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 21 March 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group’s and the Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRS”). The transition to MFRS has no significant financial impact to the financial statements of the Group and of the Company.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards - Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*



1. Basis of preparation (continued)

(a) Statement of compliance (continued)

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments or interpretations in the respective financial year when the abovementioned standards, amendments or interpretations become effective.

The initial application of the above standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except 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 is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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 the following notes:

- Note 4 - Valuation of investment property
- Note 6 - Impairment testing on goodwill
- Note 9 - Recognition of deferred tax assets

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 December 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company 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.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. 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 (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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 associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investment in an associates is measured in the Company's statement of financial position at cost less any impairment losses unless the investment is classified as held for sale or distribution. The cost of the investments includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) 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 investees. 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 end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.



2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) *Financial instrument categories and subsequent measurement (continued)*

Financial assets (continued)

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

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.



2. Significant accounting policies continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 knowledgeable willing parties 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 available and replacement cost when appropriate.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component 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:

	%
Freehold buildings	2
Freehold shoplots	2
Building improvements	10
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 reviewed at the end of the reporting period and adjusted as appropriate.

(e) 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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment property, where appropriate.



2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. 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.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investees.

(ii) Research and development

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

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

2. Significant accounting policies (continued)

(g) Investment property

(i) *Investment property carried at cost*

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease 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 properties.

Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(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.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in, first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, 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 the 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 (continued)

(i) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distributions, 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 costs to sell.

Any impairment loss on a disposal group is first 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, employee benefit 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 or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

(j) 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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the financial year in which the reversals are recognised.



2. Significant accounting policies (continued)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

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

A liability 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.

(ii) State plans

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

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Contingencies

(i) 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 not recognised in the statements of financial position and 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.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow 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 assets unless the probability of inflow of economic benefits is remote.

2. Significant accounting policies (continued)

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities 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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.



2. Significant accounting policies (continued)

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All 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 to assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment - Group

	Short term leasehold land RM'000	Buildings RM'000	Freehold shoplots RM'000	Building improvements 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 2011	12,611	66,915	8,975	----	21,189	35,351	1,417	2,030	148,488
Additions	----	4,900	----	190	3,145	7,696	305	----	16,236
Disposals	----	----	----	----	(9)	(89)	(701)	----	(799)
Written off	----	(59)	----	----	(82)	(368)	----	----	(509)
Reclassifications	----	1,883	----	----	----	147	----	----	----
Effect of movements in exchange rates	(478)	----	163	----	----	(63)	1	(2,030)	(377)
At 30 November 2012 / 1 December 2012	12,133	73,639	9,138	190	24,243	42,674	1,022	----	163,039
Additions	----	1,253	----	----	6,062	3,661	380	3,747	15,103
Disposals	----	----	----	----	(278)	(22)	----	----	(300)
Written off	----	----	----	----	(62)	(87)	----	----	(149)
Effect of movements in exchange rates	(767)	----	291	----	----	(122)	(6)	----	(604)
At 30 November 2013	11,366	74,892	9,429	190	29,965	46,104	1,396	3,747	177,089



3. Property, plant and equipment - Group (continued)

	Short term leasehold land RM'000	Buildings RM'000	Freehold shoplots RM'000	Building improvements RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 December 2011	1,593	5,288	889	----	10,916	8,313	1,185	----	28,184
Depreciation for the year	433	1,572	182	3	2,315	3,938	147	----	8,590
Disposals	----	----	----	----	(4)	(53)	(677)	----	(734)
Written off	----	(5)	----	----	(75)	(320)	----	----	(400)
Effect of movements in exchange rates	382	----	16	----	----	(460)	1	----	(61)
At 30 November 2012 / 1 December 2012	2,408	6,855	1,087	3	13,152	11,418	656	----	35,579
Depreciation for the year	391	1,686	189	19	2,538	4,623	154	----	9,600
Disposals	----	----	----	----	(160)	(11)	----	----	(171)
Written off	----	----	----	----	(48)	(64)	----	----	(112)
Effect of movements in exchange rates	(579)	----	35	----	----	397	(1)	----	(148)
At 30 November 2013	2,220	8,541	1,311	22	15,482	16,363	809	----	44,748
Carrying amounts									
At 1 December 2011	11,018	61,627	8,086	----	10,273	27,038	232	2,030	120,304
At 30 November 2012 / 1 December 2012	9,725	66,784	8,051	187	11,091	31,256	366	----	127,460
At 30 November 2013	9,146	66,351	8,118	168	14,483	29,741	587	3,747	132,341

4. Investment property - Group

	Note	Freehold land RM'000	Short term leasehold land RM'000	Freehold shoplots RM'000	Total RM'000
Cost					
At 1 December 2011 / 30 November 2012 / 1 December 2012 / 30 November 2013		6,092	10,573	412	17,077
Accumulated depreciation					
At 1 December 2011		----	60	59	119
Depreciation for the year	17	----	240	10	250
At 30 November 2012 / 1 December 2012		----	300	69	369
Depreciation for the year	17	----	240	11	251
At 30 November 2013		----	540	80	620
Carrying amounts					
At 1 December 2011		6,092	10,513	353	16,958
At 30 November 2012 / 1 December 2012		6,092	10,273	343	16,708
At 30 November 2013		6,092	10,033	332	16,457
Fair values					
At 1 December 2011		12,626	11,365	390	24,381
At 30 November 2012 / 1 December 2012		12,626	18,732	560	31,918
At 30 November 2013		14,394	20,982	560	35,936

The following are recognised in profit or loss in respect of investment property:

	30.11.2013 RM'000	30.11.2012 RM'000
Direct operating expenses: - non-income generating investment property	225	348



5. Investment in subsidiaries - Company

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Unquoted shares, at cost	212,271	181,936	177,236
Less : Impairment loss	(730)	----	----
	211,541	181,936	177,236

Details of subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest			Country of incorporation	Principal activities
	30.11.2013	30.11.2012	1.12.2011		
ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of costume / fine jewellery and accessories
ZHULIAN MARKETING (M) SDN. BHD.	100%	100%	100%	Malaysia	Direct marketing of costume jewellery and consumer products
ZHULIAN INDUSTRIES SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of consumer products
BEYOND PRODUCTS TECHNOLOGY SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of home technology products
ZHULIAN MANUFACTURING SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of bedroom apparels and therapeutic products
MASTER SQUARE SDN. BHD.	100%	100%	100%	Malaysia	Trading of consumer products
ZHULIAN PRINTING INDUSTRIES SDN. BHD.	100%	100%	100%	Malaysia	Printing of brochures, leaflets, catalogues, name cards and other related documents
ZHULIAN MANAGEMENT SDN. BHD. ("ZMSB")	100%	100%	100%	Malaysia	Provision of management services and investment holding
AMAZING VESTRAX SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of personal care products
ZHULIAN NUTRACEUTICAL SDN. BHD.	100%	100%	100%	Malaysia	Manufacturing of traditional products
DIAMOND INSPIRATION SDN. BHD.	100%	100%	100%	Malaysia	Cafeteria operation
ZHULIAN DEVELOPMENT SDN. BHD. ("ZDSB")	100%	100%	100%	Malaysia	Dormant

5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Effective ownership interest			Country of incorporation	Principal activities
	30.11.2013	30.11.2012	1.12.2011		
ZHULIAN VENTURES SDN. BHD.	100%	100%	100%	Malaysia	Dormant
ZHULIAN PROPERTIES SDN. BHD.	100%	100%	100%	Malaysia	Dormant
BEYOND NATURAL CARE SDN. BHD. (formerly known as SELAT NUSANTARA DEVELOPMENT SDN. BHD.)	100%	100%	100%	Malaysia	Dormant
ZHULIAN LABUAN LIMITED*	80%	80%	80%	Malaysia	Investment holding
DEXASSETS SDN. BHD.	100%	100%	100%	Malaysia	Dormant
<i>Subsidiary of ZDSB</i>					
ZHULIAN CONSTRUCTION SDN. BHD.	62%	62%	62%	Malaysia	Dormant
<i>Subsidiary of ZMSB</i>					
PT. ZHULIAN INDONESIA *	60%	60%	60%	Indonesia	Direct marketing of costume jewellery and consumer products
ZHULIAN (SINGAPORE) PTE. LTD. *	100%	100%	100%	Singapore	Direct marketing of all kinds of costume jewellery and consumer products

* Not audited by member firms of KPMG International

6. Goodwill, at cost - Group

	RM'000
At 1 December	1,168
At 30 November 2012/1 December 2012	1,168
At 30 November 2013	1,168



6. Goodwill, at cost - Group (continued)

6.1 Impairment testing for cash-generating units containing goodwill

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 9.8% (30.11.2012 : 9.0%; 1.12.2012 : 9.0%) which is specific to the CGU.

7. Investment in an associate - Group

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Unquoted shares, at cost	10,287	10,287	10,287
Share of post-acquisition reserves	119,841	89,465	61,777
Share of other comprehensive income, net of tax	(1,148)	(2,632)	201
	128,980	97,120	72,265

Summary financial information for an associate, not adjusted for the percentage ownership held by the Group:

	Country of incorporation	Effective ownership interest	Revenue (100%) RM'000	Profit for the year (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
30.11.2013						
ZHULIAN (THAILAND) LTD. and its subsidiary	Thailand	49%	619,449	113,287	388,908	107,154
30.11.2012						
ZHULIAN (THAILAND) LTD. and its subsidiary	Thailand	49%	589,811	103,110	338,256	130,841
1.12.2011						
ZHULIAN (THAILAND) LTD.	Thailand	49%	*	*	247,333	99,853

* No disclosure is required at the date of transition to MFRS.

The principal activity of the associate consists of direct marketing of costume jewellery and consumer products. During the last financial year ended 30 November 2012, ZHULIAN (THAILAND) LTD. incorporated a wholly-owned subsidiary, ZHULIAN DEVELOPMENT CO., LTD. in Thailand with the principal activity of real estate development.

The financial year end of the associate is 31 December.

8. Other investments - Group and Company

Quoted unit
trusts in
Malaysia
RM'000

30.11.2013

Non-current

Available-for-sale financial assets, at fair value	7,778
Market value of quoted investments	7,778

30.11.2012

Non-current

Available-for-sale financial assets, at fair value	7,039
Market value of quoted investments	7,039

1.12.2011

Non-current

Available-for-sale financial assets, at fair value	6,451
Market value of quoted investments	6,451



9. Deferred tax assets / (liabilities) - Group

Recognised deferred tax assets / (liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	30.11.2013 RM'000	30.11.2012 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	30.11.2013 RM'000	30.11.2012 RM'000
Property, plant and equipment	282	237	(7,686)	(7,584)	(7,404)	(7,347)
Provisions	2,045	1,880	----	----	2,045	1,880
Tax loss carry-forwards	2,053	704	----	----	2,053	704
Other items	1,049	1,552	----	----	1,049	1,552
	5,429	4,373	(7,686)	(7,584)	(2,257)	(3,211)
Set off of tax	(2,782)	(3,312)	2,782	3,312	----	----
Net deferred tax assets / (liabilities)	2,647	1,061	(4,904)	(4,272)	(2,257)	(3,211)

The components and movements in temporary differences during the year are as follows:

	At 1.12.2011 RM'000		Effect of movements in exchange rates RM'000		Recognised in profit or loss (Note 19) RM'000		Effect of movements in exchange rates RM'000		At 30.11.2013 RM'000	
	1.12.2011 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000
Property, plant and equipment	(5,976)	(16)	(16)	(1,355)	(1,355)	(7,347)	(36)	(21)	(7,404)	(7,404)
Provisions	1,113	(8)	(8)	775	775	1,880	(18)	183	2,045	2,045
Tax loss carry-forwards	594	(51)	(51)	161	161	704	(106)	1,455	2,053	2,053
Other items	1,441	-	-	111	111	1,552	-	(503)	1,049	1,049
Net deferred tax assets / (liabilities)	(2,828)	(75)	(75)	(308)	(308)	(3,211)	(160)	1,114	(2,257)	(2,257)

9. Deferred tax assets / (liabilities) - Group (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at net):

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Taxable temporary differences	(295)	(342)	(175)
Capital allowances carry-forwards	450	813	45
Tax loss carry-forwards	1,200	1,661	1,484
Provisions	65	50	689
Other items	-	59	(3)
	1,420	2,241	2,040

The tax loss 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.

10. Inventories - Group

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Raw materials	41,962	28,562	19,068
Work-in-progress	12,148	8,911	9,191
Finished goods	23,087	20,715	17,538
Consumables	4,538	3,803	3,002
	81,735	61,991	48,799

11. Trade and other receivables

	Note	Group			Company		
		30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Trade							
Amount due from an associate	11.1	41,104	65,955	38,819	---	---	---
Others		1,717	1,013	1,516	---	---	---
		42,821	66,968	40,335	---	---	---
Non-trade							
Amount due from subsidiaries	11.2	---	---	---	15	21,478	15
Other receivables		1,078	1,094	1,014	17	21	1
Deposits	11.3	1,015	3,806	282	5	3,504	5
Prepayments		8,992	5,805	7,619	32	19	27
Dividends receivable		---	---	---	32,200	39,000	11,000
		11,085	10,705	8,915	32,269	64,022	11,048
		53,906	77,673	49,250	32,269	64,022	11,048



11. Trade and other receivables (continued)

11.1 Amount due from an associate

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

11.2 Amount due from subsidiaries

Included in non-trade receivables due from subsidiaries of the Company is an amount of RM Nil (30.11.2012 : RM21,462,113; 1.12.2011 : RM Nil) subject to interest at Nil (30.11.2012 : 2.74%; 1.12.2011 : Nil) per annum, unsecured and repayable on demand.

11.3 Deposits

Included in deposits of the Group and the Company are amounts of RM770,000 (30.11.2012 : RM3,500,000; 1.12.2011 : RM Nil) and RM Nil (30.11.2012 : RM3,500,000; 1.12.2011 : RM Nil) respectively in respect of deposit paid for the purchase of industrial properties.

12. Cash and cash equivalents

	Note	Group			Company		
		30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Short term deposits with licensed banks	12.1	101,997	116,492	47,919	12,598	22,001	5,404
Cash and bank balances		26,701	21,191	79,784	224	386	45,026
		128,698	137,683	127,703	12,822	22,387	50,430

12.1 Short term deposits with licensed banks

Included in short term deposits with licensed banks of the Group is RM51,000 (30.11.2012 : RM49,000; 1.12.2011 : RM49,000) pledged for a banking facility granted to a subsidiary.

13. Share capital - Group / Company

	30.11.2013		30.11.2012		1.12.2011	
	Amount RM'000	Number of shares RM'000	Amount RM'000	Number of shares RM'000	Amount RM'000	Number of shares RM'000
Ordinary shares of RM0.50 each						
Authorised:	500,000	1,000,000	500,000	1,000,000	500,000	1,000,000
Issued and fully paid:	230,000	460,000	230,000	460,000	230,000	460,000

14. Reserves

	Note	Group			Company		
		30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Non-distributable							
Translation reserve	14.1	(690)	(2,481)	181	----	----	----
Fair value reserve	14.2	1,111	311	21	1,111	311	21
Distributable							
Retained earnings		273,724	224,014	162,117	33,384	31,114	15,157
		274,145	221,844	162,319	34,495	31,425	15,178

The movements in reserves are shown in statements of changes in equity.

14.1 Translation reserve

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

14.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

15. Trade and other payables

	Note	Group			Company		
		30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Trade payables		10,771	20,110	13,790	----	----	----
Non-trade							
Other payables	15.1	19,677	20,762	20,244	7	4	7
Accrued expenses		11,317	12,435	11,239	172	173	178
Dividends payable		----	13,800	----	----	13,800	----
		30,994	46,997	31,483	179	13,977	185
		41,765	67,107	45,273	179	13,977	185

15.1 Other payables

Included in other payables of the Group is an amount of RM17,257,000 (30.11.2012 : RM18,169,000; 1.12.2011 : RM17,903,000) in respect of security deposits received from agents and an associate.



16. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Dividend income	----	----	73,708	70,200
Sale of goods	410,524	444,218	----	----
Services rendered	6,532	6,207	----	----
	417,056	450,425	73,708	70,200

17. Results from operating activities

Results from operating activities are arrived at:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000

After charging:

Auditors' remuneration				
- Audit fees				
KPMG Malaysia				
- current year	198	198	42	42
- prior year	----	17	----	6
Other auditors	33	35	----	----
- Non audit fees				
KPMG Malaysia	17	17	17	17
Affiliates of KPMG Malaysia	60	59	3	3
Other auditors	4	4	----	----
Inventories written off	26	529	----	----
Inventories written down	123	665	----	----
Personnel expenses (including key management personnel)				
- Wages, salaries and others	36,195	34,482	11	10
- Contributions to state plans	4,072	3,602	----	----
Depreciation of:				
- property, plant and equipment (Note 3)	9,600	8,590	----	----
- investment property (Note 4)	251	250	----	----
Impairment loss on:				
- Trade receivables	2	----	----	----
- Other investments	----	10	----	10
- Investment in subsidiaries	----	----	730	----
Property, plant and equipment written off	37	109	----	----
Loss on foreign exchange				
- Realised (net)	----	1,818	----	----
- Unrealised (net)	627	1,105	----	----
Research and development expenditure	249	78	----	----
Rental of machinery	----	11	----	----
Rental of premises	518	517	----	----

and after crediting:

Dividend income from subsidiaries (unquoted)	----	----	73,708	70,200
Gain on disposal of plant and equipment	339	298	----	----
Interest income	3,986	4,123	1,038	1,802
Realised gain on foreign exchange	5,689	----	----	----
Reversal of impairment loss on trade receivables	----	146	----	----
Gain on disposal of other investments	40	----	40	----

18. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
- Fees	120	120	120	120
- Remuneration	4,760	5,088	11	10
Other Directors				
- Fees	23	23	----	----
- Remuneration	635	558	----	----
	5,538	5,789	131	130

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

19. Tax expense

Recognised in profit or loss

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax expense on continuing operations	24,323	24,233	69	447
Share of tax of equity - accounted investee	14,667	14,883	----	----
Total income tax expense	38,990	39,116	69	447

Major components of income tax expense include:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense				
- Current year	25,978	23,575	152	438
- Prior year	(541)	350	(83)	9
Total current tax recognised in profit or loss	25,437	23,925	69	447
Deferred tax expense				
(Reversal)/Origination of temporary differences				
- Current year	(773)	204	----	----
- Prior year	(341)	104	----	----
Total deferred tax recognised in profit or loss	(1,114)	308	----	----
Share of tax of equity - accounted investee	14,667	14,883	----	----
Total income tax expense	38,990	39,116	69	447



19. Tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year	121,010	117,094	73,570	71,157
Total income tax expense	38,990	39,116	69	447
Profit excluding tax	160,000	156,210	73,639	71,604
Income tax calculated at				
Malaysian tax rate of 25%	40,000	39,052	18,410	17,901
Effect of tax rates in foreign jurisdictions *	(883)	(545)	----	----
Non-deductible expenses	2,265	1,505	286	98
Tax exempt income	(408)	(283)	(18,544)	(17,644)
Tax incentives	(281)	(215)	----	----
Change in unrecognised temporary differences	(821)	201	----	----
Other items	----	(1,053)	----	83
(Over)/Under provided in prior year	(882)	454	(83)	9
Income tax expense	38,990	39,116	69	447

* The associate and a subsidiary operate in the tax jurisdictions with lower tax rate.

20. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM121,010,000 (2012 : RM117,097,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2012 : 460,000,000).

21. Dividends

Dividends recognised in the current year by the Company are:

	2013 RM'000	2012 RM'000
<i>In respect of financial year ended 30 November 2011</i>		
- Fourth interim single tier dividend of 3 sen per ordinary share paid on 24 February 2012	----	13,800
<i>In respect of financial year ended 30 November 2012</i>		
- First interim single tier dividend of 3 sen per ordinary share paid on 23 May 2012	----	13,800
- Second interim single tier dividend of 3 sen per ordinary share paid on 23 August 2012	----	13,800
- Third interim single tier dividend of 3 sen per ordinary share paid on 7 December 2012	----	13,800
- Fourth interim single tier dividend of 3 sen per ordinary share paid on 13 March 2013	13,800	----
- Special single tier dividend of 3.5 sen per ordinary share paid on 13 March 2013	16,100	----
<i>In respect of financial year ended 30 November 2013</i>		
- First interim single tier dividend of 3 sen per ordinary share paid on 28 May 2013	13,800	----
- Second interim single tier dividend of 3 sen per ordinary share paid on 28 August 2013	13,800	----
- Third interim single tier dividend of 3 sen per ordinary share paid on 29 November 2013	13,800	----
	71,300	55,200
Gross dividends per ordinary share (sen)	16.00	15.50
Net dividends per ordinary share (sen)	16.00	15.50

The Directors declared a fourth interim single tier dividend of 3 sen and a special single tier dividend of 4 sen per ordinary share of RM0.50 each, totalling RM32,200,000 in respect of the year ended 30 November 2013 on 22 January 2014 and paid on 7 March 2014.

The financial statements do not reflect these dividends declared after 30 November 2013, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2014.

The gross dividends per ordinary share and net dividends per ordinary share as disclosed above take into account the total interim and special dividends for the financial year.

22. 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 (30.11.2012 : RM2.1 million; 1.12.2011 : RM2.1 million) of which RM1.1 million (30.11.2012 : RM1.3 million; 1.12.2011 : RM1.6 million) was utilised as at the reporting date.



23. Commitments - Group

(a) Capital commitments

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Property, plant and equipment			
Authorised but not contracted for	13,600	23,620	2,550
Contracted but not provided for	9,715	1,574	6,629
	23,315	25,194	9,179

(b) Operating lease commitments

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

	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Less than one year	5	5	8
Between one and five years	14	19	----
	19	24	8

24. 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 MFRS 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
2013					
Revenue	156,690	238,442	20,339	1,585	417,056
Non-current assets	135,969	----	5,835	8,162	149,966
2012					
Revenue	188,290	239,062	20,873	2,200	450,425
Non-current assets	131,370	----	5,875	8,091	145,336

Major customers

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

	Revenue	
	2013 RM'000	2012 RM'000
Associate	238,442	239,062



25. Related parties

Identity of 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 or jointly 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.

Related parties also include key management personnel 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.

The Group has related party relationship with its significant investors, subsidiaries and associate, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 18), are shown follows:

	Amount transacted for the year ended 30 November	
	2013 RM'000	2012 RM'000
Group		
Associate		
Sales	238,442	239,062
Company		
Subsidiaries		
Advances provided	----	35,039
Interest received and receivable	----	945

Significant related party balances are disclosed in Notes 11 and 15 to the financial statements.

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”); and
- (c) Financial liabilities measured at amortised cost (“FL”).

	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
30.11.2013			
Financial assets			
Group			
Other investments	7,778	----	7,778
Trade and other receivables	44,914	44,914	----
Cash and cash equivalents	128,698	128,698	----
	181,390	173,612	7,778
Company			
Other investments	7,778	----	7,778
Other receivables	32,237	32,237	----
Cash and cash equivalents	12,822	12,822	----
	52,837	45,059	7,778
Financial liabilities			
Group			
Trade and other payables	(41,765)	(41,765)	----
Company			
Other payables	(179)	(179)	----



26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
30.11.2012			
Financial assets			
Group			
Other investments	7,039	----	7,039
Trade and other receivables	71,868	71,868	----
Cash and cash equivalents	137,683	137,683	----
	216,590	209,551	7,039
Company			
Other investments	7,039	----	7,039
Other receivables	64,003	64,003	----
Cash and cash equivalents	22,387	22,387	----
	93,429	86,390	7,039
Financial liabilities			
Group			
Trade and other payables	(67,107)	(67,107)	----
Company			
Other payables	(13,977)	(13,977)	----

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
1.12.2011			
Financial assets			
Group			
Other investments	6,451	----	6,451
Trade and other receivables	41,631	41,631	----
Cash and cash equivalents	127,703	127,703	----
	175,785	169,334	6,451
Company			
Other investments	6,451	----	6,451
Other receivables	11,021	11,021	----
Cash and cash equivalents	50,430	50,430	----
	67,902	61,451	6,451
Financial liabilities			
Group			
Trade and other payables	(45,273)	(45,273)	----
Company			
Other payables	(185)	(185)	----

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) arising on:				
Available-for-sale financial assets				
- recognised in other comprehensive income	800	290	800	290
- recognised in profit or loss	----	(10)	(730)	(10)
Loans and receivables (net)	9,046	1,346	1,038	1,802
	9,846	1,626	1,108	2,082



26. Financial instruments (continued)

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment in debt securities. The Company's exposure to credit risk arises principally from investment in debt securities and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally security deposits are obtained, and credit evaluations are performed on customers required credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Receivables amounting to RM42,090,000 (30.11.2012 : RM65,840,000; 1.12.2011 : RM39,224,000) are partially secured by deposits received as disclosed in Note 15.1.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Thailand	41,104	65,955	38,819
Indonesia	191	82	79
Malaysia	1,526	931	1,437
	42,821	66,968	40,335

26. Financial instruments (continued)

26.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
30.11.2013				
Not past due	33,128	----	----	33,128
Past due 1 - 30 days	4,770	----	----	4,770
Past due 31 - 120 days	4,851	----	----	4,851
Past due more than 120 days	228	(156)	----	72
	42,977	(156)	----	42,821
30.11.2012				
Not past due	64,977	----	----	64,977
Past due 1 - 30 days	1,742	----	----	1,742
Past due 31 - 120 days	105	----	----	105
Past due more than 120 days	298	(154)	----	144
	67,122	(154)	----	66,968
1.12.2011				
Not past due	39,429	----	----	39,429
Past due 1 - 30 days	874	----	----	874
Past due 31 - 120 days	28	----	----	28
Past due more than 120 days	304	(300)	----	4
	40,635	(300)	----	40,335

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At 1 December	154	300
Impairment loss recognised	2	----
Impairment loss reversed	----	(146)
At 30 November	156	154

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.



26. Financial instruments (continued)

26.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of quoted unit trusts. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM1.1 million (30.11.2012 : RM1.3 million; 1.12.2011 : RM1.6 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries. Nevertheless, these advances are repayable on demand.

26. Financial instruments (continued)

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
<i>Non-derivative financial liabilities</i>							
30.11.2013							
Trade and other payables	41,765	----	41,765	41,765	----	----	----
30.11.2012							
Trade and other payables	67,107	----	67,107	67,107	----	----	----
1.12.2011							
Trade and other payables	45,273	----	45,273	45,273	----	----	----
Company							
<i>Non-derivative financial liabilities</i>							
30.11.2013							
Other payables	179	----	179	179	----	----	----
30.11.2012							
Other payables	13,977	----	13,977	13,977	----	----	----
1.12.2011							
Other payables	185	----	185	185	----	----	----



26. Financial instruments (continued)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and dividend income that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Brunei Dollar ("BND"), Australian Dollar ("AUD"), EURO ("EUR") and Thai Baht.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in				
	USD RM'000	SGD RM'000	BND RM'000	AUD RM'000	EUR RM'000
Group					
30.11.2013					
Trade and other receivables	41,197	2	----	----	----
Cash and cash equivalents	8,078	29	12	----	143
Trade and other payables	(11)	(4)	----	----	----
Net exposure	49,264	27	12	----	143
30.11.2012					
Trade and other receivables	65,955	2	----	----	----
Cash and cash equivalents	6,187	53	18	19	1,173
Trade and other payables	(32)	(19)	----	----	----
Net exposure	72,110	36	18	19	1,173
1.12.2011					
Trade and other receivables	38,819	1	----	----	----
Cash and cash equivalents	3,758	27	18	1,555	----
Trade and other payables	(34)	(3)	----	----	----
Net exposure	42,543	25	18	1,555	----

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2012 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances, that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss RM'000
Group	
2013	
USD	(3,603)
SGD	(2)
BND	(1)
AUD	---
EUR	(11)
<hr/>	
2012	
USD	(5,324)
SGD	(3)
BND	(1)
AUD	(1)
EUR	(88)

A 10% (2012 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's interest earning financial assets are mainly short term in nature and are mostly placed in short term deposits.



26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000	30.11.2013 RM'000	30.11.2012 RM'000	1.12.2011 RM'000
Fixed rate instruments						
Financial assets						
- amount due from subsidiaries	----	----	----	----	21,462	----
- short term deposits	101,997	116,492	47,919	12,598	22,001	5,404
- cash at banks	24,215	13,080	64,956	222	382	44,983
	126,212	129,572	112,875	12,820	43,845	50,387

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

26.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group Executive Directors, as appropriate.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remained constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% (2012 : 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM583,000 (30.11.2012 : RM528,000; 1.12.2011 : RM484,000). A 10% (30.11.2012 : 10%; 1.12.2011 : 10%) weakening in FBMKLCI index would have had equal but opposite effect on equity.

26. Financial instruments (continued)

26.7 Fair value of financial instruments

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

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

	30.11.2013		30.11.2012		1.12.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

Group and Company

Quoted unit trusts	7,778	7,778	7,039	7,039	6,451	6,451
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The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investment in equity securities

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

The different levels of fair value hierarchy of financial instruments carried at fair value are not material, hence the analysis is not disclosed.

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. The Group adopts a formal dividend policy to distribute at least 60% of the Group's net profit to owners of the Company after taking into consideration the following factors and the financial position of the Group in recommending and determining the level of dividend payments, if any, in any particular financial year or period :

- the Group's level of cash, gearing, return on equity and retained earnings;
- the Group's projected level of capital expenditure;
- the Group's investment plans; and
- the Group's working capital requirements.

The Group does not have any bank borrowings during the financial year ended 30 November 2013.

There were no changes in the Group's approach to capital management during the financial year.

28. Subsequent event

On 6 December 2013, a subsidiary entered into a Sale and Purchase Agreement to purchase a property at a total cash consideration of RM7.7 million. This transaction has been completed on 18 March 2014.



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

The breakdown of the retained earnings of the Group and of the Company as at 30 November 2013, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	30.11.2013		30.11.2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	277,292	33,384	261,308	31,114
- Unrealised	(3,367)	----	(5,141)	----
	273,925	33,384	256,167	31,114
Total share of retained earnings of an associate				
- Realised	120,021	----	89,292	----
- Unrealised	(181)	----	173	----
	119,840	----	89,465	----
	393,765	33,384	345,632	31,114
Less : Consolidation adjustments	(120,041)	----	(121,618)	----
Total retained earnings	273,724	33,384	224,014	31,114

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 Disclosures 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 54 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 November 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 109 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 : 21 March 2014



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 54 to 109 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 21 March 2014.

.....
Teoh Beng Seng

Before me :

Chan Kam Chee
(No. P120)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

to the members of ZHULIAN CORPORATION BERHAD

(Company No. 415527 - P)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Zhulian Corporation Berhad, which comprise the statements of financial position as at 30 November 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 108.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 give a true and fair view of the financial position of the Group and of the Company as of 30 November 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the 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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 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 of 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 29 on page 109 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. 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 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.

Other Matters

As stated in Note 1(a) to the financial statements, Zhulian Corporation Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 December 2012 with a transition date of 1 December 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 November 2012 and 1 December 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 30 November 2012 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 November 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 December 2012 do not contain misstatements that materially affect the financial position as of 30 November 2013 and financial performance and cash flows for the year then ended.

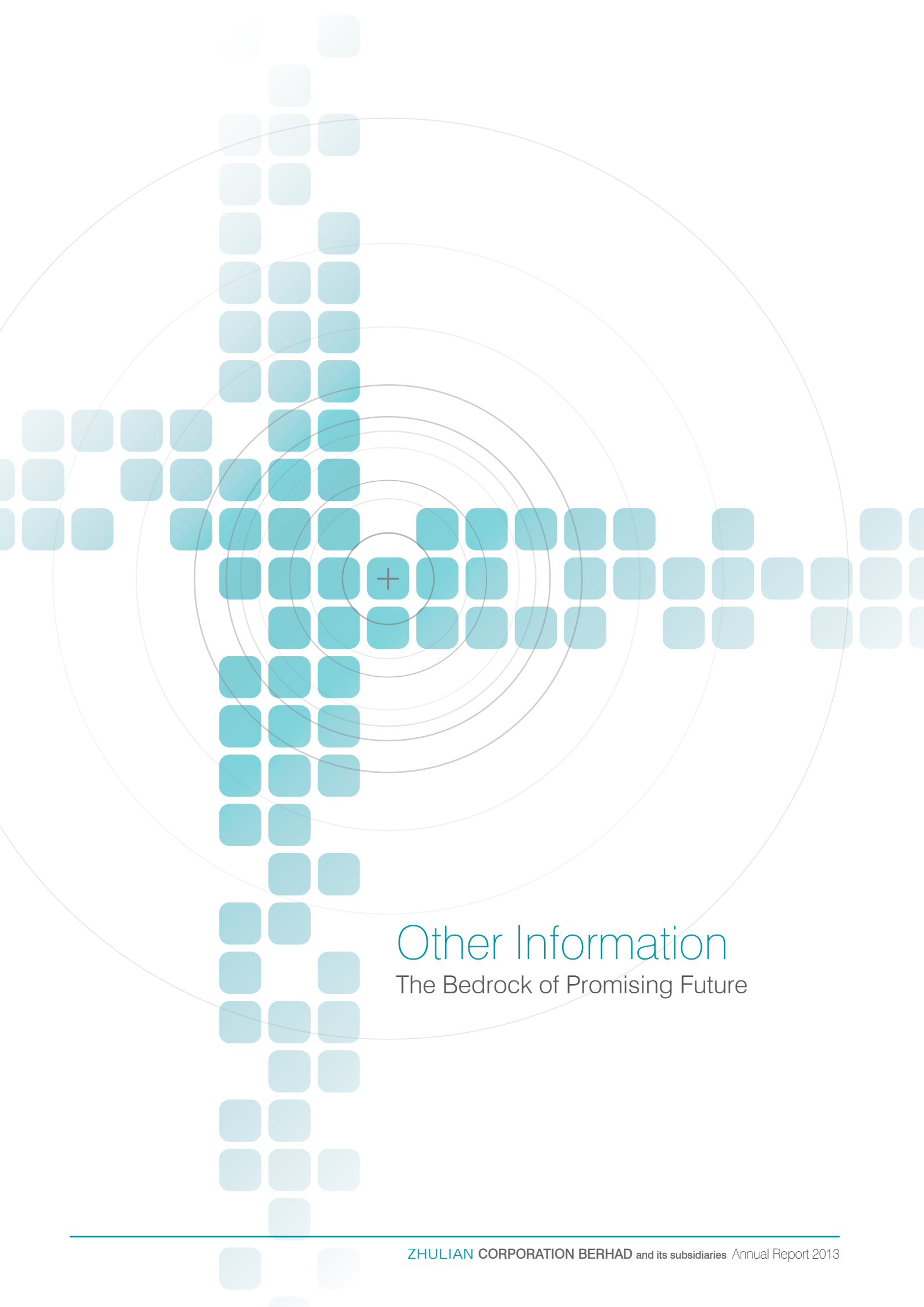
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Muhammad Azman Che Ani
2922/04/14 (J)
Chartered Accountant

Date : 21 March 2014

Penang



Other Information

The Bedrock of Promising Future



LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m ²)	Tenure	Approximate age of building (years)	Carrying amount at 30 Nov 2013 (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) 15,212.90 sq. metres	Leasehold (60 years expiring 2 Feb 2055)	15	21,717	10 Mar 1994
Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Penang.	The property comprises a parcel of industrial land and a 3-storey factory and office	(i) 0.8659 hectares (2.140 acres) (ii) 12,609.72 sq. metres	Leasehold (60 years expiring 30 Dec 2053)	17	16,689	27 Feb 1993
Unit 26-B and 26-C, Jalan Tun Dr Awang, Sungai Nibong Kecil, 11900 Bayan Lepas, Penang.	Two commercial units located on 2 nd and 3 rd floor of a 4½-storey complex	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold shoplot	20	332	27 Dec 1994
Lot 2428-2584, 2587-2589, 2592-2593, Keladi, Bandar Kulim, Daerah Kulim. <i>(Formerly known as Geran No.HSM861 to HSM1022 and No. Lot PT5081 to PT5244)</i>	Development land (a)	(i) 28,918 sq. metres (ii) n/a	Freehold	n/a	6,092	13 Mar 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) 23,089.10 sq. metres	Leasehold (60 years expiring 29 May 2051)	6	32,834	25 Jul 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	18	5,953	14 Nov 2006

(a) These properties are currently vacant.

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m ²)	Tenure	Approximate age of building (years)	Carrying amount at 30 Nov 2013 (RM'000)	Date of acquisition
5, Jalan Masjid, #01-08, Kembangan Court, Singapore 418924.	Residential with commercial at 1 Storey only	(i) n/a (ii) 123 sq. metres	Freehold	18	2,165	14 Dec 2006
58D, Lintang Bayan Lepas, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Pulau Pinang.	Industrial land (a)	(i) 16,244 sq. metres	Leasehold (60 years expiring 18 Oct 2055)	n/a	10,033	29 Jul 2010
Blok C1, Pasirgombong Cikarang Utara Bekasi, Jawa Barat Indonesia.	Construct office building and warehouse in future (a)	(i) 25,000 sq. metres (ii) n/a	Leasehold (30 years expiring 24 Sep 2027)	n/a	3,280	10 Sep 2009
Ruko Sumber Baru Square KAV.1Q Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta	3 Storey Shoplot	(i) 222 sq. metres (ii) 236 sq. metres	Leasehold (30 years expiring 20 April 2040)	2	500	02 May 2013
Ruko Sumber Baru Square KAV.1R Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta	3 Storey Shoplot	(i) 222 sq. metres (ii) 236 sq. metres	Leasehold (30 years expiring 20 April 2040)	2	479	02 May 2013

(a) These properties are currently vacant.



REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS (As At 28 February 2014)

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
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, Jln 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
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District Agents

Kedah

Location	Authorised Agent(s)	Address	Tel	Fax
SUNGAI PETANI (SPT)	FOO YAU GEEM LOOI KONG YOKE	18, Jalan Cempaka 1/1, Bandar Amanjaya, 08000 Sungai Petani, Kedah Darul Aman.	04-4404899 012-4949300	04-4420618
KULIM (KUB)	KEE AH BA	No. 15, Jalan Kempas 1, Taman Kempas Indah, 09000 Kulim, Kedah Darul Aman.	04-4918466 012-4841960	04-4918466
ALOR SETAR (AST)	UMMI WARDIAH @ WAHIDA BT ABDELLAH	32, Jln Shahab 6, Kompleks Shahab Perdana, Lebuhraya Sultanah Bahiyah, 05350 Alor Setar, Kedah Darul Aman.	04-7346899 013-2645899	04-7346899
GUAR CHEMPEDAK (GCA)	IBRAHIM BIN ISMAIL	No.35, Taman Chempedak Indah, Guar Chempedak, 08800 Gurun, Kedah Darul Aman.	018-6719456 016-4196719	018-6719426
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
KUALA KETIL (KTA)	LER LIAN HENG	No. 20 A-B Bangunan PKNK (sebelah Pasaraya Mutiara), Jalan Baling, 09300 Kuala Ketil, Kedah Darul Aman.	04-4160390 019-5575496 016-7855237	04-4160390
POKOK SENJA (PKS)	TEH BAK CHUI ONG CHING SOO	No. 7, Taman Angsana, Pokok Sena, 06400 Kedah Darul Aman.	04-7822231 016-5247766	04-7822231

Perak

IPOH (IPA)	SHAIDAH FARWIN BT ARSHAD SHARIFAH SALWAH BT MOHD JIPLUS	No. 10, Jalan Mas 1, Taman Mas, Falim, 30200 Ipoh, Perak Darul Ridzuan.	05-2816401 019-5176112	05-2816401
SIMPANG PULAI (SPP)	SONIA KHOR MUI NGEE FRANKIE WOO KOK WAH	No. 38, Persiaran Pulai Timor 8, Taman Chandan Desa, 31300 Spg. Pulai, 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 MOHAMMAD ADAM WOO BIN ABDULLAH	No. 63, Jalan 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, Jln Air Suda Bahagia, Jln Tmn Intan, 33300 Gerik, Perak Darul Ridzuan.	05-7921009 019-4406377	05-7921009



District Agents

Perak

Location	Authorised Agent(s)	Address	Tel	Fax
TG. MALIM (TJA)	CHE'MAH BT ADAM RAMLAH BT ADAM FATIMAH NOOR BT ZAINAL ABIDIN	No. 18, (Atas), Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900 Tanjung Malim, Perak Darul Ridzuan.	05-4583303 019-4466355	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

Wilayah Persekutuan

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 016-2073711	03-90576293
BANDAR TUN RAZAK (BTR)	ISMAIL BIN HASSAN TAN PUAY LENG	No. 57-1, Jalan Dwtasik 2, Dataran Dwtasik, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Wilayah Persekutuan.	03-91737616 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

SERI KEMBANGAN (BSR)	IR. ANIS BIN MD. SALLEH	No. 3, Jalan Putra Permai 5/8, Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.	03-89582265 012-3352912	03-89592264
SUNGAI BULOH (KPA)	SAKINAH BT SALLEH ALWI BIN MOHD YUNUS	No. 21, Jalan Bidara 10, Saujana Utama, 47000 Sungai Buloh, Selangor Darul Ehsan.	03-60386848 019-3353648	03-60386848
KLANG (KLD)	AISHAH BT MOHAMED	No. 15-01-1, Lorong Batu Nilam 1A, Bandar Bukit Tinggi, 41200 Klang, Selangor Darul Ehsan.	03-33180013 019-5735786	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 013-3951552 019-2743953	03-31812253
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
SELYANG (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

District Agents Selangor

Location	Authorised Agent(s)	Address	Tel	Fax
RAWANG (RWC)	ROZAIDA BINTI ABDUL MALEK MOHD BIN ABAS	No. 83, Jln Bdr Rawang 2, Pusat Bandar Rawang, 48000 Selangor Darul Ehsan.	03-60910085 012-3197059	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
BANDAR BARU (BGB)	AZMAH BT YAHAYA	2-1-1, Jalan Medan Pusat Bandar 4A, Pusat Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	03-89201594 012-3668474	03-89201594

Negeri Sembilan

SENAWANG (NLB)	SITI NORBAYA BT ABD. KADIR	No. 222 Tingkat 1, Jalan Lavender Height 2, Senawang, 70450 Seremban, Negeri Sembilan.	06-6751087 019-2246271	06-6751087
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)	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.	07-7712829 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



District Agents

Johor

Location	Authorised Agent(s)	Address	Tel	Fax
KULAI (JAH)	NUR SARAH BT AZIZUL PUA YEE LING YAP HING LENG	No. 39, Jalan Kenanga 29/3, Bandar Indahpura, 81000 Kulai, Johor Darul Takzim.	07-6626633 013-7098899	07-6626633 07-6625579
SKUDAI (SKA)	JAMALIAH BT ESA JAMILAH BT MOHAMMAD	No. 22, Jalan Pendidikan 3, Taman Universiti, 81300 Skudai, Johor Darul Takzim.	07-5203976 019-7788848	07-5204021
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.	07-2529535 012-7035307	07-2529535
BANDAR AYER HITAM (MGA)	NORMAHDAH BT ARSAD	No. 4, Jalan Medah Utama, Taman Medah, 86100 Ayer Hitam, Johor Darul Takzim.	07-7583819 019-7586234	07-7583819

Kelantan

PASIR TUMBOH (PSA)	WAN YAHYA @ WAN AHMAD BIN WAN IDRIS LONG HABSAH BT ISMAIL	PT 904, 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 RASDI BIN MAMAT	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	Lot 223, Tingkat Bawah Sek.24, Jalan Sultan Yahya Petra, 15200 Kota Bharu, Kelantan Darul Naim.	09-7486866 017-9812102	09-7487866
PASIR MAS (PMC)	FUDZIAH BINTI A. HALIM	650 Taman Masjaya Lati, 17000 Pasir Mas Kelantan Darul Naim.	09-7916095 017-9170578	09-7916095

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
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
SEBERANG TAKIR (KLT)	NOZIMAH BT ABDULLAH HARIZAH BT MAJID	Lot PT 35703, Rumah Kedai, Kampung Darat, Bukit Tumboh, 21300 Kuala Terengganu, Terengganu Darul Iman.	09-6622476 013-9347676	09-6622476
CHENDERING (CDB)	ROKIAH BT M KOYAKUTY NUR ROHAIDA BT CHI HASIN	2022-K Taman Permint Jaya, Fasa IV, Chendering, 21080 Kuala Terengganu, Terengganu Darul Iman.	09-6170221 012-9891848	09-6170162
KEMAMAN (KMC)	FARIDAH BT MD ISA	PT8897, Tingkat Bawah & Satu, Jalan Kemaman - Kuantan, Taman Geliga Intan, 24000 Kemaman, Terengganu Darul Imah.	09-8684227 011-12165922	09-8684226

District Agents

Pahang

Location	Authorised Agent(s)	Address	Tel	Fax
KUANTAN (MSB)	VICTOR KEOW WUN LIONG CHONG CHIU HIONG	No. 94B, Jalan Wong Ah Jang, 25100 Kuantan, Pahang Darul Makmur.	09-5151388 019-9159967	09-5151488
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
TEMERLOH (TMR)	ISMASUSI BT ISMAIL	No. 8, Tingkat 1, Jalan Chengal Baru 2, Pusat Perniagaan Chengal, 28000 Temerloh, Pahang Darul Makmur.	09-2960733 013-3488406	09-2960301

Sarawak

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
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Sabah

TAWAU (TWB)	ARMINOH BT JAPAR	Lot 7, TB 4416, 1st Floor, Sabindo Square, Lorong Sabindo Baru, 91000 Tawau, Sabah.	089-759768 013-8868279 019-8134269	089-759768
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 AZMINUDDIN BIN MOHD ISA	No. 1-46, Shopping Arcade Tyng Garden, Mile 6, 90000 Sandakan, Sabah.	089-668848 013-8562882	089-669848
KENINGAU (KNG)	KHALID BIN MOHD TAIB	Ground Floor, Fortune Shopping Lot 6, 89000 Keningau, Sabah.	011-25292989 012-8109021 014-2802695	087-330082
INANAM (INA)	SITI HAJAR BT ABDUL RAHIM MOHD HAFIDZ BIN AMIT @ ABD HAMID SITI RABIAH BINTI FRANS	Lot 10, Tingkat Bawah, Blok L, Lorong KK Taipan 3, Inanam, 88450 Kota Kinabalu, Sabah.	088-380713 013-8818848	088-383712
BEAUFORT (BFA)	MAIDAH BT BARIDANG @ BRIDANG JOSLI KULAMBANG NURUL AZMINA BT AZMINUDDIN	No. 2A, Lot 137 Beaufort Jaya Fasa II, Commercial Development, 89800 Beaufort, Sabah.	087-211181 010-5032179	087-211181



ANALYSIS OF SHAREHOLDINGS

As At 12 March 2014

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 12 MARCH 2014

Size Of Holdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
Less than 100	210	3.52	8,879	0.00
100 - 1,000	1,189	19.95	949,532	0.21
1,001 - 10,000	3,417	57.32	14,850,555	3.23
10,001 - 100,000	991	16.62	29,491,782	6.41
100,001 - 22,999,999	150	2.52	99,112,917	21.55
23,000,000 - 460,000,000	4	0.07	315,586,335	68.61
TOTAL	5,961	100.00	460,000,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 12 MARCH 2014

No.	Name	Direct Interest		Deemed interest	
		Number of Shares	%	Number 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	----	----

* Deemed interested via Zhulian Holdings Sdn. Bhd. and The Best Source Holdings Pte. Ltd. pursuant to Section 6A of the Companies Act, 1965.

• 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.

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2014

No.	Name	Direct Interest		Deemed interest	
		Number of Shares	%	Number 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	----	----

* Deemed interested via Zhulian Holdings Sdn. Bhd. and The Best Source Holdings Pte. Ltd. pursuant to Section 6A of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS AS AT 12 MARCH 2014

No.	Name	Number 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	Chong Siew Kam	17,667,933	3.84
6	Teoh Meng Lee	5,666,666	1.23
7	Teoh Meng Soon	5,666,666	1.23
8	Teoh Beng Chye	5,262,533	1.14
9	Yayasan Terengganu	3,466,178	0.75
10	Ahmad Razali Bin Mustaffa	3,333,333	0.72
11	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Bank Berhad (EDP2)	3,165,800	0.69
12	Khoo Lay Boon	2,666,666	0.58
13	P'ng Swee Guan	1,916,820	0.42
14	Teoh Siew Hong	1,666,669	0.36
15	Teoh Siew Choo	1,666,666	0.36
16	Mohd Munir Bin Abdul Majid	1,504,666	0.33
17	Ng Gaik Hua	1,400,000	0.30
18	Khoor Ah Siew	1,224,000	0.27
19	Yeap Chin Loon	1,163,500	0.25
20	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	1,142,133	0.25
21	PM Nominees (Tempatan) Sdn. Bhd. for Bank Kerjasama Rakyat Malaysia Berhad	1,042,800	0.23
22	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
23	AMSEC Nominees (Tempatan) Sdn. Bhd. AmTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	989,500	0.22
24	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore for Pangolin Asia Fund	957,300	0.21
25	Yeap Mong Sie	887,500	0.19
26	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	821,600	0.18
27	Chen Tam Chai	809,200	0.18
28	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	762,266	0.17
29	Too Cheok Foo	739,800	0.16
30	Teoh Meng Lee	709,333	0.15
		382,893,456	83.23



NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 7 May 2014 at 2.30 pm for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 30 November 2013 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring pursuant to Article 94 of the Company's Articles of Association:
 - a) Mr Teoh Beng Seng Ordinary Resolution 1
 - b) Mr Khoo Teng It Ordinary Resolution 2
3. To re-appoint Mr Diong Chin Teck, who retires pursuant to Section 129 of the Companies Act, 1965. Ordinary Resolution 3
4. To approve the payment of Directors' fees amounting to RM120,000 for the year ended 30 November 2013. Ordinary Resolution 4
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

To consider, and if thought fit, to pass the Ordinary Resolution with or without modifications:

6. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** Ordinary Resolution 6

"THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and subject to the approval of all the relevant government and/or regulatory authorities, the Board of Directors of the Company be and is hereby authorised 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 issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("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."

7. To transact any other business of which due notice shall have been given.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries
Penang, 15 April 2014



ZHULIAN CORPORATION BERHAD (415527-P) NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

Notes: Appointment of Proxy

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 Companies Act, 1965 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. If a member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands. Only one (1) of those proxies is entitled to vote on a show of hands.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor 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.
5. For the proxy to be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. For purpose of determining who shall be entitled to attend the Seventeenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61(3) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositors ("ROD") as at 29 April 2014. Only a Depositor whose name appears on such ROD as at 29 April 2014 shall be entitled to attend this meeting or appoint proxy to attend and / or vote in his / her behalf.

Explanatory Note on Ordinary Business:

The proposed Ordinary Resolution 3 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Mr Diong Chin Teck who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next AGM of the Company. This resolution shall be effect if be passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

Explanatory Note on Special Business:

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 issue 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 AGM held on 8 May 2013 and which will lapse at the conclusion of the Seventeenth 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 Main Market Listing Requirements of Bursa Securities)

No individual is seeking election as a Director at the forthcoming Seventeenth 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 Capital Letters)
 (Full Address)
 (Full name in Capital Letters)
 (Full Address)
 (Full name in Capital Letters)
 (Full Address)

as *my / our proxy, to vote for *me / us on *my / our behalf at the Seventeenth Annual General Meeting of the Company, to be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 7 May 2014 at 2.30 pm, and at any adjournment thereof.

	ORDINARY RESOLUTIONS					
	1	2	3	4	5	6
FOR						
AGAINST						

(Please indicate with an "X" in the appropriate space 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)

* Strike out whichever is not desired.

Signed this day of 2014.

.....
 Signature of Shareholder(s) / Common Seal

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by each proxy:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

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 Companies Act, 1965 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. If a member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands. Only one (1) of those proxies is entitled to vote on a show of hands.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor 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.
5. For the proxy to be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. For purpose of determining who shall be entitled to attend the Seventeenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 61(3) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositors ("ROD") as at 29 April 2014. Only a Depositor whose name appears on such ROD as at 29 April 2014 shall be entitled to attend this meeting or appoint proxy to attend and / or vote in his / her behalf.

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(STAMP)

TO,
The Joint Company Secretaries
ZHULIAN CORPORATION BERHAD (415527-P)
Suite 16-1 (Penthouse Upper),
Menara Penang Garden,
42A Jalan Sultan Ahmad Shah,
10050 Penang

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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