ZHULIAN
ANNUAL REPORT 2016

TARGETING TO EMERGING
INDOCHINA MARKET

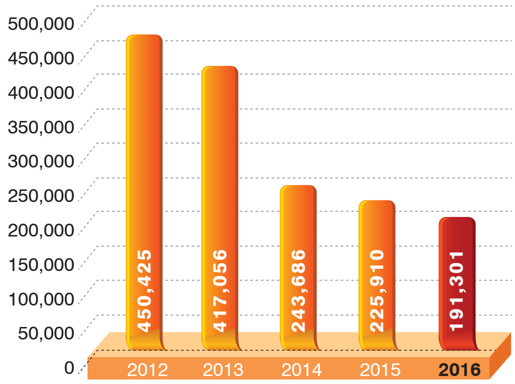
Contents

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

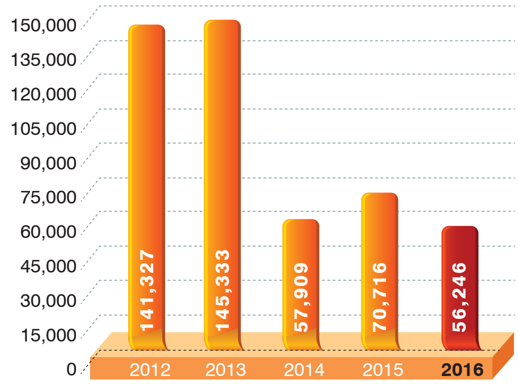
YEAR ENDED 30 NOVEMBER	2016	2015	2014	2013	2012
1. RESULTS (RM'000)					
Revenue	**191,301**	225,910	243,686	417,056	450,425
Profit Before Taxation ("PBT")	**56,246**	70,716	57,909	145,333	141,327
Profit After Taxation ("PAT")	**41,598**	53,045	47,114	121,010	117,094
2. STATEMENT OF FINANCIAL POSITION (RM'000)					
Total Equity Attributable to Owners of The Company	**553,925**	529,067	483,215	504,145	451,844
Total Assets	**588,018**	570,017	520,461	557,519	528,845
Total Borrowings	–	–	–	–	–
3. RATIO					
Net Dividends Per Ordinary Share (sen)	**6.00**	6.00	10.00	16.00	15.50
Earnings Per Share (sen)	**9.04**	11.53	10.24	26.31	25.46
Net Asset Value Per Share (sen)	**120.42**	115.02	105.05	109.60	98.23
Gearing Ratio (%)	**0%**	0%	0%	0%	0%

FIVE-YEAR GROUP FINANCIAL CHARTS

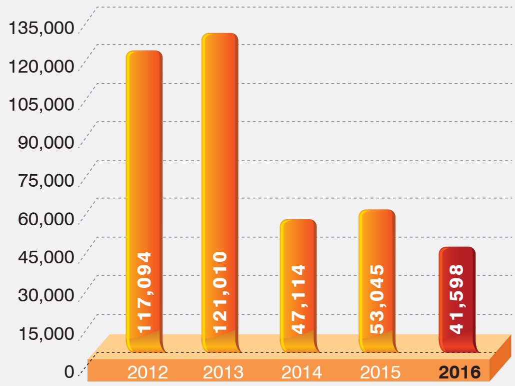
Revenue
(RM'000)



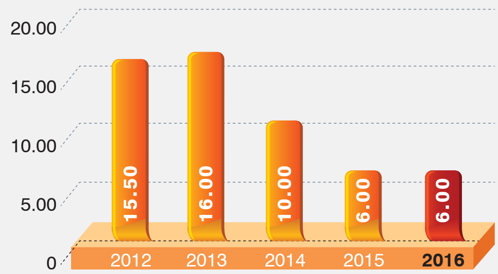
Profit Before Taxation
(RM'000)



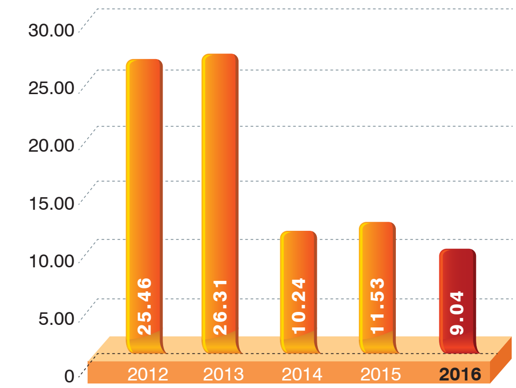
Profit After Taxation
(RM'000)



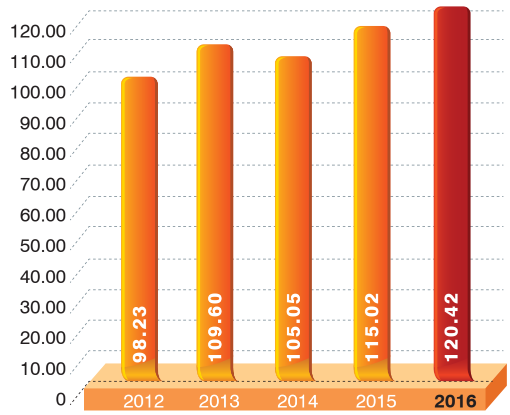
Net Dividends Per Ordinary Share
(sen)



Earnings Per Share
(sen)



Net Assets Value Per Share
(sen)



CORPORATE REVIEW

Adapting to Change

GROUP STRUCTURE

ZHULIAN CORPORATION BERHAD (415527-P)

MANUFACTURING

- 100% ZHULIAN INDUSTRIES SDN. BHD. (304448-X) - ZISB
- 100% ZHULIAN JEWELLERY MANUFACTURING SDN. BHD. (183361-U) - ZJMSB
- 100% BEYOND PRODUCTS TECHNOLOGY SDN. BHD. (386717-K) - BPTSB
- 100% ZHULIAN MANUFACTURING SDN. BHD. (392763-V) - ZMFSB
- 100% AMAZING VESTRAX SDN. BHD. (688963-U) - AVSB
- 100% ZHULIAN NUTRACEUTICAL SDN. BHD. (644402-D) - ZNSB

INVESTMENT HOLDING & MULTI-LEVEL MARKETING

- 100% ZHULIAN MANAGEMENT SDN. BHD. (374415-M) - ZMSB
  - 49% ZHULIAN (THAILAND) LTD. (0105539066471) - ZTH
    - 100% ZHULIAN DEVELOPMENT CO., LTD. (0125555010809)
    - 100% ONE RESIDENCE PROPERTY CO., LTD. (0125557010415)
    - 100% ZTH CONSULTANT SERVICE CO., LTD. (1043FC)
  - 100% PT. ZHULIAN INDONESIA (09.03.1.46.37795)- PTZI
  - 100% ZHULIAN (SINGAPORE) PTE. LTD. (200105275R) - ZSG
  - 100% *ZBP INTERNATIONAL SDN. BHD. (1170709-H) - ZBPISB
- 100% ZHULIAN MARKETING (M) SDN. BHD. (186058-T) - ZMMSB
- 100% ZHULIAN LABUAN LIMITED (LL07218) - ZL

TRADING & PRINTING SERVICES

- 100% ZHULIAN PRINTING INDUSTRIES SDN. BHD. (216788-X) - ZPISB
- 100% MASTER SQUARE SDN. BHD. (389011-A) - MSSB
- 100% *COFFEE MARK PRODUCTS SDN. BHD. (665168-A) (Formerly known as ZHULIAN VENTURES SDN. BHD.) - CMPSB

OTHERS

- 100% DIAMOND INSPIRATION SDN. BHD. (375186-D) - DISB
- 100% *ZHULIAN DEVELOPMENT SDN. BHD. (321164-M) - ZDSB
- 100% *ZHULIAN PROPERTIES SDN. BHD. (665167-D) - ZPSB
- 100% *BEYOND NATURAL CARE SDN. BHD. (665240-M) - BNCSB
- 100% *DEXASSETS SDN. BHD. (686970-K) - 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 2016 ("FY2016").

PERFORMANCE OVERVIEW

The financial year ended 30 November 2016 was a challenging year for the Group as we faced increasing challenges in sustaining sales to its key markets which were affected by a general slowdown in the ASEAN economy due to currency pressure.

During the financial year under review, the Group registered a decrease in revenue of RM34.61 million to RM191.30 million from 2015 revenue totalling RM225.91 million. Meanwhile, we also saw lower Profit After Taxation ("PAT") of RM41.60 million for the financial review compared to the previous year's PAT of RM53.05 million.

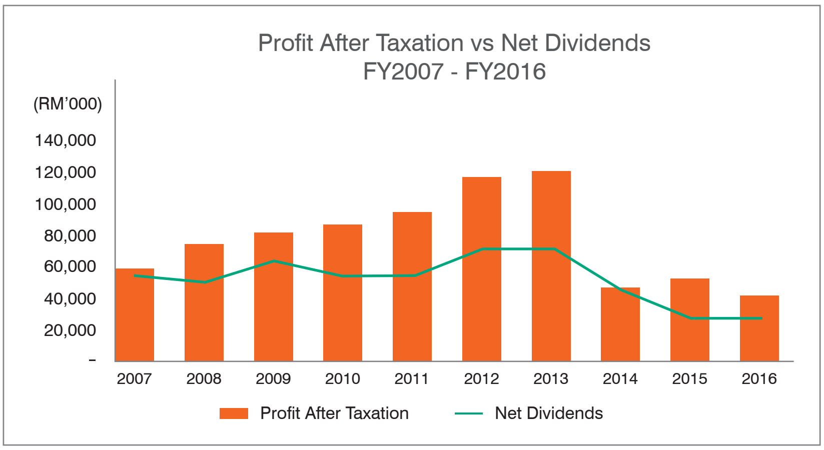
In the face of many challenges, the Group's financial condition remained resilient. In fact, our capital strength now is better than FY2015 with Cash and Cash Equivalent totalled at RM103.46 million (FY2015: RM86.67 mil) and Net Assets Value Per Share ("NAVPS") stood as 120.42 sen (FY2015: 115.02 sen) while maintaining zero Gearing.

EARNING PER SHARE ("EPS")

The Group's EPS for FY2016 ended 30 November 2016 stands at 9.04 sen (FY2015: 11.53 sen).

DIVIDENDS

The total dividends declared for the financial year ended 30 November 2016 amounts to 6.0 sen, bringing the total dividends for the year to RM27.6 million.



Total Net Dividends (2007 - 2016) = **RM526.64 million**

OPERATION OVERVIEW

Against such backdrop of generally lacklustre economic atmosphere in 2016, we took measures to mitigate the impact by redirecting our business focus in order to realise the full value of our integrated business network.

Our Market

The Group's domestic market showed a slowdown as the result of softening consumer confidence due to spiralling inflationary pressure stemming from the GST implementation since 2015 and a fast depreciating local currency in 2016.

Our market in Thailand in 2016 was fairly consistent and remained as the Group's key market that contributed 65.7% of the Group's total revenue. Our business associate, Zhulian (Thailand) Ltd. which had just celebrated its 20th Anniversary in January this year since its official opening in January 1997, managed to rise above many competitors and become the Top 3 MLM company in Thailand. This is truly an exemplary achievement as it is again a success testament of ZHULIAN Group's business model. Another encouraging sign in the year is our new market in Myanmar saw strong market performance fuelled by growing demand. However, our Indonesia market remained slow.

As the Group's exports which contributed 77.3% of the Group revenue were denominated in US dollar, the strengthening of US Dollars was favourable to the Group although the Group had to spend more on imported raw material and endure adverse effects of weakening Malaysian currency to the consumer confidence level in domestic market.

New Market Development

We will capitalise on the strong positioning of the Group in Thailand and Myanmar for further market expansion into other Indochina countries. Currently, we are at the final stage of company incorporation process in Laos and Cambodia whereby both of the companies will be under the control of Zhulian(Thailand) Ltd.

Our Distributor Network

Our MLM network as at 30 November 2016 consist of 264,739 Distributors and 327 Authorised Agencies. Apart from the Miri branch which was set up in 2014, the Group set up another new branch at Kota Kinabalu in the year under review with the objective to further explore the untapped market in Sabah. The Group organised various marketing activities to help boost the Distributors' productivity, including a special programme to groom high calibre entrepreneurs and health seminars that enhanced their knowledge on our nutritional health products.

Our New Products

In the year of review, the Group took a more rational and cautious approach in product development plan and only launched one new collection of fashion jewellery to capture seasonal demand during Hari Raya Puasa. Nevertheless, the Group carried on its R&D efforts and as at today, we have more than 15 new and exciting products in hand, ready to be launched in the near future.

Our Warehouse & Manufacturing Facility

The Group spent a total Capex of RM18.53 million in the year of review, among which RM14.04 million was spent on the acquisition of a new premise at Bayan Lepas Industrial Zone, Penang which is used as warehouse. Other capital expenditures were used for renovation and expansion of manufacturing facility, purchase of machineries and equipment and also upgrading of computer hardware and software.

CORPORATE GOVERNANCE

Throughout the years, the Company and its Board of Directors have been resolute in ensuring that the Company and its subsidiaries' business strictly adhere to the principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. 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

We recognise the importance of engaging the community where we do our business. We conducted a series of programmes to engage our Distributors, as well as our stakeholders and communities in 2016. The details of the programmes are clearly stated in the Corporate Social Responsibility section in this report.

OUTLOOK AND PROSPECTS

According to a report posted by FocusEconomics on 14 December 2016, an improvement in the region's external sector should support quicker growth in 2017 along with resilient household spending. The 2017 growth forecast reflects that the economy of the countries where we operate our business - Thailand, Malaysia, Myanmar and Indonesia will expand in 2017 with GDP growth of 3.2%, 4.3%, 7% and 5.2% respectively. Need to mention specifically that in that order, Myanmar and Laos are expected to be the region's top performers in 2017, with expansion rates of over 7.0%. Capitalising on our strong market position in Thailand and Myanmar, the Group will expedite the moves to penetrate into Laos and Cambodia markets.

Another report published by RHB Research mentioned that in 2017, higher consumer spending would likely happen, supported by the government's income transfer programme which could buoy consumer confidence and spending in domestic market. However, it noted that while consumer spending could drive Malaysia's economic growth, there are downside risks as consumers could easily pull back their spending or turn cautious in their spending if the economic situation deteriorates next year especially if the Malaysian currency continues to be under pressure.

The current environment for our present business segments continues to be challenging due to global economic uncertainty. Amidst outlook of uncertainties, the Group will continue its moves to revive the domestic market and at the same time explore the untapped markets in other countries in ASEAN.

Barring any unforeseen circumstances, the Board is cautiously optimistic of its future prospects. The Group has plan in place to explore new opportunity by venturing into other businesses such as wholesale and retail of coffee products within 2017. The Group is confident that such new ventures will help enhance revenue in the forthcoming year. We also look forward to improving the contributions from the MLM segments especially from our Thailand market in order to drive growth momentum for overall Indochina market once we materialise our plan to enter Cambodia and Laos market. The Group will continue to adopt rationalisation in our business operations. Besides, we will also continue with our effort to further contain cost and improve operational efficiency and productivity for our products to deliver a better financial performance in the next financial year.

NOTES OF APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to our Leaders, Distributors and Authorised Agents and Customers for their persevered commitment, dedicated effort and unwavering trust to the Group despite under such challenging economic situation. We in the Group are extraordinarily proud of the way that our Leaders and Distributors have responded to the challenges we face. Our special thanks go to our business associates, bankers and regulatory authority for their continuous support, confidence and co-operation given to us. I further take this opportunity to thank my fellow Board members for their continued business insight, invaluable thoughts and contributions towards the general direction to ensure the sustainability of our business. My credits go out to everyone in the Group for their sacrifice and commitment in weathering the challenges in everything that they do.

Last but not least, I wish to extend my sincere appreciation to our shareholders for entrusting us with the stewardship of the Company as we continue to spearhead the Group.

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 2016 ("FY2016").

TINJAUAN PRESTASI

Tahun kewangan berakhir 30 November 2016 merupakan tahun yang mencabar buat Kumpulan kerana kita menghadapi cabaran yang meningkat untuk mengekalkan jualan di pasaran-pasaran utama yang turut terjejas dengan ekonomi ASEAN yang suram akibat tekanan mata wang.

Semasa tahun kewangan dalam tinjauan, Kumpulan merekodkan penurunan perolehan sebanyak RM34.61 juta kepada RM191.30 berbanding perolehan tahun 2015 berjumlah RM225.91 juta. Sementara itu, kita juga menikmati Keuntungan Selepas Cukai ("PAT") yang lebih rendah bernilai RM41.60 juta bagi tahun dalam tinjauan berbanding PAT tahun sebelumnya bernilai RM53.05 juta.

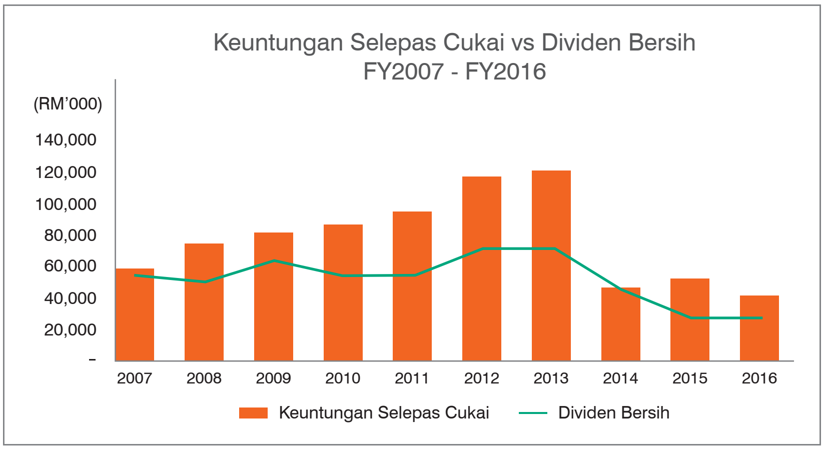
Dalam mendepani pelbagai cabaran, situasi kewangan Kumpulan kekal berdaya tahan. Bahkan, kekukuhan modal kita kini adalah lebih baik berbanding FY2015 dengan Wang Tunai dan Kesamaan Tunai berjumlah RM103.46 juta (FY2015 : RM86.67) dan Nilai Aset Bersih Sesaham ("NAVPS") bernilai 120.42 sen (FY2015 : 115.02 sen) dan mengekalkan penggearan sifar.

PENDAPATAN SESAHAM ("EPS")

Pendapatan sesaham Kumpulan bagi FY2016 berakhir 30 November 2016 adalah 9.04 sen (FY2015: 11.53 sen).

DIVIDEN

Jumlah dividen yang telah diisytiharkan bagi tahun kewangan berakhir 30 November 2016 berjumlah 6.0 sen, menjadikan jumlah dividen bagi tahun tersebut sebanyak RM27.60 juta.



Jumlah Dividen Bersih (2007 - 2016) = **RM526.64 juta**

TINJAUAN OPERASI

Berlatarbelakangkan suasana ekonomi yang suram di tahun 2016, kita berusaha meringankan impaknya dengan mengalihkan fokus perniagaan kita untuk merealisasikan nilai jaringan perniagaan bersepadu kita dengan sepenuhnya.

Pasaran Kita

Pasaran domestik Kumpulan menampakkan penurunan lantaran keyakinan pengguna yang semakin lemah akibat lingkaran tekanan inflasi, ekoran daripada perlaksanaan GST (Cukai Barangan dan Perkhidmatan) pada tahun 2015 dan kemerosotan mata wang tempatan pada tahun 2016.

Pasaran kita di Thailand pada tahun 2016 agak konsisten dan kekal sebagai pasaran utama Kumpulan, dengan sumbangan sebanyak 65.7% kepada jumlah perolehan Kumpulan. Rakan niaga sekutu kita, Zhulian (Thailand) Ltd. yang baru sahaja meraikan ulang tahunnya yang ke-20 di bulan Januari lalu sejak dibuka secara rasminya pada Januari 1997, berjaya menyerlah berbanding banyak pesaing-pesaing lain dan berupaya muncul sebagai syarikat MLM berkedudukan “Ke-3 Teratas” di Thailand. Ia merupakan pencapaian yang perlu diteladani kerana ia sekali lagi menjadi bukti kejayaan model perniagaan Kumpulan ZHULIAN. Satu lagi petanda memberangsangkan bagi tahun tersebut adalah pasaran baru kita di Myanmar memperlihatkan prestasi pasaran yang kuat lantaran permintaan pasaran yang meningkat. Namun, pasaran kita di Indonesia masih lagi bergerak perlahan.

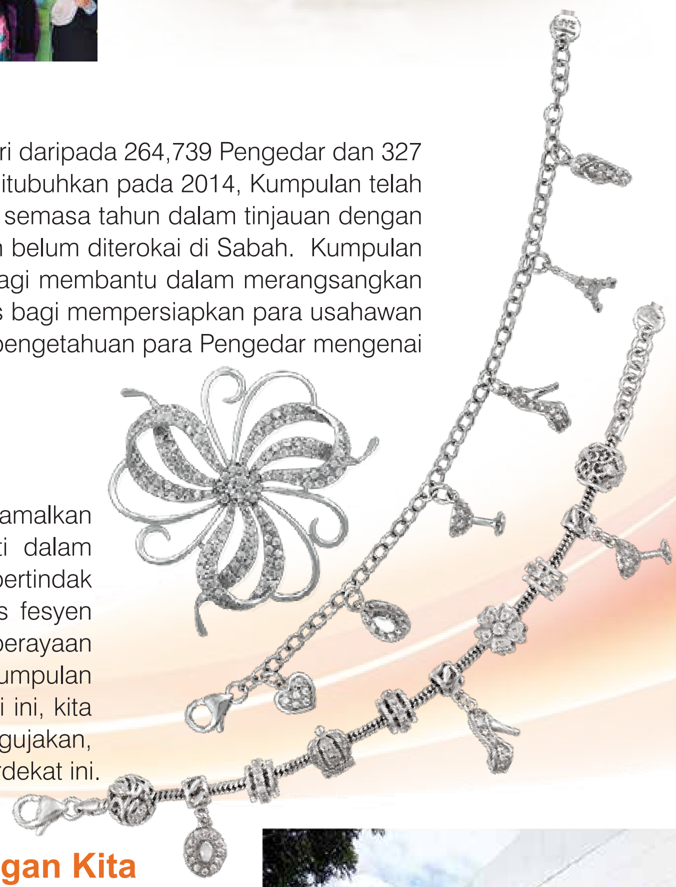
Memandangkan eksport Kumpulan yang menyumbang sebanyak 77.3% kepada perolehan Kumpulan adalah dalam denominasi Dolar Amerika Syarikat, maka pengukuhan mata wang Dolar Amerika Syarikat memberikan kelebihan kepada Kumpulan meskipun Kumpulan perlu berbelanja lebih tinggi bagi bahan mentah yang diimport dan menanggung kesan kejatuhan mata wang Malaysia terhadap keyakinan para pengguna di pasaran domestik.

Pembangunan Pasaran Baru

Kita akan merebut kesempatan dari kekukuhan kedudukan Kumpulan di Thailand dan Myanmar bagi perluasan pasaran selanjutnya ke negara-negara Indochina lain. Terkini, kita telah sampai ke proses akhir memperbadankan syarikat di Laos dan Kemboja, di mana kedua-dua syarikat tersebut akan berada di bawah kawalan Zhulian (Thailand) Ltd.

Rangkaian Pengedar Kita

Rangkaian MLM kita pada 30 November 2016 terdiri daripada 264,739 Pengedar dan 327 Agensi Bertauliah. Selain cawangan di Miri yang ditubuhkan pada 2014, Kumpulan telah menubuhkan satu lagi cawangan di Kota Kinabalu semasa tahun dalam tinjauan dengan objektifnya untuk menjangkau pasaran yang masih belum diterokai di Sabah. Kumpulan telah menganjurkan pelbagai aktiviti pemasaran bagi membantu dalam merangsangkan produktiviti Pengedar, termasuk juga program khas bagi mempersiapkan para usahawan berjaya dan seminar kesihatan bagi menajamkan pengetahuan para Pengedar mengenai produk kesihatan dan nutrisi kita.



Produk Baru Kita

Semasa tahun dalam tinjauan, Kumpulan mengamalkan pendekatan yang lebih rasional dan berhati-hati dalam perancangannya membangunkan produk, lantas bertindak melancarkan hanya satu koleksi barangan kemas fesyen yang baru bagi memenuhi permintaan musim perayaan iaitu Hari Raya Puasa. Walau bagaimanapun, Kumpulan giat meneruskan usaha-usaha R&D dan pada hari ini, kita mempunyai kira-kira 15 produk baru yang mengujakan, yang telah sedia untuk dilancarkan dalam masa terdekat ini.

Kemudahan Gudang dan Pengilangan Kita

Kumpulan telah melakukan perbelanjaan modal (*Capex*) berjumlah RM18.53 juta bagi tahun tinjauan, antaranya sejumlah RM14.04 juta telah dibelanjakan bagi pemerolehan sebuah premis baru di Bayan Lepas Industrial Zone, Pulau Pinang yang kini digunakan sebagai gudang. Perbelanjaan modal lain telah diperuntukkan bagi pengubahsuaian dan pembesaran kemudahan pengilangan, pembelian mesin dan peralatan serta penambahbaikan perkakasan dan perisian komputer.

TADBIR URUS KORPORAT

Sepanjang tahun-tahun yang lalu, Syarikat dan Lembaga Pengarahnya telah bertekad memastikan Syarikat, perniagaan subsidiarinya mematuhi segala prinsip-prinsip tadbir urus korporat yang baik seperti kewibawaan, ketelusan, kebertanggungjawaban dan etika perniagaan yang bertanggungjawab. Prinsip teras yang kita 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 Dalaman *(Statement on Risk Management and Internal Control)* di dalam Laporan Tahunan ini.



TANGGUNGJAWAB SOSIAL KORPORAT

Kita mengakui kepentingan penglibatan masyarakat setempat di mana perniagaan kita dijalankan. Kita telah melaksanakan beberapa siri program bagi melibatkan para Pengedar kita, juga para pemegang kepentingan dan ahli masyarakat di dalam tahun 2016. Butiran bagi program-program yang berlangsung telah dibentangkan dengan jelas di bahagian Tanggungjawab Sosial Korporat *(Corporate Social Responsibility)* di dalam Laporan Tahunan ini.


TINJAUAN DAN PROSPEK

Menurut sebuah laporan oleh *FocusEconomics* pada 14 December 2016, peningkatan sektor luaran rantau ini akan dapat menyokong pertumbuhan yang pantas pada tahun 2017, seiring dengan perbelanjaan keluarga yang semakin pulih. Ramalan pertumbuhan bagi tahun 2017 menggambarkan ekonomi negara-negara di mana kita menjalankan perniagaan – Thailand, Malaysia, Myanmar dan Indonesia akan berkembang di dalam tahun 2017 dengan pertumbuhan Keluaran Dalam Negara Kasar (KDNK) masing-masing sebanyak 3.2%, 4.3%, 7% dan 5.2%. Mengikut turutan, Myanmar dan Laos diramalkan sebagai pencapai-pencapai prestasi tertinggi bagi tahun 2017, dengan kadar pengembangan melebihi 7.0%. Dengan mengambil peluang ke atas kedudukan kita yang kukuh di pasaran Thailand dan Myanmar, Kumpulan akan mempercepatkan lagi usaha menembusi pasaran Laos dan Kemboja di tahun 2017.

Sebuah lagi laporan yang diterbitkan oleh *RHB Research* menyatakan bahawa dalam tahun 2017 kemungkinan besar perbelanjaan pengguna akan meningkat lebih tinggi, kerana disokong oleh program pemindahan pendapatan oleh kerajaan yang mampu mengembalikan keyakinan dan meningkatkan perbelanjaan di pasaran domestik. Namun ketika perbelanjaan pengguna didapati mampu memacu pertumbuhan ekonomi Malaysia, terdapat risiko di mana pengguna mungkin menyekat perbelanjaan mereka atau menjadi lebih berhemat untuk berbelanja sekiranya situasi ekonomi merosot di tahun hadapan, terutamanya jika mata wang Malaysia masih menghadapi tekanan yang berlarutan.

Persekitaran semasa bagi segmen perniagaan sedia ada kekal mencabar akibat ketidakpastian ekonomi global. Di tengah-tengah ketidakpastian ini, Kumpulan akan giat meneruskan tindakannya untuk memulihkan pasaran domestik dan pada masa yang sama menembusi pasaran yang belum diterokai di negara-negara ASEAN.

Kecuali dalam keadaan yang tidak diduga, Lembaga Pengarah agak berwaspada tetapi optimistik terhadap prospek masa depannya. Kumpulan telah mengatur perancangan untuk menerokai peluang baru dengan menembus ke dalam perniagaan-perniagaan lain seperti pemborongan dan peruncitan bagi produk kopi dalam tahun 2017. Kumpulan yakin usaha niaga baru sebegini akan membantu untuk meningkatkan perolehan bagi tahun berikutnya. Kita juga mengharapkan untuk mempertingkatkan sumbangan segmen MLM terutamanya pasaran kami di Thailand bagi mencetuskan momentum pertumbuhan bagi keseluruhan pasaran Indochina sejurus kita merealisasikan perancangan kita untuk memasuki pasaran Kemboja dan Loas. Kumpulan akan terus mengamalkan pendekatan rasional di dalam operasi perniagaan. Selain itu, kita akan kekalkan usaha kita untuk membendung kos dan memperbaiki kecekapan dan produktiviti pengoperasian bagi produk kita agar dapat menyerlahkan prestasi kewangan yang lebih baik bagi tahun kewangan berikutnya.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih seikhlasnya kepada para Pemimpin, Pengedar, Ejen Bertauliah dan pelanggan di atas komitmen yang berterusan, usaha yang berdedikasi serta kepercayaan yang tidak bergoyah terhadap Kumpulan walau dilanda situasi ekonomi yang mencabar. Kita di dalam Kumpulan amat berbangga dengan cara para Pemimpin dan Pengedar kita mengharungi cabaran yang ada. Ucapan penghargaan istimewa buat rakan niaga sekutu, pihak bank dan pihak penguatkuasa di atas sokongan, keyakinan dan kerjasama berterusan yang diberikan kepada kita. Di kesempatan ini, ingin saya mengucapkan terima kasih kepada ahli-ahli Lembaga di atas segala pandangan perniagaan, pendapat dan sumbangan tidak ternilai terhadap hala tuju keseluruhannya bagi memastikan kemampanan perniagaan kita. Penghargaan buat semua yang terlibat di dalam Kumpulan di atas pengorbanan dan komitmen di dalam menempuhi cabaran bagi setiap yang dilakukan.

Akhir kata, saya ingin mengucapkan setulus penghargaan buat pada pemegang saham kerana mengamanahkan Syarikat kepada kami untuk terus menerajui Kumpulan ini.

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	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
• **Diong Chin Teck** (Chairman) • **Haji Wan Mansoor Bin Wan Omar** • **Tan Lip Gay**	• **Tan Lip Gay** (Chairman) • **Haji Wan Mansoor Bin Wan Omar** • **Diong Chin Teck**	• **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

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

AUDITORS
Messrs KPMG PLT
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

BOARD OF DIRECTORS' PROFILE

HAJI WAN MANSOOR BIN WAN OMAR
Independent Non-Executive Chairman

Haji Wan Mansoor Bin Wan Omar, a Malaysian, male, aged 68, 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.

TEOH BENG SENG
Group President and Chief Executive Officer

Teoh Beng Seng, a Malaysian, male, aged 58, 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 MENG KEAT

Group Managing Director

Teoh Meng Keat, a Malaysian, male, aged 50, 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 and Indonesia, 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.

TEOH MENG LEE

Group Executive Director

Teoh Meng Lee, a Malaysian, male, aged 47, 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 SOON

Group Executive Director

Teoh Meng Soon, a Malaysian, male, aged 47, 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 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.

DIONG CHIN TECK

Senior Independent Non-Executive Director

Diong Chin Teck, a Malaysian, male, aged 84, 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.

TAN LIP GAY

Independent Non-Executive Director

Tan Lip Gay, a Malaysian, male, aged 53, 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.

Notes:
Teoh Beng Seng, Teoh Meng Keat, Teoh Meng Lee and Teoh Meng Soon are siblings. Teoh Beng Seng is the major shareholder of the Company. Save as disclosed, Haji Wan Mansoor Bin Wan Omar, Diong Chin Teck and Tan Lip Gay have no family relationship with any Director and/or major shareholder of the Company.

None of the Directors has:
- any other directorship in public companies.
- any conflict of interest with the Company.
- any conviction for offences within the past five (5) years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF SENIOR MANAGEMENT TEAM

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

For the profile of the above Directors, please refer to pages 18 and 19 of this Annual Report. The above Directors are referred to as the Executive Team.

LAI BOON HIN

Senior Production Manager

Lai Boon Hin, a Malaysian, male, aged 50, is the Senior Production Manager of Zhulian Industries Sdn. Bhd. ("ZISB"). He has over 10 years of experience in the manufacturing industry before joining Zhulian Jewellery Manufacturing Sdn. Bhd. ("ZJMSB") as a Section Leader on 1 June 1989. He was transferred to ZISB and promoted to the Manager position in 2000 and subsequently assumed his current position in 2013. He is responsible for the planning and production operations of the Group's food and beverage division and also traditional health supplement division.

TAN GUAN LEONG

Senior Technical Manager

Tan Guan Leong, a Malaysian, male, aged 49, is the Senior Technical Manager of ZISB. He joined ZJMSB on 1 June 1989 and held several positions before he was promoted as an Assistant Manager in ZISB in 2003. Later in 2005, he was promoted to the position of Manager and subsequently to the current position in 2013. He is responsible for all aspects of the technical operations of manufacturing facilities under ZISB.

LIM KIEN HOCK

Senior Advertising and Promotions Manager

Lim Kien Hock, a Malaysian, male, aged 54, is the Senior Advertising and Promotions Manager of Zhulian Marketing (M) Sdn. Bhd. ("ZMMSB"). He has over 30 years of experience in graphic design, digital imaging and photography. He joined ZMMSB as Graphic Designer on 1 April 1991 and was promoted to Managerial level in 2000 and subsequently to the current position in 2012. He is responsible for the photography, video shooting and design of product packaging, in-house publication and promotion materials for the Group.

YEW GUAT HOON

Senior MIS Manager

Yew Guat Hoon, a Malaysian, female, aged 51, is the Senior MIS Manager of Zhulian Management Sdn. Bhd. ("ZMSB") responsible for overseeing the Group's overall activities and operations of the Management Information System. She started her career in the line of Information Technology under ZMMSB on 2 March 1992. She was redesignated System Analyst under ZMSB in 1997 to oversee the regional information networking and MIS systems. She was promoted as the MIS Assistant Manager in 2000, subsequently became the MIS Manager in 2010 and assumed the current position in 2013.

WONG KENG MENG

Senior Operation Manager

Wong Keng Meng, a Malaysian, male, aged 53, is the Senior Operation Manager of ZJMSB responsible for the overall product design and development of our entire fashion jewellery product range as well as the overall operations of manufacturing plants under the Group. He has more than 30 years of experience as a highly skilled craftsman that is acquired through many years of involvement in the jewellery crafting trade. He joined ZJMSB on 2 August 1993 and was promoted to Technical Manager in the same year. He was promoted to his current position in 2010.

YEOW POH LING

Group Chief Accountant

Yeow Poh Ling, a Malaysian, female, aged 47, is the Group Chief Accountant responsible for overseeing the financial, accounting and corporate functions of the Group. She is a member of the Chartered Accountants Australia and New Zealand (CA ANZ) and the Malaysian Institute of Accountants (MIA). She joined ZJMSB since 16 May 1996 as an Assistant Accountant and subsequently in 1998, she was promoted and hold the Accountant position. She continued to move up the corporate ladder to her current position in 2014 and was transferred to ZMSB in 2016.

HO CHUN PING

Senior Distribution Manager

Ho Chun Ping, a Malaysian, male, aged 55, is the Senior Distribution Manager of ZMMSB overseeing the distribution and logistics of our products to our domestic distribution network. Before joining ZMMSB as Distribution Manager on 1 February 1994, he had gained relevant experience at a few multi-national companies in Penang. He was promoted to his current position in 2012.

OOI HOCK KOOI

Senior Maintenance & Facilities Manager

Ooi Hock Kooi, a Malaysian, male, aged 52, is our Senior Maintenance & Facilities Manager. He joined ZJMSB as a technician on 2 May 2002 and was promoted rank by rank to the position of Maintenance & Facilities Manager in 2004 and assumed his current position in 2013. He is responsible for the setting-up and maintenance of the Group's extensive manufacturing facilities including equipment and machineries.

Notes:
Save and except for the Executive Team, the other Senior Management members have no family relationship with any Director and/or major shareholder of the Company.

None of the other Senior Management has:
- any directorship in the Company and other public companies.
- any conflict of interest with the Company.
- any conviction for offences within the past five (5) years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

BUSINESS REVIEW

Realigning Business Direction

Our business landscape has changed rapidly over the past 10 years against a backdrop of regional economic challenges and shifting business potentiality. Ten years ago in 2007, our export and local sales ratio was 38% vs 62%, but in the year of review, our exports contributed 77% of our total revenue compared to our local market which only contributed 23%.

We are confident that with our manufacturing capacity and sufficient resources, we are able to bring the Group's business to a new level by tapping into emerging markets in Indochina region.

Market Scenario

This financial year saw a decline of 15.32% in our revenue as overall market scenario for the year was full of uncertainties, be it micro or macro.

The domestic market particularly was impacted by the softening of the consumer sentiment due to the weakening of purchasing power as the result of GST implementation and currency devaluation. Market demand in Thailand slightly declined as Thailand's economic recovery was still uncertain. Meanwhile, Myanmar market picked up steadily as our products were well-accepted by local community. However, Indonesia market was still very slow and below expectation. Nevertheless, the strengthening of US dollar had helped to mitigate the impact of declining demand.

The distribution of the Group's revenue by country for the year under review showed that Thailand was the biggest contributor that generated 65.67% of the total revenue, followed by Malaysia which contributed 22.71%, Myanmar 9.04% and Indonesia 2.58%.

Our Products

We started our business in 1989 with fashion jewellery products. However, through the years, our business has been widely diversified where our product mix has evolved from our initial core products - fashion jewellery to a wide array of products including our self-developed and manufactured products - food and beverage products, nutritional health supplements, home technology products such as water purifier and air purifier, therapeutic bedding products etc. and also OEM homecare range and personal care range. Among which, our coffee products has become the best sellers in Thailand and Myanmar markets.

In year 2016, our food & beverage product range remained as the biggest contributor, generating 34% of the Group's revenue; followed by nutritional health products and personal care products, which contributed 23% and 18% respectively.

Despite challenging business environment, the Group continued to invest in R&D activities. Though the Group has completed the R&D process for more than 15 products in the review period, only one jewellery range was launched in the year 2016 in view of softening consumer sentiment. On top of that, we also improved the existing formulation of our soya rich beverage, namely Royallmix with an improved formulation and a new packaging. In view of weakening purchasing power, the Group also repackaged our weight management product, namely SSSolution 2 to a smaller pack so that more consumers can afford to buy.

Market Development

We have plan in place to explore new market opportunities as we are looking at Indochina region as an emerging MLM market that can propel the growth of the Group. In the year 2015, we succeeded in entering Myanmar market and within merely a year, the Distribution Core Force in Myanmar had increased 184% to 40,396 compared to only 14,216 in 2015. In December 2016, Zhulian Group sent two representatives to attend a two-day 'Direct Selling Workshop' co-organised by the Ministry of Commerce, Myanmar and DSAM along with representatives from the other 9 member companies of DSAM. The purpose of this workshop was to exchange information on Direct Selling plus providing our members the necessary information on operating a Direct Selling company in Myanmar. Such interactions were indeed beneficial for opening up the door to further growth in Myanmar market.

The positive response shown in Myanmar market prompted the Group's initiative to further explore the neighbouring countries in the region. Our next target will be Laos and Cambodia which has 7 million populations and 16 million populations respectively. As at the closing of our review period, the Group is at the final stage of the company incorporation process in Laos and Cambodia.

Warehousing and Manufacturing Facility

The Group acquired a building situated at Bayan Lepas Industrial Zone, Penang in 2016 for use as a warehouse; It is expected that bigger storage place will be required once we further develop the Indochina market. The Group continued to improve the manufacturing facilities in line with its new product development plan.

Modest Improvement Expected in the Coming Financial Year

The Group will continue to stimulate market demand for our products by launching more new products along with social media advertising to drive better revenue performance. More vibrant marketing programmes will also be organised to attract younger generations to participate in our business while making due effort to retain the existing Distributors.

Maintaining cautious optimism, we expect our business to proceed on a path of gradual improvement over the next year, supported by export revenue and expansion to new market. We have plans in place to invest more over the next year in information technology as we recognise the significant impact of digital marketing channels such as online purchase, social media, and mobile technologies are having on our businesses.

In anticipation of a more challenging year ahead, the Group is well-poised for future transformation and change. We are committed to be more innovative in product development activities and strategic planning for determining long-term business direction and capital investment. With plans in place to expand our business to more countries in Indochina region, we are confident that we will improve our overall business performance in the coming year.

CORPORATE SOCIAL RESPONSIBILITY

Fulfilling Corporate Responsibility

Being socially responsible is part of Zhulian Business

Being socially and environmentally responsible is part and parcel of our business. With this deeply rooted in our Group's culture, we have earned the trust of our valued Authorised Agents, Distributors and Leaders. In Zhulian, we believe in a shared commitment towards nurturing entrepreneurship, cultivating healthy living and upholding ethics and integrity in everything we do.

This is what Zhulian business is all about, sharing with people what we think can help to change for the better; not merely providing superior products, quality services and meaningful customer experiences, but also offering opportunities to those who believe in us to improve their well-being. Our CSR activities cover the 4 major areas that include: Marketplace, Environment, Workplace and Community.

MARKETPLACE

The Group has since its foundation held an aspiration to share its vision with people at large and to create a platform where individuals can realise their dreams together with the Group. Our fundamental responsibility as a corporate citizen is creating value through our business model and own developed products which can contribute towards better living with improved health and sense of well-being for everyone who shares the same belief with us.

It is our wish to provide our Distributors with a conducive place where opportunities are granted to all according to their motivation and perseverance, and where all can realise their personal growth through the challenge of sharing the Group's vision. Satisfying customer needs has always been our top priority with business associates, Authorised Agents and our Core Distribution Force consisting of our Leaders and Distributors. Hence, we practice ethical business in the regional supply chain, responding to provide safe and quality products to the marketplace.

As a legitimate business entity, we are committed to strict adherence to all the laws or regulations applicable to our nature of businesses in the countries where we operate. In Malaysia, we are committed to adhering to the 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 also have put in place stipulated Rules of Conduct for our Distributors in our Business Manual to ensure compliance in order to protect the best interest of our Customers or consumers at large.

At the Group's Food & Beverage and Health Supplement manufacturing plant, we have adopted management system that satisfies the technical requirements stipulated in Good Manufacturing Practice (GMP) guidelines for the manufacturing of Health Traditional Products as well as quality management system that comply with ISO 9001:2008 and Halal requirements alongside our in-house manufacturing management system encompassing all our production plants. Each of our business processes, from sourcing of raw materials to delivery of goods conform to the highest standards of quality, cleanliness, hygiene and do not pose any direct threat to the environment and the society.



In line with our objective to put Distributors and Customers on top priority, we value communication with Distributors and Customers. With the launch of My Zhulian App in 2016, multiple channels have been made available for Distributors to post inquiries or provide feedbacks for the Management and Staff in the Group to further improve what we can offer to them. Policies have been established to give prompt and appropriate response as and when inquiries, requests, expressions of opinion are received. We also make the point to share important information and Customers' valuable opinions in a speedy manner in the decision making process for continued improvement of our products and services. On the other hand, this application also makes it easier for Distributors to engage with their prospects by sharing the information that is available in the application via social media links.

As part of our responsibility to ensure fair and transparent disclosure of information to shareholders and stakeholders, we make it a routine practice to update our official website - www.zhulian.com.my and Facebook page with the latest happenings of our Group's MLM business, such as marketing activities, promotional campaigns and product launches. Other than that, we also have an investor relations portal at our official corporate website - www.zhulian.com that is updated accordingly for keeping existing shareholders and potential investors informed on the latest information regarding the Group's business operation.

ENVIRONMENT

As part of our Good Manufacturing Practices, we place utmost importance in ensuring cleanliness throughout our manufacturing facilities. In order to make sure that the environmental concerns are duly addressed, the Group has put in place an environmental policy to closely monitor and periodically review its operations on waste management issues. Internal audits are conducted periodically to ensure compliance to all the standards set under Good Manufacturing Practices and ISO 9001 in regard to environmental concerns.

One of the big challenges facing society is how to decrease the environmental impacts of waste generated in the production processes and other operations. Our Group is committed to reduce the waste it generates and to reduce waste by recycling. To prevent the wastewater used at our plants from polluting the environment, the wastewater is treated by our wastewater treatment plant before discharging into the drains. Our facilities are also well-equipped with heat regulators and energy efficient lighting such as LED lights to save on electricity consumption.

In 2016, we initiated waste recycling campaign for promoting 3Rs concept of Recycle, Reuse and Reduce where we have installed bins of three different colours for waste segregation purpose. With the objective to minimise the impact of our business processes on the environment, we encourage all employees to minimise wastage and save energy during all production processes. We have put in place procedures on how to manage and dispose waste effectively and we encourage our staff to reuse consumables and recycled paper.

With a strong commitment to sustainability and pledge to a greener world, we strongly advocate paperless inter-departmental communications at all levels of operation. Since 2015, the Group reduced the volume of conventional mass printing of annual reports for shareholders, and replacing it with the more environmentally friendlier alternatives - mailing our annual reports to shareholders in CD-ROMs while extending to shareholders an option to request for hard copy.



WORKPLACE

We consider our employees as our organisation's main asset as they drive performance and represent an organisation's brand. We treat all of our employees with equal values and acknowledge the importance in preserving staff welfare at all times. We sincerely appreciate the dedication and work contribution given by our employees. The Group always put the health and safety of our staff as our top priority in our workplace. In furtherance to this objective, the employees in the Group are provided with company transport, uniforms, food allowance, in-house clinic and Group Hospitalisation and Surgical Insurance.

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 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.


We foster a corporate culture that respects and cultivates diversity, and maintain a workplace that helps individuals maximise their potential. The workforce of the Group at the end of the review period reduced to 626 after a downsizing exercise in early 2016, comprising 54% female and 46% male from all races. Among the staff, close to 5% are of Baby Boomers, 54% are of generation X and 41% are of generation Y, while 10% of them are at the level of executive and above and 90% are non-executive.

COMMUNITY

The Group initiated in engaging activities that can help the community, be it local or regional in order to create positive values and relationship with fellow Distributors and communities particularly.

Apart from our mission to engage more people involving in the business, we also organised various health awareness seminars to educate our Distributors and the local community on ways to maintain good health by cultivating healthy diet and supplementing Zhulian products. The Group also engaged an advisor to conduct short talks on Facebook Live to promote health awareness among the public audience.

The major engaging activity of the year is Zhulian Penang Amazing Race where hundreds of Distributors participated in the event together with the Company Staff. The participants were required to throng through George Town World Heritage Site to complete the challenges assigned to them. This event provided the opportunity for participants to interact and engage the local community and tourists at the places of attraction. Those participants had a renewed sense of belongings to the Group and better team spirits among the Distributors and at the same time increased the general public's awareness of Zhulian brand.

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 2016.

Board of Directors

Roles and Principal Duties

The Board's role is to provide strategic guidance to the Company and effective oversight of its management for the benefit of shareholders and other stakeholders while the Management team manages and runs the operations.

The Board has established a formal schedule of matters which sets out the clear functions reserved for the Board. The list of Board reserved matters will be reviewed periodically by the Board to ensure its relevance. The respective roles and responsibilities of the Board and Management are also clearly set out in the Board Charter and understood to ensure accountability of both parties.

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. With their combined experience and diverse background of knowledge, they provide sound advice and judgement for the benefit of the Company and its shareholders.

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 and adopting a strategic plan for the Group to ensure sustainability of its business and operations;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed notwithstanding that some of the subsidiaries have separate Board of Directors;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board members and senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Group;
- reviewing the adequacy and the integrity of the Group's risk management, internal control systems and management information systems, including systems / reporting framework for compliance with applicable laws, regulations, rules, directives and guidelines;
- determining the remuneration of non-executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- ensuring that the Company's financial statements are true and fair and conform with the laws; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

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.

In the normal course of events, the management of the Group's business and resources will be in the hands of the Executive Directors while a capable and experienced Management team is put in charge to oversee the day-to-day operations of the Company.

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 the Board's strategic intent, 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 roles and responsibilities.

Salient features of the Board Charter are available in the Company's corporate website at www.zhulian.com.

Code of Conduct and Code of Ethics

To reinforce the Group's core value or integrity, the Board has formalised the Code of Conduct and Code of Ethics for Directors, Management and Officers of the Company and its subsidiaries.

These Codes are established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company and summarises what the Company must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

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

The summarised Code of Conduct and Code of Ethics are available for reference at the Company's website at www.zhulian.com

The Board also has a separate Whistleblower Policy stating the appropriate communication and feedback channels to facilitate whistleblowing.

Whistleblower Policy

To augment the Code of Ethics, the Company's Whistleblower Policy which has been adopted by the Board, outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employee, Management or Director in the Group.

It allows the whistleblower the opportunity to raise concern outside the Management line. The identity of whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.

All concerns reported by the whistleblower are made to the Chairman or Group President and Chief Executive Officer and shall be set forth in writing, orally or via electronic mail. The Whistleblower Policy is available for reference in the Company's corporate website at www.zhulian.com.

The Board recognises the importance on adherence to the Code of Ethics by all personnel in the Group and takes measures to put in place a process to ensure its compliance.

Supply of and Access to Information

The Board is supplied with full and unrestricted access to 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.

To enable the Directors to have immediate access to the meeting materials, procedures have been established to disseminate at least seven (7) days a formal Notice of Board Meeting and agenda together with a comprehensive set of meeting 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. During the meetings, the Management provides further detailed information and clarification on issues raised by members of the Board.

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 Board leads the Company within a framework of prudent and effective controls. 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 judgment.

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 to ensure that they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances.

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 comprises of members from various professions with individual personalised quality, expertise, skills and relevant market and industry knowledge and ensures at all times that necessary financial and human resources are in place for the Company to meet its strategic objectives.

The profile of each Director is presented in 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 Chairman is primarily responsible to lead the Board in the oversight of management, representing the Board to shareholders and presiding at Board and general meetings of shareholders, ensuring the adequacy and integrity of the governance process and issues, ensuring that proceedings of meetings comply with good conduct and practices and performing other responsibilities assigned by the Board from time to time.

The Group President and Chief Executive Officer is to ensure the effective implementation of the Group's Business Plan (including strategic plan) and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.

The Group President and Chief Executive Officer, in association with the Chairman, are accountable to the Board for the achievement of the Group's mission, goals and objectives and the Group President and Chief Executive Officer are accountable to the Board for the observance of management's limitations.

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.

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 2016, four (4) Board Meetings were held and details of the Directors' attendance are as follows:-

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

Appointment of Directors

The Nominating Committee is delegated with the responsibility to review Board succession plans. With this, the Nominating Committee assesses and recommends to the Board candidates for directorships and nominees to fill the seats on Board Committees in line with the Terms of Reference of the Nominating Committee.

The Board acknowledges the recommendation of MCCG 2012 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' mix of skills, knowledge, professionalism, competencies, character, time commitment, integrity, independence 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 and considered as part of its recruitment exercise.

Re-election of Directors

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

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

The experience, competence, integrity, capability and 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 standing for re-election at the AGM of the Company to be held on 26 April 2017 are detailed in the Notice of the Twentieth 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 2016, 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 judgment 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 MMLR. 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:

Director	Training Programmes & Seminars
All Directors	Amendments to Listing Requirements on Disclosure & Corporate Governance & Brief Updates on Companies Bill 2015
Mr Teoh Meng Keat	Malaysian CMO Conference 2016
Mr Teoh Meng Soon	Seminar Pengukuhan Akta Kualiti Alam Sekeliling 1974 Ke Arah Pematuhan Kendiri dan Aplikasi Industri Hijau Briefing on GSI System
Mr Diong Chin Teck	A Comprehensive Review of Malaysian Private Entity Reporting Standards (MPERS)

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

Board Committees

The Board has delegated appropriate responsibilities to Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee, in order to enhance business and operational efficiency and efficacy. The Board appoints the members and the Chairman of each Committee.

Terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. The Chairman of the respective Board Committees reports to the Board the outcome of the Board 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 which comprises exclusively Non-Executive Directors, has been empowered by the Board and through its terms of reference, to bring to the Board as well as Board Committees for the Board's consideration, recommendations on the selection and appointment of new Directors.

Potential candidates for new directorship are considered on the basis of their character, experience, competency, integrity and time commitment, diversity of knowledge and ability to act and discharge their roles and responsibilities, skills and experience in the context of the range of skills and experience of the existing Board as a whole.

All new members to the Board nominated and elected will be based on the profile, curriculum vitae and the matching of skills and expertise against the needs of the Company. The Nominating Committee ensures the induction programme, appropriate orientation and adequate training necessary 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 key task of the Nominating Committee is to assist the Board in its annual assessment of the Directors. The evaluation process is led by the Chairman of the Nominating Committee and supported by the Company Secretaries annually with the aim of improving the effectiveness of the Board and Board Committees.

The Directors complete a questionnaire regarding the effectiveness of the Board and its Board Committees. This process includes a self review where Directors assess their own performance. The assessment and comments from Directors are summarised and discussed at the Nominating Committee meeting and reported at a Board Meeting by the Nominating Committee Chairman. All assessments and evaluations carried out by the Nominating Committee in the discharge of its functions are properly documented.

The Nominating 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 Nominating Committee annually reviews the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board and annually assesses the effectiveness of the Board as a whole, the Board Committees, the performance and contribution of each individual Director. The assessments are based on criteria developed, maintained and periodically reviewed by the Nominating Committee.

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 and the meeting was attended by all its members. The Nominating Committee deliberated on the following matters:

- recommendation to the Board of Directors based on the assessment conducted for the re-election of the Directors who were retiring by rotation and seeking for re-election at the forthcoming AGM of the Company to be held on 26 April 2017;
- assessment of the independence of the Independent Directors based on criteria set out in the MMLR of Bursa Securities;
- evaluation of the current Board structure, size and composition and effectiveness of the Board as a whole and the Board Committees 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 and Group Chief Accountant and to ensure they have the time to discharge their respective roles; and
- recommendation for the retention of Tuan Haji Wan Mansoor bin Wan Omar, Mr Diong Chin Teck and Mr Tan Lip Gay who have served for a cumulative period of nine (9) years to continue in office as Independent Non-Executive Directors.

All recommendations of the Nominating Committee are subject to the approval of the Board.

The Nominating Committee is satisfied with the size of the Company's Board and that there is appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board during the financial year.

The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

Remuneration Committee - Directors' Remuneration

The Remuneration Committee was set up with clearly defined Terms of Reference and comprised of one (1) Executive Director and two (2) Non-Executive Directors during the financial year under review as follows:

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 and the meeting was attended by all its members.

The Remuneration Committee, established by the Board, is responsible for setting the policy, framework and determining the remuneration of Executive Directors. The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors.

The Remuneration Committee provides a remuneration package which is sufficient and necessary to attract, motivate and retain the Executive Directors for their individual performance in successfully managing the business of the Company and to align the interest of the Directors with those of the shareholders.

The Directors are remunerated in accordance with the terms of their Employment Contract, which are approved by the Board.

The remuneration package is aligned to individual and corporate performance and consists of two components (base salary and annual performance bonus) which have taken into consideration the market competitive rates, industry standards, complexity and size of the organisation.

The Directors' remuneration has both fixed and variable components which are necessary to drive performance. They are entitled to a fixed monthly salary, EPF, benefits in kind, provision of a company car and medical coverage. The variable component of the remuneration package refers to an annual discretionary performance bonus which is determined by the Board.

None of the Executive Directors participated in any way in determining their own 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 own remuneration.

Directors' fees are set within a framework comprising responsibility fees and meeting allowance. 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.

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	13	3,220
Non-Executive Directors	120	—	—	12	—	—	132
Total	120	2,641	220	12	346	13	3,352

Bonuses payable to Executive Directors are performance based and relate to individual and Company's achievement of specific goals. The Non-Executive Directors do not receive any performance related remuneration.

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

Range of remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	—	3
RM400,000 to RM450,000	2	—
RM1,200,000 to RM1,250,000	2	—

Audit Committee

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

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

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

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.

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 releases of the quarterly financial results, circulars, corporate announcements, various disclosures to Bursa Securities, press releases and Annual Reports 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.

The Company has also established websites at www.zhulian.com.my and www.zhulian.com to which the shareholders can obtain information on the Company. Shareholders are also able to access the latest corporate, financial and market information of the Company via Bursa Securities's website at www.bursamalaysia.com.

The Company will be conducting its voting on all resolutions by poll in accordance with Paragraph 8.29A of the Bursa Securities MMLR.

Accountability and Audit

Financial Reporting

In its quest to provide and present a true and fair assessment of the Group's financial position, performance and prospects through the quarterly announcements and annual audited financial statements of the Company to Bursa Securities and / or the shareholders, the Board is assisted by the Audit Committee in reviewing and scrutinising the information to ensure accuracy, adequacy and completeness in disclosure as well as compliance with applicable financial reporting standards.

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

Risk Management and Internal Control

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls as well as reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investment and the Company's assets.

The Board has delegated the implementation and monitoring of the internal control system in place to the Audit Committee, the External Auditors and the Internal Auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures during the quarterly Audit Committee meetings.

In line with the MCCG 2012 and MMLR of Bursa Securities, the Board has established an independent internal audit function that reports directly to the Audit Committee. This internal audit function in identifying, evaluating and monitoring the adequacy and integrity of the internal control systems is performed in-house by the Group's Internal Audit Department. The Audit Committee assists the Board in overseeing this function.

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.

Assessing Suitability and Independence of External Auditors

The Board and Management strive to maintain a professional and transparent relationship with the External Auditors in the conduct of the audit and towards ensuring compliance with requirements of the appropriate accounting standards. Additionally the Audit Committee has been accorded due power to communicate directly with the Group's External Auditors.

The Audit Committee without the presence of executive Board members and Management meets with the External Auditors at least twice during each financial year to exchange free and honest views on issues which the External Auditors may wish to discuss in relation to their audit and findings.

The Audit Committee assesses the level of service provided by the External Auditors, taking into account the following, amongst others:

- The quality and scope of the planning of the audit in assessing risks and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- The quality and timeliness of reports provided to the Audit Committee;
- The level of understanding demonstrated of the Group's business; and
- Communication to the Audit Committee about new and applicable accounting practices and auditing standards and its impact on the Company's financial statement.

The Audit Committee also monitors the independence and qualification of the External Auditors. The External Auditors have reported to the Audit Committee confirming that, in their professional judgment, they are, and have been independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

The suitability and independence of External Auditors are assessed annually in order for the Audit Committee to recommend the re-appointment of the External Auditors for the ensuing year to the shareholders at the Annual General Meeting.

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.

A summary of the activities of the Audit Committee during the financial year under review, including the evaluation of the independent audit process, is set out in the Audit Committee Report of this Annual Report.

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 2016, 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.

Independent opinions and reports by External Auditors have added credibility to financial statements released by the Company.

The Directors also 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 to prevent and detect fraud and other irregularities; 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 25 January 2017.

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 2016 are as follows:

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

The current Audit Committee comprises of three (3) Independent Non-Executive Directors. The Chairman of the Audit Committee, Mr Diong Chin Teck is a member of the Malaysian Institute of Accountants and hence, the Company is in compliance with the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and Practice Note 13, which requires at least one (1) member of the Audit Committee to be a qualified accountant.

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 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 Committee meeting agenda is prepared and circulated at least seven (7) days prior to the meeting. The minutes of meetings are also 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 of the Committee

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 should:-

(a) have authority to seek any information it requires from employees or investigate any activity within its Terms of Reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to all information, documents and officers of the Company and the Group for the purpose of discharging its functions and responsibilities;

(d) have unlimited access and direct communication channels with the Internal and External Auditors and Senior Management of the Group and shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary;

(e) be able to obtain outside legal or other independent professional advice as it considers necessary at the expense of the Company;

(f) have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner as the Committee shall deem fit and necessary; and

(g) 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 Bursa Securities MMLR, the Committee shall promptly report such matter to Bursa Securities.

Duties and Responsibilities

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

(1) To review the Company's and the Group's quarterly results and annual financial statements before submission to the Board, focusing on:

   (a) Any changes in or implementation of accounting policies and practices;

   (b) Major judgment areas;

   (c) Significant adjustments proposed by the External Auditors;

   (d) Going concern assumption;

   (e) Compliance with accounting standards;

   (f) Compliance with Bursa Securities MMLR, financial reporting standards, legal and regulatory requirements;

   (g) Significant and unusual events; and

   (h) Significant matters highlighted in the financial statements and significant judgments made by management.

(2) To review with the External Auditors their audit plan, scope and nature of audit for the Company and the Group, their evaluation of the internal control system, their audit report, audit findings, their management letter and management's response including previous audit findings and recommendations as well as the assistance given by the Company's employees to the External Auditors;

(3) To review the adequacy of the internal audit scope and plan, resources, functions and competency of the internal audit functions and that it has the necessary authority to carry out its work;

(4) To discuss problems and reservations arising from the interim and final audits, and any matters the External Auditors may wish to discuss (in the absence of the Management where necessary);

(5) To perform the following, in relation to the internal audit function:

(a) Review the adequacy of the scope, functions, resources and competency of the internal audit function, and that it has the necessary authority to carry out its work;

(b) Review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of internal audit function;

(c) Review the internal audit plan, consider the major findings of the internal audits, internal or fraud investigations and actions and steps taken by the Management in response to audit findings;

(d) Review any appraisal or assessment of the performance of members of the internal audit function;

(e) Approve any appointment or termination of senior staff members of the internal audit function; and

(f) Take cognisance of resignations / transfer of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(6) To review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions or management integrity;

(7) To consider the appointment of the External Auditors and to review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment, to consider the nomination of a person or persons as External Auditors and the audit fees, the terms of reference of their appointment, and any question of resignation or dismissal;

(8) To review the assistance given by the Group's Officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;

(9) To verify the allocation of option granted pursuant to the Employee Share Option Scheme, if any;

(10) To report to the Board its activities, significant results and findings;

(11) To review procedures in place to ensure that the Group is in compliance with the Companies Act 2016, Bursa Securities MMLR and other legislative and reporting requirements;

(12) To promptly report such matter to the Bursa Securities if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Securities MMLR;

(13) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts cannot be entered into should include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation;

(14) To review the amount of audit fees and the amount of non-audit fees incurred by the Company on a group basis regularly, as well as the details on the nature of the services rendered if the non-audit fees incurred were significant;

(15) To direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;

(16) To review and recommend an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group;

(17) To review the adequacy and completeness of the Group's risk management processes and recommending improvements where required; and

(18) To undertake any such responsibilities as may be agreed by the Committee and the Board.

Review

The Terms of Reference will be subjected to review from time to time by the Audit Committee, and any amendments are to be approved by the Board before becoming effective.

Attendance for Meetings

The Audit Committee had convened four (4) meetings during the financial year ended 30 November 2016. 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	4/4
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 PLT, the Group Chief Accountant 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 Chairman of Audit Committee reports on the main findings and deliberations of the Audit Committee Meeting to the Board.

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.

Nothing has come to the attention of the Audit Committee that causes it to believe that the financial reporting is inconsistent with the accounting standards and other legal requirements.

Summary of Activities of the Audit Committee

During the financial year ended 30 November 2016, the Audit Committee carried out its duties in accordance with its Terms of Reference of the Audit Committee. The summary of principal activities undertaken by the Committee were as follows:

- Reviewed the unaudited quarterly financial results and performance 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 2016 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 which included review of the Statement of Risk Management and Internal Control;
- 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 2016;
- Reviewed the risk management and internal control systems, 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's responses to ensure that appropriate actions have been taken by the Group including subsidiary and associate companies;

- Reviewed the state of internal control of the Company to ensure that the Group is in compliance with any legislative and reporting requirements;

- Reviewed and noted that there were no related party transactions or recurrent 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;

- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report 2016; and

- Meetings with the External Auditors without Management's presence twice during the year to discuss on key concerns.

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 control 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 following internal audit activities were carried out by the Internal Auditors during the financial year under review:

- Formulation of and agreement with the Audit Committee on the risk-based internal audit plan that is consistent with the Company's objectives and goals; and

- Conducted various internal audit engagements in accordance with the audit plan.

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 2016 amounted to approximately RM170,000.00.

This Report is made in accordance with the resolution of the Board dated 25 January 2017.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 ("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 its overall responsibility for the Group's risk management and internal control system is to safeguard the shareholders' investment, customers' interest and the Group's assets by establishing an appropriate control environment and framework, as well as reviewing its effectiveness, adequacy and integrity.

The Board delegated the Management the task to identify and assess the risks faced by the Group, and thereafter design and implement appropriate internal controls to mitigate and address those risks.

The Board's responsibility in relation to the system of internal control extends to all subsidiaries and associate of the Group. The system of internal control covers not only financial but operational, compliance and risk management aspects.

Due to the inherent limitations by any system of internal control, 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 achieving its objectives and strategies.

The Board, through its Audit Committee reviews on a quarterly basis, the results of this process, including mitigating measures taken by Management to address the key risks areas.

Risk Management Framework

During the year under review, risk management process was carried out through the monthly Management meetings held to communicate and deliberate key issues and risk areas amongst Management team members and where appropriate, controls are devised and implemented. Significant risks identified are escalated to the Board for their attention by the Executive Directors.

The above-mentioned practices / initiatives by the Management serve as an ongoing process used to identify, assess and manage key business, operational and financial risks faced by the Group.

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 objectives and goals set.

The operations of the Group are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk.

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 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 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.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Executive Directors assist the Board in ensuring that the Group's daily operations are performed in accordance with the corporate objectives, strategies as well as the policies and procedures.

- The Audit Committee assists the Board to review the adequacy and integrity of the system of internal control to ensure that the risk exposures are effectively managed and that the required actions to manage risks have been addressed.

  The Audit Committee reviews the internal control findings reported by the Internal Auditors, the External Auditors, regulatory authorities and Management and evaluate the adequacy and effectiveness of the risk management and internal control system.

  The Audit Committee also reviews the competency as well as performance of the internal audit functions with emphasis on their scope of audits and findings. The minutes of the Audit Committee Meetings are circulated and tabled at the quarterly Board Meetings. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report of this Annual Report.

- The Internal Auditors evaluate the effectiveness of risk management, the system of internal control, and governance process and highlights significant findings in respect of any non-compliance with policies and procedures. The Internal Auditors conduct their audits according to a risk based internal audit plan approved by the Audit Committee.

Internal Audit Function

The internal audit function was established by the Board to provide independent assurance to the Audit Committee on the adequacy 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 performed in-house and 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 and overseas associate.

During the financial year ended 30 November 2016, the internal audit function carried out its audits in accordance with the risk-based internal audit plan approved by the Audit Committee.

The audit results, findings relating to the internal control systems and the recommendations for improvement highlighted in the internal audit reports were presented to the Audit Committee for review and discussions at their quarterly meetings and noted at the Board meetings. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the Internal Auditors to ensure that these actions have been satisfactorily implemented.

The operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame to enhance and strengthen the internal control environment.

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 of this Annual Report.

Key elements of internal control

Internal audit activities carried out by Internal Audit Department during the financial year under review included audits conducted on the following areas for certain subsidiaries:

1. Human Resource Management
2. Inventory Management
3. Legal and Compliance Management
4. Health and Safety Management

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 2016:

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 established targets, 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. Reviews are performed whenever necessary to ensure that the Standard Operating Procedures ("SOPs") remains current, relevant and aligned with evolving business environment and operational needs;

   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 the manufacturing of health and nutraceutical products are governed by the 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 tasks.

Weaknesses in Internal Controls

The Board is of the view that the risk management and internal control systems are satisfactory. No significant weaknesses were noted from the review of risk management activities. There were no material losses, contingencies or uncertainties during the financial year ended 30 November 2016 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 system of internal control is in place, the risk management and internal control of the Group are operating effectively and adequately in all material aspects, based on the risk management and internal control framework adopted by the Group to safeguard shareholders' interest and the Group's assets.

The risks taken are at an acceptable level within the context of the business environment throughout the Group and there were no significant internal control deficiencies or weaknesses resulting in material losses, contingencies or uncertainties during the financial year requiring disclosure in the Annual Report.

Review of the Statement by Audit Committee

While the Audit Committee has reviewed this Statement and addressed individual lapses in internal control via the Head of Internal Audit during the course of internal audits for the financial year under review, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's risk management and internal control system.

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 2016 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 control environment forms the foundation for the system of internal control by providing the fundamental discipline and structure.

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, taking into consideration the changing and challenging business environment. 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 6 March 2017.

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 2016.

NON-AUDIT FEES

During the financial year, a total of RM76,000 was payable to KPMG for non-audit services rendered to the Company and the Group.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year ended 30 November 2016 or entered into since the end of the previous financial year.

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 2016.

DIRECTORS' REPORT
For The Year Ended 30 November 2016

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 2016.

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, except as disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	41,598	22,458

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 1.5 sen per ordinary share of RM0.50 each, totalling RM6,900,000 in respect of the year ended 30 November 2015 on 16 March 2016;

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 2016 on 3 June 2016;

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 2016 on 9 September 2016;

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 2016 on 25 November 2016; 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 2016 on 25 January 2017 and payable on 10 March 2017.

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 :

	Number of ordinary shares of RM0.50 each			
	At 1.12.2015	**Bought**	**(Sold)**	**At 30.11.2016**
Haji Wan Mansoor Bin Wan Omar :				
Interest in the Company :				
- own	13,333	—	—	13,333
Teoh Beng Seng :				
Interest in the Company :				
- own	47,900,280	—	—	47,900,280
Deemed interest in the Company :				
- own	240,816,455	—	—	240,816,455
Teoh Meng Keat :				
Interest in the Company :				
- own	26,869,600	—	—	26,869,600
- others #	2,666,666	—	—	2,666,666
Teoh Meng Lee :				
Interest in the Company :				
- own	6,375,999	—	—	6,375,999
Teoh Meng Soon :				
Interest in the Company :				
- own	6,306,666	—	—	6,306,666
Diong Chin Teck @ Tiong Chin Sang :				
Interest in the Company :				
- own	33,333	—	—	33,333
Tan Lip Gay :				
Interest in the Company :				
- own	20,000	—	—	20,000

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

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

Directors' benefits

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

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

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were in issue during the financial year.

Options granted over unissued shares

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

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, and

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for those disclosed in Note 17 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 November 2016 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, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), 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
Director

....
Teoh Meng Keat
Director

Penang,

Date : 6 March 2017

STATEMENTS OF FINANCIAL POSITION
As At 30 November 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	3	148,367	151,248	—	—
Investment properties	4	25,028	15,955	—	—
Investment in subsidiaries	5	—	—	211,103	227,581
Investment in an associate	6	204,677	181,796	—	—
Other investments	7	1,711	1,563	1,711	1,563
Deferred tax assets	8	66	953	—	—
Total non-current assets		379,849	351,515	212,814	229,144
Inventories	9	55,638	66,204	—	—
Current tax assets		4,781	4,300	—	10
Trade and other receivables	10	44,291	61,327	25,042	6,950
Cash and cash equivalents	11	103,459	86,671	1,277	8,025
Total current assets		208,169	218,502	26,319	14,985
Total assets		588,018	570,017	239,133	244,129
Equity					
Share capital	12	230,000	230,000	230,000	230,000
Reserves	13	323,925	299,067	8,880	13,882
Total equity attributable to owners of the Company		553,925	529,067	238,880	243,882
Non-controlling interests		—	26	—	—
Total equity		553,925	529,093	238,880	243,882
Liabilities					
Retirement benefits	14	286	226	—	—
Deferred tax liabilities	8	1,589	2,316	—	—
Total non-current liabilities		1,875	2,542	—	—
Trade and other payables	15	28,660	33,263	246	247
Current tax liabilities		3,558	5,119	7	—
Total current liabilities		32,218	38,382	253	247
Total liabilities		34,093	40,924	253	247
Total equity and liabilities		588,018	570,017	239,133	244,129

The notes on pages 63 to 112 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 30 November 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations					
Revenue	16	191,301	225,910	45,700	24,700
Changes in manufactured inventories and work-in-progress		(6,695)	(10,597)	—	—
Raw materials and consumables used		(50,360)	(54,138)	—	—
Employee benefits expenses		(31,521)	(32,976)	—	—
Depreciation		(12,346)	(11,316)	—	—
Other operating expenses		(63,593)	(88,018)	(23,411)	(514)
Other operating income		12,332	24,180	219	1,520
Results from operating activities	17	39,118	53,045	22,508	25,706
Share of profit of equity-accounted associate, net of tax		17,128	17,671	—	—
Profit before tax		56,246	70,716	22,508	25,706
Tax expense	19	(14,648)	(17,671)	(50)	(69)
Profit for the year attributable to owners of the Company		41,598	53,045	22,458	25,637
Other comprehensive expense, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(140)	(55)	—	—
		(140)	(55)	—	—
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(128)	(1,819)	—	—
Fair value of available-for-sale financial assets		140	(494)	140	(494)
Share of other comprehensive income of equity-accounted associate		11,062	25,075	—	—
		11,074	22,762	140	(494)
Total other comprehensive income/(expense) for the year, net of tax		10,934	22,707	140	(494)
Total comprehensive income for the year attributable to owners of the Company		52,532	75,752	22,598	25,143
Basic earnings per ordinary share (sen)	20	9.04	11.53	—	—

The notes on pages 63 to 112 are an integral part of these financial statements.

ZHULIAN CORPORATION BERHAD
(Company No. 415527-P)
(Incorporated in Malaysia)
and its subsidiaries

STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 November 2016

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 December 2014	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
Total comprehensive income for the year	–	23,256	(494)	52,990	75,752	–	75,752
Distributions to owners of the Company							
- Dividends to owners of the Company (Note 21)	–	–	–	(29,900)	(29,900)	–	(29,900)
At 30 November 2015	230,000	24,759	252	274,056	529,067	26	529,093

STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 November 2016 (continued)

	Attributable to owners of the Company						
	Non-distributable			Distributable			
	Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 December 2015	230,000	24,759	252	274,056	529,067	26	529,093
Remeasurement of defined benefit liability	—	—	—	(140)	(140)	—	(140)
Foreign currency translation differences for foreign operations	—	(128)	—	—	(128)	—	(128)
Fair value of available-for-sale financial assets	—	—	140	—	140	—	140
Share of other comprehensive income of equity- accounted associate	—	11,062	—	—	11,062	—	11,062
Total other comprehensive income/(expense) for the year	—	10,934	140	(140)	10,934	—	10,934
Profit for the year	—	—	—	41,598	41,598	—	41,598
Total comprehensive income for the year	—	10,934	140	41,458	52,532	—	52,532
Distributions to owners of the Company							
- Dividends to owners of the Company (Note 21)	—	—	—	(27,600)	(27,600)	—	(27,600)
Changes in ownership interests in subsidiaries	—	—	—	(74)	(74)	(26)	(100)
Total transactions with owners of the Company	—	—	—	(27,674)	(27,674)	(26)	(27,700)
At 30 November 2016	230,000	35,693	392	287,840	553,925	—	553,925

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended 30 November 2016 (Continued)

		Non-Distributable	Distributable	
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company				
At 1 December 2014	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
Total comprehensive income/(expense) for the year	—	(494)	25,637	25,143
Distributions to owners of the Company				
- Dividends to owners of the Company (Note 21)	—	—	(29,900)	(29,900)
At 30 November 2015/ 1 December 2015	230,000	252	13,630	243,882
Total other comprehensive income for the year				
- Fair value of available-for-sale financial assets	—	140	—	140
Profit for the year	—	—	22,458	22,458
Total comprehensive income for the year	—	140	22,458	22,598
Distributions to owners of the Company				
- Dividends to owners of the Company (Note 21)	—	—	(27,600)	(27,600)
At 30 November 2016	230,000	392	8,488	238,880

The notes on pages 63 to 112 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 30 November 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		56,246	70,716	22,508	25,706
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	12,095	11,065	—	—
- investment properties	4	251	251	—	—
Dividend income	17	—	—	(45,700)	(24,700)
Loss on disposal of plant and equipment	17	94	13	—	—
Gain on disposal of other investments	17	—	(762)	—	(762)
Interest income	17	(3,028)	(3,226)	(219)	(758)
Plant and equipment written off	17	148	22	—	—
Impairment loss on investment in subsidiaries	17	—	—	23,022	—
Impairment loss on goodwill	17	—	1,168	—	—
Negative goodwill recognised	17	(3)	—	—	—
Share of profit of equity - accounted associate, net of tax		(17,128)	(17,671)	—	—
Retirement benefits	17	47	205	—	—
Others		(522)	532	—	—
Operating profit/(loss) before changes in working capital		48,200	62,313	(389)	(514)
Change in inventories		10,590	12,502	—	—
Change in trade and other receivables		17,032	(30,542)	8	4
Change in trade and other payables		(5,023)	(5,329)	(1)	46
Cash generated from/(used in) operations		70,799	38,944	(382)	(464)
Dividends received from :					
- an associate		5,248	9,715	—	—
- subsidiaries		—	—	27,600	24,000
Tax paid		(15,952)	(11,687)	(33)	(19)
Retirement benefits paid	14	(126)	(34)	—	—
Net cash from operating activities		59,969	36,938	27,185	23,517
Cash flows from investing activities					
Additional investment in subsidiaries		—	—	(22,794)	(16,040)
Capital redemption in a subsidiaries		—	—	16,250	10,000
Interest received		3,028	3,226	219	758
Purchase of property, plant and equipment	3	(18,529)	(21,465)	—	—
Purchase of other investments		(8)	(409)	(8)	(409)
Proceeds from disposal of plant and equipment		22	51	—	—
Proceeds from disposal of other investments		—	5,689	—	5,689
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	(2)	—	—	—
Net cash used in investing activities		(15,489)	(12,908)	(6,333)	(2)
Cash flows from financing activities					
Acquisition of interests from non-controlling interests		(100)	—	—	—
Dividends paid to owners of the Company		(27,600)	(29,900)	(27,600)	(29,900)
Net cash used in financing activities		(27,700)	(29,900)	(27,600)	(29,900)
Net increase/(decrease) in cash and cash equivalents		16,780	(5,870)	(6,748)	(6,385)
Effect of exchange rate fluctuations on cash held		8	172	—	—
Cash and cash equivalents at 1 December		86,671	92,369	8,025	14,410
Cash and cash equivalents at 30 November	11	103,459	86,671	1,277	8,025

The notes on pages 63 to 112 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 2016 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 2016 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 6 March 2017.

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 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (continued)

- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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.

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) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC *Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

1. Basis of preparation (continued)

(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 the following notes :

- Note 3 - Property, plant and equipment
- Note 4 - Valuation of investment property
- Note 5 - Investment in subsidiaries

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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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.

(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.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(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 2011 (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.

(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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(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)).

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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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.

(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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

(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.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

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 statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

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

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

(f) Intangible assets

(i) Goodwill

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

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(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.

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.

(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 assets 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.

2. Significant accounting policies (continued)

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

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.

(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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(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.

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 (continued)

(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.

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(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.

(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.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(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 upon rendering of services.

(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 statements 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 values 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
Cost									
At 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 2014/ 1 December 2015	19,210	88,820	12,868	190	39,573	54,169	1,670	841	217,341
Additions	7,830	7,440	—	—	1,941	538	—	780	18,529
Transfer to investment properties (Note 4)	—	—	(11,256)	—	—	—	—	—	(11,256)
Disposals	—	—	—	—	—	(266)	(9)	—	(275)
Written off	—	—	—	—	(214)	(578)	—	—	(792)
Effect of movements in exchange rates	(32)	—	—	—	—	2	(1)	—	(31)
At 30 November 2016	27,008	96,260	1,612	190	41,300	53,865	1,660	1,621	223,516

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

	Short term leasehold land RM'000	Buildings RM'000	Freehold shoplots RM'000	Building improvements RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 December 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/ 1 December 2015	3,555	12,121	2,035	60	21,456	25,678	1,188	–	66,093
Depreciation for the year	708	2,193	261	19	3,329	5,395	190	–	12,095
Transfer to investment properties (Note 4)	–	–	(2,225)	–	–	–	–	–	(2,225)
Disposals	–	–	–	–	–	(154)	(5)	–	(159)
Written off	–	–	–	–	(203)	(441)	–	–	(644)
Effect of movements in exchange rates	(11)	–	–	–	–	1	(1)	–	(11)
At 30 November 2016	4,252	14,314	71	79	24,582	30,479	1,372	–	75,149
Carrying amounts									
At 1 December 2014	15,846	66,985	9,561	149	15,175	27,715	683	2,813	138,927
At 30 November 2015/ 1 December 2015	15,655	76,699	10,833	130	18,117	28,491	482	841	151,248
At 30 November 2016	22,756	81,946	1,541	111	16,718	23,386	288	1,621	148,367

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

3.1 Impairment loss

As at 30 November 2016, certain property, plant and equipment were tested for impairment where impairment indicators exist as a result of certain subsidiaries are making losses during the financial year. The recoverable amount of these property, plant and equipment is estimated based on either the value in use or fair value less costs to sell methods. Value in use is determined by discounting the future cash flows generated from the continuing use of the cash-generating unit and the projected cash flows were prepared based on a five year financial budget and projections calculated based on the assets' longest useful lives ranged from 10 to 50 years by the management and approved by Board of Directors and was based on the following key assumptions :-

- The sales growth and gross margin represent management's assessment of future trends of the business and are based on past business performance and management's expectations on market development.
- A pre-tax discount rate of 10% (2015 : Nil) was applied to the cash flow projections and represents the industry's estimated weighted average cost of capital used.

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources.

Fair value less costs to sell was determined based on comparison of the followings :

- Group's properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- Group's machineries with similar machineries that were listed for sale,

where applicable taking into consideration market trends and is classified as level 3 fair value.

Premised on the above, the said carrying amount of property, plant and equipment was determined to be lower than the recoverable amount and accordingly, no impairment loss was recognised.

The estimated recoverable amounts exceeded the carrying amount of the cash-generating units and management considers that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

4. Investment properties - Group

	Note	Freehold land RM'000	Short term leasehold land RM'000	Freehold shoplots RM'000	Total RM'000
Cost					
At 1 December 2014/30 November 2015/ 1 December 2015		6,092	10,573	412	17,077
Transfer from property, plant and equipment (Note 3)		–	–	11,256	11,256
Effect of movements in exchange rates		–	–	357	357
At 30 November 2016		6,092	10,573	12,025	28,690
Accumulated depreciation					
At 1 December 2014		–	780	91	871
Depreciation for the year	17	–	240	11	251
At 30 November 2015		–	1,020	102	1,122

4. Investment properties - Group (continued)

	Note	Freehold land RM'000	Short term leasehold land RM'000	Freehold shoplots RM'000	Total RM'000
Accumulated depreciation					
At 1 December 2015		–	1,020	102	1,122
Depreciation for the year	17	–	240	11	251
Transfer from property, plant and equipment (Note 3)		–	–	2,225	2,225
Effect of movements in exchange rates		–	–	64	64
At 30 November 2016		–	1,260	2,402	3,662
Carrying amounts					
At 1 December 2014		6,092	9,793	321	16,206
At 30 November 2015/ 1 December 2015		6,092	9,553	310	15,955
At 30 November 2016		6,092	9,313	9,623	25,028

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 2016 are classified as level 3 fair value as follows :

	Freehold land RM'000	Short term leasehold land RM'000	Freehold shoplots RM'000	Total RM'000
2015	13,889	20,982	560	35,431
2016	13,257	20,982	40,567	74,806

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 :

	2016 RM'000	2015 RM'000
Direct operating expenses :		
- non-income generating investment properties	597	294

5. Investment in subsidiaries - Company

	2016 RM'000	2015 RM'000
Unquoted shares, at cost	234,855	228,311
Less : Impairment loss	(23,752)	(730)
	211,103	227,581

5. Investment in subsidiaries - Company (continued)

Details of subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest 2016	2015	Country of incorporation	Principal activities
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.	100%	100%	Malaysia	Dormant
Coffee Mark Products Sdn. Bhd. (formerly known as 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
	2016	2015		
Beyond Natural Care Sdn. Bhd.	100%	100%	Malaysia	Dormant
Dexassets Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Labuan Limited*	100%	80%	Malaysia	Investment holding
Subsidiaries of ZMSB				
PT. Zhulian Indonesia*	100%	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. During the financial year ended 30 November 2016, ZSG ceased its operations and remained dormant since then.
ZBP International Sdn. Bhd. ("ZBPISB")	100%	—	Malaysia	Direct marketing of costume jewellery and consumer products. Subsequent to 30 November 2016, ZBP ceased its direct marketing operations

* Not audited by member firms of KPMG International

There are no material non-controlling interests in the subsidiaries as the Group and the Company have acquired the remaining interests in the subsidiaries during the financial year ended 30 November 2016 and consequently, all became wholly-owned subsidiaries as of 30 November 2016.

5.1 *Impairment loss for investment in subsidiaries*

During the financial year ended 30 November 2016, the Company made an impairment loss amounting to RM23.0 million for the investment in certain loss making subsidiaries where the estimated recoverable amounts of RM14.5 million and RM0.7 million were determined using either value in use ("VIU") or fair value less cost to sell ("FVLCTS") methods respectively and was lower than their carrying amounts.

The Company's impairment testing includes an assessment of the estimated recoverable amount at various best and worst case scenarios against the carrying amount of investment in certain subsidiaries. See Note 3.1 for details on VIU and FVLCTS including key assumptions used. Based on the sensitivity analysis performed, the carrying amount of investment in certain subsidiaries was determined to be higher than its recoverable amount and an impairment loss of approximately RM23.0 million was recognised to the other operating expenses.

5. Investment in subsidiaries - Company (continued)

5.1 Impairment loss for investment in subsidiaries (continued)

The estimated recoverable amounts exceed the carrying amount of investment in certain subsidiaries and management considers that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess; except for the impairment loss of RM22.0 million relating to the Group's local direct marketing division in Malaysia. The recoverable amount for this investment in a subsidiary is particularly sensitive towards changes in the following key assumptions and any adverse change in the following areas may result in impairment loss.

- A 5% decrease in future planned revenue growth would result in the Company recognising an impairment loss of RM367,000.

- A 2% decrease in gross profit margin would result in the Company recognising an impairment loss of RM4,918,000.

6. Investment in an associate - Group

	2016 RM'000	2015 RM'000
Unquoted shares, at cost	10,287	10,287
Share of post-acquisition profits	194,390	171,509
	204,677	181,796

The financial year end of the associate is 31 December.

Details of the material associate are as follows :

Name of entity	Effective ownership interest and voting interest		Principal place of business/Country of incorporation	Nature of the relationship
	2016	2015		
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.

	2016 RM'000	2015 RM'000
Zhulian (Thailand) Ltd. and its subsidiaries		
Summarised financial information		
As at 30 November		
Non-current assets	245,706	245,122
Current assets	272,543	242,729
Non-current liabilities	(35,352)	(39,164)
Current liabilities	(55,477)	(66,897)
Net assets	427,420	381,790

6. Investment in an associate - Group (continued)

	2016 RM'000	2015 RM'000
Zhulian (Thailand) Ltd. and its subsidiaries		
Year ended 30 November		
Profit from continuing operations/ Total comprehensive income	34,955	36,063
Included in the total comprehensive income is :		
Revenue	339,718	386,472
Reconciliation of net assets to carrying amount as at 30 November		
Group's share of net assets	209,436	187,077
Elimination of unrealised profits	(4,759)	(5,281)
Carrying amount in the statement of financial position	204,677	181,796
Group's share of results for the year ended 30 November		
Group's share of profit or loss from continuing operations	17,128	17,671
Share of other comprehensive income of equity-accounted associate	11,062	25,075
Total	28,190	42,746
Other information		
Dividends received by the Group	5,248	9,715

7. Other investments - Group/Company

	2016 RM'000	2015 RM'000
Non-current		
Quoted unit trusts in Malaysia		
Available-for-sale financial assets, at fair value	1,711	1,563

8. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property, plant and equipment						
- capital allowances	16	1,908	(3,325)	(7,591)	(3,309)	(5,683)
Tax loss carry-forwards	190	1,477	—	—	190	1,477
Other items	2,510	3,870	(914)	(1,027)	1,596	2,843
	2,716	7,255	(4,239)	(8,618)	(1,523)	(1,363)
Set off of tax	(2,650)	(6,302)	2,650	6,302	—	—
Net deferred tax assets/(liabilities)	66	953	(1,589)	(2,316)	(1,523)	(1,363)

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

	At 1.12.2014 RM'000	Effect of movements in exchange rates RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2015/ 1.12.2015 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2016 RM'000
Property, plant and equipment						
- capital allowances	(6,075)	—	392	(5,683)	2,374	(3,309)
Tax loss carry-forwards	2,350	163	(1,036)	1,477	(1,287)	190
Other items	3,405	12	(574)	2,843	(1,247)	1,596
Net deferred tax liabilities	(320)	175	(1,218)	(1,363)	(160)	(1,523)

8. 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) :

	2016 RM'000	2015 RM'000
Tax loss carry-forwards	46,997	29,417
Capital allowances carry-forwards	1,157	4,010
	48,154	33,427

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 and capital allowances carry-forwards available to the Group.

9. Inventories - Group

	2016 RM'000	2015 RM'000
Raw materials	30,139	33,276
Work-in-progress	11,141	12,770
Manufactured inventories	12,060	17,126
Consumables	2,298	3,032
	55,638	66,204

10. Trade and other receivables

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Amount due from an associate	10.1	22,392	23,238	—	—
Others		14,841	26,966	—	—
		37,233	50,204	—	—
Non-trade					
Amount due from subsidiaries	10.2	—	—	15	15
Other receivables		2,554	1,489	2	10
Deposits		402	2,145	5	5
Prepayments	10.3	4,102	7,489	20	20
Dividends receivable from subsidiaries		—	—	25,000	6,900
		7,058	11,123	25,042	6,950
		44,291	61,327	25,042	6,950

10. Trade and other receivables (continued)

10.1 Amount due from an associate

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

10.2 Amount due from subsidiaries

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

10.3 Prepayments

Included in prepayments are advances paid to suppliers amounting to RM2,687,000 (2015 : RM3,432,000) for the purchase of raw materials.

11. Cash and cash equivalents

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short term deposits with licensed banks	70,390	59,624	800	3,750
Cash and bank balances	33,069	27,047	477	4,275
	103,459	86,671	1,277	8,025

12. Share capital - Group/Company

	2016		2015	
	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

13. Reserves

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable					
Translation reserve	13.1	35,693	24,759	—	—
Fair value reserve	13.2	392	252	392	252
Distributable					
Retained earnings		287,840	274,056	8,488	13,630
		323,925	299,067	8,880	13,882

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

13. Reserves (continued)

13.1 Translation reserve

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

13.2 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.

14. Retirement benefits - Group

	2016 RM'000	2015 RM'000
Non-current		
Net defined benefit liability	286	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 :

	2016 RM'000	2015 RM'000
Balance at 1 December	226	—
Included in profit or loss		
Current service cost	33	187
Interest cost	14	18
	47	205
Included in other comprehensive income		
Remeasurement loss of net defined benefit liability	140	55
Effect of movements in exchange rate	(1)	—
Other		
Benefits paid	(126)	(34)
Balance at 30 November	286	226

14. Retirement benefits - Group (continued)

Actuarial assumptions

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

	2016	2015
Discount rate	7.2%	9%
Future salary growth	10%	10%

15. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	7,507	8,133	—	—
Non-trade				
Other payables	1,498	1,872	49	11
Security deposits received from agents	11,289	13,147	—	—
Accrued expenses	8,366	10,111	197	236
	21,153	25,130	246	247
	28,660	33,263	246	247

16. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income	—	—	45,700	24,700
Sale of goods	186,207	221,725	—	—
Services rendered	5,094	4,185	—	—
	191,301	225,910	45,700	24,700

17. Results from operating activities

Results from operating activities are arrived at :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
After charging :				
Auditors' remuneration				
- Audit fees				
KPMG Malaysia	232	230	56	56
Other auditors	32	43	—	—
- Non audit fees				
KPMG Malaysia				
- current year	9	44	9	9
- prior year	—	9	—	9
Local affiliates of KMPG Malaysia	67	147	4	86
Other auditors	7	7	—	—
Inventories written off	297	603	—	—
Inventories written down	1,832	895	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	25,103	29,538	—	—
- Contributions to state plans	2,970	3,438	—	—
- Employees' separation benefits	3,448	—	—	—
Depreciation of :				
- property, plant and equipment (Note 3)	12,095	11,065	—	—
- investment properties (Note 4)	251	251	—	—
Impairment loss on :				
- Trade receivables	86	8	—	—
- Goodwill	—	1,168	—	—
- Investment in subsidiaries	—	—	23,022	—
Realised loss on foreign exchange	3,929	—	—	—
Plant and equipment written off	148	22	—	—
Loss on disposal of plant and equipment	94	13	—	—
Research and development expenditure	121	105	—	—
Rental of premises	1,173	1,556	—	—
Retirement benefits (Note 14)	47	205	—	—
and after crediting :				
Dividend income from subsidiaries (unquoted)	—	—	45,700	24,700
Interest income	3,028	3,226	219	758
Negative goodwill recognised	3	—	—	—
Gain on foreign exchange				
- Realised (net)	—	8,355	—	—
- Unrealised (net)	6,723	5,486	—	—
Gain on disposal of other investments	—	762	—	762
Reversal of impairment loss on trade receivables	1	1	—	—

18. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company				
- Fees	120	120	120	120
- Remuneration	3,232	3,308	12	11
Other Directors				
- Fees	33	35	—	—
- Remuneration	254	443	—	—
	3,639	3,906	132	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.

19. Tax expense

Recognised in profit or loss

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax expense on continuing operations	14,648	17,671	50	69
Share of tax of equity-accounted associate	4,890	7,820	—	—
Total income tax expense	19,538	25,491	50	69

19. Tax expense (continued)

Recognised in profit or loss (continued)

Major components of income tax expense include :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
- Current year	14,613	16,448	50	69
- Prior year	(125)	5	—	—
Total current tax recognised in profit or loss	14,488	16,453	50	69
Deferred tax expense				
Origination/(Reversal) of temporary differences				
- Current year	190	1,040	—	—
- Prior year	(30)	178	—	—
Total deferred tax recognised in profit or loss	160	1,218	—	—
Share of tax of equity-accounted associate	4,890	7,820	—	—
Total income tax expense	19,538	25,491	50	69

Reconciliation of tax expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the year	41,598	53,045	22,458	25,637
Total income tax expense	19,538	25,491	50	69
Profit excluding tax	61,136	78,536	22,508	25,706
Income tax calculated at Malaysian tax rate of 24% (2015 : 25%)	14,673	19,634	5,402	6,426
Effect of tax rates in foreign jurisdictions*	1,399	1,943	—	—
Effect of change in tax rates**	—	48	—	—
Non-deductible expenses	1,235	2,919	5,618	129
Income not subject to tax	(256)	(1,460)	(10,970)	(6,486)
Tax incentives	(831)	(2,320)	—	—
Changes in unrecognised temporary differences	3,473	4,544	—	—
(Over)/Under provision in prior year	(155)	183	—	—
Income tax expense	19,538	25,491	50	69

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

20. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM41,598,000 (2015 : RM53,045,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2015 : 460,000,000).

21. Dividends - Group/Company

Dividends recognised in the current year by the Company are :

	2016 RM'000	2015 RM'000
In respect of financial year ended 30 November 2014		
- Fourth interim dividend of 2 sen per ordinary share paid on 11 March 2015	—	9,200
In respect of financial year ended 30 November 2015		
- 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
- Fourth interim dividend of 1.5 sen per ordinary share paid on 16 March 2016	6,900	—
In respect of financial year ended 30 November 2016		
- First interim dividend of 1.5 sen per ordinary share paid on 3 June 2016	6,900	—
- Second interim dividend of 1.5 sen per ordinary share paid on 9 September 2016	6,900	—
- Third interim dividend of 1.5 sen per ordinary share paid on 25 November 2016	6,900	—
	27,600	29,900

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 2016 on 25 January 2017 and payable on 10 March 2017.

The financial statements do not reflect this dividend after 30 November 2016, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2017.

22. Contingent liabilities, unsecured - Company

Continuing financial support

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

23. Commitments - Group

(a) Capital commitments

	2016 RM'000	2015 RM'000
Property, plant and equipment		
Authorised but not contracted for	2,930	2,240
Contracted but not provided for	113	12,329
	3,043	14,569

(b) Operating lease commitments

Non-cancellable operating leases are payable as follows :

	2016 RM'000	2015 RM'000
Less than one year	—	750
Between one and five years	—	67
	—	817

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

24. Operating segments

The Group is principally confined to the manufacture and sale of costume jewellery and consumer products on a direct sales basis which are principally carried out in Malaysia, Thailand, 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.

Geographical information

	Malaysia RM'000	Thailand RM'000	Myanmar RM'000	Other countries RM'000	Consolidated RM'000
2016					
Revenue	43,452	125,625	17,290	4,934	191,301
Non-current assets	160,127	—	—	13,268	173,395
2015					
Revenue	63,025	124,266	24,200	14,419	225,910
Non-current assets	153,369	—	—	13,834	167,203

Major customers

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

	Revenue 2016 RM'000	Revenue 2015 RM'000
Customer A	125,625	124,266

25. Related parties

Identity of related parties

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

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 18), are shown below :

	Amount transacted for the year ended 30 November	
	2016 RM'000	2015 RM'000
Group		
Associate		
Sales	120,531	120,080
Management fee income	5,094	4,186
Company		
Subsidiaries		
Dividend income	45,700	24,700
Increase in investment in subsidiaries	22,794	16,040
Capital redemption in a subsidiary	16,250	10,000

Significant related party balances are disclosed in Notes 10 and 15 to the financial statements.

26. Financial instruments

26.1 Categories of financial instruments

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

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

	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
2016			
Financial assets			
Group			
Other investments	1,711	—	1,711
Trade and other receivables, excluding prepayments	40,189	40,189	—
Cash and cash equivalents	103,459	103,459	—
	145,359	143,648	1,711
Company			
Other investments	1,711	—	1,711
Other receivables, excluding prepayments	25,022	25,022	—
Cash and cash equivalents	1,277	1,277	—
	28,010	26,299	1,711
Financial liabilities			
Group			
Trade and other payables	(28,660)	(28,660)	—
Company			
Other payables	(246)	(246)	—
2015			
Financial assets			
Group			
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
Company			
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
Financial liabilities			
Group			
Trade and other payables	(33,263)	(33,263)	—
Company			
Other payables	(247)	(247)	—

26. Financial instruments (continued)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) arising on :				
Available-for-sale financial assets				
- recognised in other comprehensive income	140	20	140	20
- reclassified from equity to profit or loss	—	(514)	—	(514)
	140	(494)	140	(494)
Loans and receivables (net)	5,737	17,060	219	758
	5,877	16,566	359	264

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

26. Financial instruments (continued)

26.4 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	
	2016 RM'000	2015 RM'000
Thailand	22,392	23,238
Indonesia	119	277
Malaysia	1,808	1,892
Myanmar	12,914	24,797
	37,233	50,204

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2016				
Not past due	34,249	—	—	34,249
Past due 1 - 30 days	1,041	—	—	1,041
Past due 31 - 120 days	1,943	—	—	1,943
Past due more than 120 days	139	(139)	—	—
	37,372	(139)	—	37,233
2015				
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

26. Financial instruments (continued)

26.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 December	161	154
Impairment loss recognised	86	8
Impairment loss reversed	(1)	(1)
Impairment loss written off	(107)	—
At 30 November	139	161

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 and the Company have 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 and the Company do 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 RM1.12 million (2015 : RM1.16 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.

26. Financial instruments (continued)

26.4 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 statements of financial position.

Impairment losses

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

26.5 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.

26. Financial instruments (continued)

26.5 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
Group							
Non-derivative financial liabilities							
2016							
Trade and other payables	28,660	—	28,660	28,660	—	—	—
2015							
Trade and other payables	33,263	—	33,263	33,263	—	—	—
Company							
Non-derivative financial liabilities							
2016							
Other payables	246	—	246	246	—	—	—
Financial guarantee	—	—	1,124	1,124	—	—	—
	246		1,370	1,370	—	—	—
2015							
Other payables	247	—	247	247	—	—	—
Financial guarantee	—	—	1,164	1,164	—	—	—
	247		1,411	1,411	—	—	—

26. Financial instruments (continued)

26.6 Market risk

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

26.6.1 Currency risk

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

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional 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
Group			
2016			
Trade and other receivables	35,860	—	—
Cash and cash equivalents	4,407	34	84
Trade and other payables	(469)	—	—
Net exposure	39,798	34	84
2015			
Trade and other receivables	48,124	—	—
Cash and cash equivalents	6,939	31	28
Trade and other payables	(38)	(22)	—
Net exposure	55,025	9	28

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2015 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances, that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss RM'000
Group	
2016	
USD	(2,924)
SGD	(3)
BND	(6)
2015	
USD	(3,987)
SGD	(1)
BND	(2)

A 10% (2015 : 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial assets				
- short term deposits	70,390	59,624	800	3,750
- cash at banks	29,595	24,845	475	4,275
	99,985	84,469	1,275	8,025

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

26.6.3 Other price risk

Equity price risk arises from the Group's and the Company'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% (2015 : 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM130,000 (2015 : RM117,000). A 10% (2015 : 10%) weakening in FBMKLCI index would have had equal but opposite effect on equity.

26. Financial instruments (continued)

26.7 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					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group and Company										
2016										
Financial asset										
Quoted unit trusts	–	1,711	–	1,711	–	–	–	–	1,711	1,711
2015										
Financial asset										
Quoted unit trusts	–	1,563	–	1,563	–	–	–	–	1,563	1,563

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 (2015 : no transfer in either directions).

27. Acquisition of a subsidiary

27.1 Acquisition of a subsidiary during the year

On 18 October 2016, Zhulian Management Sdn. Bhd., a subsidiary acquired the entire issued and paid-up share capital of ZBP International Sdn. Bhd. ("ZBPISB") for a total cash consideration of RM1.5 million. From the acquisition date to 30 November 2016, ZBPISB contributed revenue of RM3,275,080 and a loss of RM78,093.

Even if the acquisition had occurred on 30 December 2015 (date of incorporation of ZBPISB), the management estimates that the impact of the acquisition to the consolidated revenue and consolidated profit for the year would be insignificant.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date :

	RM'000
Inventories	7
Receivables	3
Cash and cash equivalents	1,498
Current tax liability	(5)
Net identifiable assets	1,503
Negative goodwill recognised	(3)
Consideration paid, satisfied in cash	1,500
Less : Cash and cash equivalents acquired	(1,498)
Net cash outflow arising from acquisition of subsidiary	2

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 2016.

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 2016, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	2016		2015	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries :				
- Realised	222,235	8,488	248,416	13,630
- Unrealised	5,084	—	2,109	—
	227,319	8,488	250,525	13,630
Total share of retained earnings of an associate				
- Realised	157,232	—	145,319	—
- Unrealised	(131)	—	(37)	—
	157,101	—	145,282	—
	384,420	8,488	395,807	13,630
Less : Consolidation adjustments	(96,580)	—	(121,751)	—
Total retained earnings	287,840	8,488	274,056	13,630

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 57 to 111 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 2016 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 112 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
Director

....
Teoh Meng Keat
Director

Penang,

Date : 6 March 2017

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 57 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Teoh Beng Seng**, at Georgetown in the State of Penang on 6 March 2017.

....
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 2016 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 57 to 111.

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 2016 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 112 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 PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lim Su Ling
Approval Number : 3098/12/17 (J)
Chartered Accountant

Date : 6 March 2017

Penang

OTHER INFORMATION

Testament of Stability and Commitment

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m²)	Tenure/Age of building	Carrying amount at 30 Nov 2016 (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) / 18 years	16,546	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) / 20 years	20,098	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 2nd and 3rd floor of a 4½-storey complex	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold / 23 years	299	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) / 9 years	42,722	25 July 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 / 21 years	6,837	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 / 21 years	2,487	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)	9,313	29 July 2010

[(a)] These properties are currently vacant.

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m^2)	Tenure/Age of building	Carrying amount at 30 Nov 2016 (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 Sept 2027)	2,955	10 Sept 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 Apr 2040) / 5 years	415	2 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 Apr 2040) / 5 years	398	2 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 Nov 2053) / 22 years	7,706	6 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 / 4 years	770	4 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 / 4 years	771	4 Aug 2014
Plot 53, Hilir Sungai Keluang 2, Bayan Lepas Industrial Zone, Phase IV, 11900 Bayan Lepas, Penang.	Double-storey office block with an annexed single-storey factory	(i) 6,064 sq.metres (ii) 3,220 sq.metres	Leasehold (60 years expiring 12 June 2055) / 19 years	13,862	20 Oct 2015

[a] These properties are currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS (As At 28 February 2017)

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	Rukan Mangga Dua Square Blok F No. 23, Jl. Gunung Sahari Raya No. 1, Ancol Pademangan, Jakarta Utara 14420, Indonesia.	021-2607 5757	021-2607 5799
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 / Branch	Address	Tel	Fax
KOTA KINABALU (KKR)	ZHULIAN Pusat Kota Kinabalu	Unit No. 116, Block M, 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 (MYY)	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
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

Perlis				
Location	Authorised Agent(s)	Address	Tel	Fax
KANGAR (KGA)	LOOI SWEE HOW	No. 69, Jalan Kangar - Alor Setar, Taman Pertiwi, 01000 Kangar, Perlis Indera Kayangan.	04-9777269 016-3303578	04-9777269

District Agents

Kedah				
Location	**Authorised Agent(s)**	**Address**	**Tel**	**Fax**
SUNGAI PETANI (SPT)	FOO YAU GEEM LOOI KONG YOKE	18, Jalan Cempaka 1/1, Bandar Amanjaya, 08000 Sungai Petani, Kedah Darul Aman.	04-4404899 016-3303578	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 ROSLINDA BT KAMIS	No.35, Taman Chempedak Indah, Guar Chempedak, 08800 Gurun, Kedah Darul Aman.	04-4615303 016-4196719	018-6719426

Perak				
Location	**Authorised Agent(s)**	**Address**	**Tel**	**Fax**
IPOH (IPA)	SHARIFAH SALWAH BT MOHD JIPLUS	No. 59A, Jalan Pengkalan Utama 1, Taman Pengkalan Utama, 31650 Ipoh, Perak Darul Ridzuan.	05-3221194 019-5176112	05-3221194
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
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
TANJUNG MALIM (TJA)	CHE'MAH BT ADAM RAMLAH BT ADAM FATIMAH NOOR BT ZAINAL ABIDIN	No. 18, (Atas), Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900 Tanjung Malim, Perak Darul Ridzuan.	05-4583303 019-4466355	05-4583303
TELUK INTAN (TTB)	ZAKIAH BT YAHYA LAU SHENG MING	No.8B, Lorong 1, Taman Mewah, 36000 Teluk Intan, Perak Darul Ridzuan.	05-6215952 019-5757336	05-6227453

Wilayah Persekutuan				
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 Dwitasik 2, Dataran Dwitasik, 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

District Agents

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)	DR. 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	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	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
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

District Agents

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)	LIM KOR	No.21A, Tingkat Bawah, Jalan Sultanah, 86000 Kluang, Johor Darul Takzim.	07-7712829 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)	PUA YEE LING	No. 4960, Jalan Merbau 2, Bandar Putra Kulai, 81000 Johor Darul Takzim.	07-5908899 013-7098899	07-5908899
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

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

District Agents

Kelantan				
Location	**Authorised Agent(s)**	**Address**	**Tel**	**Fax**
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
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 (STR)	HARIZAH BT MAJID	Lot PT 35705, 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

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 019-8964888	087-211181

ANALYSIS OF SHAREHOLDINGS
As At 24 February 2017

TOTAL NUMBER OF ISSUED SHARES : 460,000,000
ISSUED SHARES CAPITAL : RM230,000,000
CLASS OF SHARE : Ordinary shares
VOTING RIGHT : One vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 24 FEBRUARY 2017

Size of Holdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Shares
1 - 99	243	4.84	9,859	0.00
100 - 1,000	760	15.12	575,077	0.12
1,001 - 10,000	2,886	57.43	13,047,611	2.84
10,001 - 100,000	1,026	20.42	29,964,728	6.51
100,001 - 22,999,999 (*)	106	2.11	100,816,390	21.92
23,000,000 and above (**)	4	0.08	315,586,335	68.61
TOTAL	5,025	100.00	460,000,000	100.00

Remark: * Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS AS AT 24 FEBRUARY 2017

The Directors interests based on the Register of Directors' Shareholdings of the Company are as follows:

		Direct Interest		Deemed interest	
No.	Name	Shares	%	Shares	%
1	Haji Wan Mansoor Bin Wan Omar	13,333	0.00	–	–
2	Teoh Beng Seng	47,900,280 (1)	10.41	240,816,455 (2)	52.35
3	Teoh Meng Keat	26,869,600	5.84	2,666,666 (3)	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	–	–

(1) Beneficial interest held via DB (Malaysia) Nominee (Tempatan) Sendirian Berhad exempt an for Bank of Singapore Limited.

(2) Deemed interested via Zhulian Holdings Sdn. Bhd. and The Best Source Holdings Pte. Ltd. pursuant to Section 8(4) of the Companies Act 2016.

(3) These are shares held in the name of the spouse and are treated as interest of the Director as in accordance with Section 59(11)(c) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS AS AT 24 FEBRUARY 2017

The substantial shareholders of the Company based on the Register of Substantial Shareholders of the Company are as follows:

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

(a) Beneficial interest held via DB (Malaysia) Nominee (Tempatan) Sendirian Berhad exempt an for Bank of Singapore Limited.

(b) Deemed interested via Zhulian Holdings Sdn. Bhd. and The Best Source Holdings Pte. Ltd. pursuant to Section 8(4) of the Companies Act 2016.

(c) Beneficial interest held via DB (Malaysia) Nominee (Asing) Sdn. Bhd. exempt an for Bank of Singapore Limited.

THIRTY LARGEST SHAREHOLDERS AS AT 24 FEBRUARY 2017

No.	Name	Holdings	%
1	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01
2	DB (Malaysia) Nominee (Asing) Sdn Bhd exempt an for Bank Of Singapore Limited	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	19,899,400	4.33
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	2,679,478	0.58
11	Khoo Lay Boon	2,666,666	0.58
12	Lim Khuan Eng	2,000,000	0.43
13	Koo Guat Ean	1,920,153	0.42
14	Teoh Siew Choo	1,700,000	0.37
15	Teoh Siew Hong	1,666,669	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	Sin Poh Seah	1,033,033	0.22
21	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
22	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ronie Tan Choo Seng (Margin)	950,000	0.21
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yock Chem @ Lee York Soo (E-PKG)	941,700	0.20
24	Yeap Mong Sie	937,500	0.20
25	Golden Fresh Sdn Bhd	800,000	0.17
26	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	747,533	0.16
27	Yeap Hooi Hooi	720,000	0.16
28	Teoh Meng Lee	709,333	0.15
29	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	692,066	0.15
30	Soon Bee Ai	680,000	0.15
		397,474,190	86.41

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Georgetown, Penang on Wednesday, 26 April 2017 at 2.30 pm for the following purposes:-

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 November 2016 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) Teoh Beng Seng — Ordinary Resolution 1
   b) Teoh Meng Soon — Ordinary Resolution 2

3. To approve the Directors' fees amounting to RM120,000 for the financial year ended 30 November 2016. — Ordinary Resolution 3

4. To re-appoint Messrs KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 4

AS SPECIAL BUSINESS:

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

5. To approve the Directors' fees and benefits payable for the financial year ending 30 November 2017. — Ordinary Resolution 5

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** — Ordinary Resolution 6

   "THAT, subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 75 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of total number of issued shares/total number of voting shares of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

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 Annual General Meeting:

   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 Company Secretaries
Penang, 31 March 2017

Notes:
Appointment of Proxy

1. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

   A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as a member to speak at the meeting.

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 as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners 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.

4. The instrument appointing a proxy, with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

   Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.

5. 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 duly authorised.

6. In respect of deposited securities, only members whose name appears on such Record of Depositors as at 19 April 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

Explanatory Notes on Special Business:

1. Under the proposed Ordinary Resolution 5, the Directors' fees and benefits payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the Directors' fees and benefits payable is in the best interest of the Company. The benefits comprised solely of meeting allowance. In determining the estimated total amount of Directors' fees and benefits, the Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

2. The proposed Ordinary Resolution 6, if passed, will give authority to the Board of Directors to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares/total number of voting shares of the Company for the time being for such purposes as Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   As at the date of this Notice, no new shares in the Company was issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 11 May 2016 and which will lapse at the conclusion of the Twentieth Annual General Meeting.

   The renewed 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.

3. 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 Malaysia Securities Berhad Main Market Listing Requirements and in line with the recommendation No. 3.2 of the MCCG 2012. The details of the Board's justifications and recommendations for the retention of the Independent Non-Executive Directors are set out in the Statement on Corporate Governance in the 2016 Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)
No individual is standing for election as a Director at the forthcoming Twentieth Annual General Meeting of the Company.

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

PROXY FORM

I / We, ...
(Full name in Block Letters)

of ....
(Full Address)

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

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

* and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of shareholding

as *my/our proxy(ies), to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting of the Company, to be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Georgetown, Penang on Wednesday, 26 April 2017 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(ies) will vote or abstain at his/their discretion)

** Strike out whichever is not desired.*

Signed this .... day of .... 2017.

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

Notes:

1. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.

   A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as a member to speak at the meeting.

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 as defined under the SICDA which holds ordinary shares in the Company for multiple beneficial owners 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.

4. The instrument appointing a proxy, with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

   Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or Adjourned Annual General Meeting.

5. 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 duly authorised.

6. In respect of deposited securities, only members whose name appears on such Record of Depositors as at 19 April 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on 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

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