GAINING MOMENTUM FOR FUTURE GROWTH

ZHULIAN

ANNUAL REPORT 2017

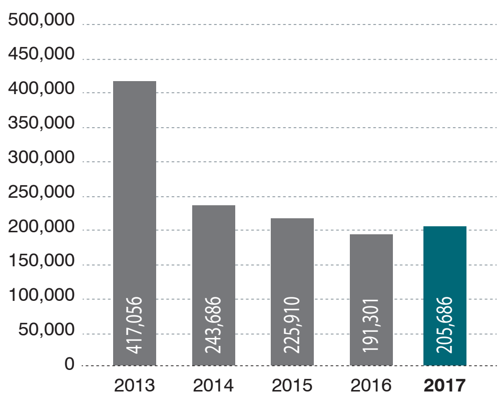
CONTENTS

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

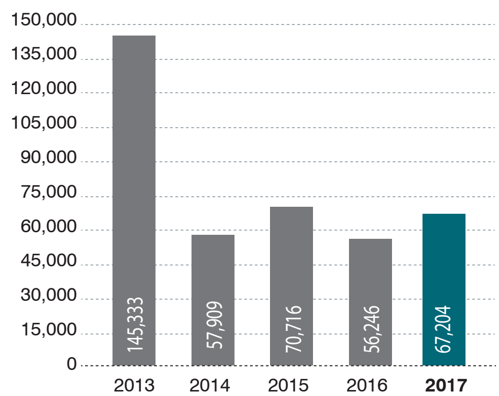
YEAR ENDED 30 NOVEMBER	2017	2016	2015	2014	2013
1. RESULTS (RM'000)					
Revenue	205,686	191,301	225,910	243,686	417,056
Profit Before Taxation ("PBT")	67,204	56,246	70,716	57,909	145,333
Profit After Taxation ("PAT")	52,812	41,598	53,045	47,114	121,010
2. STATEMENT OF FINANCIAL POSITION (RM'000)					
Total Equity Attributable to Owners of The Company	580,550	553,925	529,067	483,215	504,145
Total Assets	621,267	588,018	570,017	520,461	557,519
Total Borrowings	–	–	–	–	–
3. RATIO					
Net Dividends Per Ordinary Share (sen)	7.50	6.00	6.00	10.00	16.00
Earnings Per Share (sen)	11.48	9.04	11.53	10.24	26.31
Net Asset Value Per Share (sen)	126.21	120.42	115.02	105.05	109.60
Gearing Ratio (%)	0%	0%	0%	0%	0%

FIVE-YEAR GROUP FINANCIAL CHARTS

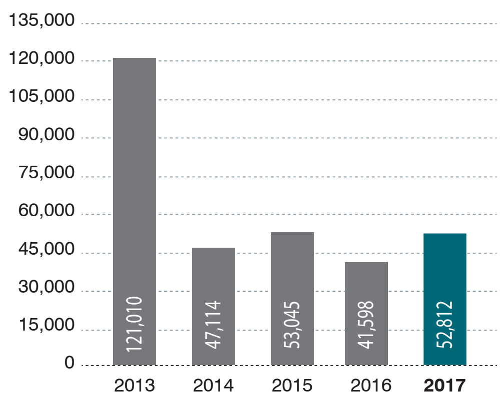
Revenue
(RM'000)



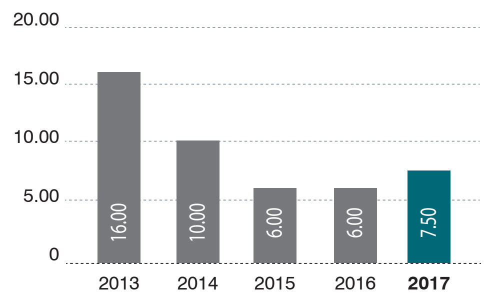
Profit Before Taxation
(RM'000)



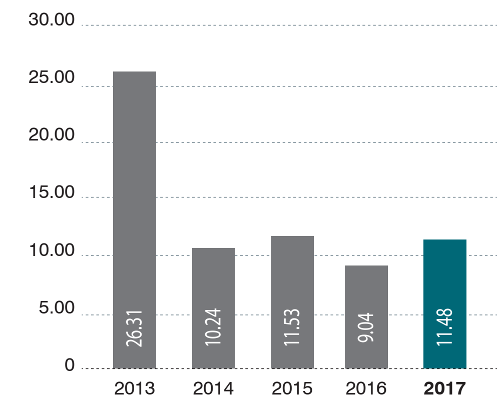
Profit After Taxation
(RM'000)



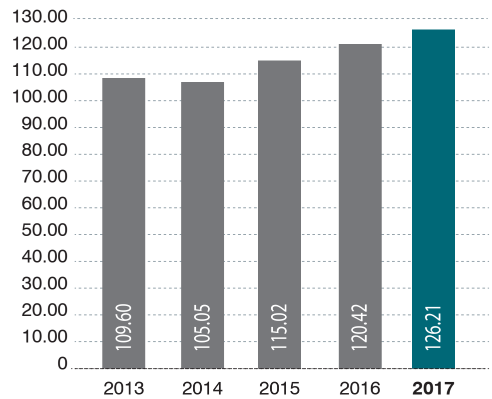
Net Dividends Per Ordinary Share
(sen)



Earnings Per Share
(sen)



Net Assets Value Per Share
(sen)



CORPORATE REVIEW

Restructuring for Improved Integration

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) - 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
**Manufacturing & Trading

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of **ZHULIAN CORPORATION BERHAD** ("ZHULIAN" or "the Company"), I am pleased to present to you the Annual Report and Consolidated Financial Statements of ZHULIAN and its subsidiaries ("ZHULIAN Group" or "the Group") for the financial year ended 30 November 2017 ("FY2017").

FINANCIAL PERFORMANCE

For the financial year ended 30 November 2017, the Group recorded a revenue of RM205.69 million with a Profit After Taxation ("PAT") of RM52.81 million as compared to a revenue of RM191.30 million and a PAT of RM41.60 million for the preceding year.

A more detailed review of the performance and results of the Group's major segments will be set forth in the Management Discussion and Analysis section.

RETURN TO SHAREHOLDERS

The Board continued to endeavour in striking a balance between the interests of stockholders and business sustainability. Consistent with our policy of rewarding shareholders and taking into due consideration the Group's performance in FY2017, the Group declared a total dividend of 7.5 sen per ordinary share for the financial year ended 30 November 2017, consisting interrim dividends of 1.5 sen per ordinary share for each quarter and a special dividend of 1.5 sen per ordinary share. This dividend represents a net dividend payout of RM34.5 million or 65.3% of 2017 Profit After Taxation.

BUSINESS OVERVIEW

As we continuously strive to innovate in our business opportunity, products and processes, we also continue to adopt rationalisation in our business operations and contain cost while improving operational efficiency.

During the year under review, we took a number of initiatives to revive the lacklustre domestic market. Among which, we launched several new marketing programmes and campaigns to groom younger group of entrepreneurs and support the business of existing Distributors.

In order to create new market share, the Group ventured into beauty apparel market with the launch of a body shaper and the product had received overwhelming response from the market. Other than that, we also launched a new car ioniser adding to our existing range of Home Technology products. For enhancing the relevance of our products in our market, we also continue to upgrade and improve our products.

We strengthened our digital presence by launching a new Facebook page for our Klassic Jewellery to enhance the brand position of our core products. We also organised workshops to educate our Distributors on how to utilise social media as a marketing tool.

For a full and detailed business review and analysis, please refer to our Management Discussion and Analysis of this Annual Report.

CORPORATE GOVERNANCE

The Company and its Board of Directors have all along been committed to ensuring all its business operations adhere to the principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. The ultimate objectives are to enhance shareholders' value and in improving the Group's financial performance through building a sustainable business. The core principles that we uphold to ensure good governance are clearly laid down in the Statement on Corporate Governance.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises that fulfilling responsibilities as a corporate citizen is essential to ensuring sustainable growth. In line with our belief in corporate growth and expansion is very much depend on social development, we have been providing business opportunities via our Multi-level marketing ("MLM") business segment to communities in regions which we operate in order to improve their living towards better health and financial independence. We continue to uphold the best practice to safeguard the best interest of the stakeholders in the marketplace, workplace, community and the environment. The details on the Group's activities as corporate citizen are clearly stated in the Corporate Social Responsibility Section in this report.

OUTLOOK AND PROSPECTS

According to a report released on 15 November 2017, *FocusEconomics*, a reputable source of analysis on global economy, forecasted that Myanmar will be the region's fastest-growing economy next year, expanding at 7.5%, followed by Cambodia at 6.8%, whereas the growth for Indonesia will be 5.3%, Malaysia at 4.8% and Thailand will see a more moderate growth i.e. 3.5%.

As for the Group's prospect for 2018, we expect our sales to be mainly driven by exports. We are cautiously optimistic of the Group's future prospects and we will continue to take necessary steps to boost the underperforming markets and at the same time, expand the Indochina market. The Group's plan to venture into certain business platform is expected to materialise within 2018. The Group is confident that we are able to further enhance our financial position in the next financial year.

NOTES OF APPRECIATION

On behalf of the Board, I would like to sincerely thank our Leaders, Distributors, Authorised Agents and Customers. We take pride for their persistent dedication and continued trust to the Group while remained steadfast amidst the many challenges we face. We would also like to express our highest appreciation to our business associate, stakeholders including bankers, suppliers, contractors and regulatory authority for their close collaboration, continuous support and the great confidence they place on the Group.

To the Management and staff of the Group, the Board would like to thank all of them for their commitment and great effort to ensure smooth running of our business. My personal thanks go to my fellow Board members for their diligence and hard work that always place the best interest of the Group's shareholders as top of the list.

Last but not least, the members of the Board wish to express our sincere appreciation to you, our shareholders for maintaining the support and confidence toward our Group during such challenging time.

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 *(Consolidated Financial Statement)* bagi ZHULIAN dan subsidiarinya ("Kumpulan ZHULIAN" atau "Kumpulan") untuk tahun kewangan yang berakhir pada 30 November 2017 ("FY2017").

PRESTASI KEWANGAN

Bagi tahun kewangan berakhir 30 November 2017, Kumpulan merekodkan perolehan sebanyak RM205.69 juta dengan Keuntungan Selepas Cukai ("PAT") berjumlah RM52.81 juta berbanding perolehan sebanyak RM191.30 juta dan PAT berjumlah RM41.60 juta bagi tahun sebelumnya.

Huraian yang lebih terperinci bagi prestasi dan pencapaian segmen utama Kumpulan akan dikemukakan di bahagian Perbincangan dan Analisis Pengurusan (*Management Discussion and Analysis*).

PULANGAN KEPADA PEMEGANG SAHAM

Lembaga masih meneruskan usaha untuk mengimbangi antara kepentingan para pemegang saham dan kemampanan perniagaan. Selari dengan polisi kita untuk menghargai para pemegang saham dan mempertimbangkan prestasi Kumpulan bagi FY2017, maka Kumpulan mengisytiharkan jumlah dividen berjumlah 7.5 sen per saham biasa bagi tahun kewangan berakhir 30 November 2017, yang terdiri daripada dividen interim sebanyak 1.5 sen per saham biasa bagi setiap suku tahun dan dividen khas 1.5 sen per saham biasa. Dividen ini mewakili pembayaran dividen bersih sejumlah RM34.5 juta atau 65.3% daripada Keuntungan Selepas Cukai 2017.

TINJAUAN PERNIAGAAN

Sedang kita terus berusaha menginovasi dari sudut peluang, produk dan proses perniagaan, kita juga masih terus menerapkan rasionalisasi di dalam operasi perniagaan kita dan menampung kos sambil memperbaiki kecekapan operasi kita.

Di dalam tahun tinjauan, kita melakukan beberapa inisiatif bagi memulihkan kembali pasaran domestik yang suram. Antara lain, kita melancarkan sebilangan program dan kempen pemasaran baru sepanjang tahun dalam tinjauan bagi menggarap kumpulan usahawan yang lebih muda sambil mendukung usaha perniagaan para Pengedar sedia ada.

Bagi mewujudkan syer pasaran baru, Kumpulan telah menerokai pasaran pakaian kecantikan dengan melancarkan produk pembentuk tubuh di mana produk ini telah menerima sambutan yang luar biasa di pasaran. Selain itu, kita turut melancarkan produk pengion kereta yang baru, sebagai tambahan kepada rangkaian produk Teknologi Rumah sedia ada. Bagi meningkatkan relevansi produk kita di dalam pasaran, kita sentiasa meningkatkan dan menambahbaikkan produk-produk kita.

Kita telah mengukuhkan kehadiran kita di alam digital dengan melancarkan laman Facebook baru bagi Barangan Kemas Klassic kita untuk mengukuhkan kedudukan jenama produk teras kita ini. Kita juga menganjurkan bengkel-bengkel bagi mendidik para Pengedar kita bagaimana menggunakan media sosial sebagai alat pemasaran.

Bagi tinjauan dan analisis perniagaan yang penuh dan terperinci, sila rujuk bahagian Perbincangan dan Analisis Pengurusan *(Management Discussion and Analysis)* kita di dalam Laporan Tahunan ini.

TADBIR URUS KORPORAT

Sekian lama Syarikat dan Lembaga Pengarahnya telah berkomitmen untuk memastikan segala operasi perniagaannya mematuhi prinsip-prinsip tadbir urus korporat yang baik seperti integriti, ketelusan, kebolehpercayaan dan etika perniagaan yang bertanggungjawab. Objektif utama adalah meningkatkan nilai pemegang saham dan meningkatkan prestasi kewangan Kumpulan dengan membina perniagaan yang mampan. Prinsip teras yang kami julang bagi memastikan tadbir urus yang baik telah dibentangkan dengan jelas di dalam Penyata Tadbir Urus Korporat *(Statement on Corporate Governance)* di dalam Laporan Tahunan ini.

TANGGUNGJAWAB SOSIAL KORPORAT

Kumpulan mengakui bahawa memenuhi tanggungjawab sebagai warga korporat adalah penting bagi memastikan pertumbuhan yang mampan. Selari dengan keyakinan kita bahawasanya pertumbuhan dan perkembangan korporat bergantung kepada pertumbuhan sosial, maka sejak sekian lama kita telah menawarkan peluang perniagaan melalui segmen perniagaan Multi-level marketing ("MLM") kita kepada masyarakat di rantau kita beroperasi bagi meningkatkan kehidupan mereka ke arah kesihatan yang lebih baik dan menikmati kebebasan kewangan. Kita terus mendukung amalan terbaik memelihara kepentingan terbaik para pemegang saham di tempat kerja, masyarakat dan persekitaran. Butiran aktiviti-aktiviti Kumpulan sebagai warga korporat telah dibentangkan dengan jelas di bahagian Tanggung Jawab Sosial *(Corporate Social Responsibility)* di dalam Laporan Tahunan ini.

TINJAUAN DAN PROSPEK

Menurut laporan yang dikeluarkan pada 15 November 2017 oleh *FocusEconomics*, sumber analisis ekonomi global yang bereputasi baik, telah meramalkan bahawa Myanmar adalah ekonomi yang akan paling pesat tumbuh di rantau ini pada tahun depan, dengan perkembangan 7.5%, diikuti dengan Kemboja 6.8% sementara pertumbuhan bagi Indonesia adalah pada 5.3%, Malaysia 4.8% dan Thailand akan menyaksikan pertumbuhan sederhana iaitu pada 3.5%.

Manakala bagi prospek Kumpulan bagi tahun 2018, kita menjangkakan jualan kita akan dipacu oleh pasaran eksport. Kita berwaspada tetapi optimistik terhadap prospek masa depan Kumpulan dan akan meneruskan usaha untuk mengambil langkah-langkah sewajarnya bagi merangsang pasaran yang kurang menyerlah dan pada masa yang sama mengembangkan lagi pasaran Indochina. Rancangan Kumpulan untuk meneroka ke dalam platform perniagaan lain dijangka akan menjadi nyata di dalam tahun 2018. Kumpulan yakin bahawa kita berupaya untuk mengukuhkan lagi kedudukan kewangan kita di tahun kewangan berikutnya.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, ingin saya ucapkan dengan setulus hati terima kasih kepada para Pemimpin, Pengedar, Ejen Bertauliah dan pelanggan. Kami berbangga di atas dedikasi yang cekal dan kepercayaan yang berterusan terhadap Kumpulan, serta masih kekal setia walau berdepan dengan pelbagai cabaran. Kita juga ingin menyampaikan setinggi-tinggi penghargaan kepada rakan niaga sekutu, pihak-pihak berkepentingan seperti pihak bank, pembekal, kontraktor dan pihak penguatkuasa di atas kerjasama erat, sokongan berterusan dan keyakinan tinggi yang diberikan kepada Kumpulan.

Buat barisan Pengurusan dan kakitangan Kumpulan, Lembaga ingin mengucapkan terima kasih kepada setiap seorang daripada mereka bagi komitmen dan usaha gigih mereka dalam memastikan perniagaan kita bergerak dengan lancar. Ucapan terima kasih secara peribadi saya ucapkan kepada ahli-ahli Lembaga di atas ketekunan dan kegigihan mereka yang sentiasa meletakkan para pemegang saham Kumpulan sebagai keutamaan.

Akhir kata, ahli-ahli Lembaga mengucapkan penghargaan seikhlasnya kepada para Pemegang Saham kerana kalian kekal setia menyokong dan meyakini Kumpulan di waktu-waktu yang mencabar.

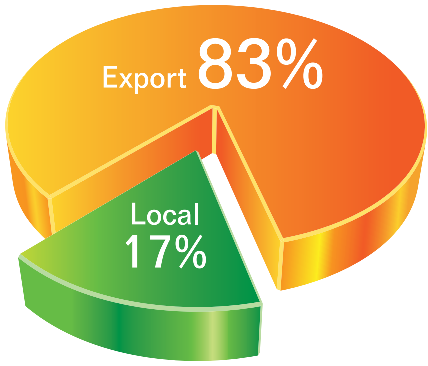
Bagi pihak Lembaga Pengarah,

ZHULIAN CORPORATION BERHAD,

HAJI WAN MANSOOR BIN WAN OMAR
Pengerusi Bebas Bukan Eksekutif

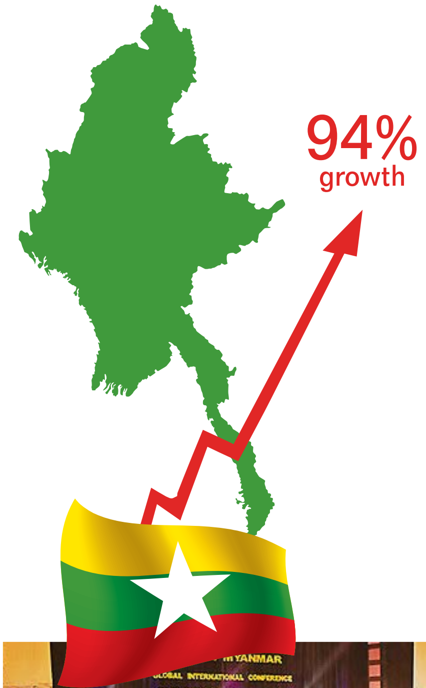
MANAGEMENT DISCUSSION AND ANALYSIS

The Group's financial position saw a modest improvement in the year under review with a marginal growth in the Group's revenue and improved profit margin. This improved performance was partly driven by the strong growth in export revenue as well as higher margins and lower expenses.



Our business landscape continued to evolve in the recent years as evidenced by our export and local sales ratio which was 83% and 17% respectively in 2017 as the result of shifting business potentiality due to economy uncertainties.

The distribution of the Group's 2017 revenue by country depicted that Thailand remained as the biggest contributor with 65% of the total revenue, followed by Malaysia which contributed 17% and Myanmar 16%.



OUR BUSINESS STRATEGIES

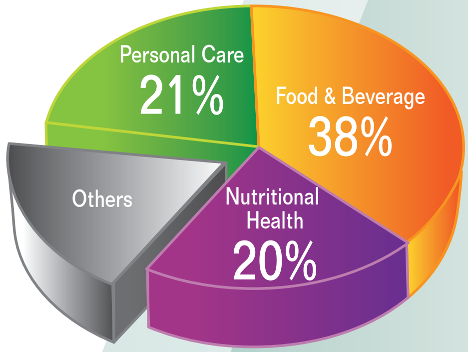
FY2017 brought some challenges for our business, with weakening consumer sentiments and escalating living cost. Our main goal was to continue with our forward momentum from the previous year by initiating marketing programmes to engage new Distributors and maintain the morale and motivation of our Distributors at high level.

Other than that, increasing inflation pressure causing high manufacturing cost and high operating expense environment as a result of implementation of GST and depreciating domestic currency had impacted our business performance since 2015. In the face of such challenges, the Group had taken initiatives to address these challenges through ensuring the cost-effectiveness of our business processes without compromising the quality.

Meanwhile, our Myanmar market which we entered in 2015 became our key growth area in 2017 as our export to the country continued to show an uptrend with a remarkable growth of 94% in the year of review.

GROUP FINANCIAL HIGHLIGHTS

The year under review saw an improved performance whereby 2017's revenue increased 7.5% to RM205.69 million (FY2016: RM191.30 million). The Group's Net Profit After Taxation ("PAT") ballooned to RM52.81 million, an increase of 26.9% as compared to previous financial year's RM41.60 million. The improved earnings was attributed to higher export revenue from Indochina market as well as improved margin which was in line with the increase in revenue and lower expenses incurred during the period under review, offset by the drop in foreign exchange gain as compared to last year.



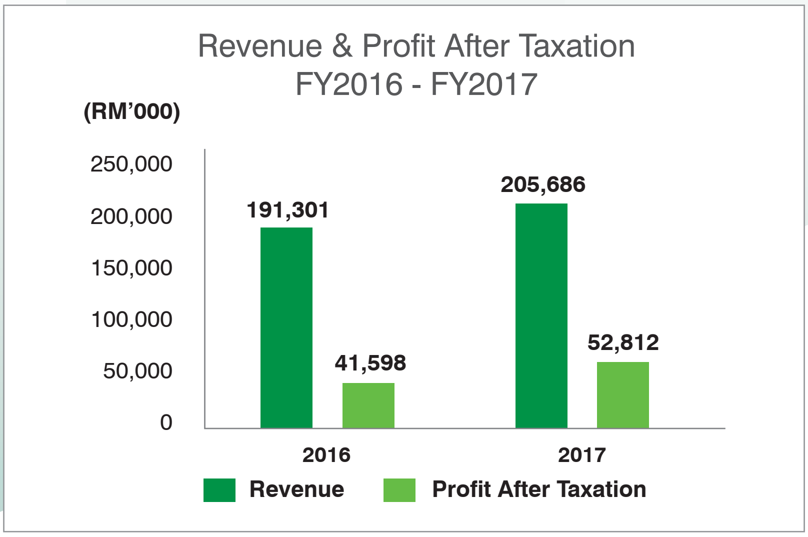
The Group's other comprehensive income for the period under review was RM1.41 million, mainly consist of the foreign currency translations for overseas subsidiaries and associate.

Based on the statistic of the distribution of the Group's revenue by product range, the biggest contributor of revenue came from the food & beverage product range which generated 38% of the Group's revenue; followed by personal care products and nutritional health products, which contributed 21% and 20% respectively.

All in all, our financial position remains solid with Gearing remained zero at the end of FY2017 and Cash and Cash Equivalent increased RM21.29 million from RM103.46 million to RM124.64 million.

RETURN TO SHAREHOLDERS

We remain committed to provide the best returns for our Shareholders' investment. The Company declared a fourth interim dividend of 1.5 sen per ordinary share and a special interim dividend of 1.5 sen per ordinary share for FY2017 on 24 January 2018. Cumulatively, we have declared a total dividend of 7.5 sen per ordinary share for FY2017. This dividend represents a net dividend of RM34.5 million or 65.3% of FY2017 Profit After Taxation of RM52.81 million, consistent with our commitment to return no less than 60% of the current financial year's net earnings.



GROUP OPERATION REVIEW

ZHULIAN CORPORATION BERHAD is an investment holding company of ZHULIAN Group of Companies which core business is Multi-level Marketing (MLM) business, with diversified interests in the manufacturing and trading of an array of widely diversified products including consumer and fashion jewellery products. A Malaysian homegrown Group of Companies, almost 80% of our products are developed in house and manufactured at our own manufacturing plants.

Listed on Main Market of Bursa Malaysia since 2007, today ZHULIAN Group has established a wide distribution network consisting of 306 Authorised Agencies and branches across Southeast Asia including Malaysia, Thailand, Myanmar and Indonesia.

ORGANISATIONAL AND CORPORATE HIGHLIGHTS

Domestic Market

The launch of new products

Our business has been widely diversified where our product mix has gradually evolved from our initial core products - fashion jewellery to a well-diversified product mix 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. On top of that, we also distribute OEM homecare range and personal care range.

In FY2017, we continued to strengthen and drive innovation in our product portfolio to ensure that our product mix would meet the ever-changing demands of consumers in the marketplace. We had exciting new product launches in domestic market which comprise of new designs of rhodium plated jewellery products of our well-know Klassic brand, a one-piece seamless body suit namely Sasherra Body Shaper and a car air ioniser namely Beyond Microplasma Ion Deodoriser that comes with replaceable aromatic fresheners with essential oil and vitamin E namely Beyond Aroma Air Freshener. The Group also relaunched the newly packaged improved formula of a high fibre beverage namely ISO.5.

Sales and marketing programmes

As for the domestic MLM market, we supported our Distributors in their business through marketing activities and training programmes, product seminars namely “Be Young & Beyond” and “Say Bye-bye to Toxins” and also skill enhancement workshops. We also organised outdoor exercise programmes to encourage our Distributors to lead a more active and healthy lifestyle. An incentive tour to Bangkok and Pattaya that aimed at recognising achievers had also managed to boost the Distributor’s motivation level. We also organised a Grand Convention to give due recognition to achievers who succeeded in advancing themselves to a higher level.

Continuous investment in our employees

The Group has come a long way to reach where we are today on the value we place on our people. We make a continuous investment in our employees by continuously providing them with training and developmental programmes to ensure that that skills and knowledge they gained can contribute towards the growth of the Group. It is the commitment of all employees under the umbrella of ZHULIAN Group to continually strive to adapt and evolve to meet our customers’ ever-changing needs and provide our customers with quality products and personalised service.

Overseas Market

Opening of Zhulian Shop

In the year of review, our associate in Thailand saw a buoyant new development with the opening of the first ever Zhulian Shop in Thailand. The outlet which is situated nearby our existing Zhulian (Thailand) Ltd.'s Head Office is aimed at providing a more convenient access to the Zhulian products and business opportunity to consumers and Distributors in the area.

Utilising social media to engage new Distributors and Customers

Our associate in Thailand has kept up with the social media trend which is the cost-effective, convenient and speedy way to spread the news about a business for brand awareness. They regularly publish posts on products and up-coming marketing programmes through social media such as Facebook, Line and Instagram as the business tools to engage their Distributors and customers in the region.

The launch of new products

Following the well acceptance of our dental care product - SmileOn Toothpaste with Aloe Vera, which has become one of the best sellers in Thailand and Myanmar, we launched the new SmileOn Triple X Toothbrush in these countries during the year under review.

Sales and marketing programme

The Thailand Market was vibrant with a variety of exciting programmes including the National Convention held at Zhulian Convention Centre, Zhulian Thailand Regional Head Office which attracted an overwhelmed crowd of participants from Thailand and Myanmar. On top of that, a series of training seminars namely 'Power One' was also held with the objective to enhance the business knowledge and skills of the new Leaders as well as provide a motivation boost to them. Our Thai associate organised two overseas incentive tours during the year under review, one of them brought the outstanding Leaders and their respective spouse to Prague, Czech Republic and Berlin, Germany in recognition of their exceptional sales performance, while the other one to Tokyo, Japan. In early December 2017, 2500 Distributors from Thailand and Myanmar came to Zhulian International Headquarters in Penang, Malaysia for a visit, in conjunction with the Southern Region Convention held at Hatyai, Thailand.

Potential Overseas Markets

The Group has ventured into Thailand market since 1997 and today, we take pride that our brand has established a strong presence in the market. Furthermore, the successful penetration to Myanmar market two years ago has given us an important confidence boost to introduce our business model to more countries in Indochina region. During the year of review, our Thai associate had embarked on a structured approach to penetrate into Cambodia and Laos markets.

Manufacturing Division

Currently, we have three (3) manufacturing plants, one of which houses the manufacturing facilities for jewellery, home technology products and home care products; another one houses the therapeutic products' manufacturing facilities and the other one is a Good Manufacturing Practices (GMP) accredited manufacturing plant specialising in food and beverage products and health supplement. We are also in the process of setting up another new manufacturing facility that is scheduled to commence full operation in 2018. It will be our continuous effort to enhance the efficiency and effectiveness of our operations to increase production capacity as well as expedite our research and development activities to strengthen our competitiveness in the market.

During the year under review, we undertook significant steps to maintain tighter control over operating costs, improving operating efficiencies across the Group's businesses where possible. In achieving this end, we consolidated and restructured the operations of several subsidiaries. Our effort was proven to be fruitful as our overall operation had managed to cut down expenses and achieved higher margin, resulting in higher profit after taxation.

OUR DISTRIBUTION NETWORK

At the end of FY2017, we had 306 Authorised Agencies and branches, and 247,038 Distributors across the region that includes Malaysia, Thailand, Myanmar and Indonesia. The Group's Multi-Level Marketing (MLM) segment has gone through a challenging year in realigning its business strategies and restructuring its distributor network. Nevertheless, we are thankful that there are Leaders and Distributors who stay loyal to the Group for weathering the storms and continuing to remain unwavering on the path of progress. A notable sign of network expansion was in Myanmar where the total number of Distributors increased by 26% to 50,908 compared to 40,396 in FY2016.

DIGITAL ADVANCEMENT

The Group constantly strive to keep abreast with the technology advancement in order to support our Distributors. We continued to improve our My Zhulian App which was launched in 2016 to make it more user-friendly as a useful business tool. Apart from My Zhulian App, our MLM business's official website: www.zhulian.com.my underwent a total facelift in 2017 with a fresh new look and vibrant features containing more comprehensive content with better accessibility anytime and anywhere. The improved application and the revamped website aimed to provide update information and convenience to our Distributors to engage and keep in touch with their prospects.

In 2017, we placed more focus on online media as it gives us an opportunity to connect and interact with Distributors and consumers in a unique way. Besides our existing Zhulian Malaysia Facebook page, we created a new Facebook page for our Klassic Jewellery in 2017 with the objective to strengthen the brand awareness.

In the year of review, we also conducted a series of Facebook Marketing Seminar with the objective to groom successful entrepreneurs who are well-versed in using the viral marketing technique via Facebook to enhance brand awareness or to engage their prospects.

FULFILLING SOCIAL RESPONSIBILITY FOR BUSINESS SUSTAINABILITY

Our business is built on the belief that we have a responsibility to society beyond our obligations to our shareholders or investors. We empower people by offering them the business opportunity and products that have great potential to make a difference in there lives. We also help numerous Distributors and customers lead healthier lives through our quality products and our mission to cultivate a lifestyle that embraces health and wellness. It is our commitment to conducting business in a responsible manner and with conscience, not merely focusing on maximising profit.

We defined our role as corporate citizen as not only being an ethical MLM business operator in the marketplace that is responsible to groom entrepreneurs to their full potential, also being a caring employer to our staff force, being environmentally responsible and being involved and contributive to the community development. The details of how we play the multiple roles are clearly stated in the Corporate Social Responsibility section in this Annual Report.

FORWARD MOVING STATEMENT

Overseas demands for our products are expected to grow steadily in 2018 with the continued expansion and vibrant activities in the Indochina region. We are confident that our business performance of the region will be further improved and contribute positively to the Group's revenue growth in the coming years.

Expanding our distribution network will also be our continuous effort to ensure that our business remains dynamic. We will also strive to extend and improve our customer reach by enhancing service and support measures to our Authorised Agents and Distributors.

Moving forward into 2018, the Group will continue to focus on revenue growth by improving the support system provided to our Distributors. These include enhancing the quality of our products and services, organising more relevant marketing activities and training programmes to engage new people to join in our network as well as retain the existing Distributors. At the same time, we will also expedite our response to the market needs through introducing more new products.

In view of the above initiatives, the Group expects the level of sales and profitability in 2018 to record a notable growth.

BUSINESS RISKS

- **Foreign Exchange risk**

  More than 80% of our revenue for the year ended 30 November 2017 was generated outside Malaysia, exposing our business to risks associated with foreign operations, such as certain restriction or stricter import regulations and among which, the major ones are risks associated with foreign currency fluctuation that may influence the Group's reported financial results. For instance, purchases from oversea suppliers are generally made in U.S. dollar while sales to local Distributors are generally made in local currency. Meanwhile, the Group's exports are all denominated in U.S. currency. Accordingly, strengthening of the U.S. dollar versus a foreign currency could have a positive impact on us.

- **Stiff Competition from E-Commerce**

  Ever since the inception of the internet, it has not only grown to become more than just an online platform but a bustling marketplace for consumers as well. People across the region are more internet-savvy and are following the growing trend of shopping online instead of buying from conventional stores or distributors through direct selling channel. The emergence of e-commerce has adversely affected our business performance.

OUTLOOK FOR 2018

In anticipation of the year 2018 which we expect a challenging business environment that will be influenced by various factors such as weak consumer sentiment in the regional market and fluctuating currency, we will continue to uphold our healthy business practices to strive for our business sustainability and add value to our shareholders. We are cautiously optimistic that we will remain resilient in the face of challenges, driven by our well-integrated infrastructure and strong positioning in Thailand and Indochina market. We will take steps to ensure that the quantitative targets are well supported, concentrating both on brand building and network strengthening strategy. We will use social media channel more extensively and also prompt more visibility of our brand through numerous channels.

CORPORATE SOCIAL RESPONSIBILITY

At Zhulian, our mission is to enrich the lives of those we touch by empowering people to be their best and cultivating healthy living among the community through our product and services. Striving towards this mission, we are committed to share with people what we think can help to change for better; not merely providing products and services of high quality standards, but also offering opportunities to aspiring people to improve their well-being.

We always strive to exercise ethical professional judgement in what should or should not be done, taking into account the interests of others as well as our own, cautiously and cost-effectively, to maintain our business competitive advantage. Our ultimate goal is to bring positive impact to the people involved in our business and the communities where we operate our business.

In the backdrops of challenging business environment, the Group took a rational approach to balance our available resources and effort in the implementation of Corporate Social Responsibility ("CSR") activities. Our CSR activities cover the four (4) major areas that include: Marketplace, Workplace, Environment and Community.

MARKETPLACE

Our commitment to be a business entity which promotes fair operating practices, guides our interaction with our stakeholders, including our Distributors, Leaders, Authorised Agents, shareholders and investors, business associates, employees, users or customers of our products and services, suppliers, contractors and agents, also our societies and all the relevant statutory bodies in our governments.

Our Customers

Our aspiration to give the best in terms of safety, quality and reliability through our products is what pushes us to move ahead. Satisfying customer needs has always been our top priority with business associate, Authorised Agents and our Core Distribution Force consisting of our Leaders and Distributors. The Group's food manufacturing division has been accredited with the certification of the Good Manufacturing Practice (GMP) standard, ISO 9001 Quality Management System and recently, the ISO 22000 for Food Safety Management Systems which also adopts the principles of Hazard Analysis and Critical Control Point (HACCP). These accreditions serve as testaments that we only deliver the best to the market.

We strive to uphold the highest standards of ethics and professionalism in the provision of goods and services to ensure customer satisfaction. We value customers' and Distributors' feedbacks and we have "Let's Chat" Customer Service Hotline since 2012 to forge close ties with Distributors and customers. Interactive platforms have also been created in our social media tool such as My Zhulian App, our Facebook page: www.facebook.com/ZhulianMalaysia and our official website: www.zhulian.com.my to allow any suspect or prospect to post inquiries as well as any Customer or Distributor to post feedbacks or reviews on our products and services.

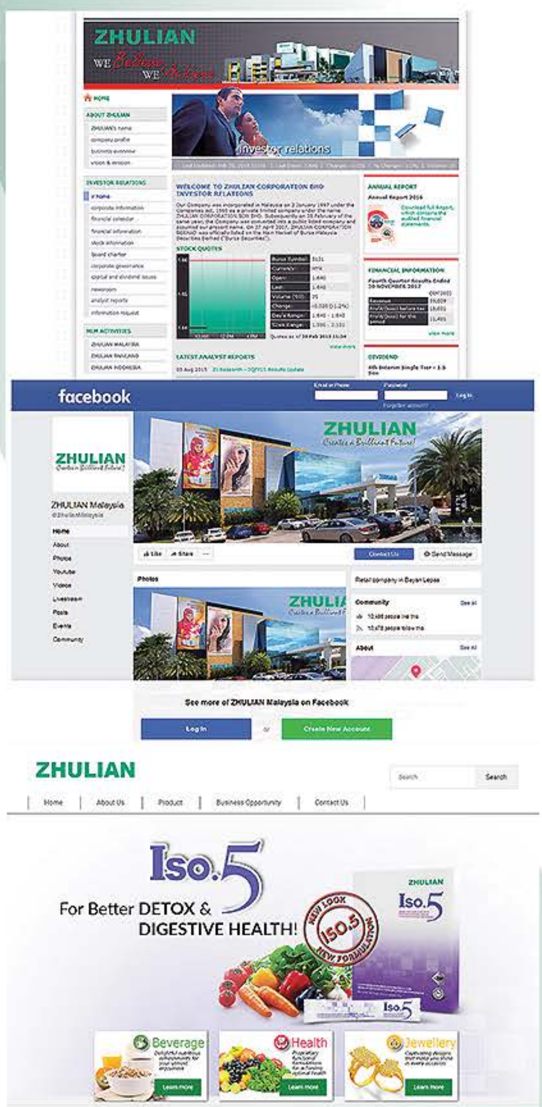
Our Distributors, Leaders and Authorised Agents

During the 29 years of our existence in the market ever since our inception, we have offered entrepreneurial opportunities to people from all walks of life. Through the practical and workable ZHULIAN Marketing Plan as its business model, many of our Distributors have successfully become more independent financially.

To promote a conducive business environment and uphold business ethics, the Group has set in place clear procedures and codes of conduct as stipulated in ZHULIAN Business Manual to promote healthy business practice.

To foster engagement and interactions, the Group launched My Zhulian App in 2016 where Distributors can access to information and keep track on their own business performance as well as multiple interactive channels to interact with the Management and Staffs in the Group. On the other hand, this application also provides convenience to Distributors to engage with their prospects by sharing the information that is available in the application via social media links.

Meanwhile, in the year of review, strict measures were taken to streamline the operation of the Group's Authorised Agencies in our domestic markets in order to fend off unscrupulous practices. The Group considered the housekeeping exercise as necessary for long term viability and sustainability of the Group in order to safeguard the resources and the best interest of the Group and the rest of its stakeholders as a whole.



Our Shareholders and Investors

We recognise our responsibility to give our shareholders and investors a fair return on their investments and are committed to protect their investments entrusted to us. A stringent internal control system and policies are in place to uphold the principles of good corporate governance with highest level of integrity to safeguard the best interest of our shareholders.

The Group will continuously foster a culture of transparency, credibility, excellence and reliance in our people and business practices. Multiple communication channels have been established to diffuse the material information to its investors, potential investors and public at large, such as quarterly announcement, financial highlights, dividend issues, analyst reports and stock movements through Bursa Malaysia Securities Berhad, circulars and periodical press releases. The Group's corporate website, www.zhulian.com that has been designed specially for shareholders and investing public in general to gain access to information and others latest development, happenings and future plans in the Company and the Group.

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 our Facebook page - www.facebook.com/ZhulianMalaysia with the latest happenings of our Group's MLM business, such as marketing activities, promotional campaigns and product launches.

Our Business Associate, Suppliers and Contractors

We value our business associate, suppliers and contractors as partners and will engage in fair operating practices that promote mutual respect. Though our business associate adopts a business model that is customised according to the needs of the local community and its statutory requirements, they duplicate the ideal, mission and ethical practices as what we have at our Headquarters in Malaysia in the name of Zhulian.

We are also well aware that the sustainability of the Group's manufacturing operations and products depends on the activities and impacts of our value chain, demanding a collaborative approach to our Quality Management System. Value chain activities cut across the end-to-end value chain organisation and include internal collaboration with our Research and Development Department to development of products that meet the market needs, vendors or suppliers to supply raw materials of required quality and government authorities to issue various permits or licenses. In view of this, we take a holistic, coordinated approach to value chain management, focusing on the major activities associated with meeting our customers' expectations.

We have put in place stringent selection criteria for our vendors and contractors as we insist on the same commitment from them to compliance of all legal and contractual obligations and uphold high ethical standards in procurement and other processes. Assessments are also conducted from time to time to ensure they continue to live up to the set standard. At the same time, clear guidelines have been established internally for employees in their liaison with business associates and suppliers to ensure all are adhere to the rightful business practices.

Our Governments

We respect our government authorities, the regulatory and statutory laws related to our business. Being an ethical market player, all the companies and business associate under the Group are also fully committed to comply with all the statutory and regulatory requirements applicable to our nature of businesses in the countries where we operate. Each of our business processes, from sourcing of raw material to delivery of goods conform to the highest standards of quality, cleanliness, hygiene and safety, does not pose any direct threat to the environment and the society as well as with consumers' best interest in mind.

ENVIRONMENT

In our strive to create exceptional value to improve our products through innovations so that we can differentiate ourselves from competitors, we also promote sound environmental practices in order to safeguard our natural resources. We are committed to ensuring that all our products are sourced, manufactured, and sold in an environmentally and socially responsible manner. To this end, 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, ISO 9001 and ISO 22000 in regard to environmental concerns.

With the objective to minimise the impact of our business processes on the environment, we encourage our employees of all levels to minimise wastage and save energy during all business processes. We continued our waste recycling campaign which was launched in 2016 where we have put in place procedures on how to manage and dispose waste effectively. Since 2015, the Group has also reduced the volume of conventional mass printing of annual reports for shareholders, and replacing it with CD-ROMs. Besides, we also encourage Distributors to reduce the usage of plastic bags by distributing recycle bags to all participants during marketing functions held at our headquarters.

On the other hand, our manufacturing and printing facilities, particularly our jewellery manufacturing and food manufacturing plants are equipped with an environmental-friendly wastewater treatment system to treat by-products of the manufacturing process. In addition, an air scrubber is also installed for the control of hazardous fumes released from the electroplating process. On top of that, our facilities are all equipped with heat regulators and energy efficient lighting such as LED lights to save on electricity consumption. Through these measures, the Group ensures that it is able to minimise or eliminate hazardous effluent and safeguard the environment.

Aiming to contribute towards the wellbeing of mankind and to protect the environment, the Group also continuously conducts R&D to find solutions to the problems affecting the eco-system especially the pollution of the environment. By employing the latest technology, experience, research, creativity and lateral thinking, the Group had successfully developed a number of sophisticated products such as a water purifier namely Beyond Water Bio-Active Reforming System and also an air purifier namely Beyond Microplasma Air Purifier, a food detoxifying device namely Beyond Food Junction and the recently launched Beyond Microplasma Ion Deodoriser to help people to achieve the ideals of healthy living.

WORKPLACE

We recognise our responsibility for providing safe and healthy work environments for our employees, and acknowledge the importance in preserving staff welfare at all times. We have a spacious cafeteria in our plants to take care of staff's meals during working hour. We also have in-house clinic facility to provide treatment to our employees as and when required. Other than that, all our employees are also covered with Group Hospitalisation and Surgical Insurance. The cleanliness of the workplace is also maintained at all times as we believe clean and hygienic workplace not only creates a healthier environment for employees but also tends to help an organisation become more efficient and productive.

Besides having a comprehensive Safety and Health Policy in the Employee Handbook, we have set up a Safety Committee 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 trained staff members to take charge when an emergency occurs. The on-the-job trainings for production operators also emphasise proper work instructions in order to prevent workplace hazards from happening.

With the aim to create a conducive working environment where the employees can realise their full potential by promoting personal development, we have also put in place training programmes for our employees at all levels which includes internal training and on-the-job coaching conducted by experienced senior staff and external training courses and seminars conducted by external training providers.

We foster a corporate culture that respects diversity without discrimination based on gender, age or race, and maintain a workplace that encourage individuals to unleash their full potential. The workforce of the Group at the end of the FY2017 consisted of 612, among which 52% are females and 48% are males from three major races (Malay, Chinese and Indian). Statistics by age groups showed that close to 4% are of Baby Boomers, 55% are of generation X and 41% are of generation Y, while 13% of our workforce are at the level of executive and above and 87% are non-executive.

COMMUNITY

We continued to carry out our mission to provide an opportunity to the public at large to help improve their living. In further to promote healthy living, we are also committed to increase health awareness among our Distributors and general public through our social media marketing tools, publication and also health seminars where the audience were educated on ways to maintain good health through healthy lifestyle including healthy diet, regular exercise, drinking adequate healthy water as well as supplementing quality nutrition products of Zhulian brand.

The Group stays committed to make positive contribution towards the community particularly in helping the underprivileged and the less fortunate. During the year, the Group contributed donations of RM15,000 to Pusat Jagaan Permata Kasih, a welfare centre for orphans and children of the poor in Penang which is supported under Yayasan Kebajikan dan Perkhidmatan Perubatan Malaysia. 36 children were given a guided tour by the staff, showing the environment of our headquarters at Penang. All employees were spending time with the children over refreshments, as well as presenting them with small gifts such as stationary sets, titbits, our soya drink product namely Royallmix and badminton rackets. The meaningful CSR event provided our staff with an opportunity to cultivate the sense of responsibility and belonging to the Group as well as enhance their motivation and commitment towards the Group's mission and growth. Other charitable institutions that had received contribution from the Group in 2017 were Malaysia Red Crescent Society and National Kidney Foundation.

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 Soon** (Group Executive Director)
- **Teoh Meng Lee** (Group Executive Director)
- **Diong Chin Teck** (Senior Independent Non-Executive Director)
- **Tan Lip Gay** (Independent Non-Executive Director)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

- **Tan Lip Gay** (Chairman)
- **Haji Wan Mansoor Bin Wan Omar**
- **Teoh Meng Keat**

PRINCIPAL PLACE OF BUSINESS

Plot 42, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, 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 George Town, 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 George Town, 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 69, 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 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 59, 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 Myanmar. 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 51, 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 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 SOON

Group Executive Director

Teoh Meng Soon, a Malaysian, male, aged 48, 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.

TEOH MENG LEE

Group Executive Director

Teoh Meng Lee, a Malaysian, male, aged 48, 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.

DIONG CHIN TECK

Senior Independent Non-Executive Director

Diong Chin Teck, a Malaysian, male, aged 85, 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 comply with the various statutory and governmental bodies.

TAN LIP GAY

Independent Non-Executive Director

Tan Lip Gay, a Malaysian, male, aged 54, 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 Soon and Teoh Meng Lee 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 KEY SENIOR MANAGEMENT TEAM

TEOH BENG SENG, Group President And Chief Executive Officer
TEOH MENG KEAT, Group Managing Director
TEOH MENG SOON, Group Executive Director
TEOH MENG LEE, Group Executive Director

For the profile of the above Directors, please refer to pages 29 and 30 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 51, 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 50, 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 55, 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 52, 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 54, 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.

HO CHUN PING

Senior Distribution Manager

Ho Chun Ping, a Malaysian, male, aged 56, 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.

YEOW POH LING

Group Chief Accountant

Yeow Poh Ling, a Malaysian, female, aged 48, 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.

OOI HOCK KOOI

Senior Maintenance & Facilities Manager

Ooi Hock Kooi, a Malaysian, male, aged 53, 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 key for the Executive Team, the other Key Senior Management members have no family relationship with any Director and/or major shareholder of the Company.

None of the other Key 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.

CORPORATE GOVERNANCE

Safeguarding Shareholders' Interest

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

This statement is prepared pursuant to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG") issued by the Securities Commission of Malaysia ("SC") and Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors ("the Board") of **ZHULIAN CORPORATION BERHAD** ("ZHULIAN" or "the Company") recognises the importance of adopting high standards of corporate governance in order to safeguard shareholders' interest and to enhance shareholders' value. As such, the Board of ZHULIAN strives to promote a strong culture of transparency, accountability, integrity as well as corporate performance within the Group and to ensure that the relevant principles and recommendations of the MCCG are applied throughout the Company and its subsidiaries. The SC has released the new Malaysian Code on Corporate Governance ("new MCCG" or "the new Code") on 26 April 2017, whereby the listed issuers are required to report the application of the new Code in the Annual Report with effect from financial year ending on or after 31 December 2017.

The Board is pleased to present below, statement on the application of the principles and the extent to which the Company has complied with the recommendations of the Code throughout the financial year ended 30 November 2017 except where it is stated otherwise.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

a. Function of the Board and Management

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.

b. Principal Responsibilities of the Board

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.

The role of the Managing Director is to ensure the smooth running of the Company's operations, monitors and evaluates the implementation of policies, strategies and business plans, to guide and set the pace for its current operations and future development including constant and continuous review of Company's goal.

c. Board Charter

The Board had on 25 January 2017 formally adopted the Board Charter which is established to promote high standards of corporate governance. It is designed to provide 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 as well as the Board's operating practices.

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 as and 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 is available on the Company's corporate website at www.zhulian.com.

d. Code of Conduct and Code of Ethics

The Board is mindful of its role to establish a corporate culture which inculcates ethical conduct that permeates throughout the Group. The Board recognises the importance on adherence to the Code of Conduct and Code of Ethics by all personnel in the Group and takes measures to put in place a process to ensure its compliance. The Board has formalised the Code of Conduct and Code of Ethics for Directors, Management and Officers of the Company and its subsidiaries.

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 Code of Conduct and Code of Ethics are available on the Company's corporate website at www.zhulian.com.

e. Whistleblower Policy

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

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. This policy covers improprieties or irregularities, suspected fraud or criminal offences, breach of confidentiality and failure to comply with legal or regulatory requirements.

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

f. Sustainability Policy

The Board recognises the importance of sustainability and its increasing impact to the business and is committed to understanding and implementing sustainable practices. The Group has yet to formalise the Sustainability Policy and the Group will set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Group acknowledges its corporate social responsibility in the community and has, and will continue to support worthy causes.

g. Access to Information and Advice

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 and Head of Internal Audit on a quarterly basis to review the reports regarding the internal control system and financial reporting.

The Directors have access to members of the Senior Management Team, the advice and services of the Company Secretaries and the External Auditors as well as to independent professional advisers, to enable them to discharge their responsibilities.

h. Qualified and Competent Company Secretaries

The Board is supported by a qualified Company Secretaries whose key role is to provide unhindered advice and services to the Directors as and when the need arises, to enhance the effective functioning of the Board to ensure regulatory compliance. The Company Secretaries advises the Board on their obligations and matters relating to corporate governance, compliance with the MMLR of Bursa Securities and related regulations, maintenance of statutory records, preparation and conduct of the Board, Board Committees and General Meetings and review of the contents of the Annual Report.

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.

STRENGTHENING BOARD COMPOSITION

Board Composition and Balance

The current Board consists of seven (7) members, four (4) of whom are Executive Directors and three (3) are Independent Non-Executive Directors.

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

The Chairman of the Board, Tuan Haji Wan Mansoor bin Wan Omar is an Independent Non-Executive Chairman 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.

Board Committees

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

The following Board Committees have been established to assist the Board in the selection and retention of Board members.

a. Nominating Committee

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

Name of Members	Position
Mr Tan Lip Gay	- Chairman
Tuan Haji Wan Mansoor bin Wan Omar	- Member
Mr Diong Chin Teck	- Member

(ii) 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.

(iii) 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 25 April 2018;
- 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;
- recommendation for the retention of Tuan Haji Wan Mansoor bin Wan Omar, Mr Diong Chin Teck and Mr Tan Lip Gay who would have served for a cumulative period of more than twelve (12) years by 30 October 2018 to continue in office as Independent Non-Executive Directors;
- reviewed and assessed the effectiveness of the Audit Committee and its members in carrying out its duties as set out in the terms of reference; and
- reviewed the recommendations of the new MCCG released by the SC in April 2017.

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

The detailed terms of reference of the Nominating Committee is available at the Company's corporate website at www.zhulian.com.

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.

b. Appointment, Re-election and Assessment of Directors

The Board has entrusted the Nominating Committee to assess the suitability of candidates for new appointment and re-election to the Board.

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 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 on gender diversity.

With a view to achieve a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives.

Currently, the Board has yet to establish a specific Board diversity policy. However, steps are being taken to identify suitable female candidates for appointment to the Board based on a number of aspects including but not limited to merit, competence, time commitment, knowledge and experience in meeting the needs of the Group. The Nominating Committee will continue to take steps to ensure suitable female candidates are sought and considered as part of its recruitment exercise.

In accordance with the Company’s Articles of Association (Constitution), 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 (Constitution) 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 25 April 2018 are detailed in the Notice of the Twenty-First AGM in this Annual Report.

c. Remuneration Committee - Directors' Remuneration

The Remuneration Committee was set up with clearly defined Terms of Reference. The Remuneration Committee comprised of one (1) Executive Director and two (2) Non-Executive Directors. The members of the Remuneration Committee are as follows:

Name of Members	Position
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 to review the basis and quantum of the Executive Directors' remuneration package and to recommend to the Board for approval. The meeting was attended by all its members.

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 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.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group for the financial year ended 30 November 2017, and categorised into appropriate components and bands 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	15	3,222
Non-Executive Directors	120	—	—	12	—	—	132
Total	120	2,641	220	12	346	15	3,354

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 RM600,000	2	—
RM1,200,000 to RM1,500,000	2	—

The detailed terms of reference of the Remuneration Committee is available at the Company's corporate website at www.zhulian.com.

FOSTER COMMITMENT

a. Board Meetings

The Directors should devote adequate time to carry out their board responsibilities. This include regular attendance at board meetings, time devoted to review board papers before their meetings and devote sufficient time including attend trainings, to update their knowledge and enhance their skills.

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 and scheduled as and when necessary.

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 2017, 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

b. 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 of Bursa Securities. 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 Audit Committee 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:

Directors	Training Programmes & Seminars
Tuan Haji Wan Mansoor bin Wan Omar	Business Opportunities in Vietnam & Assistance From MATRADE Why Need Halal Certification Cooperative & Business Cooperative – How To Manage Well Business Collaboration Between Southern Thailand Cottage Industry Association and Kelantan Small Business Chamber
Mr Teoh Beng Seng	Companies Act 2016
Mr Teoh Meng Keat	Alibaba.com E-trade Belt and Road Conference – Achieving Economic Prosperity through Gigantic Interconnectivity Companies Act 2016 Exabytes eCommerce Conference 2017 Malaysian CMO Conference 2017 MRCA Retail Conference 2017 [Penang] 11street & Partners : One Stop Guide to Selling Online
Mr Teoh Meng Soon	Companies Act 2016 HACCP Food Safety System ISO 9001 : 2015 Awareness & Implementation Training Introduction of ISO 22000 : 2005 Food Safety Management Systems – Requirements for any organization in the food chain Seminar Pengurusan Buangan Terjadual dan Pelaksanaan Guided Self Regulation (GSR) Comprehensive seminar on Environmental Quality Act (EQA, 1974) Legislations
Mr Teoh Meng Lee	Companies Act 2016 ISO 9001 : 2008 Awareness & Implementation Training ISO 9001 : 2015 Awareness & Internal Quality Auditor Technique Training
Mr Diong Chin Teck	Malaysian Budget 2018

Save as disclosed above, one Director has not attended any training during the financial year under review due to his respective tight travelling schedule and busy / heavy work commitments.

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.

STRENGTHENING BOARD COMPOSITION

a. 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 2017, 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.

b. Tenure of Independent Directors

The three (3) Independent Directors namely, Tuan Haji Wan Mansoor bin Wan Omar, Mr Diong Chin Teck and Mr Tan Lip Gay will each attain a cumulative term of more than twelve (12) years by 30 October 2018, have been recommended by the Board to be retained as Independent Directors on the grounds that they are able to bring independent and objective judgement to the Board's deliberations and their positions in the Board have not been compromised by their familiarity and long term relationship with other Board members. The Board will seek shareholders' approval to retain them as Independent Directors in the forthcoming AGM.

c. Shareholders' Approval for Retaining Independent Non-Executive Directors

Tuan Haji Wan Mansoor bin Wan Omar, Mr Diong Chin Teck and Mr Tan Lip Gay will each serve the Board as Independent Non-Executive Directors for a cumulative term of more than twelve (12) years by 30 October 2018. Following the assessment and deliberation by the Board, the Board recommended them to be retained as Independent Non-Executive Directors and their positions in the Board have not been compromised by their familiarity and long term relationship with other Board members. The Board will seek shareholders' approval at the forthcoming AGM.

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

i) They fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and thus, they would be able to function as a check and balance to the Executive team and bring an element of objectivity of the Board;

ii) They have provided the Board and Board Committees with valuable experience, expertise, skills and competence;

iii) Throughout their tenure as Independent Non-Executive Directors, they have acted in the best interest of the Company and shareholders and have continued to exercise independent judgement and due care;

iv) They have not developed, established or maintained any significant relationship, which would impair their independence as Independent Directors, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out their duties as Independent Non-Executive Directors, Chairman or member of the Board Committees; and

v) They have devoted sufficient time, attention and efforts to their professional obligations for informed and balanced decision making.

d. 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. There is a distinct and separate roles between the Chairman and Group President and Chief Executive Officer to 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 is accountable to the Board for the observance of management's limitations.

The roles and responsibilities of the Board Chairman, Group President and Chief Executive Officer, other Executive and Non-Executive Directors are prescribed in the Board Charter which is available on the Company's corporate website at www.zhulian.com.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

a. Financial Reporting

The Board is committed 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 Directors have ensured that financial statements have been drawn up in accordance with applicable financial reporting standards and the Companies Act 2016.

b. 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.

The Board is assisted by the Audit Committee 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.

c. 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 statements.

The Audit Committee also reviews the independence and qualification of the External Auditors. The External Auditors have reported to the Audit Committee confirming that, in their professional judgement, 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.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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 not less than twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report.

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. These 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.

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

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.

TIMELY AND HIGH QUALITY DISCLOSURE

The Board will provide timely and accurate information to the shareholders in compliance with the disclosure requirements as set out in the MMLR of Bursa Securities.

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.

RECOGNISE AND MANAGE RISKS

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 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 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.

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 2017, the Directors have:

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

The Directors also have in place a system of risk management and internal control that will provide reasonable assurance that:

- assets of the Group 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 statement of financial position and to give a proper account of the assets.

This Statement is made in accordance with a resolution of the Board dated 24 January 2018.

AUDIT COMMITTEE REPORT

The Audit Committee is tasked to assist the Board of Directors of the Company ("the Board") to ensure the effective discharge of fiduciary duties for financial reporting, corporate governance as well as internal control.

Composition of the Audit Committee

The Audit Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors. As at the date of this report, the Audit Committee members are as follows:

Name of Members	Position
Mr Diong Chin Teck	- Chairman
Mr Tan Lip Gay	- Member
Tuan Haji Wan Mansoor bin Wan Omar	- Member

The Chairman of the Audit Committee, Mr Diong Chin Teck is a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with the MMLR of Bursa Securities which requires at least one (1) member of the Audit Committee to be a qualified accountant.

The above composition of Audit Committee meets the requirements of paragraph 15.09 (1)(a) and (b) of the MMLR of Bursa Securities.

Terms of Reference

The Audit Committee has made available the terms of reference explaining its role and the authority delegated to it by the Board. The terms of reference of the Audit Committee can be viewed on the Company's corporate website at www.zhulian.com.

This section of the Annual Report describes the work of the Audit Committee in discharging its responsibilities during the financial year.

Attendance for Meetings

The Audit Committee had convened four (4) meetings during the financial year ended 30 November 2017. 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:

Name of Members	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 and were recorded and tabled for confirmation at the next Audit Committee meeting.

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 2017, the Audit Committee discharged its functions and carried out its duties in accordance with its terms of reference of the Audit Committee. The summary of principal activities undertaken by the Audit 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 for the financial year ended 30 November 2017 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 findings arising from audits and the auditors' report;
- Reviewed the re-appointment and audit fees of External Auditors for the ensuing year prior to the Board's approval;
- Reviewed and evaluated the performance and effectiveness of the External Auditors. The Audit Committee was satisfied with the External Auditors' performance and made its recommendations to the Board on their re-appointment as auditors at the forthcoming Annual General Meeting;
- 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 2017;
- Reviewed the risk management and internal control systems, processes, procedures or results of activities undertaken by 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's subsidiary 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 was no significant 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 2017; and
- Met twice with the External Auditors without the presence of Executive Directors and Management staff to discuss on issues of concerns to the auditors.

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 2017 amounted to approximately RM224,000.00.

This Report is made in accordance with the resolution of the Board dated 24 January 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The MCCG 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 MMLR of Bursa Securities, the Board 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. 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 and regulatory authorities 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 system 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 subsidiaries and associate.

The internal audit results, findings relating to the internal control system 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 implemented 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.

Key elements of internal control

During the financial year under review, the Internal Audit Department conducted the audits on the following areas for certain subsidiaries:

1. Health and safety management
2. Human resource management
3. Inventory management
4. Legal and compliance management
5. Product development management
6. Product quality management
7. Vendor management

The Board also put in place the following salient internal control systems regulating the Group's operations during the financial year 2017:

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 (MIS) 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) Certain subsidiaries of the Group involved in the manufacturing of nutritional, health and nutraceutical products are governed by the SOPs which are subjected to audit under the International Organization for Standardization (ISO) standards, Good Manufacturing Practices (GMP), Food Safety Management Systems (FSMS) – Requirements for any Organisation in the Food Chain and HALAL Practices to ensure conformance to its respective requirements. The manufacturing of home care products is also governed by the SOPs which are subjected to audit under the ISO standards.

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 in the plants 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 system 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 2017 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, internal control system 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 significant 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 2017 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 2018.

ADDITIONAL COMPLIANCE INFORMATION

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 2017.

AUDIT AND NON-AUDIT SERVICE

The amount of audit and non-audit fees paid or payable to the External Auditors or a firm or corporation affiliated to the External Auditors by the Company and the Group for the financial year ended 30 November 2017 are as follows:

	Group RM'000	Company RM'000
Fees paid or payable to the External Auditors:		
Audit fees	258	65
Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm	79	14
Total	337	79

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 2017 or entered into since the end of the previous financial year.

CONTRACTS RELATING TO LOANS

During the financial year, there were no contracts relating to loans entered into 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 2017.

DIRECTORS' REPORT
For The Year Ended 30 November 2017

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 2017.

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.

Subsidiaries

The details of the Company's subsidiaries are 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	52,812	34,104

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 amount of dividends paid by the Company were as follows :

i) In respect of the financial year ended 30 November 2016 as reported in the Directors' Report of that year :
   - a fourth interim dividend of 1.5 sen per ordinary share totalling RM6,900,000 declared on 25 January 2017 and paid on 10 March 2017.

ii) In respect of the financial year ended 30 November 2017 :
   - a first interim dividend of 1.5 sen per ordinary share totalling RM6,900,000 declared on 12 April 2017 and paid on 2 June 2017;
   - a second interim dividend of 1.5 sen per ordinary share totalling RM6,900,000 declared on 12 July 2017 and paid on 8 September 2017;
   - a third interim dividend of 1.5 sen per ordinary share totalling RM6,900,000 declared on 11 October 2017 and paid on 24 November 2017; and
   - a fourth interim dividend of 1.5 sen and a special dividend of 1.5 sen per ordinary share totalling RM13.8 million declared on 24 January 2018 and payable on 9 March 2018.

Directors of the Company

Directors who served during the financial year until the date of this 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			
	At 1.12.2016	Bought	(Sold)	At 30.11.2017
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 the Companies Act.

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 those fees and other benefits included in the aggregate amount of remuneration 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 and the legal fee paid to a firm in which a person connected to a Director is a member 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 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.

Indemnity and insurance costs

There was no indemnity given to or insurance effected for any Directors and officers 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 2017 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, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 17 to the financial statements.

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 2018

STATEMENTS OF FINANCIAL POSITION
As At 30 November 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	3	137,294	148,367	—	—
Investment properties	4	24,124	25,028	—	—
Investment in subsidiaries	5	—	—	203,159	211,103
Investment in an associate	6	222,720	204,677	—	—
Other investments	7	1,854	1,711	1,854	1,711
Deferred tax assets	8	881	66	—	—
Total non-current assets		386,873	379,849	205,013	212,814
Inventories	9	52,008	55,638	—	—
Current tax assets		3,326	4,781	—	—
Trade and other receivables	10	54,416	44,291	21,565	25,042
Cash and cash equivalents	11	124,644	103,459	19,164	1,277
Total current assets		234,394	208,169	40,729	26,319
Total assets		621,267	588,018	245,742	239,133
Equity					
Share capital	12	230,000	230,000	230,000	230,000
Reserves	13	350,550	323,925	15,516	8,880
Total equity attributable to owners of the Company		580,550	553,925	245,516	238,880
Liabilities					
Retirement benefits	14	320	286	—	—
Deferred tax liabilities	8	540	1,589	—	—
Total non-current liabilities		860	1,875	—	—
Trade and other payables	15	33,832	28,660	207	246
Current tax liabilities		6,025	3,558	19	7
Total current liabilities		39,857	32,218	226	253
Total liabilities		40,717	34,093	226	253
Total equity and liabilities		621,267	588,018	245,742	239,133

The notes on pages 64 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 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Continuing operations					
Revenue	16	205,686	191,301	42,200	45,700
Changes in manufactured inventories and work-in-progress		(3,672)	(6,695)	—	—
Raw materials, trading goods and consumables used		(75,477)	(50,360)	—	—
Employee benefits expenses		(27,836)	(31,521)	—	—
Depreciation		(12,677)	(12,346)	—	—
Other operating expenses		(41,050)	(63,593)	(8,484)	(23,411)
Other operating income		5,413	12,332	501	219
Results from operating activities	17	50,387	39,118	34,217	22,508
Share of profit of equity-accounted associate, net of tax		16,817	17,128	—	—
Profit before tax		67,204	56,246	34,217	22,508
Tax expense	19	(14,392)	(14,648)	(113)	(50)
Profit for the year attributable to owners of the Company		52,812	41,598	34,104	22,458
Other comprehensive expense, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	14	(4)	(140)	—	—
		(4)	(140)	—	—
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,547	(128)	—	—
Fair value of available-for-sale financial assets		132	140	132	140
Share of other comprehensive income of equity-accounted associate		(262)	11,062	—	—
		1,417	11,074	132	140
Total other comprehensive income for the year net of tax		1,413	10,934	132	140
Total comprehensive income for the year attributable to owners of the Company		54,225	52,532	34,236	22,598
Basic earnings per ordinary share (sen)	20	11.48	9.04	—	—

The notes on pages 64 to 112 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY For The Year Ended 30 November 2017

	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 2017 (continued)

	Attributable to owners of the Company							
	Non-distributable				Distributable			
	Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 December 2016	230,000	35,693	392	—	287,840	553,925	—	553,925
Remeasurement of defined benefit liability	—	—	—	—	(4)	(4)	—	(4)
Foreign currency translation differences for foreign operations	—	1,547	—	—	—	1,547	—	1,547
Fair value of available-for-sale financial assets	—	—	132	—	—	132	—	132
Share of other comprehensive income of equity-accounted associate	—	(262)	—	—	—	(262)	—	(262)
Total other comprehensive income/(expense) for the year	—	1,285	132	—	(4)	1,413	—	1,413
Profit for the year	—	—	—	—	52,812	52,812	—	52,812
Total comprehensive income for the year	—	1,285	132	—	52,808	54,225	—	54,225
Distributions to owners of the Company								
- Dividends to owners of the Company (Note 21)	—	—	—	—	(27,600)	(27,600)	—	(27,600)
Total transactions with owners of the Company	—	—	—	—	(27,600)	(27,600)	—	(27,600)
Redemption of preference shares in a subsidiary	—	—	—	1,800	(1,800)	—	—	—
At 30 November 2017	230,000	36,978	524	1,800	311,248	580,550	—	580,550

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended 30 November 2017 (Continued)

	Share capital RM'000	Non-Distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company				
At 1 December 2015	230,000	252	13,630	243,882
Total other comprehensive expense 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/ 1 December 2016	230,000	392	8,488	238,880
Total other comprehensive income for the year				
- Fair value of available-for-sale financial assets	—	132	—	132
Profit for the year	—	—	34,104	34,104
Total comprehensive income for the year	—	132	34,104	34,236
Distributions to owners of the Company				
- Dividends to owners of the Company (Note 21)	—	—	(27,600)	(27,600)
At 30 November 2017	230,000	524	14,992	245,516

The notes on pages 64 to 112 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For The Year Ended 30 November 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		67,204	56,246	34,217	22,508
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	12,205	12,095	—	—
- investment properties	4	472	251	—	—
Dividend income	17	—	—	(42,200)	(45,700)
(Gain)/Loss on disposal of plant and equipment	17	(63)	94	—	—
Interest income	17	(3,696)	(3,028)	(501)	(219)
Plant and equipment written off	17	83	148	—	—
Impairment loss on :					
- investment in subsidiaries	17	—	—	8,044	23,022
- Investment in other investments	17	20	—	20	—
Negative goodwill recognised	17	—	(3)	—	—
Share of profit of equity					
- accounted associate, net of tax		(16,817)	(17,128)	—	—
Retirement benefits	14	48	47	—	—
Others		2,875	(522)	—	—
Operating profit/(loss) before changes in working capital		62,331	48,200	(420)	(389)
Change in inventories		3,621	10,590	—	—
Change in trade and other receivables		(10,197)	17,032	(23)	8
Change in trade and other payables		7,439	(5,023)	(39)	(1)
Cash generated from/(used in) operations		63,194	70,799	(482)	(382)
Dividends received from :					
- an associate		—	5,248	—	—
- subsidiaries		—	—	45,700	27,600
Tax paid		(12,334)	(15,952)	(101)	(33)
Retirement benefits paid	14	—	(126)	—	—
Net cash from operating activities		50,860	59,969	45,117	27,185
Cash flows from investing activities					
Additional investment in					
- subsidiaries		—	—	(1,100)	(22,794)
- associate		(4,363)	—	—	—
Capital redemption in subsidiaries		—	—	1,000	16,250
Interest received		3,696	3,028	501	219
Purchase of property, plant and equipment	3	(1,390)	(18,529)	—	—
Purchase of other investments		(31)	(8)	(31)	(8)
Proceeds from disposal of plant and equipment		116	22	—	—
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	—	(2)	—	—
Net cash (used in)/from investing activities		(1,972)	(15,489)	370	(6,333)
Cash flows from financing activities					
Acquisition of interests from non-controlling interests		—	(100)	—	—
Dividends paid to owners of the Company		(27,600)	(27,600)	(27,600)	(27,600)
Net cash used in financing activities		(27,600)	(27,700)	(27,600)	(27,600)
Net increase/(decrease) in cash and cash equivalents		21,288	16,780	17,887	(6,748)
Effect of exchange rate fluctuations on cash held		(103)	8	—	—
Cash and cash equivalents at 1 December		103,459	86,671	1,277	8,025
Cash and cash equivalents at 30 November	11	124,644	103,459	19,164	1,277

The notes on pages 64 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 George Town, Penang

Principal place of business

Plot 42
Bayan Lepas Industrial Estate
Phase IV
11900 Bayan Lepas, Penang

The consolidated financial statements of the Company as at and for the financial year ended 30 November 2017 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 2017 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 2018.

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 2016 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 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*
- 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*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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 the 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 and the Company are 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 and the Company are 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.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are 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 other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information 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 - Investment properties
- 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 gain 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 and measured using fair value model.

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.

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

(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.

(v) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

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 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/ 1 December 2016	27,008	96,260	1,612	190	41,300	53,865	1,660	1,621	223,516
Additions	—	58	—	—	491	398	443	—	1,390
Reclassification	—	—	—	—	735	—	—	(735)	—
Disposals	—	—	—	—	(58)	—	(361)	—	(419)
Written off	—	(34)	—	—	(29)	(310)	—	—	(373)
Effect of movements in exchange rates	(319)	77	—	—	—	(35)	(8)	—	(285)
At 30 November 2017	26,689	96,361	1,612	190	42,439	53,918	1,734	886	223,829

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 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/ 1 December 2016	4,252	14,314	71	79	24,582	30,479	1,372	—	75,149
Depreciation for the year	789	2,286	32	19	3,605	5,305	169	—	12,205
Disposals	—	—	—	—	(57)	—	(309)	—	(366)
Written off	—	(9)	—	—	(25)	(256)	—	—	(290)
Effect of movements in exchange rates	(128)	(4)	—	—	—	(27)	(4)	—	(163)
At 30 November 2017	4,913	16,587	103	98	28,105	35,501	1,228	—	86,535
Carrying amounts									
At 1 December 2015	15,655	76,699	10,833	130	18,117	28,491	482	841	151,248
At 30 November 2016/ 1 December 2016	22,756	81,946	1,541	111	16,718	23,386	288	1,621	148,367
At 30 November 2017	21,776	79,774	1,509	92	14,334	18,417	506	886	137,294

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

3.1 Impairment loss

As at 30 November 2017, certain property, plant and equipment were tested for impairment where impairment indicators exist as a result of current business sentiment and weak demand in certain markets where some subsidiaries are making losses. 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 6 to 50 years by the management and approved by Board of Directors and was based on the following key assumptions:-

- The revenue growth and gross profit 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% (2016 : 10%) was applied to the cash flow projections.

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

	Land RM'000	Freehold shoplots RM'000	Total RM'000
Cost			
At 1 December 2015	16,665	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/ 1 December 2016	16,665	12,025	28,690
Effect of movements in exchange rates	–	(514)	(514)
At 30 November 2017	16,665	11,511	28,176

4. Investment properties - Group (continued)

	Note	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 December 2016		1,260	2,402	3,662
Depreciation for the year	17	240	232	472
Effect of movements in exchange rates		—	(82)	(82)
At 30 November 2017		1,500	2,552	4,052
Carrying amounts				
At 1 December 2015		15,645	310	15,955
At 30 November 2016/ 1 December 2016		15,405	9,623	25,028
At 30 November 2017		15,165	8,959	24,124

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 2017 are classified as level 3 fair value as follows :

	Land RM'000	Freehold shoplots RM'000	Total RM'000
2016	34,239	40,567	74,806
2017	34,871	52,881	87,752

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 :

	2017 RM'000	2016 RM'000
Rental income	491	—
Direct operating expenses :		
- non-income generating investment properties	438	597
- income generating investment properties	428	—

5. Investment in subsidiaries - Company

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	234,955	234,855
Less : Impairment loss	(31,796)	(23,752)
	203,159	211,103

5. Investment in subsidiaries - Company (continued)

Details of subsidiaries are as follows :

Name of subsidiaries	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2017	2016		
Zhulian Jewellery Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of costume/fine jewellery and accessories and therapeutic belts
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 and trading of consumer 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. Commenced the manufacturing of home care products during the year ended 30 November 2017
Zhulian Nutraceutical Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of traditional herbal products.
Diamond Inspiration Sdn. Bhd.	100%	100%	Malaysia	Cafeteria operator. The Company ceased its operations with effect from 1 March 2017 and became dormant thereafter.

5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2017	2016		
Zhulian Development Sdn. Bhd.	100%	100%	Malaysia	Dormant
Coffee Mark Products Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Properties Sdn. Bhd.	100%	100%	Malaysia	Dormant
Beyond Natural Care Sdn. Bhd.	100%	100%	Malaysia	Dormant
Dexassets Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Labuan Limited*	100%	100%	Malaysia	Investment holding
Subsidiaries of ZMSB				
PT. Zhulian Indonesia*	100%	100%	Indonesia	Direct marketing of costume jewellery and consumer products
Zhulian (Singapore) Pte. Ltd. ("ZSG")*	100%	100%	Singapore	Investment holding
ZBP International Sdn. Bhd. ("ZBPISB")	100%	100%	Malaysia	Dormant

* Not audited by KPMG PLT

5.1 Impairment loss for investment in subsidiaries

During the financial year ended 30 November 2017, the Company made an additional impairment loss amounting to RM8.04 million (2016 : RM23.02 million) for the investment in certain loss making subsidiaries where the estimated recoverable amounts of RM6.53 million (2016 : RM14.53 million) and RM0.67 million (2016 : RM0.71 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 RM8.04 million (2016 : RM23.02 million) was recognised to the other operating expenses.

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 additional impairment loss of RM8.00 million (2016 : RM22.00 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 1% decrease in future planned revenue growth would result in the Company recognising an impairment loss of RM3.2 million.
- A 1% decrease in gross profit margin would result in the Company recognising an impairment loss of RM4.2 million.

6. Investment in an associate - Group

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	14,650	10,287
Share of post-acquisition profits	208,070	194,390
	222,720	204,677

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
	2017	2016		
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.

	2017 RM'000	2016 RM'000
Zhulian (Thailand) Ltd. and its subsidiaries		
Summarised financial information		
As at 30 November		
Non-current assets	260,439	245,706
Current assets	318,424	272,543
Non-current liabilities	(37,042)	(35,352)
Current liabilities	(71,711)	(55,477)
Net assets	470,110	427,420
Year ended 30 November		
Profit from continuing operations/ Total comprehensive income	34,320	34,955
Included in the total comprehensive income is :		
Revenue	344,369	339,718
Reconciliation of net assets to carrying amount as at 30 November		
Group's share of net assets	230,354	209,436
Elimination of unrealised profits	(7,634)	(4,759)
Carrying amount in the statement of financial position	222,720	204,677

6. Investment in an associate - Group (continued)

	2017 RM'000	2016 RM'000
Group's share of results for the year ended 30 November		
Group's share of profit or loss from continuing operations	16,817	17,128
Share of other comprehensive income of equity-accounted associate	(262)	11,062
Total	16,555	28,190
Other information		
Dividends received by the Group	–	5,248

7. Other investments - Group/Company

	2017 RM'000	2016 RM'000
Non-current		
Quoted unit trusts in Malaysia		
Available-for-sale financial assets, at fair value	1,854	1,711

8. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Property, plant and equipment - capital allowances	1,385	16	(5,703)	(3,325)	(4,318)	(3,309)
Tax loss carry- forwards	88	190	—	—	88	190
Other items	4,571	2,510	—	(914)	4,571	1,596
	6,044	2,716	(5,703)	(4,239)	341	(1,523)
Set off of tax	(5,163)	(2,650)	5,163	2,650	—	—
Net deferred tax assets/(liabilities)	881	66	(540)	(1,589)	341	(1,523)

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

	At 1.12.2015 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2016/ 1.12.2016 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2017 RM'000
Property, plant and equipment - capital allowances	(5,683)	2,374	(3,309)	(1,009)	(4,318)
Tax loss carry-forwards	1,477	(1,287)	190	(102)	88
Other items	2,843	(1,247)	1,596	2,975	4,571
Net deferred tax assets/(liabilities)	(1,363)	(160)	(1,523)	1,864	341

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) :

	2017 RM'000	2016 RM'000
Tax loss carry-forwards	39,244	37,859
Capital allowances carry-forwards	5,710	3,076
Others	7,197	4,267
	52,151	45,202

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

	2017 RM'000	2016 RM'000
Raw materials	29,900	30,139
Work-in-progress	9,503	11,141
Manufactured inventories	9,772	11,806
Consumables	2,636	2,552
Trading inventories	197	—
	52,008	55,638

10. Trade and other receivables

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Amount due from an associate	10.1	31,189	22,392	—	—
Others		14,021	14,841	—	—
		45,210	37,233	—	—
Non-trade					
Amount due from subsidiaries	10.2	—	—	15	15
Other receivables		3,141	2,554	25	2
Deposits		233	402	5	5
Prepayments	10.3	5,832	4,102	20	20
Dividends receivable from subsidiaries		—	—	21,500	25,000
		9,206	7,058	21,565	25,042
		54,416	44,291	21,565	25,042

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 RM4,909,000 (2016 : RM2,687,000) for the purchase of raw materials.

11. Cash and cash equivalents

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term deposits with licensed banks	103,860	70,390	18,950	800
Cash and bank balances	20,784	33,069	214	477
	124,644	103,459	19,164	1,277

12. Share capital - Group/Company

	Authorised		Issued and paid-up	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares of RM0.50 each				
At 30 November 2016	230,000	460,000	230,000	460,000
At 30 November 2017	N/A	N/A	230,000	460,000
	Note 12.1	Note 12.1		Note 12.1

12.1 The concept of authorised share capital and par value of share capital have been abolished on the commencement of Companies Act 2016 on 31 January 2017.

13. Reserves

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable					
Translation reserve	13.1	36,978	35,693	—	—
Fair value reserve	13.2	524	392	524	392
Capital reserve	13.3	1,800	—	—	—
Distributable					
Retained earnings		311,248	287,840	14,992	8,488
		350,550	323,925	15,516	8,880

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.

13.3 Capital reserve

Capital reserve of the Group represents the Group's interest in subsidiaries' capital redemption reserve which represents a transfer from the retained earnings arising from the redemption of redeemable preference shares by subsidiaries of the Company.

14. Retirement benefits - Group

	2017 RM'000	2016 RM'000
Non-current		
Net defined benefit liability	320	286

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 :

	2017 RM'000	2016 RM'000
Balance at 1 December	286	226
Included in profit or loss		
Current service cost	32	33
Interest cost	16	14
	48	47
Included in other comprehensive income		
Remeasurement loss of net defined benefit liability	4	140
Effect of movements in exchange rate	(18)	(1)
Other		
Benefits paid	—	(126)
Balance at 30 November	320	286

14. Retirement benefits - Group (continued)

Actuarial assumptions

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

	2017	2016
Discount rate	6.5%	7.2%
Future salary growth	10%	10%

15. Trade and other payables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	12,607	7,507	—	—
Non-trade				
Other payables	566	1,498	—	49
Security deposits received from agents	10,731	11,289	—	—
Accrued expenses	9,928	8,366	207	197
	21,225	21,153	207	246
	33,832	28,660	207	246

16. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Dividend income	—	—	42,200	45,700
Sale of goods	200,135	186,207	—	—
Services rendered	5,060	5,094	—	—
Rental income	491	—	—	—
	205,686	191,301	42,200	45,700

17. Results from operating activities

Results from operating activities are arrived at :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
After charging :				
Auditors' remuneration				
- Audit fees				
KPMG PLT Malaysia				
- current year	258	232	65	56
- prior year	3	—	—	—
Other auditors	26	32	—	—
- Non audit fees				
KPMG PLT Malaysia	10	9	10	9
Local affiliates of KPMG PLT Malaysia	69	67	4	4
Other auditors	2	7	—	—
Inventories written off	340	297	—	—
Inventories written down	3,616	1,832	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	24,835	25,103	—	—
- Contributions to state plans	2,954	2,970	—	—
- Employees' separation benefits	21	3,448	—	—
Depreciation of :				
- Property, plant and equipment (Note 3)	12,205	12,095	—	—
- Investment properties (Note 4)	472	251	—	—
Impairment loss on :				
- Trade receivables	24	86	—	—
- Other receivables	85	—	—	—
- Investment in subsidiaries	—	—	8,044	23,022
- Other investments	20	—	20	—
Loss on foreign exchange, net				
- Realised	3,484	3,929	—	—
- Unrealised	2,940	—	—	—
Plant and equipment written off	83	148	—	—
Loss on disposal of plant and equipment	—	94	—	—
Research and development expenditure	31	121	—	—
Rental of premises	754	1,173	—	—
Retirement benefits (Note 14)	48	47	—	—
and after crediting :				
Dividend income from subsidiaries	—	—	42,200	45,700
Interest income	3,696	3,028	501	219
Negative goodwill recognised	—	3	—	—
Gain on foreign exchange, net				
- Unrealised	—	6,723	—	—
Reversal of impairment loss on trade receivables	—	1	—	—
Gain on disposal of plant and equipment	63	—	—	—
Rental income	491	—	—	—

18. Key management personnel compensations

The key management personnel compensations are as follows :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors of the Company				
- Fees	120	120	120	120
- Remuneration	3,234	3,232	12	12
Other Directors				
- Fees	49	33	—	—
- Remuneration	103	254	—	—
	3,506	3,639	132	132

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax expense on continuing operations	14,392	14,648	113	50
Share of tax of equity-accounted associate	7,693	4,890	—	—
Total income tax expense	22,085	19,538	113	50

19. Tax expense (continued)

Recognised in profit or loss (continued)

Major components of income tax expense include :

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
- Current year	17,551	14,613	113	50
- Prior year	(1,295)	(125)	—	—
Total current tax recognised in profit or loss	16,256	14,488	113	50
Deferred tax expense				
(Reversal)/Origination of temporary differences				
- Current year	(2,831)	190	—	—
- Prior year	967	(30)	—	—
Total deferred tax recognised in profit or loss	(1,864)	160	—	—
Share of tax of equity-accounted associate	7,693	4,890	—	—
Total income tax expense	22,085	19,538	113	50

Reconciliation of tax expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the year	52,812	41,598	34,104	22,458
Total income tax expense	22,085	19,538	113	50
Profit excluding tax	74,897	61,136	34,217	22,508
Income tax calculated at Malaysian tax rate of 24%	17,975	14,673	8,212	5,402
Effect of tax rates in foreign jurisdictions*	2,319	1,399	—	—
Non-deductible expenses	2,258	1,235	2,036	5,618
Income not subject to tax	(206)	(256)	(10,135)	(10,970)
Tax incentives	(1,605)	(831)	—	—
Changes in unrecognised temporary differences	1,672	3,473	—	—
Over provision in prior year	(328)	(155)	—	—
Income tax expense	22,085	19,538	113	50

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

20. Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM52,812,000 (2016 : RM41,598,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2016 : 460,000,000).

21. Dividends - Group/Company

Dividends recognised in the current year by the Company are :

	2017 RM'000	2016 RM'000
In respect of financial year ended 30 November 2015		
- 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
- Fourth interim dividend of 1.5 sen per ordinary share paid on 10 March 2017	6,900	—
In respect of financial year ended 30 November 2017		
- First interim dividend of 1.5 sen per ordinary share paid on 2 June 2017	6,900	—
- Second interim dividend of 1.5 sen per ordinary share paid on 8 September 2017	6,900	—
- Third interim dividend of 1.5 sen per ordinary share paid on 24 November 2017	6,900	—
	27,600	27,600

The Directors declared a fourth interim dividend of 1.5 sen and a special dividend of 1.5 sen per ordinary share, totalling RM13.8 million in respect of the year ended 30 November 2017 on 24 January 2018 and payable on 9 March 2018.

The financial statements do not reflect this dividend after 30 November 2017, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2018.

22. Commitments - Group

(a) Capital commitments

	2017 RM'000	2016 RM'000
Property, plant and equipment		
Authorised but not contracted for	2,345	2,930
Contracted but not provided for	45	113
	2,390	3,043

(b) Operating lease commitments

Non-cancellable operating leases of investment property is as follows :

	2017 RM'000	2016 RM'000
Less than one year	654	—
Between one and five years	164	—
	818	—

The Group leased a number of buildings under operating leases. The leases typically ran for a period of 2 years, with an option to renew the lease after that date. Lease payments will increase every 2 years to reflect the current market rentals.

23. 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 2017.

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

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 and Indonesia. 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
2017					
Revenue	35,611	133,244	33,470	3,361	205,686
Non-current assets	149,277	—	—	12,141	161,418
2016					
Revenue	43,452	125,625	17,290	4,934	191,301
Non-current assets	160,127	—	—	13,268	173,395

Major customers

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

	Revenue	
	2017 RM'000	2016 RM'000
Customer A	133,244	125,625

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	
	2017 RM'000	2016 RM'000
Group		
Associate		
Sales	128,184	120,531
Management fee income	5,060	5,094
A firm in which a person connected to a Director is a member		
Legal fee paid and payable	95	—
Company		
Subsidiaries		
Dividend income	42,200	45,700
Increase in investment in subsidiaries	1,100	22,794
Capital redemption in subsidiaries	1,000	16,250

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
2017			
Financial assets			
Group			
Other investments	1,854	–	1,854
Trade and other receivables, excluding prepayments	48,584	48,584	–
Cash and cash equivalents	124,644	124,644	–
	175,082	173,228	1,854
Company			
Other investments	1,854	–	1,854
Other receivables, excluding prepayments	21,545	21,545	–
Cash and cash equivalents	19,164	19,164	–
	42,563	40,709	1,854
Financial liabilities			
Group			
Trade and other payables	(33,832)	(33,832)	–
Company			
Other payables	(207)	(207)	–
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)	–

26. Financial instruments (continued)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net gains/(losses) arising on :				
Available-for-sale financial assets				
- recognised in other comprehensive income	132	140	132	140
- recognised in profit or loss	(20)	—	(20)	—
	112	140	112	140
Loans and receivables (net)	(2,837)	5,737	501	219
	(2,725)	5,877	613	359

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	
	2017 RM'000	2016 RM'000
Thailand	31,189	22,392
Indonesia	108	119
Malaysia	1,410	1,808
Myanmar	12,503	12,914
	45,210	37,233

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				
2017				
Not past due	42,567	—	—	42,567
Past due 1 - 30 days	2,603	—	—	2,603
Past due 31 - 120 days	21	—	—	21
Past due more than 120 days	177	(158)	—	19
	45,368	(158)	—	45,210
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

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	
	2017 RM'000	2016 RM'000
At 1 December	139	161
Impairment loss recognised	24	86
Impairment loss reversed	—	(1)
Impairment loss written off	—	(107)
Effect of movement in exchange rate	(5)	—
At 30 November	158	139

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 RM1.17 million (2016 : RM1.12 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							
2017							
Trade and other payables	33,832	—	33,832	33,832	—	—	—
2016							
Trade and other payables	28,660	—	28,660	28,660	—	—	—
Company							
Non-derivative financial liabilities							
2017							
Other payables	207	—	207	207	—	—	—
Financial guarantee	—	—	1,174	1,174	—	—	—
	207		1,381	1,381	—	—	—
2016							
Other payables	246	—	246	246	—	—	—
Financial guarantee	—	—	1,124	1,124	—	—	—
	246		1,370	1,370	—	—	—

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").

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
Group	
2017	
Trade and other receivables	43,983
Cash and cash equivalents	2,618
Trade and other payables	(25)
Net exposure	46,576
2016	
Trade and other receivables	35,860
Cash and cash equivalents	4,407
Trade and other payables	(469)
Net exposure	39,798

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2016 : 10%) strengthening of the RM against the following currency at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amount 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	
2017	
USD	(3,451)
2016	
USD	(2,924)

A 10% (2016 : 10%) weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount 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.

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fixed rate instruments				
Financial assets				
- short term deposits	103,860	70,390	18,950	800
- cash at banks	19,005	29,595	163	475
	122,865	99,985	19,113	1,275

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

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% (2016 : 10%) strengthening in FBMKLCI at the end of the reporting period would have increased equity by RM141,000 (2016 : RM130,000). A 10% (2016 : 10%) weakening in FBMKLCI index would have had equal but opposite effect on equity.

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.

26. Financial instruments (continued)

26.7 Fair value information (continued)

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	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	RM'000	RM'000
Group and Company										
2017										
Financial asset										
Quoted unit trusts	–	1,854	–	1,854	–	–	–	–	1,854	1,854
2016										
Financial asset										
Quoted unit trusts	–	1,711	–	1,711	–	–	–	–	1,711	1,711

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 (2016 : no transfer in either directions).

27. Acquisition of a subsidiary

27.1 Acquisition of a subsidiary during the year ended 30 November 2016

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 :

	2016 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

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 58 to 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

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 2018

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 58 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**, NRIC: 590319-07-5059, at George Town in the State of Penang on 6 March 2018

....

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Zhulian Corporation Berhad, which comprise the statements of financial position as at 30 November 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Property, plant and equipment ("PPE") - Group and Investment in subsidiaries - Company</th></tr>
<tr><td colspan="2">Refer to Note 1(d) (basis of preparation - Use of estimates and judgements), Note 2(k)(ii) (significant accounting policies – Impairment of other assets), Note 3 – Property, plant and equipment, Note 3.1. Impairment loss and Note 5.1. Impairment loss for investment in subsidiaries.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>There is a risk of impairment on the Group's PPE due to the current business sentiment and weak demand in certain markets where some subsidiaries made losses during the year. The Group assesses the recoverable amounts of PPE whenever there are indications of impairment. The same applied to the investment in subsidiaries.

The Group estimated the recoverable amounts of the assets concerned either by determining the value in use ("VIU") or fair value less costs to sell ("FVLCTS") in order to determine the amount of impairment loss which should be recognised for the year, if any. There are inherent uncertainties and significant Directors' judgement involved in arriving at the recoverable amounts. The inherent uncertainties, amongst others, include the key assumptions and discount rates.

This is one of the key judgemental areas that we focused in our audit because it required us to exercise significant judgement when evaluating the appropriateness of key assumptions and discount rates applied by the Directors in determining the recoverable amounts.</td><td>Our audit procedures, amongst others, include:

<u>VIU</u>
• Assessed the Directors' forecasts against actual results and challenged the key assumptions on the revenue growth and gross profit margin by comparing them against historical trends to determine whether they are supportable;
• Challenged the subsidiaries' future plans and considered the reliability and relevance of data by comparing to the past trends and market outlook for their products;
• Assessed the discount rates used by comparing them with our expectations based on our knowledge of the industry in which the subsidiaries operated in.

<u>FVLCTS</u>
• Obtained published prices for similar properties or machines to compare with the Directors' estimation of their fair values and make enquires with the Directors as to the reasons for any significant variation; and
• Considered the adequacy of disclosures about, in particular, the key assumptions that are highly judgmental and sensitive.</td></tr>
</table>

<table>
<tr><th colspan="2">Investment in an associate - Group</th></tr>
<tr><td colspan="2">Refer to Note 2(a)(v)(significant accounting policies-Associates) and Note 6 - investment in an associate</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group owns 49% equity interest in Zhulian (Thailand) Ltd. ("ZTH"), an associate incorporated in Thailand. The Group's share of results from this associate for the year ended 30 November 2017 was RM16,817,000 and with the carrying amount of RM222,720,000. This associate has contributed approximately 31% and 36% to the Group's total comprehensive income for the year and total assets respectively which are significant in the context of the consolidated financial statements.

However, this associate is audited by another firm of auditor.

Given that this is a foreign investment and its significant contribution to the Group, on involvement in the audit performed by another firm of auditor is one of the key areas that we focused in our audit.</td><td>Our audit procedures, amongst others, include:
• Issued instructions to ZTH's auditors to communicate the overall Group's audit strategy and instructed the auditors to perform an audit of the financial information suitable for consolidation purposes;
• Obtained the reporting from ZTH's auditors and discussed with the auditors on the matters of significance in their audit which could impact the Group's consolidated financial statements;
• Obtained an understanding of the procedures performed by ZTH's auditors on the areas with risk of material misstatement and considered whether the planned procedures were appropriate for the purpose of the audit of the consolidated financial statements; and
• Assessed the adequacy of the work performed by ZTH's auditors by inspecting their audit documentation.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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 : 03098/12/2019 J
Chartered Accountant

Date : 6 March 2018

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 2017 (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) 15,276.90 sq. metres	Leasehold (60 years expiring 2 Feb 2055) / 19 years	16,088	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) / 21 years	19,555	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 / 24 years	290	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) / 10 years	41,502	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 / 22 years	6,357	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 / 22 years	2,312	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)	9,073	29 July 2010

[(a)] These properties are currently vacant.

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m²)	Tenure/Age of building	Carrying amount at 30 Nov 2017 (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)	2,508	10 Sept 2009
Ruko Sumber Baru Square 1 KAV.Q 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) / 6 years	429	2 May 2013
Ruko Sumber Baru Square 1 KAV.R 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) / 6 years	411	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) / 23 years	7,498	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 / 5 years	754	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 / 5 years	754	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) / 20 years	13,559	20 Oct 2015

[a] These properties are currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS (As At 28 February 2018)

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

* Associate
** 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
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 MUHAMMAD YUSREENIZAM EIZLAN BIN MOHD YUSOF	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 012-4949300	04-4420618
KULIM (KUB)	KEE AH BA	No. 15, Jalan Kempas 1, Taman Kempas Indah, 09000 Kulim, Kedah Darul Aman.	04-4918466 012-4841960	04-4918466
ALOR SETAR (AST)	UMMI WARDIAH @ WAHIDA BT ABDELLAH	No. 32, Jln Shahab 6, Kompleks Shahab Perdana, Lebuhraya Sultanah Bahiyah, 05350 Alor Setar, Kedah Darul Aman.	017-4992330 013-4805899	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**
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 Presint 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 BPP 5/8, Pusat Bandar Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.	03-89582265 012-3352912	03-89592264
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, Sungai Besar Business Centre, 45300 Selangor Darul Ehsan.	03-32243413 019-5642332 016-5262332	03-32245958
AMPANG (AMG)	DING MOY NGUK DING TING SENG	G-18, Jalan Pandan Prima 2, Dataran Pandan Prima, 55100 Kuala Lumpur.	03-92012668 012-3938112	03-92012668
SHAH ALAM (SAA)	DAVID LEE THIAM SENG TAN SAY	No.9, Jalan Tukul N15/N, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	03-55235505 03-55238722 012-2248722	03-55107841
BANTING (BNA)	AZMI BIN ABDUL MANAF	B-30-1, Tingkat 1, Jalan Bunga Pekan 9, Pusat Perniagaan Banting Uptown, 42700 Banting, Selangor Darul Ehsan.	03-31812253 013-3951552 019-2743953	03-31812253
PETALING JAYA (PJU)	AHMAD RAZALI BIN MUSTAFFA RAMLAH BT ABU BAKAR	No. 11 & 13, Jalan PJU 5/9, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.	03-61408134 03-61408135	03-61408154
KAJANG (KJA)	TEOH SENG LOCK CHONG KIOOK HEONG	C-12A-GB, Jalan Prima Saujana 2/B, Seksyen 2, Taman Prima Saujana, 43000 Kajang, Selangor Darul Ehsan.	03-87379878 012-2169878 012-3229878	03-87396248
RAWANG (RWC)	MOHD BIN ABAS	No. 83, Jalan Bandar Rawang 2, Pusat Bandar Rawang, 48000 Selangor Darul Ehsan.	03-60910085 012-3197059	03-60910085
KUALA SELANGOR (KSA)	SANIAH BT SAYUTI ANIZAH BT SYED ALWEE	21, Jalan Raja Lumu, Bandar Kuala Selangor, 45000 Kuala Selangor, Selangor Darul Ehsan.	03-32896036 019-7285626	03-32896027
BANDAR BARU BANGI (BGB)	AZMAH BT YAHAYA	2-1-1, Jalan Medan Pusat Bandar 4A, Seksyen 9, 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 SITI AMALINA BT YAZID	No. 17, 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	PT9644, Wisma Nawar, 17070 Lubok Jong, Pasir Mas, Kelantan Darul Naim.	09-7916095 016-9257029	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

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.	09-5136613 019-9159967	09-5136613

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
SIPITANG (BFA)	MAIDAH BT BARIDANG @ BRIDANG JOSLI KULAMBANG NURUL AZMINA BT AZMINUDDIN	Arked MARA Sipitang, Pekan Sipitang, 89850 Sipitang, Sabah.	087-821244 019-8964888	087-821244

ANALYSIS OF SHAREHOLDINGS

As At 22 February 2018

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

DISTRIBUTION OF SHAREHOLDINGS AS AT 22 FEBRUARY 2018

Size of Holdings		Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Shares
1	- 99	250	5.05	10,066	0.00
100	- 1,000	720	14.54	536,149	0.12
1,001	- 10,000	2,845	57.44	12,930,908	2.81
10,001	- 100,000	1,025	20.69	30,122,318	6.55
100,001	- Less than 5% of issued shares	109	2.20	100,814,224	21.92
23,000,000	- 5% and above of issued shares	4	0.08	315,586,335	68.60
TOTAL		4,953	100.00	460,000,000	100.00

DIRECTORS' SHAREHOLDINGS AS AT 22 FEBRUARY 2018

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 22 FEBRUARY 2018

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 22 FEBRUARY 2018

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	20,000,000	4.35
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	Citigroup Nominees (Asing) Sdn Bhd exempt an for Citibank New York (Norges Bank 9)	2,212,000	0.48
13	Yeap Chin Loon	1,751,500	0.38
14	Koo Guat Ean	1,735,553	0.38
15	Teoh Siew Choo	1,700,000	0.37
16	Teoh Siew Hong	1,666,669	0.36
17	Mohd Munir Bin Abdul Majid	1,504,666	0.33
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	Yeap Mong Sie	937,500	0.20
23	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yock Chem @ Lee York Soo (E-PKG)	879,200	0.19
24	Golden Fresh Sdn Bhd	800,000	0.17
25	Kueh Bak Poh	742,600	0.16
26	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hwee Loong (SECT 17 PJ-CL)	727,000	0.16
27	Yeap Hooi Hooi	720,000	0.16
28	Teoh Meng Lee	709,333	0.15
29	Soon Bee Ai	680,000	0.15
30	Teoh Meng Soon	640,000	0.14
		397,547,691	86.42

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of the Company will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on Wednesday, 25 April 2018 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 2017 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 (Constitution) and who, being eligible, offer themselves for re-election:

   a) Teoh Meng Keat — Ordinary Resolution 1
   b) Tan Lip Gay — Ordinary Resolution 2

3. To approve the Directors' fees and benefits payable up to an aggregate amount of approximately RM176,000 for the financial year ending 30 November 2018. — Ordinary Resolution 3

4. To re-appoint Messrs KPMG PLT 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. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** — Ordinary Resolution 5

   "THAT, subject always to the Companies Act 2016 ("the Act"), the Articles of Association (Constitution) of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 76 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."

6. **RETENTION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN** — Ordinary Resolution 6

   "THAT Haji Wan Mansoor bin Wan Omar be retained as Independent Non-Executive Chairman of the Company."

7. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** — Ordinary Resolution 7

   "THAT Tan Lip Gay be retained as Independent Non-Executive Director of the Company."

8. **RETENTION OF SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR** — Ordinary Resolution 8

   "THAT Diong Chin Teck be retained as Senior Independent Non-Executive Director of the Company."

9. 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, 30 March 2018

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 George Town, Penang, not less than forty-eight (48) 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 ("AGM") or Adjourned AGM.

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 18 April 2018 (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 Note on Ordinary Business:

Under the proposed Ordinary Resolution 3, 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, includes a contingency sum to cater to unforeseen circumstances such as the appointment of an additional Director. The Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

Explanatory Notes on Special Business:

1. The proposed Ordinary Resolution 5, 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 AGM.

   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 AGM held on 26 April 2017 and which will lapse at the conclusion of the Twenty-First AGM.

   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.

2. The proposed Ordinary Resolution 6, if passed, will allow Haji Wan Mansoor bin Wan Omar to be retained as Independent Non-Executive Chairman of the Company. The Board of Directors had, vide the Nominating Committee, conducted an annual performance evaluation and assessment of, Haji Wan Mansoor bin Wan Omar, who will serve as Independent Non-Executive Chairman of the Company for a cumulative term of more than twelve (12) years by 30 October 2018 and recommended him to continue to act as Independent Non-Executive Chairman of the Company based on the justifications as set out in Statement on Corporate Governance in the 2017 Annual Report.

3. The proposed Ordinary Resolution 7, if passed, will allow Tan Lip Gay to be retained as Independent Non-Executive Director ("INED") of the Company. The Board of Directors had, vide the Nominating Committee, conducted an annual performance evaluation and assessment of, Tan Lip Gay, who will serve as INED of the Company for a cumulative term of more than twelve (12) years by 30 October 2018 and recommended him to continue to act as INED of the Company based on the justifications as set out in Statement on Corporate Governance in the 2017 Annual Report.

4. The proposed Ordinary Resolution 8, if passed, will allow Diong Chin Teck to be retained as the Senior Independent Non-Executive Director ("Senior INED") of the Company. The Board of Directors had, vide the Nominating Committee, conducted an annual performance evaluation and assessment of, Diong Chin Teck, who will serve as Senior INED of the Company for a cumulative term of more than twelve (12) years by 30 October 2018 and recommended him to continue to act as Senior INED of the Company based on the justifications as set out in Statement on Corporate Governance in the 2017 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 Twenty-First AGM 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 Twenty-First Annual General Meeting of the Company, to be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on Wednesday, 25 April 2018 at 2.30 pm, and at any adjournment thereof.

	ORDINARY RESOLUTIONS							
	1	2	3	4	5	6	7	8
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 .... 2018.

....

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 George Town, Penang, not less than forty-eight (48) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

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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 18 April 2018 (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 AGM 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 George Town, Penang

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Fold this flap for sealing

ZHULIAN CORPORATION BERHAD (415527-P)
Plot 42, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang, Malaysia.
Tel: 604-616 2020 Fax: 604-642 5989 Website: www.zhulian.com