

# ZHULIAN

## MOVING ABOVE AND BEYOND

ANNUAL REPORT 2015





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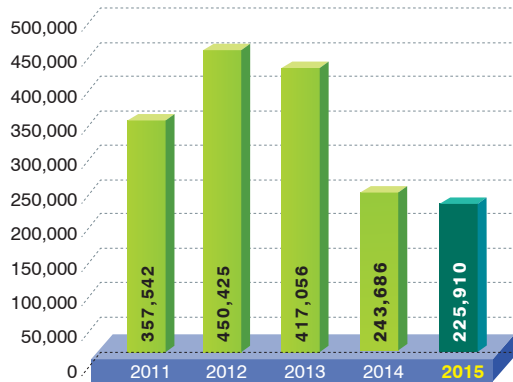
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## FIVE-YEAR GROUP FINANCIAL Highlights

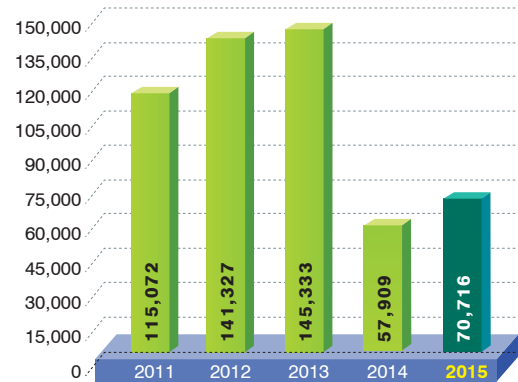
YEAR ENDED 30 NOVEMBER	2015	2014	2013	2012	2011
<b>1. RESULTS (RM'000)</b>					
Revenue	<b>225,910</b>	243,686	417,056	450,425	357,542
Profit Before Tax ("PBT")	<b>70,716</b>	57,909	145,333	141,327	115,072
Profit After Tax ("PAT")	<b>53,045</b>	47,114	121,010	117,094	95,320
<b>2. STATEMENT OF FINANCIAL POSITION (RM'000)</b>					
Total Equity Attributable to Owners of The Company	<b>529,067</b>	483,215	504,145	451,844	392,319
Total Assets	<b>570,017</b>	520,461	557,519	528,845	446,219
Total Borrowings	–	–	–	–	–
<b>3. RATIO</b>					
Net Dividends Per Ordinary Share (sen)	<b>6.00</b>	10.00	16.00	15.50	12.00
Earnings Per Share (sen)	<b>11.53</b>	10.24	26.31	25.46	20.72
Net Assets Per Share (sen)	<b>115.02</b>	105.05	109.60	98.23	85.29
Gearing Ratio (%)	<b>0%</b>	0%	0%	0%	0%

## FIVE-YEAR GROUP FINANCIAL Charts

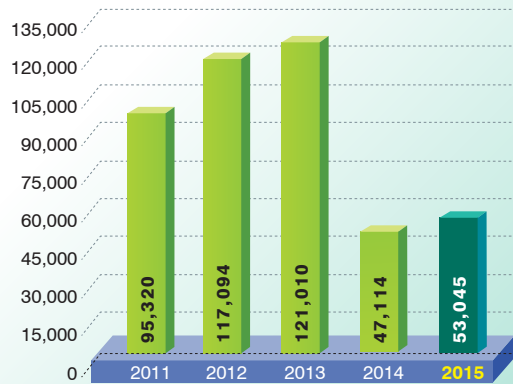
**Revenue**  
(RM'000)



**Profit Before Tax**  
(RM'000)



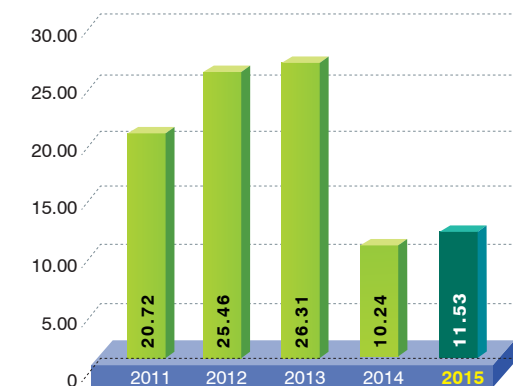
**Profit After Tax**  
(RM'000)



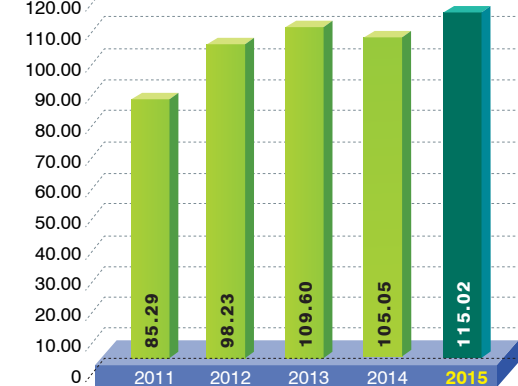
**Net Dividends Per Ordinary Share**  
(sen)



**Earnings Per Share**  
(sen)

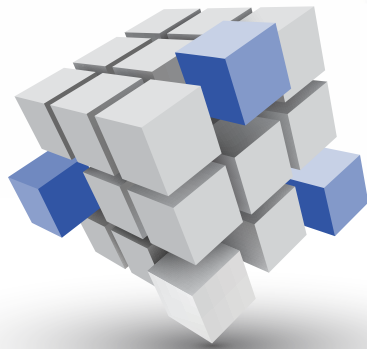


**Net Assets Per Share**  
(sen)



# CORPORATE REVIEW

Adapting to Change



## GROUP STRUCTURE

<b>ZHULIAN CORPORATION BERHAD</b>	
<b>MANUFACTURING</b>	
100%	ZHULIAN INDUSTRIES SDN. BHD. - ZISB
100%	ZHULIAN JEWELLERY MANUFACTURING SDN. BHD. - ZJMSB
100%	BEYOND PRODUCTS TECHNOLOGY SDN. BHD. - BPTSB
100%	ZHULIAN MANUFACTURING SDN. BHD. - ZMFSB
100%	AMAZING VESTRAX SDN. BHD. - AVSB
100%	ZHULIAN NUTRACEUTICAL SDN. BHD. - ZNSB
<b>INVESTMENT HOLDING &amp; MULTI-LEVEL MARKETING</b>	
100%	ZHULIAN MANAGEMENT SDN. BHD. - ZMSB
	<ul style="list-style-type: none"> <li>▶ 49% ZHULIAN (THAILAND) LTD. - ZTH               <ul style="list-style-type: none"> <li>100% ZHULIAN DEVELOPMENT CO., LTD.</li> <li>100% ONE RESIDENCE PROPERTY CO., LTD.</li> <li>100% ZTH CONSULTANT SERVICE CO., LTD.</li> </ul> </li> <li>▶ 95% PT. ZHULIAN INDONESIA - PTZI</li> <li>▶ 100% ZHULIAN (SINGAPORE) PTE. LTD. - ZSG</li> </ul>
100%	ZHULIAN MARKETING (M) SDN. BHD. - ZMMSB
80%	ZHULIAN LABUAN LIMITED - ZL
<b>TRADING &amp; PRINTING SERVICES</b>	
100%	ZHULIAN PRINTING INDUSTRIES SDN. BHD. - ZPISB
100%	MASTER SQUARE SDN. BHD. - MSSB
<b>OTHERS</b>	
100%	DIAMOND INSPIRATION SDN. BHD. - DISB
100%	*ZHULIAN DEVELOPMENT SDN. BHD. - ZDSB
100%	*ZHULIAN VENTURES SDN. BHD. - ZVSB
100%	*ZHULIAN PROPERTIES SDN. BHD. - ZPSB
100%	*BEYOND NATURAL CARE SDN. BHD. - BNCBSB
100%	*DEXASSETS SDN. BHD. - DSB

\*Dormant

# CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of **ZHULIAN CORPORATION BERHAD** ("**ZHULIAN**" or "the Company"), it is my great honour 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 2015 ("FY2015").



## PERFORMANCE OVERVIEW

For **ZHULIAN**, year 2015 was indeed a year full of challenges, fraught with uncertainties and risks slanted towards the downside in the region where we operate.

Malaysia registered a lower GDP growth of 5.0% in 2015 as compared to GDP growth of 6.0% for the previous year, while Thailand, the biggest contributor to our export revenue in 2015, registered a lower-than-expected economic growth of 3% in 2015, yet to be back on track after registering a low 0.9% growth in 2014. Our overall market demands also dropped due to softening consumer confidence in the region, followed by the implementation of goods and services tax (GST) in Malaysia and the weakening currencies in the region compared with the US Dollar. From a more positive perspective, the strengthening of the US Dollar increased the Group's export revenue. This helped to reduce the impacts from the under-performed markets.

Such weak market sentiment was the major factor that impacted the Group's business performance in the year of review. In this context, the Group recorded lower consolidated revenue of RM225.91 million (FY2014: RM243.69 million). However, the Group's Profit Before Tax ("PBT") increased 22% to RM70.72 million (FY2014: RM57.91 million) while Profit After Tax ("PAT") rose 13% to RM53.05 million (FY2014: RM47.11 million), mainly contributed by the strengthening of the US Dollar.

Despite the overall challenges throughout 2015, the Group has managed to keep its fundamentals and financials healthy - continued to generate profits and create new source of revenue while maintaining zero gearings and abundant cash.

## EARNINGS PER SHARE ("EPS")

The Group's EPS for FY2015 ended 30 November 2015 stands at 11.53 sen (FY2014: 10.24 sen).

## DIVIDENDS

The total dividends declared for the financial year ended 30 November 2015 amounts to 6.0 sen, bringing the total dividend payout RM27.60 million.

## OPERATION OVERVIEW

In the year of review, the Group had been more cautious in spending whereby economic uncertainties had forced the Group to put on hold several expansion plan and product development plan. Nevertheless, in order to remain relevant to the current lacklustre market and realise the full value of our network and all its potential, we continued to put effort in strengthening our market position by providing support to our existing Distributors as well as attracting new people to join our network. Other than that, we looked beyond the horizon to extend our market reach to Indochina region. All in all, despite the backdrop of challenging market conditions, the Group has become more resilient than before with goals and action plans for future growth.







## Our Distributor Network

In the year of review, we returned to our roots to tackle the basic needs of our Distributors and Leaders by helping them to increase their productivity. We continued to assist our network consisting of 347 Authorised Agencies and 322,564 Distributors to grow their business with rapid response to market conditions and prompt actions to mitigate the soft consumer sentiment and challenging business environment. In line with this objective, we made relevant improvements to our MLM business plan in the aspect of incentive distribution to encourage overall network growth. Apart from sales campaigns, we organised seminars and marketing programmes that aimed at strengthening the professionalism and entrepreneurial skills as well as boosting the morale and confidence of our Distributors. For attracting new members of younger age groups, several new programmes targeted to drive retailing and sponsoring activities also took place.

## Our Workforce

At **ZHULIAN** Group, ever since its inception, each and every staff under its umbrella plays their respective role in helping our Distributors to build their business in every way through developing, manufacturing and delivering quality products in a timely manner as well as providing quality services to support their sales activities. As at 30 November 2015, the Group had a total head count of 791 staffs. We continued to motivate our workforce to be professional, accountable and responsive to the current environment by providing training and development opportunities to different levels of staff from time to time.



## Our Market

Our revenue from the local market had been adversely affected by the more challenging business environment and our results had also been undercut by impacts from the implementation of GST for domestic market and overall weaker consumer confidence and market sentiment which dampened the regional demand.

On a more favourable aspect, our export markets contributed 72% of our total revenue in 2015, clearly signifying the Group had made strong progress in our overseas market penetration plan. Thailand remained as our biggest export market and Thailand has become an exemplary business model for other potential markets in the Indochina region. However, our Indonesia market had yet to show any significant contribution to revenue due to weak customer sentiment resulted from the Rupiah's depreciation and stiff competition in the MLM market.

## New Market Development

After much delay in the licencing and products registration process, the Group had finally entered Myanmar market in April 2015, with the incorporation of Myanmar Zhulian Direct Marketing Co., Ltd. as a Master Agent of the Group. The end of the financial year saw the network of Myanmar grow to 36 Authorised Agents and 14,216 Distributors.

## Our New Products

The Group continued to develop new products to capture new market. In year 2015, besides the existing products that have already gained wide acceptance from the regional market, the Group began to tap into a new market segment with the launch of two nutritional beverages in liquid form. In the same year, a traditional health supplement in capsule form as well as a new collection of gold-plated and rhodium plated fashion jewellery have also been launched in Malaysia market. Whereas the new launches in Indonesia were three types of traditional health supplements. Other than that, several new products are already at the final stage of the product development process and will be next in line for future launches.

## Our Manufacturing Facility

Total Capex for the year stood at RM21.47 million, of which approximately RM16.28 million was used to expand the Group's GMP certified food and beverage manufacturing facilities, whereby two new floors with a total built-up of 7,009 square metres were elevated from the original 3-storey building (built-up size before expansion: 23,089 square metres). The project had been completed in August 2015. The two new floors are used to house the state-of-the-art auto-batching and loading system which is more cost-effective, highly efficient and is expected to reduce labour-dependence. Other than that, a new R&D facility was set up to develop new products that cater for ever-changing market demands as part of our product development plan.

## CORPORATE GOVERNANCE

The Group always adheres to the principle of good governance and high integrity in order to build and maintain trust with our employees, investors, governments, our Distributors, customers, consumers and other stakeholders. Being a corporate citizen, we are committed to upholding the fundamental values of integrity, transparency and accountability that include compliance with all the laws, regulations, requirements and codes of conduct applicable to all our business operations. The core principles that we uphold to ensure good governance are clearly laid down in the Statement on Corporate Governance and the Statement on Risk Management and Internal Control as stated in this Annual Report.





## CORPORATE SOCIAL RESPONSIBILITY

As reported in last year's Annual Report, in January 2015, the Group donated RM1 million worth of food items and necessities to the flood victims in the East Coast of Peninsular Malaysia. Greatest thanks to the Polis Diraja Malaysia and Briged Utara, Pasukan Gerakan Am and Malaysian Relief Agency (MRA) for collaborating with the Group in the process of transportation and distribution of the donated items to various flood relief centres. Besides this, there was no other large-scale CSR programme being carried out in the year of review, except for regular programme - Zhulian Education Trust Fund. The Group also participated in fund-raising campaign of Malaysian Red Crescent Society.

## OUTLOOK AND PROSPECTS

The outlook of ASEAN is promising with the launch of ASEAN Economic Community (AEC) on 31 December 2015. The AEC has the potential to spur intra-ASEAN trade and establish a more globally competitive single market and production base. Meanwhile another report - *OECD Development Centre's Economic Outlook for Southeast Asia, China and India* said the Emerging Asia (Southeast Asia, China and India) is set for robust growth. Growth in the Association of Southeast Asian Nations (ASEAN) region is projected to average 4.6% in 2015 and 5.2% over 2016-2020, with Cambodia, Laos and Myanmar are placed among the ASEAN-5 where private consumption will be a large contributor to overall growth. Nevertheless, to ride on this robust momentum, the Group needs to weather the domestic market's slowing growth and redirect its business focus to the markets which have high profit potentiality. The Group will continue to explore the untapped markets as well as capture new business opportunities in other countries in ASEAN. We have plans in place to further explore the Indochina market by penetrating Laos, Cambodia and Vietnam markets within the coming two years.

The Board is mindful that external factors such as a prolonged weakness in the global economy and China's slowing growth may affect the rest of the ASEAN region and may have an impact upon the Group's development plans and overall performance. The Group will continue to implement the rationalisation of its operations by focussing on continuous improvements in the aspect of product quality, productivity, efficiency in planning and implementation, utilisation of resources and cost control.

In anticipating the future challenges, the Group will continue to take prudent measures in evaluating various initiatives and opportunities. We will put effort in ensuring our business continues to attract new Distributors as well as retaining existing Distributors by introducing more promotional campaigns and improving our customer service quality. We are also committed to increasing the effectiveness of our R&D effort in order to respond more promptly to market needs.



Barring unforeseen circumstances, the Board of Directors is cautiously confident that the prospects for the Group remain encouraging as it moves forward into the new financial year. Other than that, appropriate measures will be taken to explore new business opportunities and extend our market reach through expanding our product mix and venturing into new business segments and new markets as well. We remain confident that our established market position, combined with the resilience of our current businesses and strong support from our Distributors and Leaders, will stand the group in good stead for the coming years.

## NOTES OF APPRECIATION

On behalf of the Board of Directors, I would like to express my utmost appreciation to our agents, Leaders, Distributors and customers for their unwavering commitment to the business, undivided trust and continuous support toward **ZHULIAN**. I would also like to thank our business associates, bankers and regulatory authorities for the trust, confidence and cooperation given to us.

To my fellow directors, management and staff, I would like to express my gratitude and appreciation for their hard work, dedication and commitment. I hope their knowledge and professionalism will drive the Company's improvement into 2016 and beyond.

My special thanks also go to all valued shareholders for your continued support and confidence in **ZHULIAN**. The Board would like to stress that the Group remains committed to delivering improved returns for shareholders and looks forward to delivering an improved operational performance in the next financial year.

On Behalf of the Board,  
**ZHULIAN CORPORATION BERHAD,**

**HAJI WAN MANSOOR BIN WAN OMAR**  
Independent Non-Executive Chairman



# PENYATA PENGERUSI

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 2015  
(“FY2015”).



## TINJAUAN PRESTASI

Bagi **ZHULIAN**, tahun 2015 merupakan tahun yang dipenuhi dengan pelbagai cabaran, dirintangi pelbagai ketidakpastian dan dengan risiko-risiko ke bawah bagi rantau di mana kita beroperasi.

Malaysia mencatat pertumbuhan Keluaran Dalam Negara Kasar (KDNK) yang lebih rendah iaitu 5.0% di dalam tahun 2015 berbanding pertumbuhan KDNK sebanyak 6.0% pada tahun sebelumnya, manakala Thailand sebagai penyumbang terbesar perolehan eksport kita bagi 2015 telah mencatatkan pertumbuhan ekonomi yang lebih rendah daripada jangkaan iaitu 3% bagi 2015, masih belum kembali ke landasan kedudukannya setelah mencatatkan pertumbuhan serendah 0.9% pada 2014. Permintaan pasaran kita secara keseluruhannya turut merosot kerana keyakinan pengguna yang kurang menggalakkan di rantau ini, diikuti dengan pelaksanaan GST (Cukai Barangan dan Perkhidmatan) di Malaysia serta nilai mata wang yang semakin lemah di rantau ini berbanding Dolar Amerika Syarikat. Dari sudut pandangan yang lebih positif, pengukuhan Dolar Amerika Syarikat telah meningkatkan perolehan eksport Kumpulan, di mana ia menolong meredakan impak daripada pasaran yang kurang memberangsangkan.

Sentimen pasaran yang lemah sedemikian merupakan faktor utama yang menjejaskan prestasi perniagaan Kumpulan bagi tahun dalam tinjauan. Dalam konteks ini, Kumpulan mencatatkan perolehan disatukan yang lebih rendah berjumlah RM225.91 juta (FY2014: RM243.69 juta). Namun Keuntungan Sebelum Cukai ("PBT") meningkat 22% ke RM70.72 juta (FY2014: RM57.91 juta) manakala Keuntungan Selepas Cukai ("PAT") meningkat 13% ke RM53.05 juta (FY2014: RM47.11 juta), yang banyak disumbangkan oleh keuntungan saham yang lebih tinggi disebabkan oleh pengukuhan Dolar Amerika Syarikat.

Meskipun menghadapi cabaran pada keseluruhannya sepanjang tahun 2015, Kumpulan telah mengekalkan keteguhan asas dan kewangannya pada tahap yang sihat – terus menjanakan keuntungan dan mewujudkan sumber perolehan yang baru sambil mengekalkan pengedaran sifar dan tunai yang banyak.

## PENDAPATAN SESAHAM ("EPS")

Pendapatan sesaham Kumpulan bagi FY2015 berakhir 30 November 2015 adalah 11.53 sen (FY2014: 10.24 sen).

## DIVIDEN

Jumlah dividen yang telah diisytiharkan bagi tahun kewangan berakhir 30 November 2015 berjumlah 6.0 sen, menjadikan jumlah pembayaran dividen sebanyak RM27.60 juta.



## TINJAUAN OPERASI

Bagi tahun tinjauan, Kumpulan telah lebih berhati-hati berbelanja di mana ketidakpastian ekonomi telah menekan Kumpulan untuk menanggunghkan lagi beberapa pelan pengembangan dan pembangunan produk. Walau bagaimanapun, untuk kekal relevan kepada pasaran semasa dan merealisasikan nilai penuh rangkaian kita dan segala potensinya, kita masih meneruskan usaha untuk mengukuhkan kedudukan pasaran kita dengan memberikan sokongan kepada para Pengedar kita yang sedia ada serta menarik orang-orang baru untuk menyertai rangkaian kita. Selain itu, kita telah memandang ke hadapan untuk merokai pasaran lebih jauh sehingga ke rantau Indo-China. Secara keseluruhannya, walaupun berlatarbelakangkan keadaan pasaran yang mencabar, Kumpulan telah semakin cekal berbanding sebelumnya berbekalkan matlamat dan pelan tindakan demi pertumbuhan masa depan.

## Rangkaian Pengedar Kita

Semasa tahun dalam tinjauan, kita berbalik kepada akar kita untuk menangani keperluan asas para Pengedar dan Pemimpin kita dengan membantu mereka meningkatkan produktiviti mereka. Kita masih terus menolong rangkaian kita yang terdiri daripada 347 Agensi Bertauliah dan 322,564 Pengedar untuk membangunkan perniagaan mereka melalui segenap cara dengan memberikan respon pantas terhadap keadaan pasaran serta melakukan tindakan segera bagi mengurangkan sentimen pengguna yang kurang memberangsangkan dan persekitaran perniagaan yang serba mencabar. Selari dengan objektif tersebut, kita telah melaksanakan pembaikan sewajarnya ke atas pelan perniagaan MLM kita dari segi pengagihan insentif bagi menggalakkan pertumbuhan rangkaian secara keseluruhannya. Selain kempen-kempen jualan, kita turut menganjurkan pelbagai seminar dan aneka program pemasaran yang bertujuan untuk memantapkan sifat profesional dan keterampilan keusahawan serta merangsang semangat dan keyakinan para Pengedar kita. Bagi menarik minat ahli-ahli baru daripada kumpulan usia yang lebih muda, beberapa program baru yang menyasarkan penjualan runcit dan penaajaan telah turut dijalankan.

## Tenaga Kerja Kita

Di Kumpulan **ZHULIAN**, semenjak penubuhannya, setiap seorang kakitangan di bawah naungannya memainkan peranan masing-masing bagi menolong para Pengedar kita membina perniagaan mereka dari segenap cara melalui pembangunan, pengilangan dan penghantaran rangkaian produk berkualiti tepat pada masanya serta menyediakan layanan bermutu bagi menyokong aktiviti jualan mereka. Sehingga pada tarikh 30 November 2015, Kumpulan mempunyai kakitangan seramai 791 orang. Kita tidak putus-putus memotivasi tenaga kerja kita agar sentiasa profesional, bertanggungjawab dan responsif kepada keadaan semasa dengan menyediakan latihan dan peluang pembangunan kepada kakitangan mengikut peringkat masing-masing, dari masa ke semasa.



## Pasaran Kita

Perolehan kita dari pasaran tempatan telah terjejas teruk dengan persekitaran perniagaan yang mencabar dan hasil kita juga telah menurun berikutan kesan pelaksanaan GST bagi pasaran domestik, selain keyakinan pengguna dan sentimen pasaran yang semakin lemah lantas melembapkan permintaan di rantau ini.

Dari aspek yang lebih baik, pasaran eksport kita menyumbang 72% terhadap jumlah perolehan bagi 2015, jelas menunjukkan Kumpulan telah menunjukkan progres yang mantap di dalam perancangan penembusan pasaran luar negara kita. Thailand kekal sebagai pasaran eksport terbesar kita dan ia telah menjadi model perniagaan contoh buat pasaran-pasaran berpotensi yang lain di rantau Indo-China. Namun, pasaran Indonesia kita masih belum menampakkan sumbangan bermakna kepada perolehan kita lantaran sentimen pengguna yang lemah berikutan kemerosotan matawang Rupiah dan persaingan sengit pasaran MLM di sana.

## Pembangunan Pasaran Baru

Setelah sekian lama bertanggung bagi proses perlesenan dan pendaftaran produk, akhirnya Kumpulan berjaya memasuki pasaran Myanmar pada bulan Jun 2015, dengan penubuhan Myanmar Zhulian Direct Marketing Co., Ltd. selaku Ejen Utama (*Master Agent*) bagi Kumpulan kita. Penghujung tahun kewangan menyaksikan rangkaian Myanmar berkembang sehingga menjangkau 36 Ejen Bertauliah dan 14,216 Pendedar.

## Produk Baru Kita

Kumpulan meneruskan usahanya membangunkan produk-produk baru bagi menawan pasaran baru. Pada tahun 2015, selain daripada produk-produk sedia ada yang telah pun memperolehi penerimaan meluas dari pasaran serantau, Kumpulan mulai menembusi segmen pasaran baru dengan pelancaran dua produk minuman nutrisi cecair. Pada tahun yang sama, satu suplemen kesihatan tradisional dalam bentuk kapsul serta koleksi barangan kemas saduran emas dan rhodium yang baru juga telah dilancarkan bagi pasaran Malaysia. Manakala pelancaran produk baru di Indonesia terdiri daripada tiga jenis suplemen kesihatan tradisional. Selain itu, beberapa produk baru telah berada di peringkat akhir proses pembangunan produk untuk pelancaran kelak.

## Kemudahan Pengilangan Kita

Perbelanjaan modal bagi tahun tinjauan berada pada RM21.47 juta, di mana kira-kira RM16.28 juta telah digunakan bagi pembesaran kemudahan pengilangan makanan dan minuman Kumpulan yang diiktiraf GMP, di mana dua tingkat baru dengan jumlah luas binaannya 7,009 meter persegi didirikan di atas bangunan asal 3-tingkat (jumlah luas binaan sebelum: 23,089 meter persegi). Projek tersebut telah selesai pada bulan Ogos 2015. Dua tingkat baru tersebut telah digunakan bagi menempatkan sistem canggih "auto-batching" dan "loading" yang lebih berkesan kos, berkecekapan tinggi dan dijangkakan dapat mengurangkan kebergantungan kepada tenaga pekerja. Selain itu, kemudahan R&D baru didirikan bagi membangunkan produk-produk baru untuk memenuhi permintaan pasaran yang berubah-ubah, sebagai sebahagian daripada pelan pembangunan produk kita.





## TADBIR URUS KORPORAT

Kumpulan sentiasa berpegang teguh kepada prinsip tadbir urus yang baik dan berintegriti tinggi bagi membina dan mengekalkan kepercayaan kakitangan, para pelabur, pihak kerajaan, para Pengedar, para pelanggan, para pengguna dan para pemegang taruh lain. Sebagai warga korporat, kita berkomitmen untuk mengenggam nilai-nilai teras integriti, ketelusan dan kebolehpercayaan, termasuk juga pematuhan segala undang-undang, peraturan-peraturan, keperluan-keperluan dan kod-kod perilaku yang bertepatan dengan semua operasi perniagaan kita. Prinsip teras yang kami julang bagi memastikan tadbir urus yang baik telah dibentangkan dengan jelas di dalam Penyata Tadbir Urus Korporat (*Statement on Corporate Governance*) dan Penyata Pengurusan Risiko dan Kawalan Dalam ( *Statement on Risk Management and Internal Control*) di dalam Laporan Tahunan ini.

## TANGGUNGJAWAB SOSIAL KORPORAT

Sepertimana yang telah dilaporkan di dalam Laporan Tahunan lalu, pada bulan Januari 2015, Kumpulan telah menderma sebanyak RM1 juta dalam bentuk produk makanan dan keperluan kepada mangsa-mangsa banjir di Pantai Timur, Semenanjung Malaysia. Setinggi-tinggi penghargaan kita berikan kepada Polis Diraja Malaysia, Briged Utara, Pasukan Gerakan Am dan Malaysian Relief Agency (MRA) di atas kerjasama dengan Kumpulan bagi proses pengangkutan dan pengedaran sumbangan tersebut ke pelbagai pusat bantuan banjir. Selain daripada itu, tidak ada program CSR besar-besaran yang dijalankan sepanjang tahun dalam tinjauan, kecuali program tetap – Tabung Pendidikan Amanah Zhulian. Kumpulan juga telah menyertai kempen mengumpulkan dana bagi Persatuan Bulan Sabit Merah Malaysia.



## TINJAUAN DAN PROSPEK

Tinjauan terhadap Persatuan Negara-negara Asia Tenggara (ASEAN) mempunyai harapan yang cerah dengan pelancaran Komuniti Ekonomi ASEAN (AEC) pada 31 Disember 2015. AEC berpotensi merangsang perdagangan intra-ASEAN dan memajukan pasaran tunggal dan pusat pengeluaran yang lebih berdaya saing di peringkat global. Sementara itu, kandungan satu lagi laporan oleh Pertubuhan Kerjasama dan Pembangunan Ekonomi (OECD) iaitu *Economic Outlook for Southeast Asia, China and India* menyatakan bahawa Negara-negara Asia (Asia Tenggara, China dan India) telah bersedia untuk pertumbuhan yang mantap. Pertumbuhan di rantau ASEAN terjunjur pada purata 4.6% bagi 2015 dan 5.2% bagi 2016-2020, dengan Kemboja, Laos dan Myanmar ditempatkan di kalangan negara-negara ASEAN-5 di mana penggunaan swasta akan menjadi penyumbang besar terhadap pertumbuhan keseluruhan. Namun begitu, untuk mengharungi momentum mantap ini, Kumpulan perlu menempuh pasaran tempatan yang tumbuh perlahan dan mengalihkan fokus perniagaannya ke arah pasaran yang memiliki potensi keuntungan yang tinggi. Kumpulan akan terus menerokai pasaran yang masih belum ditembusi selain merebut peluang-peluang perniagaan baru di negara-negara ASEAN yang lain. Kita telah menetapkan perancangan untuk menerokai lebih jauh ke dalam pasaran Indo-China dengan persediaan melebarkan sayap ke pasaran Laos, Kemboja dan Vietnam dalam jangkamasa dua tahun.

Lembaga menyedari kehadiran faktor-faktor luaran seperti kelemahan yang berpanjangan di dalam ekonomi dunia dan pertumbuhan perlahan di China mungkin menjejaskan rantau ASEAN dan mungkin juga memberikan impak ke atas perancangan dan prestasi keseluruhan Kumpulan. Kumpulan akan terus melaksanakan rasionalisasi pengoperasiannya dengan memfokuskan kepada peningkatan berterusan dari aspek kualiti produk, produktiviti, kecekapan perancangan dan pelaksanaan, penggunaan sumber dan kawalan kos.

Dalam memikirkan cabaran-cabaran yang akan dihadapi di masa depan, Kumpulan akan terus mengambil pendekatan berhati-hati dalam menilai inisiatif dan peluang yang pelbagai. Kita akan berusaha memastikan perniagaan kita berterusan menarik para Pengedar baru dan pada masa yang sama berupaya mengekalkan para Pengedar sedia ada dengan memperkenalkan lebih banyak kempen promosi dan meningkatkan kualiti perkhidmatan pelanggan kita. Kita juga menggenggam komitmen untuk meningkatkan keberkesanan usaha R&D kita agar dapat memberikan respon pantas terhadap keperluan pasaran.

Kecuali dalam keadaan yang tidak diduga, Lembaga Pengarah agak yakin bahawasanya prospek Kumpulan akan kekal memberangsangkan dengan melangkahnya kita ke tahun kewangan yang baru. Selain itu, pendekatan bersesuaian akan diambil bagi menerokai peluang-peluang perniagaan yang baru dan meluaskan lagi capaian pasaran kita melalui perluasan campuran produk kita dan menerokai segmen perniagaan baru dan juga pasaran baru. Kita kekal yakin bahawa kedudukan pasaran yang telah kita perkukuhkan, seiring kekuatan perniagaan semasa kita serta sokongan padu daripada para Pengedar dan Pemimpin, akan membawa pulangan yang baik kepada Kumpulan di masa depan.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan setulus penghargaan kepada para ejen, Pemimpin, Pengedar dan pelanggan di atas komitmen tidak berbelah-bahagi terhadap perniagaan, kepercayaan yang tiada duanya serta sokongan berterusan terhadap **ZHULIAN**. Saya juga ingin mengucapkan terima kasih kepada rakan niaga sekutu, pihak bank dan pihak penguatkuasa di atas kepercayaan, keyakinan dan kerjasama yang diberikan kepada kami.

Buat barisan pengarah, pengurusan dan kakitangan, saya ingin menyampaikan rasa penghargaan terima kasih di atas segala kerja keras, dedikasi dan komitmen mereka. Semoga dengan ilmu dan sikap profesional mereka akan terus memacukan peningkatan Syarikat melewati tahun 2016 dan tahun-tahun berikutnya.

Ucapan terima kasih yang istimewa buat semua pemegang saham yang dihargai di atas sokongan dan keyakinan anda yang berterusan kepada **ZHULIAN**. Lembaga juga ingin menegaskan bahawa Kumpulan kekal komited untuk memberikan pulangan yang dipertingkatkan kepada para pemegang saham dan berharap akan memberikan prestasi operasi yang dipertingkatkan bagi tahun kewangan seterusnya.



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)
- **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

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

#### 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 Penang  
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**  
(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 67, 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. At present, he is also the PIBG chairman for Taman Permata Religious School, Kuala Lumpur.

Haji Wan Mansoor Bin Wan Omar has attended all Board Meetings held during the financial year ended 30 November 2015. 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 57, 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 2015. Teoh Beng Seng is the major shareholder of **ZHULIAN** and 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 49, 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, Myanmar, 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 2015. 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.

## TEOH MENG LEE

Group Executive Director

**Teoh Meng Lee**, a Malaysian aged 46, 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 2015. 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 46, 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 ensure 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 three out of four Board Meetings held during the financial year ended 30 November 2015. 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 83, 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 2015. 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.

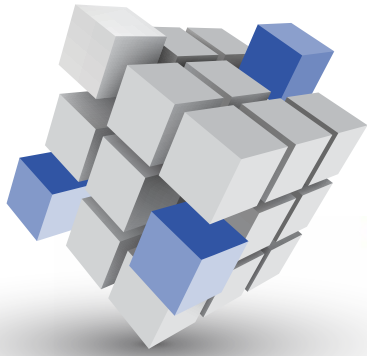
**TAN LIP GAY**

Independent Non-Executive Director

**Tan Lip Gay**, a Malaysian aged 52, 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 2015. 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

Realigning Business Direction





Through the years, our business has been widely diversified and we have slowly shifted our product mix from our initial core products – fashion jewellery to nutritional food and beverage products, health supplements, home technology products such as water purifier and air purifier etc. We also take pride in manufacturing these products at our own manufacturing plants. In respect of the business focus, we also gradually evolved from domestic-oriented to export-oriented whereby 72% of the Group's revenue in the year under review was derived from exports, more than two times of the revenue generated from domestic market.

### Market Scenario

The Group's business performance has not gained the momentum we expected in year 2015 due to weakening market sentiment and softening consumer confidence that led to lower regional demands. Steps were taken to enhance our business focus and ensure the best use of our resources.

Our entry to Myanmar market with the appointment of Myanmar Zhulian Direct Marketing Co., Ltd. as the Group's Master Agent was considered another new milestone for the Group. Our outlook for the market is very optimistic as we see it as a fast-emerging market for MLM business. The Group expected to elevate standards of living by garnering the spirit of entrepreneurship amongst non-business background individuals in the country. With direct selling gaining popularity, Myanmar is seen to have huge potential to grow and become one of the Group's key export markets in the Southeast Asian region.

Our business in Thailand picked up slower than expected but still remained as the biggest contributor to our export revenue. Our entry to Myanmar market had resulted in a portion of the Myanmar Leaders and Distributors exiting from Thailand market and focusing on developing the new market in Myanmar. The new market fetched a total of RM24.20 million export revenue as at the closing of FY2015, while the export revenue contributed by Thailand saw a slight increase in revenue. This signified a positive growth prospect for both Thailand and Myanmar markets in the next financial year.



As for our Indonesia market, various promotions were carried out to boost the productivity of Distributors. The campaigns gained considerable response from the Distributors but the results were not significant due to weakening market demand resulted from softening customer sentiment. Steps were also taken to gear up the marketing activities in order to keep Distributors motivated and engaged as well as improve the sales aids that aimed to help stimulate sales.





The domestic market slowed down, mainly due to weakening consumer confidence impacted by the implementation of GST and declining Ringgit value. We continued to endeavour to attract new members of younger age groups while giving full support to existing Distributors in their business activities.

### Our Products & Branding

In year 2015, the top two contributing product categories are food & beverage products and nutritional health products, which contributed 28% and 24% respectively.

In the year of review, the Company launched several products that aimed to stimulate new demands in the domestic market. The newly launched products include two new liquid nutritional beverage products, namely *IsoF'rm Mixed Botanical Beverage with Pomegranate and Pueraria Mirifica Extract* and *Collagen 2 Peach Juice Beverage Blend with Hydrolysed Marine Collagen and Marine Elastin*. In addition, a new fashion jewellery collection consisting of gold-plated and rhodium-plated jewellery items has also been introduced to the market.

The Group also endeavoured to enhance its traditional health supplement's brand, namely *GreenLex* by adding another new product, namely *GreenLex MonaCol* (Red Yeast Rice Extract capsules) into the existing range consisting of three products, namely *GreenLex Organic Spirulina*, *GreenLex Memo Complex* and *GreenLex I-Complex*. *GreenLex MonaCol* was launched in Malaysia and received positive response from the market. The *GreenLex* products are formulated based on latest research findings using the best selection of ingredients. Aside from the local market, we also rolled out the initial range of three *GreenLex* products in Indonesia market in the year of review. Sales aids were specially developed for the product range to increase brand awareness.





## Market Development

In the aspect of market penetration plan, besides continuing our effort in strengthening our presence in the existing markets, we will explore and capture new market opportunities. After penetrating Myanmar, we have set our sights to expand our overseas market to other countries in the Indochina region – Laos, Cambodia and Vietnam as we see great potentiality in the markets as these countries are highly regarded as rapidly-emerging economies in the ASEAN region especially when MLM business had begun to gain popularity in the region.

## Upgrading of Facility

In line with our export market expansion plan, two floors were elevated at the GMP accredited plant building specialising in manufacturing of Food & Beverage and Nutritional Health products. The new floors are specially catered for setting-up of the state-of-the-art Auto Batching and Loading System which is much more efficient in terms of productivity. The new facility is a semi-automatic system thus only minimal manpower is required.

The Group also set up a new R&D facility complete with equipment and machineries that will be instrumental for future product development.

While we are again hoping for a better year ahead, rest assured we are taking all of the necessary steps to prepare for another challenging period. With our full commitment to finding new ways to satisfy the customers, we believe that the Company will continue to stimulate healthy demands for the Company's products to drive better revenue performance. We will also continue to organise more vibrant marketing programmes to attract new blood to join our network and at the same time ensure our existing Distributors will continue to pursue our business opportunity. Regardless of what occurs, we intend to be well positioned for the years ahead. Anticipating that there will be more challenges ahead, we need to continually review and improve our business model and be prepared for transformation and change. These will include being innovative in product design and development, improving our direct selling business plan, ensuring cost-effectiveness to maintain margins, implementing more strategic plans and exploring new market opportunities to gain a competitive edge.



# CORPORATE SOCIAL RESPONSIBILITY

Fulfilling Corporate Responsibility



## Committed to Being a Responsible Corporate Citizen

The **ZHULIAN** Group is committed, at all levels of the company, to the on-going journey of being a responsible corporate citizen. We believe that corporate citizenship and environmental responsibility are good for business by increasing efficiency, improving customer and employee satisfaction, building the trust of our stakeholders and shareholders and driving innovation and growth for the Group. Beyond providing superior products, quality services and meaningful consumer experiences, we believe that we all have a meaningful part to play in society, by contributing in whatever way we can to making the lives of the communities a little better. Our CSR activities cover the 4 key areas that include: Workplace, Marketplace, Community and Environment.

## MARKETPLACE

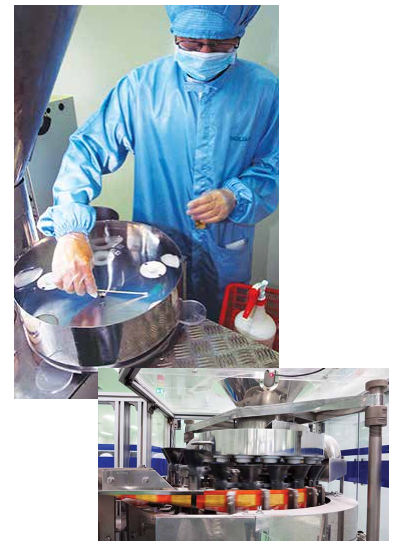
The Group is committed to running its widely-diversified businesses and manufacturing operations in a socially and environmentally responsible manner. We adopt stringent quality policy and standards in accordance with Good Manufacturing Practice (GMP) and ISO 9001-2008 quality management system in our Food & Beverage and Health Supplement manufacturing plant whereby every business process, from sourcing of raw material to delivery of goods are closely monitored to ensure compliance with regulatory and statutory requirements and conformity to the stipulated standards.

As a public company with Syariah status, all of our food products are certified by the Department of Islamic Development Malaysia (JAKIM). The certified Halal status provides assurance that our products are developed, manufactured, exported and distributed under the strictest hygienic and sanitary condition in accordance with the Halal requirements. An Internal Halal Committee has also been set up to conduct the internal audit for Halal requirement to ensure Halal compliance.

So far, the Group has established its businesses in Malaysia, Singapore, Thailand, Indonesia and Myanmar. We make sure that we strictly adhere to all the laws or regulations applicable to our nature of businesses in the respective country. In Malaysia, we are committed to adhering to Code of Conduct of the Direct Selling Association of Malaysia (DSAM) and Direct Sales and Anti-Pyramid Scheme Act 1993 and we also expect our Distributors to uphold the highest level of ethics in their business practice. We strictly enforce Distributors' Rules and Regulations stipulated in our Zhulian Golden Business Guide and constantly monitor Distributors' conduct to ensure compliance for the long-term sustainability of our business.



The Group also strives to ensure fair and transparent disclosure of information to our stakeholder and shareholder. In line with this objective, we keep our official website - [www.zhulian.com.my](http://www.zhulian.com.my) and Facebook page updated with the latest information regarding the MLM division's events, campaigns and products and at the same time keep our existing shareholders and potential investors in touch with the latest information regarding the Group's business operation via the investor relations portal at our official corporate website - [www.zhulian.com](http://www.zhulian.com). We also take an uncompromising stance on the quality and safety of our products whereby all the processes in our supply chain, from sourcing of raw material, production to delivery of the finished goods to the market are closely monitored. Vendors or suppliers are carefully selected and they are assessed annually to ensure their capacity conforms to our quality requirements.



## ENVIRONMENT

The Group fully supports the effort to protect the environment. We consciously engage in businesses that do not pose any direct threat to the environment and the society. The employees are educated and reminded from time to time so that they can always put their best effort to minimise consumption of energy and utilities.

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. We continuously put effort into managing our resources effectively in order to cut down wastage and save energy as well as minimise the impact of our business processes on the environment. We have put in place procedures on how to manage and dispose waste effectively as well as maintain the clean and hygienic working environment for all our employees. For instance, our manufacturing facilities are equipped with a water treatment plant and exhaust air purification system. Our facilities are also installed with heat regulators and energy efficient lighting such as LED lights to save on electricity consumption. We also encourage our staff to reuse consumables and recycled paper. Internal audits are conducted periodically in order to ensure compliance of standards set under Good Manufacturing Practices and ISO 9001 in regard to environmental concerns.





## WORKPLACE

The Group believes that providing employees the support they need to sustain their overall wellness is a critical part of creating a desirable place to work. Our benefit package for staff is specially designed to protect their welfare with the provision of company transport, uniforms, food allowance, in-house clinic and Group Hospitalisation and Surgical Insurance.

The Group also places importance on ensuring a safe and clean working environment, so that our employees can work comfortably and productively. We have set in place a comprehensive Safety and Health Policy in the Employee Handbook. Moreover, a Safety Committee has been designated to monitor the workplace and address any safety issues that arise. On top of that, there is also an Emergency Response Team and a First Aider Team consisting of trained employees to take charge when an emergency occurs. It is also a standard procedure for the department head to brief on the proper emergency procedure and remind their staff to react promptly during emergencies via training workshops and fire drills. The on-the-job trainings for production operators also emphasise proper work instructions in order to prevent workplace hazards from happening.



At **ZHULIAN** Group, an employee is not just a headcount but a part of our family. We treat each and every one of our staff as a unique individual and we are committed to fostering a vibrant and caring culture where staff's contributions are valued and supported. We provide various feedback channels for them to contribute to the quality improvement of our products as well as our services. We adopt an open approach so as to keep the team aligned with our actions and directions, in our endeavour to ensure the Group's business is able to move forward sustainably. We also provide a wide range of training and development programmes to enable employees, at all levels to achieve their personal and professional development goals.



The Group strongly believes that hiring a diverse array of people while respecting human rights and without discrimination based on gender, age or race is essential to the on-going business development of a sustainable company. The headcount of the Group's workforce at the end of the review period is 791, comprising all Malaysians, with gender ratio of 55% female and 45% male. Among the total workforce, nearly 8% are of Baby Boomers, 56% are of generation X and 36% are of generation Y; 18% of our employees are at the level of executive and above and 82% are non-executive.

## COMMUNITY

We strongly believe that the business opportunity we offer is able to groom anyone to become a successful entrepreneur, regardless of their education level or experience background. It is this belief that keeps the **ZHULIAN** Group going this far with the vision to aspire and empower people to achieve their goals. In 2015, we continued to foster entrepreneurial spirit via Entrepreneur Workshop. Meanwhile, we also enhanced our engagement with the youth through our marketing programmes. A series of health awareness seminars was also held in the year to educate our Distributors and the community at large on how to improve their health and wellness by practising a healthier lifestyle along with the consumption of Zhulian products.



The Group also continues to contribute towards the academic development of children whose parents are pursuing Zhulian business with the establishment of Zhulian Education Trust Fund, whereby those who met the stipulated qualifying conditions were proudly recognised on-stage during the annual national convention held in August 2015. Meanwhile, the Zhulian-USM Joint Laboratory of which fixtures and equipment were funded by the Group with RM500,000 donation contributed in 2013, has provided countless undergraduates and post-graduates of the School of Industrial Technology in Universiti Sains Malaysia a more conducive facility to conduct their research work since then.

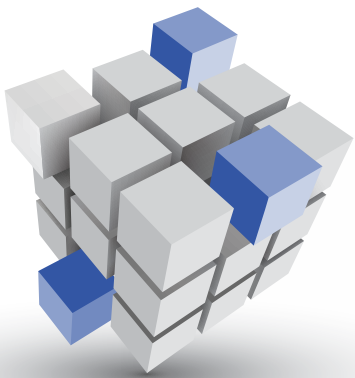


In early year 2015, the Group also played its role as a good corporate citizen by lending a hand to the needy victims of flood disasters that has affected 8 states in Malaysia through providing immediate relief in the forms of Zhulian products, food stuff and necessities worth nearly RM1 million.

The Group also participated in the annual fund raising dinner held by Malaysian Red Crescent Society Penang Branch and also became one of the sponsors of the presentation ceremony of Anugerah Usahawan Industri Desa (DUID) 2015 organised by Rural Industrial Entrepreneur Council.







# CORPORATE GOVERNANCE

Ensuring Compliance and Conformity

## 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 2015.

### 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.

- reviewing, adopting and monitoring the implementation of 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 the Group's business operations and financial performance;
- identifying principal business risks faced by the Company and its subsidiaries and overseeing the 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;
- undertaking 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

To enhance accountability, the Board has formalised and adopted a Board Charter ("Charter") which serves as a source of reference for Board activities. The Charter provides guidance and clarity for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company.

The Board Charter also sets out processes and procedures for boardroom activities. It also provides guidance to the Board in the assessment of its own performance and that of its individual Directors. The Board will periodically review and as when necessary the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the Board's responsibilities.

Steps will be taken to upload the salient features of the Charter on the Company's website at [www.zhulian.com](http://www.zhulian.com).

### Code of Ethics

To reinforce the Group's core value or integrity, the Board has formalised a Code of Ethics ("the Code") to provide guidance on good corporate behaviour as set out in the Code of Ethics for Company Directors established by the Companies Commission of Malaysia.

The Code sets out the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors, including when representing the Company. The Code also covers a wide range of business practices and procedures.

The Board will periodically review and reassess the adequacy of the Code, and make such amendments as it deems appropriate.

### 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 or their representatives 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 decisions 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 current Board consists of seven (7) members, four (4) 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 judgement.

The Chairman of the Board, Tuan Haji Wan Mansoor bin Wan Omar is an Independent Non-Executive Director of the Board who provides a strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.

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 2015, four (4) Board Meetings were held and details of the Directors' attendance are as follows:-

Directors	Attendance
<b>Executive Directors</b>	
Mr Teoh Beng Seng (Group President and Chief Executive Officer)	4/4
Mr Teoh Meng Keat (Group Managing Director)	4/4
Mr Teoh Meng Soon	3/4
Mr Teoh Meng Lee	4/4
<b>Independent Non-Executive Directors</b>	
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 of 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 established a specific policy on setting targets for women candidates. The Board believes it is not necessary to adopt a formal gender, ethnicity and age 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 11 May 2016 are detailed in the Notice of the Nineteenth 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 2015, 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 shall not exceed a cumulative term of nine (9) years. However, an Independent Non-Executive Director may continue to serve on the Board after having reached the 9-year limit subject to his re-designation as a Non-Independent Director.

Further, if the Board intends to retain the Independent Non-Executive Director after the latter has exceeded the tenure, the Board shall justify the decision and seek shareholders' approval at a general meeting.

#### Shareholders' Approval for Retaining Independent Non-Executive Directors

Tuan Haji Wan Mansoor bin Wan Omar, Mr Diong Chin Teck and Mr Tan Lip Gay have served the Board as Independent Non-Executive Directors for a cumulative term of more than 9 years each. Following the assessment and deliberation by the Board, the Board recommended them to continue to act as Independent Non-Executive Directors subject to shareholders' approval at the forthcoming AGM.

Key justifications for their recommended continuance as Independent Non-Executive Directors are as follows:-

- i) They fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and thus, they would be able to function as a check and balance to the Executive team and bring an element of objectivity of the Board;
- ii) They have provided the Board and Board Committees with valuable experience, expertise, skills and competence;
- iii) Throughout their tenure as Independent Non-Executive Directors, they have acted in the best interest of the Company and shareholders and have continued to exercise independent judgement and due care;
- iv) They have not developed, established or maintained any significant relationship, which would impair their independence as Independent Directors, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, Chairman or member of the Board Committees; and
- v) They have devoted sufficient time, attention and efforts to their professional obligations for informed and balanced decision making.

### 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. 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
Promotion & Marketing of Rural Industry Products
On Line Business for Small Enterprises
Marketing Through Internet Anything Possible
Retail Industry Seminar
Seminar Peraturan-Peraturan Kualiti Alam Sekeliling (Udara Bersih) 2014
Course for Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems – Physical Chemical Processes (CePIETSO – PCP)

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. Save as disclosed above, some Directors have not attended any trainings during the financial year under review due to their respective tight travelling schedule and busy/heavy work commitments.

### 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, ethnicity and age 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 the meeting was attended by all its members. The Nominating 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 11 May 2016;
- 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.

### 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 Committee provides a remuneration package which is sufficient and 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*	—	2,641	220	—	346	89	3,296
Non-Executive Directors	120	—	—	11	—	—	131
Total	120	2,641	220	11	346	89	3,427

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
RM400,000 to RM600,000*	2	—
RM1,000,000 to RM1,500,000	2	—

### Audit Committee

The Board has established an Audit Committee comprising exclusively 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 Statement on Risk Management and Internal Control 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 Reports 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](http://www.zhulian.com.my) and [www.zhulian.com](http://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 2015, 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 2016.

## AUDIT COMMITTEE REPORT

### Composition of the Audit Committee

The Audit Committee comprising Independent Non-Executive Directors who have served as members of the Audit Committee ("the Committee") during the financial year ended 30 November 2015 are as follows:

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) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (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.

The quorum for the meeting shall be two (2) members and the majority of the members present must be Independent 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 circulate 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 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, focusing 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; and
  - 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; and
  - 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 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 2015. 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	3/4
Mr Tan Lip Gay	4/4
Tuan Haji Wan Mansoor bin Wan Omar	4/4

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

The Executive Directors, Senior Management, External and Internal Auditors were in attendance at the meetings, upon invitation by the Committee, to brief the members on specific issues.

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 2015, 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 2015 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 2015;
- 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; and
- 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 had 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 2015 amounted to approximately RM171,000.00.

This Report is made in accordance with the resolution of the Board dated 22 January 2016.

## 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 the 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 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.

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.

The Board summarises below the processes it has applied in reviewing the adequacy and the effectiveness of the risk management and internal control system.

### Risk Management and Internal Control Processes

The objective of risk management and internal control processes is to provide maximum sustainable value to all the business activities in 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 of identifying, evaluating, monitoring and managing significant risks 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 operations of the respective companies within 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 the 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 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 is independent of the activities they audit. 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 subsidiaries.

During the financial year ended 30 November 2015, 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 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 on pages 41 to 44 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 during the financial year ended 2015:

- i. Monitoring and Review
  - a) Scheduled management, operational 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, Key Performance Indicators (KPIs) for the targets established, 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; and
  - c) Management information systems have been 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 have been established to cover as far as possible any significant business processes of the Group and have been updated to reflect changing risks or to resolve operational deficiencies;
  - b) A chart of authority has been 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 have been communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis;
  - d) Employees have been 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.
  - f) The implementation and practice of SOPs are widely used throughout the Group's operational activities. The SOPs ensure governance controls are embedded in the key business processes to mitigate potential significant business risks faced by the Group; and
  - g) 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 daily business 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 competency of the Group's human resources are maintained through established recruitment process, performance appraisal system and training; and
  - 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 their daily jobs.

### Weaknesses in Internal Controls

There were no material losses, contingencies or uncertainties during the financial year ended 30 November 2015 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.

### Assurance from Management

In accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, the Board has received assurance from the Group Managing Director and Group Chief Accountant that to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material respects, based on the risk management and internal control framework adopted by the Group.

### 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 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 November 2015 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group, in all material aspects:

- a) had not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

RPG 5 (Revised) 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 Board of Directors and Management thereon.

The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### 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 and 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 7 March 2016.

## OTHER CORPORATE DISCLOSURE

In compliance with the Main Market 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 2015.

### SHARE BUY-BACK

There was no share buy-back effected during the financial year ended 30 November 2015.

### OPTIONS OR CONVERTIBLE SECURITIES

There were no options or convertible securities issued by the Company during the financial year ended 30 November 2015.

### 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 RM200,000 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 2015. There was no variation to the unaudited results which were announced for the financial year ended 30 November 2015.

### PROFIT GUARANTEE

There were no profit guarantees issued during the financial year ended 30 November 2015 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 recurrent related party transactions during the financial year ended 30 November 2015.

## DIRECTORS' REPORT

### For The Year Ended 30 November 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 November 2015.

#### Principal activities

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.

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

#### Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	53,045	25,637

#### 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 :

- i) paid a fourth interim dividend of 2 sen per ordinary share of RM0.50 each, totalling RM9,200,000 in respect of the year ended 30 November 2014 on 11 March 2015;
- ii) paid a first interim dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 27 May 2015;
- iii) paid a second interim dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 27 August 2015;
- iv) paid a third interim dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 27 November 2015; and
- v) declared a fourth interim dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 22 January 2016 and paid on 16 March 2016.

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
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 financial 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 1.12.2014	Bought	(Sold)	At 30.11.2015
Number of ordinary shares of RM0.50 each				
<b>Haji Wan Mansoor Bin Wan Omar :</b>				
Interest in the Company :				
- own	13,333	—	—	13,333
<b>Teoh Beng Seng :</b>				
Interest in the Company :				
- own	47,900,280	—	—	47,900,280
Deemed interest in the Company :				
- own	240,816,455	—	—	240,816,455
<b>Teoh Meng Keat :</b>				
Interest in the Company :				
- own	26,869,600	—	—	26,869,600
- others #	2,666,666	—	—	2,666,666
<b>Teoh Meng Lee :</b>				
Interest in the Company :				
- own	6,375,999	—	—	6,375,999
<b>Teoh Meng Soon :</b>				
Interest in the Company :				
- own	6,306,666	—	—	6,306,666
<b>Diong Chin Teck @ Tiong Chin Sang :</b>				
Interest in the Company :				
- own	33,333	—	—	33,333
<b>Tan Lip Gay :</b>				
Interest in the Company :				
- own	20,000	—	—	20,000

## Directors' interests in shares (continued)

	At 1.12.2014	Bought	(Sold)	At 30.11.2015
Number of ordinary shares of USD1.00 each				
<b>Teoh Beng Seng :</b>				
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	4,750	—	—	4,750

# 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 26 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 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

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

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

.....  
**Teoh Beng Seng**

.....  
**Teoh Meng Keat**

Penang,

Date : 7 March 2016

## STATEMENTS OF FINANCIAL POSITION

### As At 30 November 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	151,248	138,927	—	—
Investment properties	4	15,955	16,206	—	—
Investment in subsidiaries	5	—	—	227,581	221,541
Goodwill	6	—	1,168	—	—
Investment in an associate	7	181,796	150,376	—	—
Other investments	8	1,563	6,575	1,563	6,575
Deferred tax assets	9	953	2,172	—	—
<b>Total non-current assets</b>		<b>351,515</b>	<b>315,424</b>	<b>229,144</b>	<b>228,116</b>
Inventories	10	66,204	78,572	—	—
Trade and other receivables	11	61,327	30,621	6,950	6,254
Current tax assets		4,300	3,475	10	60
Cash and cash equivalents	12	86,671	92,369	8,025	14,410
<b>Total current assets</b>		<b>218,502</b>	<b>205,037</b>	<b>14,985</b>	<b>20,724</b>
<b>Total assets</b>		<b>570,017</b>	<b>520,461</b>	<b>244,129</b>	<b>248,840</b>
<b>Equity</b>					
Share capital	13	230,000	230,000	230,000	230,000
Reserves	14	299,067	253,215	13,882	18,639
<b>Total equity attributable to owners of the Company</b>		<b>529,067</b>	<b>483,215</b>	<b>243,882</b>	<b>248,639</b>
Non-controlling interests		26	26	—	—
<b>Total equity</b>		<b>529,093</b>	<b>483,241</b>	<b>243,882</b>	<b>248,639</b>
<b>Liabilities</b>					
Deferred tax liabilities	9	2,316	2,492	—	—
Retirement benefits	15	226	—	—	—
<b>Total non-current liabilities</b>		<b>2,542</b>	<b>2,492</b>	<b>—</b>	<b>—</b>
Trade and other payables	16	33,263	34,120	247	201
Current tax liabilities		5,119	608	—	—
<b>Total current liabilities</b>		<b>38,382</b>	<b>34,728</b>	<b>247</b>	<b>201</b>
<b>Total liabilities</b>		<b>40,924</b>	<b>37,220</b>	<b>247</b>	<b>201</b>
<b>Total equity and liabilities</b>		<b>570,017</b>	<b>520,461</b>	<b>244,129</b>	<b>248,840</b>

The notes on pages 61 to 109 are an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 November 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing operations</b>					
Revenue	17	225,910	243,686	24,700	53,000
Changes in manufactured inventories and work-in-progress		(10,597)	5,258	—	—
Raw materials and consumables used		(54,138)	(58,389)	—	—
Employee benefits expenses		(32,976)	(37,215)	—	—
Depreciation		(11,316)	(10,782)	—	—
Other operating expenses		(88,018)	(120,784)	(514)	(537)
Other operating income		24,180	11,486	1,520	1,074
<b>Results from operating activities</b>	18	53,045	33,260	25,706	53,537
Share of profit of equity-accounted associate, net of tax		17,671	24,649	—	—
<b>Profit before tax</b>		70,716	57,909	25,706	53,537
Tax expense	20	(17,671)	(10,795)	(69)	(28)
<b>Profit for the year</b>		53,045	47,114	25,637	53,509
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liability		(55)	—	—	—
		(55)	—	—	—
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(1,819)	(107)	—	—
Fair value of available-for-sale financial assets		(494)	(365)	(494)	(365)
Share of other comprehensive income of equity-accounted associate		25,075	2,300	—	—
		22,762	1,828	(494)	(365)
<b>Total other comprehensive income/(expense) for the year, net of tax</b>		22,707	1,828	(494)	(365)
<b>Total comprehensive income for the year</b>		75,752	48,942	25,143	53,144

The notes on pages 61 to 109 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 November 2015 (Continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit attributable to :</b>					
Owners of the Company		53,045	47,117	25,637	53,509
Non-controlling interests		—	(3)	—	—
<b>Profit for the year</b>		<b>53,045</b>	<b>47,114</b>	<b>25,637</b>	<b>53,509</b>
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		75,752	48,945	25,143	18,243
Non-controlling interests		—	(3)	—	—
<b>Total comprehensive income for the year</b>		<b>75,752</b>	<b>48,942</b>	<b>25,143</b>	<b>18,243</b>
<b>Basic earnings per ordinary share (sen)</b>	21	11.53	10.24	—	—

## STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 November 2015

← Attributable to owners of the Company →

Group	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
<b>At 1 December 2013</b>	230,000	(690)	1,111	273,724	504,145	29	504,174
Foreign currency translation differences for foreign operations	—	(107)	—	—	(107)	—	(107)
Fair value of available-for-sale financial assets	—	—	(365)	—	(365)	—	(365)
Share of other comprehensive income of equity-accounted associate	—	2,300	—	—	2,300	—	2,300
Total other comprehensive income/(expense) for the year	—	2,193	(365)	—	1,828	—	1,828
Profit for the year	—	—	—	47,117	47,117	(3)	47,114
<b>Total comprehensive income/(expense) for the year</b>	—	2,193	(365)	47,117	48,945	(3)	48,942
<i>Distributions to owners of the Company</i>	—	—	—	(69,000)	(69,000)	—	(69,000)
- Dividends to owners of the Company (Note 22)	—	—	—	(875)	(875)	—	(875)
Change in ownership interest in a subsidiary	—	—	—	(69,875)	(69,875)	—	(69,875)
Total transactions with owners of the Company	—	—	—	(69,875)	(69,875)	—	(69,875)
<b>At 30 November 2014</b>	230,000	1,503	746	250,966	483,215	26	483,241

## STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 November 2015 (Continued)

← Attributable to owners of the Company →

Group	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
<b>At 1 December 2014</b>	230,000	1,503	746	250,966	483,215	26	483,241
Remeasurement of defined benefit liability	—	—	—	(55)	(55)	—	(55)
Foreign currency translation differences for foreign operations	—	(1,819)	—	—	(1,819)	—	(1,819)
Fair value of available-for-sale financial assets	—	—	(494)	—	(494)	—	(494)
Share of other comprehensive income of equity-accounted associate	—	25,075	—	—	25,075	—	25,075
Total other comprehensive income/(expense) for the year	—	23,256	(494)	(55)	22,707	—	22,707
Profit for the year	—	—	—	53,045	53,045	—	53,045
<b>Total comprehensive income/(expense) for the year</b>	—	23,256	(494)	52,990	75,752	—	75,752
<i>Distributions to owners of the Company</i> - Dividends to owners of the Company (Note 22)	—	—	—	(29,900)	(29,900)	—	(29,900)
<b>At 30 November 2015</b>	230,000	24,759	252	274,056	529,067	26	529,093

## STATEMENTS OF CHANGES IN EQUITY

### For The Year Ended 30 November 2015 (Continued)

	Share capital RM'000	Non- distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>Company</b>				
<b>At 1 December 2013</b>	230,000	1,111	33,384	264,495
Total other comprehensive income for the year				
- Fair value of available-for-sale financial assets	—	(365)	—	(365)
Profit for the year	—	—	53,509	53,509
<b>Total comprehensive income/(expense) for the year</b>	—	(365)	53,509	53,144
<i>Distributions to owners of the Company</i>				
- Dividends to owners of the Company (Note 22)	—	—	(69,000)	(69,000)
<b>At 30 November 2014/ 1 December 2014</b>	230,000	746	17,893	248,639
Total other comprehensive expense for the year				
- Fair value of available-for-sale financial assets	—	(494)	—	(494)
Profit for the year	—	—	25,637	25,637
<b>Total comprehensive income/ (expense) for the year</b>	—	(494)	25,637	25,143
<i>Distributions to owners of the Company</i>				
- Dividends to owners of the Company (Note 22)	—	—	(29,900)	(29,900)
<b>At 30 November 2015</b>	230,000	252	13,630	243,882

## STATEMENTS OF CASH FLOWS

### For The Year Ended 30 November 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations		70,716	57,909	25,706	53,537
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	11,065	10,531	—	—
- investment properties	4	251	251	—	—
Dividend income	18	—	—	(24,700)	(53,000)
Loss/(Gain) on disposal of plant and equipment	18	13	(6)	—	—
Gain on disposal of other investments	18	(762)	(388)	(762)	(388)
Interest income	18	(3,226)	(3,774)	(758)	(686)
Plant and equipment written off	18	22	77	—	—
Impairment loss on goodwill		1,168	—	—	—
Share of profit of equity					
- accounted associate, net of tax		(17,671)	(24,649)	—	—
Retirement benefits	18	205	—	—	—
Others		532	(7,357)	—	—
<b>Operating profit/(loss) before changes in working capital</b>		<b>62,313</b>	<b>32,594</b>	<b>(514)</b>	<b>(537)</b>
Change in inventories		12,502	3,167	—	—
Change in trade and other receivables		(30,542)	23,313	4	15
Change in trade and other payables		(5,329)	(7,955)	46	22
<b>Cash generated from/(used in) operations</b>		<b>38,944</b>	<b>51,119</b>	<b>(464)</b>	<b>(500)</b>
Dividends received from an associate/subsidiaries		9,715	8,895	24,000	79,000
Tax (paid)/refunded		(11,687)	(14,418)	(19)	176
Retirement benefits paid		(34)	—	—	—
<b>Net cash from operating activities</b>		<b>36,938</b>	<b>45,596</b>	<b>23,517</b>	<b>78,676</b>
<b>Cash flows from investing activities</b>					
Additional investment in subsidiaries		—	—	(16,040)	(10,000)
Capital redemption in a subsidiary		—	—	10,000	—
Interest received		3,226	3,774	758	686
Purchase of property, plant and equipment	3	(21,465)	(17,089)	—	—
Purchase of other investments		(409)	(478)	(409)	(478)
Proceeds from disposal of plant and equipment		51	10	—	—
Proceeds from disposal of other investments		5,689	1,704	5,689	1,704
Acquisition of shares from minority interests		—	(875)	—	—
<b>Net cash used in investing activities</b>		<b>(12,908)</b>	<b>(12,954)</b>	<b>(2)</b>	<b>(8,088)</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company		(29,900)	(69,000)	(29,900)	(69,000)
Withdrawal of deposits pledged		—	51	—	—
<b>Net cash used in financing activities</b>		<b>(29,900)</b>	<b>(68,949)</b>	<b>(29,900)</b>	<b>(69,000)</b>
Net (decrease)/increase in cash and cash equivalents		(5,870)	(36,307)	(6,385)	1,588
Effect of exchange rate fluctuations on cash held		172	29	—	—
Cash and cash equivalents at 1 December		92,369	128,647	14,410	12,822
<b>Cash and cash equivalents at 30 November</b>	12	<b>86,671</b>	<b>92,369</b>	<b>8,025</b>	<b>14,410</b>

The notes on pages 61 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 2015 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 2015 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 7 March 2016.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 :

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016*

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018*

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

#### *MFRSs, Interpretations and amendments effective for a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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



## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below :

#### (i) MFRS 9, *Financial Instruments*

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

#### (iii) Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

### (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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 4 - Valuation of investment property.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including structured 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.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are 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 investment 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.

For new acquisitions, 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 accounts for 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.

#### (iv) *Loss of control*

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

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (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. 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, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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 if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are 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.

#### (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 associates 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.

## 2. Significant accounting policies (continued)

### (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 period 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, 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 foreign currency translation reserve (FCTR) in equity.

#### (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 December 2012 (the date when the Group first adopted MFRS) 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 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.

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements 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 as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (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), contingent consideration in a business combination 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.

##### **(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)).

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

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

##### **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), contingent consideration in a business combination 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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.

Fair value arising from financial guarantee contracts is classified as deferred income and is 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.

#### (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.

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in 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, 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.

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.

#### (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.

## 2. Significant accounting policies (continued)

### (d) Property, plant and equipment (continued)

#### (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 from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

	%
Buildings	2
Freehold shoplots	2
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 as investment property if held to earn rental income or for capital appreciation or for both.

#### (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.



## 2. Significant accounting policies (continued)

### (f) Intangible assets

#### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, 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 associates.

#### (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) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### (iv) Amortisation

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

### (g) Investment properties

#### (i) Investment properties 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 are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

## 2. Significant accounting policies (continued)

### (g) Investment properties (continued)

#### (i) *Investment properties carried at cost (continued)*

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.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives as disclosed in Note 2(d)(iii).

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) *Reclassification to/from investment property*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### (h) Inventories

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

The cost of inventories is calculated using the first-in, first-out method, 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 manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (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 of disposal.

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 associates ceases once classified as held for sale or distribution.

## 2. Significant accounting policies (continued)

### (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 statements 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 impairment loss of the financial asset 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.

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, assets arising from employee benefits 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 a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

## 2. Significant accounting policies (continued)

### (k) Impairment (continued)

#### (ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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.

### (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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

## 2. Significant accounting policies (continued)

### (m) Employee benefits (continued)

#### (iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### (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

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

## 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, 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 assets and liabilities 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. Operating segment 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.

### (u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 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
<b>Cost</b>									
At 1 December 2013	11,366	74,892	9,429	190	29,965	46,104	1,396	3,747	177,089
Additions	7,158	998	1,611	—	1,798	1,512	274	3,738	17,089
Disposals	—	—	—	—	(7)	(4)	—	—	(11)
Written off	—	—	—	—	(55)	(413)	—	—	(468)
Effect of movements in exchange rates	96	—	28	—	—	17	1	—	142
Reclassifications	—	1,400	—	—	1,838	1,434	—	(4,672)	—
At 30 November 2013/ 1 December 2014	18,620	77,290	11,068	190	33,539	48,650	1,671	2,813	193,841
Additions	—	392	—	—	3,761	565	87	16,660	21,465
Disposals	—	—	—	—	—	(142)	—	—	(142)
Written off	—	—	—	—	(83)	(297)	—	—	(380)
Effect of movements in exchange rates	590	—	1,800	—	—	161	6	—	2,557
Reclassifications	—	11,138	—	—	2,356	5,232	(94)	(18,632)	—
At 30 November 2015	19,210	88,820	12,868	190	39,573	54,169	1,670	841	217,341



## 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
<b>Accumulated depreciation</b>									
At 1 December 2013	2,220	8,541	1,311	22	15,482	16,363	809	—	44,748
Depreciation for the year	531	1,764	194	19	2,932	4,912	179	—	10,531
Disposals	—	—	—	—	(6)	(1)	—	—	(7)
Written off	—	—	—	—	(44)	(347)	—	—	(391)
Effect of movements in exchange rates	23	—	2	—	—	8	—	—	33
At 30 November 2014/ 1 December 2014	2,774	10,305	1,507	41	18,364	20,935	988	—	54,914
Depreciation for the year	609	1,816	254	19	3,171	4,996	200	—	11,065
Disposals	—	—	—	—	—	(78)	—	—	(78)
Written off	—	—	—	—	(82)	(276)	—	—	(358)
Effect of movements in exchange rates	172	—	274	—	3	101	—	—	550
At 30 November 2015	3,555	12,121	2,035	60	21,456	25,678	1,188	—	66,093
<b>Carrying amounts</b>									
At 1 December 2013	9,146	66,351	8,118	168	14,483	29,741	587	3,747	132,341
At 30 November 2014/ 1 December 2014	15,846	66,985	9,561	149	15,175	27,715	683	2,813	138,927
At 30 November 2015	15,655	76,699	10,833	130	18,117	28,491	482	841	151,248

## 4. Investment properties - Group

	Note	Freehold land RM'000	Short term leasehold land RM'000	Freehold shophots RM'000	Total RM'000
<b>Cost</b>					
At 1 December 2013/30 November 2014/ 1 December 2014/30 November 2015		6,092	10,573	412	17,077
<b>Accumulated depreciation</b>					
At 1 December 2013		—	540	80	620
Depreciation for the year	18	—	240	11	251
At 30 November 2014/ 1 December 2014		—	780	91	871
Depreciation for the year	18	—	240	11	251
At 30 November 2015		—	1,020	102	1,122
<b>Carrying amounts</b>					
At 1 December 2013		6,092	10,033	332	16,457
At 30 November 2014/ 1 December 2014		6,092	9,793	321	16,206
At 30 November 2015		6,092	9,553	310	15,955

## 4.1 Fair value information

Investment properties comprise property that are held for capital appreciation. Their fair values were based on Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment properties of the Group as at 30 November 2015 are classified as level 3 fair value as follows :

	Freehold land RM'000	Short term leasehold land RM'000	Freehold shophots RM'000	Total RM'000
2014	13,364	20,980	560	34,904
2015	13,889	20,982	560	35,431

#### 4. Investment properties - Group (continued)

##### 4.1 Fair value information (continued)

###### *Policy on transfer between levels*

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

###### *Level 3 fair value*

Level 3 fair value is estimated using unobservable inputs for the investment property.

###### *Estimation uncertainty and key assumptions*

The Directors estimate the fair value of the Group's investment properties based on the following key assumptions :

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

##### 4.2 The following are recognised in profit or loss in respect of investment properties :

	2015 RM'000	2014 RM'000
Direct operating expenses :		
- non-income generating investment properties	294	310

#### 5. Investment in subsidiaries - Company

	2015 RM'000	2014 RM'000
Unquoted shares, at cost	228,311	222,271
Less : Impairment loss	(730)	(730)
	227,581	221,541

## 5. Investment in subsidiaries - Company (continued)

Details of subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2015	2014		
Zhulian Jewellery Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of costume/fine jewellery and accessories
Zhulian Marketing (M) Sdn. Bhd.	100%	100%	Malaysia	Direct marketing of costume jewellery and consumer products
Zhulian Industries Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of consumer products
Beyond Products Technology Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of home technology products
Zhulian Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of bedroom apparels and therapeutic products
Master Square Sdn. Bhd.	100%	100%	Malaysia	Trading of consumer products
Zhulian Printing Industries Sdn. Bhd.	100%	100%	Malaysia	Printing of brochures, leaflets, catalogues, name cards and other related documents
Zhulian Management Sdn. Bhd. ("ZMSB")	100%	100%	Malaysia	Provision of management services and investment holding
Amazing Vestrax Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of personal care products
Zhulian Nutraceutical Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of traditional products
Diamond Inspiration Sdn. Bhd.	100%	100%	Malaysia	Cafeteria operation
Zhulian Development Sdn. Bhd. ("ZDSB")	100%	100%	Malaysia	Dormant
Zhulian Ventures Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Properties Sdn. Bhd.	100%	100%	Malaysia	Dormant

## 5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2015	2014		
Beyond Natural Care Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Labuan Limited*	80%	80%	Malaysia	Investment holding
Dexassets Sdn. Bhd.	100%	100%	Malaysia	Dormant
<i>Subsidiaries of ZMSB</i>				
Pt. Zhulian Indonesia*	95%	95%	Indonesia	Direct marketing of costume jewellery and consumer products
Zhulian (Singapore) Pte. Ltd. ("ZSG")*	100%	100%	Singapore	Direct marketing of all kinds of costume jewellery and consumer products. Subsequent to 30 November 2015, ZSG ceased its operations and remained dormant since then.

\* Not audited by member firms of KPMG International

There are no material non-controlling interests in the subsidiaries.

## 6. Goodwill, at cost - Group

Cost	RM'000
At 1 December 2013/30 November 2014/1 December 2014/ 30 November 2015	1,168
<b>Accumulated impairment loss</b>	
At 1 December 2013/30 November 2014/1 December 2014 Impairment loss during the year (Note 18)	— 1,168
At 30 November 2015	1,168
<b>Carrying amounts</b>	
At 31 December 2013	1,168
At 30 November 2014/1 December 2014	1,168
At 30 November 2015	—

## 7. Investment in an associate - Group

	2015 RM'000	2014 RM'000
Unquoted shares, at cost	10,287	10,287
Share of post-acquisition profits	171,509	140,089
	181,796	150,376

The financial year end of the associate is 31 December.

Details of the material associates are as follows :

Name of entity	Effective ownership interest and voting interest		Principal place of business/Country of incorporation	Nature of the relationship
	2015	2014		
Zhulian (Thailand) Ltd.	49%	49%	Thailand	Master agent of the Group in Thailand

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	2015 RM'000	2014 RM'000
<b>Zhulian (Thailand) Ltd. and its subsidiaries</b>		
<b>Summarised financial information</b>		
<b>As at 30 November</b>		
Non-current assets	245,122	189,637
Current assets	242,729	206,927
Non-current liabilities	(39,164)	(29,137)
Current liabilities	(66,897)	(50,846)
Net assets	381,790	316,581
<b>Year ended 30 November</b>		
Profit from continuing operations/ Total comprehensive income	36,063	50,304
<b>Included in the total comprehensive income is :</b>		
Revenue	386,472	412,006

## 7. Investment in an associate - Group (continued)

	2015 RM'000	2014 RM'000
<b>Reconciliation of net assets to carrying amount as at 30 November</b>		
Group's share of net assets	187,077	155,125
Elimination of unrealised profits	(5,281)	(4,749)
Carrying amount in the statement of financial position	181,796	150,376
<b>Group's share of results for the year ended 30 November</b>		
Group's share of profit or loss from continuing operations	17,671	24,649
Share of other comprehensive income of equity-accounted associate	25,075	2,300
Total	42,746	26,949
<b>Other information</b>		
Dividends received by the Group	9,715	8,895

## 8. Other investments - Group/Company

	2015 RM'000	2014 RM'000
<b>Non-current</b>		
<b>Quoted unit trusts in Malaysia</b>		
Available-for-sale financial assets, at fair value	1,563	6,575

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

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	1,908	1,516	(7,591)	(7,591)	(5,683)	(6,075)
Tax loss carry-forwards	2,512	2,350	(1,035)	—	1,477	2,350
Other items	3,870	3,692	(1,027)	(287)	2,843	3,405
	8,290	7,558	(9,653)	(7,878)	(1,363)	(320)
Set off of tax	(7,337)	(5,386)	7,337	5,386	—	—
Net deferred tax assets/(liabilities)	953	2,172	(2,316)	(2,492)	(1,363)	(320)

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

	At 1.12.2013 RM'000	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 20) RM'000	At 30.11.2014/ 1.12.2014 RM'000	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 20) RM'000	At 30.11.2015 RM'000
Property, plant and equipment	(7,404)	—	1,329	(6,075)	—	392	(5,683)
Tax loss carry-forwards	2,053	31	266	2,350	163	(1,036)	1,477
Other items	3,094	3	308	3,405	12	(574)	2,843
Net deferred tax liabilities	(2,257)	34	1,903	(320)	175	(1,218)	(1,363)



**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 gross) :

	2015 RM'000	2014 RM'000
Tax loss carry-forwards	29,945	12,958
Capital allowances carry-forwards	4,085	2,216
	34,030	15,174

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 therefrom.

The comparative figures have been restated to reflect the revised tax loss carry-forwards, capital allowances carry-forwards and others available to the Group.

**10. Inventories - Group**

	2015 RM'000	2014 RM'000
Raw materials	33,276	34,876
Work-in-progress	12,770	15,441
Manufactured inventories	17,126	25,052
Consumables	3,032	3,203
	66,204	78,572

**11. Trade and other receivables**

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>				
Amount due from an associate	11.1	23,238	19,813	—
Others		26,966	710	—
		50,204	20,523	—
<b>Non-trade</b>				
Amount due from subsidiaries	11.2	—	15	15
Other receivables		1,489	10	7
Deposits		2,145	5	5
Prepayments		7,489	20	27
Dividends receivable from subsidiaries		—	6,900	6,200
		11,123	10,098	6,254
		61,327	30,621	6,254

**11. Trade and other receivables (continued)****11.1 Amount due from an associate**

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

**11.2 Amount due from subsidiaries**

Amount due from subsidiaries is unsecured, interest-free and repayable on demand.

**12. Cash and cash equivalents**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term deposits with licensed banks	59,624	65,640	3,750	5,200
Cash and bank balances	27,047	26,729	4,275	9,210
	86,671	92,369	8,025	14,410

**13. Share capital - Group/Company**

	2015		2014	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares of RM0.50 each				
Authorised :	500,000	1,000,000	500,000	1,000,000
Issued and fully paid :	230,000	460,000	230,000	460,000

**14. Reserves**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-distributable</b>					
Translation reserve	14.1	24,759	1,503	—	—
Fair value reserve	14.2	252	746	252	746
<b>Distributable</b>					
Retained earnings		274,056	250,966	13,630	17,893
		299,067	253,215	13,882	18,639

**14. Reserves (continued)**

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. Retirement benefits - Group**

	2015 RM'000	2014 RM'000
<b>Non-current</b>		
Net defined benefit liability	226	—

**Movement in net defined benefit liability**

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components :

	2015 RM'000	2014 RM'000
Balance at 1 December	—	—
<b>Included in profit or loss</b>		
Current service cost	187	—
Interest cost	18	—
	205	—
<b>Included in other comprehensive income</b>		
Remeasurement loss of net defined benefit liability	55	—
<b>Other</b>		
Benefits paid	(34)	—
Balance at 30 November	226	—

**15. Retirement benefits - Group (continued)****Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) :

	2015	2014
Discount rate	9%	—
Future salary growth	10%	—

**16. Trade and other payables**

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	8,133	6,878	—	—
<b>Non-trade</b>				
Other payables	15,019	17,375	11	10
Accrued expenses	10,111	9,867	236	191
	25,130	27,242	247	201
	33,263	34,120	247	201

**16.1 Other payables**

Included in other payables of the Group is an amount of RM13,147,000 (2014 : RM15,177,000) in respect of security deposits received from agents.

**17. Revenue**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend income	—	—	24,700	53,000
Sale of goods	221,725	239,219	—	—
Services rendered	4,185	4,467	—	—
	225,910	243,686	24,700	53,000

## 18. Results from operating activities

Results from operating activities are arrived at :

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After charging :				
Auditors' remuneration				
- Audit fees				
KPMG Malaysia				
- current year	230	220	56	46
- prior year	—	23	—	4
Other auditors	43	35	—	—
- Non audit fees				
KPMG Malaysia				
- current year	44	19	9	19
- prior year	9	15	9	—
Local affiliates of				
KMPG Malaysia	147	106	86	45
Other auditors	7	5	—	—
Inventories written off	603	373	—	—
Inventories written down	895	—	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	29,538	33,285	—	—
- Contributions to state plans	3,438	3,930	—	—
Depreciation of:				
- property, plant and equipment (Note 3)	11,065	10,531	—	—
- investment properties (Note 4)	251	251	—	—
Impairment loss on:				
- Trade receivables	8	—	—	—
- Goodwill (Note 6)	1,168	—	—	—
Plant and equipment written off	22	77	—	—
Research and development expenditure	105	123	—	—
Rental of premises	1,556	1,255	—	—
Loss on disposal of plant and equipment	13	—	—	—
Retirement benefits (Note 15)	205	—	—	—
and after crediting :				
Dividend income from subsidiaries (unquoted)	—	—	24,700	53,000
Gain on disposal of plant and equipment	—	6	—	—
Interest income	3,226	3,774	758	686
Gain on foreign exchange				
- Realised (net)	8,355	999	—	—
- Unrealised (net)	5,486	1,047	—	—
Gain on disposal of other investments	762	388	762	388
Reversal of allowances for inventory written down	—	196	—	—
Reversal of impairment loss on trade receivables	1	2	—	—

## 19. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors of the Company				
Current Directors				
- Fees	120	120	120	120
- Remuneration	3,308	3,507	11	11
Past Directors				
- Remuneration	—	332	—	—
Other Directors				
- Fees	35	27	—	—
- Remuneration	443	646	—	—
	3,906	4,632	131	131

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.

## 20. Tax expense

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax expense on continuing operations	17,671	10,795	69	28
Share of tax of equity-accounted associate	7,820	8,543	—	—
Total income tax expense	25,491	19,338	69	28

**20. Tax expense (continued)****Recognised in profit or loss (continued)**

Major components of income tax expense include :

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current tax expense</b>				
- Current year	16,448	13,255	69	28
- Prior year	5	(557)	—	—
Total current tax recognised in profit or loss	16,453	12,698	69	28
<b>Deferred tax expense</b>				
Origination/(Reversal) of temporary differences				
- Current year	1,040	(2,603)	—	—
- Prior year	178	700	—	—
Total deferred tax recognised in profit or loss	1,218	(1,903)	—	—
<b>Share of tax of equity-accounted associate</b>	7,820	8,543	—	—
Total income tax expense	25,491	19,338	69	28

**Reconciliation of tax expense**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the year	53,045	47,114	25,637	53,509
Total income tax expense	25,491	19,338	69	28
Profit excluding tax	78,536	66,452	25,706	53,537
Income tax calculated at Malaysian tax rate of 25%	19,634	16,613	6,426	13,384
Effect of tax rates in foreign jurisdictions*	1,943	(662)	—	—
Effect of change in tax rates**	48	(162)	—	—
Non-deductible expenses	2,919	2,993	129	134
Income not subject to tax	(1,460)	(420)	(6,486)	(13,490)
Tax incentives	(2,320)	(244)	—	—
Changes in unrecognised temporary differences	4,544	1,077	—	—
Under provision in prior year	183	143	—	—
Income tax expense	25,491	19,338	69	28

\* The associate and a subsidiary operate in the tax jurisdictions with lower tax rate and 10% withholding tax.

\*\* The Malaysian Budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently, the deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

## 21. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM53,045,000 (2014 : RM47,117,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2014 : 460,000,000).

## 22. Dividends

Dividends recognised in the current year by the Company are :

	2015 RM'000	2014 RM'000
<b><i>In respect of financial year ended 30 November 2013</i></b>		
- Fourth interim dividend of 3 sen and a special dividend of 4 sen per ordinary share paid on 7 March 2014	—	32,200
<b><i>In respect of financial year ended 30 November 2014</i></b>		
- First interim dividend of 3 sen per ordinary share paid on 30 May 2014	—	13,800
- Second interim dividend of 3 sen per ordinary share paid on 29 August 2014	—	13,800
- Third interim dividend of 2 sen per ordinary share paid on 28 November 2014	—	9,200
- Fourth interim dividend of 2 sen per ordinary share paid on 11 March 2015	9,200	—
<b><i>In respect of financial year ended 30 November 2015</i></b>		
- First interim dividend of 1.5 sen per ordinary share paid on 27 May 2015	6,900	—
- Second interim dividend of 1.5 sen per ordinary share paid on 27 August 2015	6,900	—
- Third interim dividend of 1.5 sen per ordinary share paid on 27 November 2015	6,900	—
	29,900	69,000

The Directors declared a fourth interim dividend of 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 22 January 2016 and paid on 16 March 2016.

The financial statements do not reflect this dividend declared after 30 November 2015, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2016.

## 23. 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.



## 24. Commitments - Group

### (a) Capital commitments

	2015 RM'000	2014 RM'000
Property, plant and equipment		
Authorised but not contracted for	2,240	14,980
Contracted but not provided for	12,329	15,874
	14,569	30,854

### (b) Operating lease commitments

Non-cancellable operating leases are payable as follows :

	2015 RM'000	2014 RM'000
Less than one year	750	5
Between one and five years	67	10
	817	15

The Group leases a number of buildings under operating leases. The leases typically run for a period between 3 and 5 years, with an option to renew the lease after that date. Lease payments are increased every 3 years to reflect current market rentals.

## 25. 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, Myanmar, Indonesia and Singapore. The operations in Thailand are principally carried out by an associate of the Group.

The Group has 4 reportable segments, namely Malaysia, Thailand, Myanmar and others (Indonesia and Singapore) which are the Group's strategic business units. Performance is measured based on segment revenue as included in the internal management reports that are reviewed by the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer). Segment revenue is used to measure the performance as the management believes that such information is the most relevant in evaluating the results of the various segments for its nature of business. The analysis of the reportable segments' results is the same as the analysis by revenue as presented in the geographical segments.

### *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.

**25. Operating segments (continued)***Geographical information*

	Malaysia RM'000	Thailand RM'000	Myanmar RM'000	Other countries RM'000	Consolidated RM'000
<b>2015</b>					
Revenue	63,025	124,266	24,200	14,419	225,910
Non-current assets	153,369	—	—	13,834	167,203
<b>2014</b>					
Revenue	103,982	117,579	—	22,125	243,686
Non-current assets	142,700	—	—	13,601	156,301
<b>Major customers</b>					
The following are the major customers with revenue amount to or more than 10% of the Group's revenue :					
	<b>Revenue</b>				
			<b>2015</b>	<b>2014</b>	
			<b>RM'000</b>	<b>RM'000</b>	
Customer A			124,266	117,579	
Customer B			24,200	—	

**26. 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 and entity that provides key management personnel services to the Group. 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.

**26. Related parties (continued)****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 of the Company, other than key management personnel compensation (see Note 19), are shown below :

	Amount transacted for the year ended 30 November	
	2015 RM'000	2014 RM'000
<b>Group</b>		
<b>Associate</b>		
Sales	120,080	113,112
Management fee income	4,186	4,467
<b>Company</b>		
<b>Subsidiaries</b>		
Dividend income	24,700	53,000
Increase in investment in subsidiaries	16,040	10,000
Capital redemption in a subsidiary	10,000	—

Significant related party balances are disclosed in Notes 11 and 16 to the financial statements.

## 27. Financial instruments

## 27.1 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
<b>2015</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	1,563	—	1,563
Trade and other receivables, excluding prepayments	53,838	53,838	—
Cash and cash equivalents	86,671	86,671	—
	142,072	140,509	1,563
<b>Company</b>			
Other investments	1,563	—	1,563
Other receivables, excluding prepayments	6,930	6,930	—
Cash and cash equivalents	8,025	8,025	—
	16,518	14,955	1,563
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(33,263)	(33,263)	—
<b>Company</b>			
Other payables	(247)	(247)	—
<b>2014</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	6,575	—	6,575
Trade and other receivables, excluding prepayments	21,187	21,187	—
Cash and cash equivalents	92,369	92,369	—
	120,131	113,556	6,575
<b>Company</b>			
Other investments	6,575	—	6,575
Other receivables, excluding prepayments	6,227	6,227	—
Cash and cash equivalents	14,410	14,410	—
	27,212	20,637	6,575
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(34,120)	(34,120)	—
<b>Company</b>			
Other payables	(201)	(201)	—

**27. Financial instruments (continued)****27.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) arising on :				
Available-for-sale financial assets				
- recognised in other comprehensive income	20	(30)	20	(30)
- reclassified from equity to profit or loss	(514)	(335)	(514)	(335)
	(494)	(365)	(494)	(365)
Loans and receivables (net)	17,060	5,822	758	686
	16,566	5,457	264	321

**27.3 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**27.4 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.

## 27. Financial instruments (continued)

## 27.4 Credit risk (continued)

## Receivables (continued)

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

	Group	
	2015 RM'000	2014 RM'000
Thailand	23,238	19,813
Indonesia	277	185
Malaysia	1,892	525
Myanmar	24,797	—
	50,204	20,523

*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
<b>Group</b>				
<b>2015</b>				
Not past due	30,148	—	—	30,148
Past due 1 - 30 days	8,233	—	—	8,233
Past due 31 - 120 days	7,448	—	—	7,448
Past due more than 120 days	4,536	(161)	—	4,375
	50,365	(161)	—	50,204
<b>2014</b>				
Not past due	18,201	—	—	18,201
Past due 1 - 30 days	2,195	—	—	2,195
Past due 31 - 120 days	98	—	—	98
Past due more than 120 days	183	(154)	—	29
	20,677	(154)	—	20,523

**27. Financial instruments (continued)****27.4 Credit risk (continued)****Receivables (continued)**

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

	Group	
	2015 RM'000	2014 RM'000
At 1 December	154	156
Impairment loss recognised	8	—
Impairment loss reversed	(1)	(2)
At 30 November	161	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.

**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 RM1.16 million (2014 : RM1.21 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.

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### 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.

### 27.5 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



## 27. Financial instruments (continued)

## 27.5 Liquidity risk (continued)

*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
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
<b>2015</b>							
Trade and other payables	33,263	—	33,263	33,263	—	—	—
<b>2014</b>							
Trade and other payables	34,120	—	34,120	34,120	—	—	—
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
<b>2015</b>							
Other payables	247	—	247	247	—	—	—
Financial guarantee	—	—	1,164	1,164	—	—	—
	247		1,411	1,411	—	—	—
<b>2014</b>							
Other payables	201	—	201	201	—	—	—
Financial guarantee	—	—	1,214	1,214	—	—	—
	201		1,415	1,415	—	—	—

## 27.6 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.

## 27.6.1 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") and Swiss Franc ("CHF").

**27. Financial instruments (continued)****27.6 Market risk (continued)****27.6.1 Currency risk (continued)***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	CHF RM'000
<b>Group</b>				
<b>2015</b>				
Trade and other receivables	48,124	—	—	—
Cash and cash equivalents	6,939	31	28	—
Trade and other payables	(38)	(22)	—	—
<b>Net exposure</b>	55,025	9	28	—
<b>2014</b>				
Trade and other receivables	19,813	—	—	—
Cash and cash equivalents	3,685	26	28	879
Trade and other payables	(21)	—	—	—
<b>Net exposure</b>	23,477	26	28	879

**27. Financial instruments (continued)****27.6 Market risk (continued)****27.6.1 Currency risk (continued)***Currency risk sensitivity analysis*

A 10% (2014 : 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
<b>Group</b>	
<b>2015</b>	
USD	(3,987)
SGD	(1)
BND	(2)
<hr/>	
<b>2014</b>	
USD	(1,659)
SGD	(2)
BND	(2)
CHF	(66)
<hr/>	

A 10% (2014 : 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.

**27.6.2 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.

**27. Financial instruments (continued)****27.6 Market risk (continued)****27.6.2 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
- short term deposits	59,624	65,640	3,750	5,200
- cash at banks	24,845	24,047	4,275	9,210
	84,469	89,687	8,025	14,410

*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.

**27.6.3 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% (2014 : 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM117,000 (2014 : RM493,000). A 10% (2014 : 10%) weakening in FBMKLCI index would have had equal but opposite effect on equity.

**27. Financial instruments (continued)****27.7 Fair value information**

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>Group and Company</b>								
<b>2015</b>								
<b>Financial asset</b>								
Quoted unit trusts	—	1,563	—	—	—	—	1,563	1,563
<b>2014</b>								
<b>Financial asset</b>								
Quoted unit trusts	—	6,575	—	—	—	—	6,575	6,575

## 27. Financial instruments (continued)

### 27.7 Fair value information (continued)

#### *Policy on transfer between levels*

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### *Level 1 fair value*

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### *Level 2 fair value*

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### *Transfers between Level 1 and Level 2 fair values*

There has been no transfer between Level 1 and 2 fair values during the financial year (2014 : no transfer in either directions).

## 28. Capital management

The Group's objectives when managing capital are 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 2015.

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

## 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 2015, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	2015		2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries :				
- Realised	248,416	13,630	231,597	17,893
- Unrealised	2,109	—	(536)	—
	250,525	13,630	231,061	17,893
Total share of retained earnings of an associate				
- Realised	145,319	—	139,011	—
- Unrealised	(37)	—	(74)	—
	145,282	—	138,937	—
	395,807	13,630	369,998	17,893
Less : Consolidation adjustments	(121,751)	—	(119,032)	—
<b>Total retained earnings</b>	<b>274,056</b>	<b>13,630</b>	<b>250,966</b>	<b>17,893</b>

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 2015 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 : 7 March 2016



## 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 7 March 2016.

.....  
**Teoh Beng Seng**

Before me :

**Goh Suan Bee**  
(No. P125)  
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 2015 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 at 30 November 2015 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 on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 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

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

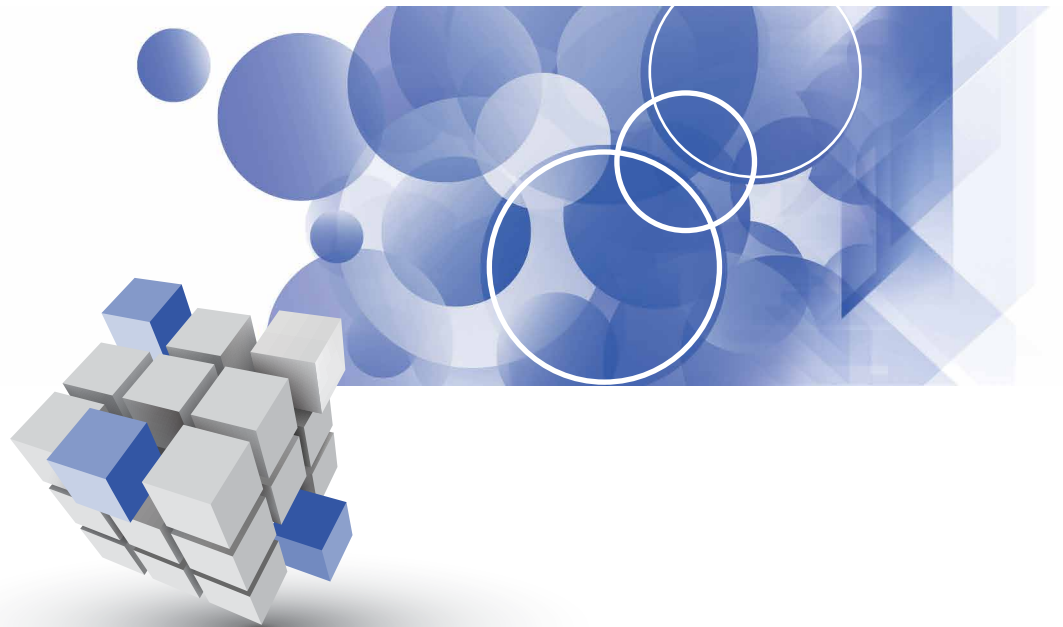
**Lim Su Ling**  
3098/12/17 (J)  
Chartered Accountant

Date : 7 March 2016

Penang

# OTHER INFORMATION

Testament of Stability and Commitment



## LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m <sup>2</sup> )	Tenure/Age of building	Carrying amount at 30 Nov 2015 (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) / 17 years	16,382	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) / 19 years	20,641	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 <sup>nd</sup> and 3 <sup>rd</sup> floor of a 4½-storey complex	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold shophot / 22 years	311	27 Dec 1994
Lot 2428-2584, 2587-2589, 2592-2593, Keladi, Bandar Kulim, Daerah Kulim. (Formerly known as Geran No.HSM861 to HSM1022 and No. Lot PT5081 to PT5244)	Land (a)	(i) 28,918 sq. metres (ii) n/a	Freehold	6,092	13 Mar 1996
Plot 3, Bayan Lepas Free Industrial Zone, Phase IV, 11900 Penang.	5-storey factory building	(i) 4.314 acres (17,458 sq. metres) (ii) 30,098.56 sq. metres	Leasehold (60 years expiring 29 May 2051) / 8 years	43,549	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 / 20 years	6,790	14 Nov 2006
5, Jalan Masjid, #01-08, Kembangan Court, Singapore 418924.	Residential with commercial at 1 storey only	(i) n/a (ii) 123 sq. metres	Freehold / 20 years	2,469	14 Dec 2006
Lot No.12414, Mukim 12, Daerah Barat Daya Negeri Pulau Pinang.	Land	(i) 16,244 sq. metres	Leasehold (60 years expiring 18 Oct 2055)	9,553	29 Jul 2010

(a) These properties are currently vacant.

## LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m <sup>2</sup> )	Tenure/Age of building	Carrying amount at 30 Nov 2015 (RM'000)	Date of acquisition
Blok C1, Pasirgombong Cikarang Utara Bekasi, Jawa Barat Indonesia.	Land (a)	(i) 25,000 sq. metres  (ii) n/a	Leasehold (30 years expiring 24 Sep 2027)	3,251	10 Sep 2009
Ruko Sumber Baru Square KAV.1Q Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta	3-storey shoplot (a)	(i) 222 sq. metres  (ii) 236 sq. metres	Leasehold (30 years expiring 20 April 2040) / 4 years	444	02 May 2013
Ruko Sumber Baru Square KAV.1R Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta	3-storey shoplot (a)	(i) 222 sq. metres  (ii) 236 sq. metres	Leasehold (30 years expiring 20 April 2040) / 4 years	426	02 May 2013
Plot 38, Hilir Sungai Keluang Dua, Phase IV, Bayan Lepas Industrial Park, 11900 Pulau Pinang	Single-storey factory building	(i) 4,277 sq. metres  (ii) 2,004.42 sq. metres	Leasehold (60 years expiring 24 November 2053) / 21 years	7,662	06 Dec 2013
Geran 20899, Lot 60060, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office (a)	(i) n/a  (ii) 369 sq. metres	Freehold / 3 years	787	04 Aug 2014
Geran 20900, Lot 60061, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office (a)	(i) n/a  (ii) 369 sq. metres	Freehold / 3 years	787	04 Aug 2014

(a) These properties are currently vacant.

## REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS (As At 29 February 2016)

### Regional Offices

Country	Company	Address	Tel	Fax
THAILAND	ZHULIAN (THAILAND) LTD. (ZTH)*	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
MYANMAR	MYANMAR ZHULIAN DIRECT MARKETING CO., LTD.**	No.(110), Yangon Industrial Zone (No.8) Street Mingalardon Township, Yangon, Myanmar.	951- 860 3101	951- 860 3186

\* Our associated company.

\*\* ZTH's Master Agent but not related to our Group.

### Distribution Centres

Location	Distribution Centre	Address	Tel	Fax
KOTA KINABALU	ZHULIAN Pusat Kota Kinabalu	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
MIRI	ZHULIAN Pusat Miri	Lot 1447, Block 1 MCLD, Off Jalan Pasar, Lutong, 98000 Miri, Sarawak.	085-654871	085-655934

### District Agents

#### Penang

Location	Authorised Agent(s)	Address	Tel	Fax
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.	04-5783123 04-5783124 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
JAWI (JAW)	WAN SU BT JAFAR MOHD YUSOF BIN MOHD MUKHTAR	No. 34, Taman Jawi Jaya 1, Tingkat 1, Sungai Jawi, 14200 Penang.	04-5829769 016-5239769 016-5249769	04-5823627
BAYAN BARU (BJA)	ARIBAH BINTI MOHAMED	12D-1, Jalan Tun Dr. Awang, 11950 Bayan Lepas, Penang.	04-6370111 012-4083615 017-4037704	04-6370111

## District Agents

## Perlis

Location	Authorised Agent(s)	Address	Tel	Fax
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

## 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	No. 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.	04-4615303 016-4196719	018-6719426
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

## Perak

Location	Authorised Agent(s)	Address	Tel	Fax
IPOH (IPA)	SHAI DAH 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 Pulau Timor 8, Taman Chandan Desa, 31300 Simpang 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
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, Jalan Taman Intan, 33300 Gerik, Perak Darul Ridzuan.	05-7921007 019-4406377	05-7921007
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



## District Agents

## Perak

Location	Authorised Agent(s)	Address	Tel	Fax
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

Location	Authorised Agent(s)	Address	Tel	Fax
BANDAR TUN RAZAK (BTR)	ISMAIL BIN HASSAN MELVIN WONG VERN PING MICHELLE WONG VERN IM MELANIE WONG VERN LYN	No. 57-1, Jalan Dwtasik 2, Dataran Dwtasik, Bandar Sri Permaisuri, 56000 Wilayah Persekutuan, Kuala Lumpur.	03-91737616 019-3363838	03-91747616
SETAPAK (SPA)	ROSLINA BT SAMAT	No.10-2, Jalan Rampai Niaga 1, Rampai Business Park, 53300 Wilayah Persekutuan, Kuala Lumpur.	03-41431545 019-3803659	03-41431545
PUTRAJAYA (PTY)	AZMAN BIN IBRAHIM	No. 11A, Ayer @ 8 Persint 8, 62250 Wilayah Persekutuan, Putrajaya.	03-88936607 012-3132884	03-88936608

## Selangor

Location	Authorised Agent(s)	Address	Tel	Fax
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
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
RAWANG (RWC)	MOHD BIN ABAS	No. 83, Jalan Bandar 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

## District Agents

## Selangor

Location	Authorised Agent(s)	Address	Tel	Fax
PUCHONG (PCB)	LIM SZE ANN LIM SIONG TECK	No. 3-1, Jalan Puteri 2/6, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan.	03-80666021 012-3295218	03-80666021
BANDAR BARU BANGI (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	03-89222214

## Negeri Sembilan

Location	Authorised Agent(s)	Address	Tel	Fax
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

Location	Authorised Agent(s)	Address	Tel	Fax
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

Location	Authorised Agent(s)	Address	Tel	Fax
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
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

## District Agents

## Johor

Location	Authorised Agent(s)	Address	Tel	Fax
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 019-7587289	07-9437168
MASAI (MSD)	NORLIN BT AHMAD	No. 7G, Jalan Suria 7, Bandar Seri Alam, 81750 Masai, Johor Darul Takzim.	07-2529535 012-7035307	07-2529535

## Kelantan

Location	Authorised Agent(s)	Address	Tel	Fax
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 BT A. HALIM	650 Taman Masjaya Lati, 17000 Pasir Mas Kelantan Darul Naim.	09-7916095 017-9170578	09-7916095

## Terengganu

Location	Authorised Agent(s)	Address	Tel	Fax
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

## 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

## District Agents

## Sarawak

Location	Authorised Agent(s)	Address	Tel	Fax
TABUAN STUTONG (TSA)	DAVID LAM TAH WI NAH KHENG ANG	1st Floor, Lot 153, Jalan Haji Taha, 93400 Kuching, Sarawak.	082-232022 017-2200022	082-236022

## Sabah

Location	Authorised Agent(s)	Address	Tel	Fax
TAWAU (TWB)	ARMINOH BT JAPAR	TB 15030 Ground Floor, Blok F5, Bandar Sri Indah, Mile 10, Jalan Apas, 91000 Tawau, Sabah.	089-759768 019-8134269	089-759768
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
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 14 March 2016

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 14 MARCH 2016

Size Of Holdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital
Less than 100	235	4.59	9,616	0.00
100 - 1,000	803	15.68	608,834	0.13
1,001 - 10,000	2,970	58.00	13,282,905	2.89
10,001 - 100,000	1,001	19.54	28,737,257	6.25
100,001 - 22,999,999	108	2.11	101,775,053	22.13
23,000,000 - 460,000,000	4	0.08	315,586,335	68.60
<b>TOTAL</b>	<b>5,121</b>	<b>100.00</b>	<b>460,000,000</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS AS AT 14 MARCH 2016

No.	Name	Direct Interest		Deemed interest	
		Shares	%	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	Teoh Meng Lee	6,375,999	1.39	—	—
5	Teoh Meng Soon	6,306,666	1.37	—	—
6	Tan Lip Gay	20,000	0.00	—	—
7	Diong Chin Teck @ Tiong Chin Sang	33,333	0.01	—	—

\* Beneficial interest held via DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Bank of Singapore Limited.

\*\* 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 14 MARCH 2016

No.	Name	Direct Interest		Deemed interest	
		Shares	%	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	—	—

\* Beneficial interest held via DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Bank of Singapore Limited.

\*\* 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 14 MARCH 2016

No.	Name	Holdings	%
1	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01
2	The Best Source Holdings Pte. Ltd.	79,769,789	17.34
3	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Bank of Singapore Limited	47,900,280	10.41
4	Teoh Meng Keat	26,869,600	5.84
5	Chong Siew Kam	19,006,000	4.13
6	Lembaga Tabung Haji	17,948,700	3.90
7	Teoh Meng Lee	5,666,666	1.23
8	Teoh Meng Soon	5,666,666	1.23
9	Teoh Beng Chye	5,262,533	1.14
10	Yayasan Terengganu	3,466,178	0.75
11	Lim Khuan Eng	3,220,000	0.70
12	Khoo Lay Boon	2,666,666	0.58
13	Koo Guat Ean	1,920,153	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	Yeap Chin Loon	1,463,500	0.32
18	Ng Gaik Hua	1,400,000	0.30
19	Khoor Ah Siew	1,224,000	0.27
20	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	1,156,633	0.25
21	Sin Poh Seah	1,033,033	0.23
22	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
23	Yeap Mong Sie	937,500	0.20
24	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	899,766	0.20
25	Golden Fresh Sdn Bhd	800,000	0.17
26	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Yock Chem @ Lee York Soo (E-PKG)	761,500	0.17
27	Yeap Hooi Hooi	720,000	0.16
28	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Hooi Kheng	715,300	0.16
29	Teoh Meng Lee	709,333	0.15
30	Soon Bee Ai	680,000	0.15
		398,756,056	86.68

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 11 May 2016 at 2.30 pm for the following purposes:-

### AGENDA

#### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the year ended 30 November 2015 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - a) Haji Wan Mansoor bin Wan Omar Ordinary Resolution 1
  - b) Teoh Meng Lee Ordinary Resolution 2
3. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965: Ordinary Resolution 3

“THAT Diong Chin Teck, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of next annual general meeting of the Company.”
4. To approve the payment of Directors' fees amounting to RM120,000 for the year ended 30 November 2015. 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

#### AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following Ordinary Resolutions 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. **CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

“THAT the following Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each, be retained and shall continue to act as Independent Non-Executive Directors of the Company in accordance with the Malaysian Code of Corporate Governance 2012 (“MCCG 2012”) until the conclusion of the next AGM:

  - a) Haji Wan Mansoor bin Wan Omar Ordinary Resolution 7
  - b) Diong Chin Teck Ordinary Resolution 8
  - c) Tan Lip Gay” Ordinary Resolution 9
8. 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 Secretaries  
Penang, 19 April 2016

**ZHULIAN CORPORATION BERHAD (415527-P)**  
**NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (continued)**

**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 appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
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 Nineteenth 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 4 May 2016. Only a Depositor whose name appears on such ROD as at 4 May 2016 shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

**Explanatory Note on Ordinary Business:**

1. 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 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 Notes on Special Business:**

1. The proposed Ordinary Resolution 6, is for the purpose of granting a renewed general mandate ("General Mandate") and, if passed, will give authority to the Board of Directors to 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 6 May 2015 and which will lapse at the conclusion of the Nineteenth 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.



**ZHULIAN CORPORATION BERHAD (415527-P)**  
**NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (continued)****Explanatory Notes on Special Business: (continued)**

2. The proposed Ordinary Resolutions 7, 8 and 9 if passed, will retain Haji Wan Mansoor bin Wan Omar, Diong Chin Teck and Tan Lip Gay as Independent Non-Executive Directors of the Company to fulfil the requirements of Paragraph 3.04 of Bursa Securities' Main Market Listing Requirements and in line with the recommendation No. 3.2 of the MCCG 2012. The details of the Board's justification and recommendation for the retention of the Independent Non-Executive Directors are set out in the Statement on Corporate Governance in the 2015 Annual Report.

**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 standing for election as a Director at the forthcoming Nineteenth AGM of the Company.

## PROXY FORM

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

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

as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang on Wednesday, 11 May 2016 at 2.30 pm, and at any adjournment thereof.

	ORDINARY RESOLUTIONS								
	1	2	3	4	5	6	7	8	9
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 ..... 2016.

.....  
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 appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
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 Nineteenth 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 4 May 2016. Only a Depositor whose name appears on such ROD as at 4 May 2016 shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

### Personal Data Privacy:

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

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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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Fold this flap for sealing

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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](http://www.zhulian.com)