ZHULIAN

STRATEGISING TOWARDS SUSTAINABILITY

ANNUAL REPORT 2019

CONTENTS

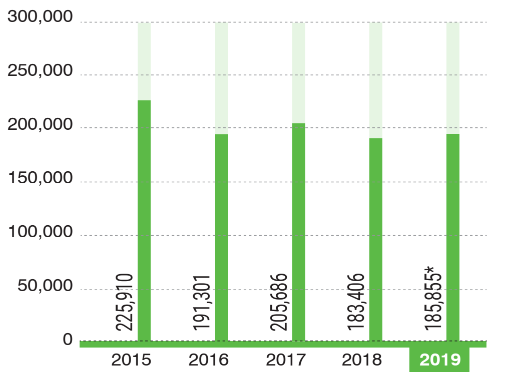
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 30 NOVEMBER	2019	2018	2017	2016	2015
Income Statement (RM '000)					
Revenue from continuing operations	185,855*	183,406	205,686	191,301	225,910
Profit before taxation from continuing operations	63,483	62,391	67,204	56,246	70,716
Profit after taxation from continuing operations	49,523	52,362	52,812	41,598	53,045
Statement of Financial Position (RM '000)					
Total non-current assets	386,589	379,991	386,873	379,849	351,515
Total current assets	270,692	244,181	234,394	208,169	218,502
Shareholders' fund	614,588	594,965	580,550	553,925	529,067
Non-controlling interest	–	–	–	–	26
Total equity	614,588	594,965	580,550	553,925	529,093
Total non-current liabilities	2,151	317	860	1,875	2,542
Total current liabilities	40,542	28,890	39,857	32,218	38,382
Share Information Per Ordinary Share					
Earnings, basic (sen)	10.77	11.38	11.48	9.04	11.53
Net assets (sen)	133.61	129.34	126.21	120.42	115.02
Net dividends per ordinary share (sen)	12.00	10.00	7.50	6.00	6.00
Share price as at 30 November (RM)	1.46	1.30	1.80	1.30	1.51
Financial Ratios					
Return on equity (%)	8%	9%	9%	8%	10%
Gearing Ratio (%)	0%	0%	0%	0%	0%

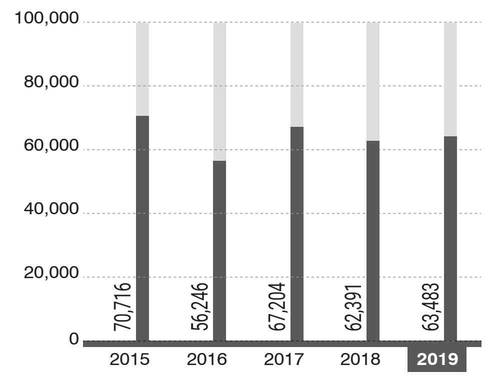
* Revenue for the financial year ended 30 November 2019 was stated without MFRS 15 adjustments to be comparable.

FIVE-YEAR GROUP FINANCIAL CHARTS

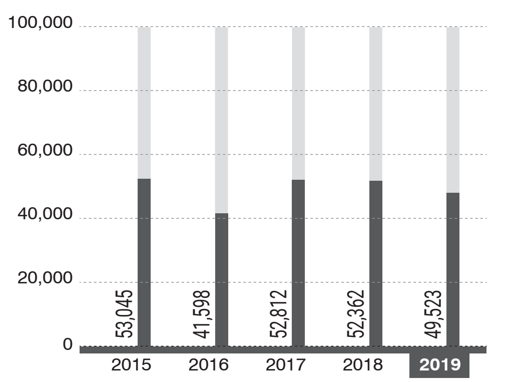
Revenue
(RM'000)



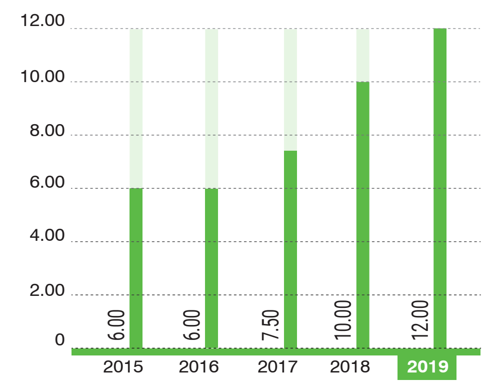
Profit Before Taxation
(RM'000)



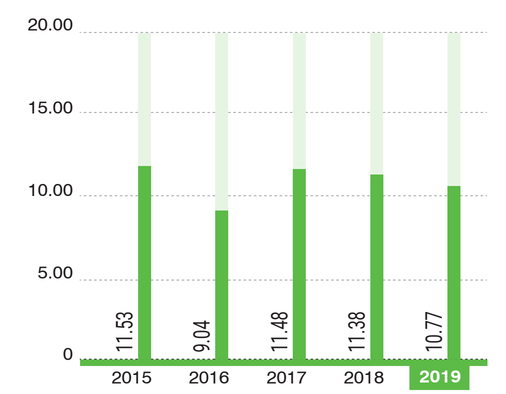
Profit After Taxation
(RM'000)



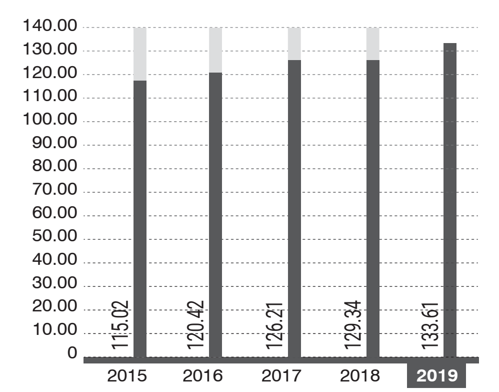
Net Dividends Per Ordinary Share
(sen)



Earnings Per Share
(sen)



Net Asset Value Per Share
(sen)



* Revenue for the financial year ended 30 November 2019 was stated without MFRS 15 adjustments to be comparable.

Corporate Review

GROUP STRUCTURE

ZHULIAN

MALAYSIAN COMPANIES | OVERSEAS COMPANIES

- 100% **ZHULIAN INDUSTRIES SDN. BHD.** 199401018769 (304448-X)
- 100% **ZHULIAN JEWELLERY MANUFACTURING SDN. BHD.** 198901006056 (183361-U)
- 100% **BEYOND PRODUCTS TECHNOLOGY SDN. BHD.** 199601014367 (386717-K)
- 100% **ZHULIAN MANUFACTURING SDN. BHD.** 199601020411 (392763-V)
- 100% **AMAZING VESTRAX SDN. BHD.** 200501011915 (688963-U)
- 100% **ZHULIAN NUTRACEUTICAL SDN. BHD.** 200401005899 (644402-D)
- 100% **ZHULIAN MANAGEMENT SDN. BHD.** 199601002069 (374415-M)
  - 49% **^ ZHULIAN HOLDINGS (THAILAND) CO., LTD.** (0125562037920)
    - 100% **ZHULIAN (THAILAND) LTD.** (0105539066471)
      - 100% ***** ZTH CONSULTANT SERVICE CO., LTD.** (1043FC)
      - 100% **ZHULIAN NETWORK (CAMBODIA) CO., LTD.** (00040386)
      - 35% **ZHULIAN ENTERPRISE (MYANMAR) CO., LTD.** (113728566)
    - 100% **ZHULIAN DEVELOPMENT CO., LTD.** (0125555010809)
    - 100% **ONE RESIDENCE PROPERTY CO., LTD.** (0125557010415)
  - 100% **PT. ZHULIAN INDONESIA** (09.03.1.46.37795)
  - 100% **ZHULIAN (SINGAPORE) PTE. LTD.** (200105275R)
  - 100% **** ZBP INTERNATIONAL SDN. BHD.** 201501045387 (1170709-H)
- 100% **ZHULIAN MARKETING (M) SDN. BHD.** 198901008756 (186058-T)
- 100% **ZHULIAN PRINTING INDUSTRIES SDN. BHD.** 199101006478 (216788-X)
- 100% **MASTER SQUARE SDN. BHD.** 199601016660 (389011-A)
- 100% **COFFEE MARK PRODUCTS SDN. BHD.** 200401026660 (665168-A)
- 100% **# DIAMOND INSPIRATION SDN. BHD.** 199601002840 (375186-D)
- 100% **# ZHULIAN DEVELOPMENT SDN. BHD.** 199401035481 (321164-M)
- 100% *** ZHULIAN PROPERTIES SDN. BHD.** 200401026659 (665167-D)
- 100% **# BEYOND NATURAL CARE SDN. BHD.** 200401026732 (665240-M)
- 100% **# DEXASSETS SDN. BHD.** 200501009923 (686970-K)
- 100% **ZHULIAN LABUAN LIMITED** (LL07218)

#Dormant
**Struck-off on 27 December 2019*
***In the process of members' voluntary winding-up*
**** In the process of liquidation*
^ Acquired on 20 February 2020

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of **ZHULIAN CORPORATION BERHAD** ("ZHULIAN" or "the Company"), it is my honour to present to you the Annual Report and Audited Consolidated Financial Statements of ZHULIAN and its subsidiaries ("ZHULIAN Group" or "The Group") for the financial year ended 30 November 2019 ("FY2019").

FINANCIAL PERFORMANCE

The Group's revenue (excluding MFRS 15 adjustment) for the financial year ended 30 November 2019 was RM185.9 million, an increase of 1% or RM2.5 million as compared to prior year of RM183.4 million.

Profit before taxation for the financial year ended 30 November 2019 was RM63.5 million, increased by RM1.1 million as compared to prior year of RM62.4 million.

Meanwhile profit after taxation for the financial year ended 30 November 2019 was RM49.5 million, decreased by RM2.9 million as compared to prior year of RM52.4 million. The decrease was mainly attributable to deferred tax movements.

The Group's financial fundamentals remained stable with profitable performance and a healthy balance sheet position, while it continues to maintain zero gearing throughout the financial year ended 30 November 2019.

RETURN TO SHAREHOLDERS

We continuously strive to balance the Group's funds for our business requirements, financial obligations as well as rewarding shareholders.

The Group declared a total dividend of RM55.2 million for the financial year ended 30 November 2019 that consists of interim dividends of 2 sen per ordinary share for each financial quarter and an additional special dividend of 4 sen per ordinary share for the fourth financial quarter.

BUSINESS OVERVIEW

In 2019, we accelerated our strategy of engaging and recruiting younger generation into the Zhulian Group's MLM business network to groom new direct sales Leaders for the long-term growth and sustainability of our Group.

In line with this strategy, we organised various marketing programmes and revamped our marketing plan for the MLM business segment in Malaysia this year. We received encouraging support and positive feedbacks from our Distributors as well as Leaders and these gave us assurance that we are executing the right strategy effectively. As of now, the strategy had begun to bear fruits as we witnessed more emergence of younger direct sales Leaders in the Malaysia market.

In furtherance of our effort to boost our market presence, we continue to drive innovation in our product portfolio and supporting systems to ensure that they continue to meet the customers' demands. Offering quality, accessibility, affordability and choice is key in this respect. While we believe that we are already well-positioned for the future, we still strive to expand the product choices we can offer to the consumers through identifying new trends and growth segments. The trajectory of our business in 2019 was on the right track as we had made progress in broadening our product portfolio and setting up our IT and digital platform with the launch of eCommerce platform in Malaysia and Thailand in May and June 2019 respectively. Our objective is to help our Distributors improve their productivity and profitability though it will take time to show results. And all of this means value for you, our shareholders.

CORPORATE GOVERNANCE

The Board is committed to ensuring that a strong governance framework operates throughout the Group, recognising that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives and to operate a sustainable business for the benefits of all shareholders and stakeholders. The Board recognises that the process of identifying, developing and maintaining high standards of corporate governance suitable for the Company is ongoing and dynamic, to reflect the highest level of integrity, transparency and accountability in the management of Company and its businesses. The core principles that we uphold to ensure good governance are clearly laid down in the Statement on Corporate Governance in this Annual Report.

SUSTAINABILITY COMMITMENT

A commitment to serving the community in where we operate our business has always been at the core of Zhulian's objective. The Group has always been based on the belief that doing what is right will lead to more success than simply focusing on making profit.

Through the years since Zhulian was established in 1989, we help people to lead better lives by providing entrepreneurial opportunity, which can enable people believing in our business model to earn supplemental income and subsequently work towards financial independence. In addition, the innovative, quality products with Zhulian brand can help provide positive results contributing towards betterment in self-esteem and general wellness for healthy living.

Sustainability has always been a part of the Group's business practices. The Sustainability Statement to report on the material sustainability issues of the Group and stakeholders, and also complying with Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Reporting is included in page 19 to 26 of this Annual Report.

OUTLOOK AND PROSPECTS

Based on a report in the first edition (2019) of *Direct Seller Malaysia* newsletter which was published on 26 June 2019, Malaysia's direct selling industry is ranked fourth in Asia, behind China, South Korea and Japan and direct selling industries remains an important contributor to the Malaysia economy. Though the direct selling industry continues to thrive amid the emergence of various new business models, including the growing presence of online retailers, the industry remained resilient. The article also mentioned that the direct selling industry was expected to contribute RM20 billion to the growth of the Malaysian economy in 2020.

Based on Economic Report 2019/2020 published by *The Edge Markets* on 11 October 2019, Asean as a whole is forecast to grow both in 2019 and 2020, driven by robust domestic demand. The region is also seen benefitting from China's large domestic market and rising per capita income through exports and investment. The five largest Asean economies or Asean-5 comprising Malaysia, Singapore, Indonesia, Thailand and the Philippines are expected to grow 5.3% in 2020, supported by private consumption, investment and exports. Hence, we are cautiously optimistic toward the outlook of the overall industry and Malaysia's economy.

NOTES OF APPRECIATION

On behalf of the Board, I would like to extend our gratitude to Mr. Diong Chin Teck, who had retired and resigned from the Board as Senior Independent Non-executive Director on 1 November 2019, for his invaluable service and contribution to the Group during his long tenure as director of the Company. It has been an honour to have him as a member of the Board for more than 13 years.

The Board also wish to take this opportunity to express our appreciation and thanks to all of our shareholders and stakeholders including, direct sales Leaders, Distributors and customers for your continued support and confidence in the management of the Group. I would also like to thank the management team as well as our employees for their tireless efforts and commitment in ensuring we consistently deliver good results amidst the challenges faced.

Last but not least, I also thank the regulatory authorities for providing useful guidance to us and my fellow Board members for their ongoing commitment and dedication in ensuring the Group's competitiveness and performance in the long term.

Thirty years ago, ZHULIAN Group began changing people's lives with a mission to cultivate a culture of beauty and wellness among our community; and an opportunity for additional income. As we celebrate our 30th anniversary together with hundreds of thousand people who have benefitted from our business model in ASEAN, we remain well positioned in MLM market. As always, we will continue to be a results-driven business that strive to make a positive impact among communities where we operate our business. We will also identify new trends and growth segments, explore new ways to bring the Group to a new level. We are confident that all we are doing will create greater long-term value for all our Distributors, customers, employees and shareholders.

On Behalf of the Board,

ZHULIAN CORPORATION BERHAD,

HAJI WAN MANSOOR BIN WAN OMAR
Independent Non-Executive Chairman

ZHULIAN
30 Years
1989-2019
ANNIVERSARY

PENYATA PENGERUSI

Para Pemegang Saham Yang Dihargai,

Bagi pihak Lembaga Pengarah ("Lembaga") **ZHULIAN CORPORATION BERHAD** ("ZHULIAN" atau "Syarikat"), ia adalah satu penghormatan untuk saya membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Disatukan Yang Diaudit *(Audited Consolidated Financial Statement)* bagi ZHULIAN dan subsidiarinya ("Kumpulan ZHULIAN" atau "Kumpulan") untuk tahun kewangan yang berakhir pada 30 November 2019 ("FY2019").

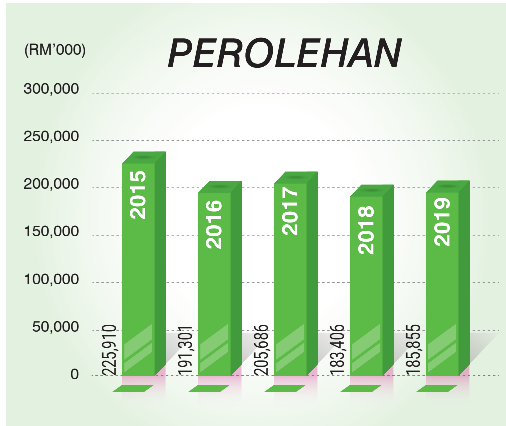
PRESTASI KEWANGAN

Perolehan Kumpulan (tidak termasuk pelarasan Piawaian Pelaporan Kewangan Malaysia 15) bagi tahun kewangan yang berakhir pada 30 November 2019 berjumlah RM185.9 juta, peningkatan sebanyak 1% atau RM2.5 juta, berbanding tahun sebelumnya berjumlah RM183.4 juta.

Keuntungan Sebelum Cukai bagi tahun kewangan yang berakhir pada 30 November 2019 berjumlah RM63.5 juta, iaitu peningkatan sejumlah RM1.1 juta berbanding tahun sebelumnya yang berjumlah 62.4 juta.

Sementara itu, Keuntungan Selepas Cukai bagi tahun kewangan yang berakhir pada 30 November 2019 berjumlah RM49.5 juta, iaitu penurunan sejumlah RM2.9 juta berbanding tahun sebelumnya yang berjumlah RM52.4 juta. Kemerosotan ini adalah disebabkan oleh pergerakan cukai tertunda.

Asas kewangan Kumpulan kekal stabil dengan prestasi menguntungkan dan lembaran imbangan yang baik, manakala ia terus kekal sifar hutang sepanjang tahun kewangan yang berakhir pada 30 November 2019.



PULANGAN KEPADA PEMEGANG SAHAM

Kita sentiasa berusaha untuk mengimbangkan dana Kumpulan kita antara keperluan perniagaan, kewajipan kewangan dan juga memberikan ganjaran kepada para pemegang saham.

Bagi tahun kewangan yang berakhir pada 30 November 2019, Kumpulan mengisytiharkan jumlah dividen RM55.2 juta yang terdiri daripada dividen interim sebanyak 2 sen per saham biasa bagi setiap suku tahun kewangan dan tambahan dividen khas 4 sen per saham biasa bagi suku kewangan keempat.

TINJAUAN PERNIAGAAN

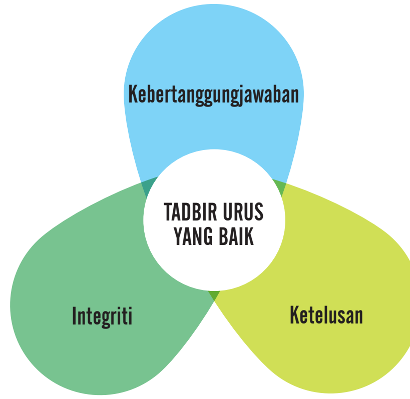
Dalam tahun 2019, kita memesatkan strategi melibatkan dan merekrut generasi lebih muda untuk menyertai rangkaian perniagaan MLM Kumpulan Zhulian untuk melahirkan Pemimpin jualan langsung baru demi pertumbuhan dan kelestarian jangka panjang Kumpulan kita.

Seiring dengan strategi ini, kita menganjurkan pelbagai program pemasaran dan mengubahsuai pelan pemasaran kita bagi segmen perniagaan MLM ini dalam tahun tersebut. Kita memperolehi sokongan menggalakkan dan maklum balas positif daripada para Pengedar serta Pemimpin kita dan ia memberikan kita kepastian bahawasanya kita melaksanakan strategi yang betul dengan berkesan. Kini, strategi tersebut mulai menampakkan hasilnya di mana kita telah menyaksikan kemunculan kumpulan baru yang terdiri daripada para Pemimpin jualan langsung yang lebih muda di dalam pasaran Malaysia.

Bagi melanjutkan lagi usaha kita merangsang pasaran, kita terus-menerus memacu inovasi di dalam portfolio produk serta sistem sokongan kita bagi memastikan ia berterusan memenuhi permintaan para pengguna. Dalam sudut ini, kuncinya adalah menawarkan kualiti, ketercapaian, kemampuan membeli dan pilihan. Sungguhpun kita percaya bahawa kita sudah berada di kedudukan yang baik menuju ke masa depan, namun kita masih berusaha mencari ruang untuk mengembangkan lagi pilihan yang ditawarkan dengan mengenalpasti trend baru dan segmen pertumbuhan. Trajektori bagi perniagaan kita di tahun 2019 adalah di landasan yang betul kerana kita telah mencapai kemajuan untuk memperluaskan portfolio produk kita dan menyiapkan platform IT dan digital kita dengan pelancaran platform E-dagang di Malaysia dan Thailand, masing-masing pada bulan Mei dan Jun 2019. Objektif kita adalah menolong para Pengedar kita meningkatkan produktiviti dan keuntungan mereka meskipun ia akan mengambil masa untuk menampakkan hasilnya. Dan kesemuanya ini memberi nilai buat anda, para pemegang saham kita.

TADBIR URUS KORPORAT

Lembaga berkomitmen memastikan rangka kerja tadbir urus yang kuat dilaksanakan merentasi Kumpulan, mengenalpasti bahawa tadbir urus korporat yang baik adalah komponen penting bagi menyokong barisan pengurusan menyampaikan objektif strategik Syarikat dan menjalankan perniagaan yang mampan demi manfaat kesemua pemegang saham dan pemegang kepentingan. Lembaga mengakui bahawa proses mengenalpasti, membangunkan dan mengekalkan piawaian tinggi tadbir urus korporat yang bersesuaian bagi Syarikat adalah berterusan dan dinamik, bagi mencerminkan tahap tertinggi integriti, ketelusan dan kebertanggungjawaban di dalam pengurusan Syarikat dan perniagaannya. Prinsip teras yang kita julang bagi memastikan tadbir urus yang baik telah dibentangkan dengan jelas di dalam Penyata Tadbir Urus Korporat *(Statement on Corporate Governance)* di dalam Laporan Tahunan ini.



KOMITMEN KELESTARIAN

Berkomitmen untuk berkhidmat kepada masyarakat di mana kita menjalankan perniagaan kita telah sekian lama menjadi teras kepada objektif Zhulian. Kumpulan sentiasa berpegang kepada kepercayaan bahawa melakukan apa yang betul akan melorongkan lebih banyak kejayaan berbanding hanya menumpukan kepada menjana keuntungan semata-mata.

Sekian tahun sejak penubuhan Zhulian di tahun 1989, kita telah membantu orang ramai ke arah kehidupan yang lebih bagus dengan membentangkan peluang keusahawanan yang membolehkan mereka yang meyakini model perniagaan kita untuk memperolehi pendapatan tambahan dan seterusnya meraih kebebasan kewangan. Tambahan lagi, produk inovatif lagi berkualiti berjenama Zhulian boleh menolong untuk memberikan hasil yang positif, yang menyumbang kepada peningkatan keyakinan mahupun kesejahteraan menyeluruh demi kehidupan yang sihat.

Kelestarian sentiasa menjadi sebahagian daripada amalan perniagaan Kumpulan. Penyata Kelestarian (Sustainability Statement) bagi melaporkan perihal kelestarian material Kumpulan dan para pemegang kepentingan, serta pematuhan Syarat-Syarat Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad berkaitan Laporan Kelestarian (Sustainability Reporting) telah dibentangkan di muka surat 19 hingga 26 dalam Laporan Tahunan ini.

TINJAUAN DAN PROSPEK

Berdasarkan laporan Edisi Pertama (2019) surat berita *Direct Seller Malayisa* yang diterbitkan pada 26 Jun 2019, industri jualan langsung Malaysia berada pada kedudukan keempat di Asia, selepas China, Korea Selatan dan Jepun, dan industri jualan langsung ini kekal sebagai penyumbang penting kepada ekonomi Malaysia. Walaupun industri jualan langsung yang sedang giat berkembang di kalangan bermacam-macam model perniagaan baru yang muncul, termasuk juga kehadiran penjual online yang kian bercambah, namun industri ini tetap kekal bertahan. Artikel tersebut turut menyebut bahawa industri jualan langsung dijangkakan akan menyumbang sejumlah RM20 bilion terhadap pertumbuhan ekonomi Malaysia di tahun 2020.

Berdasarkan Laporan Ekonomi 2019/2020 yang diterbitkan oleh *The Edge Markets* pada 11 Oktober 2019, negara-negara Asean secara keseluruhannya diramalkan akan tumbuh di tahun 2019 dan juga tahun 2020, dipacu oleh permintaan domestik yang kukuh. Rantau ini juga dilihat memperolehi manfaat daripada pasaran domestik China yang besar serta pendapatan per kapita yang meningkat melalui eksport dan pelaburan. Lima ekonomi terbesar Asean atau "Asean-5" terdiri daripada Malaysia, Singapura, Indonesia, Thailand dan Filipina dijangkakan tumbuh 5.3% di tahun 2020, disebabkan oleh penggunaan swasta, pelaburan dan eksport. Oleh yang demikian, kita optimistik tetapi berhati-hati terhadap pandangan keseluruhan industri dan ekonomi Malaysia.

PENGHARGAAN

Bagi pihak Lembaga, saya ingin menyampaikan ucapan penghargaan kepada En. Diong Chin Teck, yang telah bersara dan melepaskan jawatannya dari Lembaga sebagai Pengarah Kanan Bebas Bukan Eksekutif pada 1 November 2019, di atas segala perkhidmatan dan sumbangannya yang tidak ternilai kepada Kumpulan sepanjang tempoh perlantikan beliau sebagai pengarah Syarikat. Kehadirannya sebagai ahli Lembaga selama lebih 13 tahun merupakan satu penghormatan buat kita.

Lembaga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada semua para pemegang saham dan pemegang kepentingan termasuk Pemimpin, Pengedar dan pelanggan jualan langsung di atas sokongan berterusan dan keyakinan terhadap pengurusan Kumpulan. Saya juga ingin berterima kasih kepada barisan pengurusan serta kakitangan kerana usaha dan komitmen tidak bertepi yang diberikan bagi memastikan kita sentiasa meraih hasil terbaik dalam apa jua cabaran yang dihadapi.

Akhir kata, saya mengucapkan terima kasih kepada pihak berkuasa kerana membekalkan panduan berguna buat kita dan kepada ahli-ahli Lembaga kerana komitmen dan dedikasi mereka yang berterusan bagi menjamin daya saing dan prestasi Kumpulan bagi jangka panjang.

Tiga puluh tahun lalu, Kumpulan ZHULIAN mulai merubah kehidupan masyarakat dengan misinya memupuk budaya kecantikan dan kesejahteraan; dan membuka peluang untuk penambahan pendapatan. Dengan meraikan ulang tahun ke-30 bersama ribuan insan yang telah memperolehi manfaat melalui model perniagaan kita di Asean, kita mampu mengukuhkan kedudukan kita di pasaran MLM. Seperti biasa, kita akan terus menjadi perniagaan yang didorong oleh hasil, yang berusaha meninggalkan impak positif terhadap masyarakat di mana jua perniagaan kita beroperasi. Kita juga akan mengenalpasti trend-trend baru dan segmen-segmen pertumbuhan, menerokai kaedah-kaedah baru untuk membawa Kumpulan ke tahap yang lebih baik. Kita yakin segala yang dilakukan akan menjana nilai-nilai jangka panjang yang lebih hebat buat para Pengedar, pelanggan, kakitangan dan pemegang saham kita.

Bagi pihak Lembaga Pengarah,

ZHULIAN CORPORATION BERHAD,

HAJI WAN MANSOOR BIN WAN OMAR
Pengerusi Bebas Bukan Eksekutif

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors ("Board") and Management of the Company are pleased to present the Management Discussion and Analysis ("MD&A") for the financial year ended 30 November 2019 ("FY2019"). In this report, we provide a review of our Group's business operations and financial performance for the financial year 2019.

OVERVIEW OF BUSINESS AND OPERATIONS

We are an investment holding company of a Group of Companies that involve in diversified businesses comprising manufacturing and trading of an array of widely diversified products, and other supporting businesses.

Our product categories include fashion jewellery, food and beverages, nutritional supplements in powder, tablet or capsule form, homecare products, home technology appliances, cookware, personal care products and therapeutic products. Approximately 80% of our products are developed by our own R&D facilities and manufactured at our own manufacturing plants.

Our business is conducted primarily via the direct-selling channel. Sales are made to the ultimate consumers principally through direct selling Distributors, who are independent and not our employees. The Group has been in the multi-level marketing ("MLM") industry for 30 years and we provide practical marketing plan along with quality products, training programmes with other facilities and supporting tools for our MLM Distributors to grow and sustain their businesses.

During the year 2019, our business operations span across Malaysia, Thailand, Myanmar, Indonesia and Singapore. Our Headquarter situated in Penang, Malaysia oversees operation of Malaysia, Indonesia and Singapore, whereas our businesses in Thailand and Myanmar are principally operated by our associate in Thailand. Our consolidated revenue derives from operations of subsidiaries in Malaysia and also share of profits from operations of our associate in Thailand. Today, our MLM business segment has an extensive distribution network consisting of 276 Authorised Agencies and branches, and 320,209 Distributors across Southeast Asia.

OVERVIEW OF MARKET PERFORMANCE

In respect of business focus, we continue to be export-oriented whereby 84% of the Group's revenue for the financial year 2019 derived from export businesses. Malaysia and Thailand continued to be the main regions contributing to the Group's revenue, both experienced sales growth during the year.

Sales volume increase in the local market was mainly attributable to management's persistent effort to enhance our marketing plan and ensure it remains relevant to help our Distributors build sustainable businesses and healthy networks. The Group also offered more intensified training for Distributors' personal development during the year, which resulted in the emergence of more newly promoted Leaders amongst the networks. Management sees the need to be more proactive in stimulating a vibrant local market than before as we observe a slower pick-up trend in MLM business segment due to challenging macro-economic environment marked by softening consumer sentiment and decreasing purchasing power due to depreciation of Ringgit Malaysia. We strive to expand our product offerings to cater for evolving market demands and to keep our Distributors motivated.

Thailand market remained as the biggest financial contributor, generating approximately 83% of the Group's 2019 revenue. The market was stable during the year and showed favourable sentiments towards our products as a result of our strong brand positioning.

Our retail business in Myanmar started in March 2019, evolved from the previous MLM model. While the business took longer than expected to establish its footing, it gradually gains support from local community and officials alike.

Amongst all offerings, food & beverage products and nutritional health products achieved top in sales, which contributed to 38% and 24% of the Group's revenue respectively.

OUR BUSINESS STRATEGIES

Our business is built upon the synergy of people working together. Our key objective is to assist our Distributors build a sustainable business by adopting our business model - using and distributing our products and growing the business in accordance with our marketing plan. We are committed to safeguarding the best interest of our shareholders as well as our stakeholders by running our business in a sustainable manner. In line with our objectives, the following were strategic approaches we applied during the year which were set to achieve the Group's business goals.

Reinforce Network Sustainability

We are aware of the fact that a strong Distributor network is the key for business sustainability. In line with this objective, we collate feedbacks from our MLM Leaders and Distributors as important inputs for making strategic decisions. Other than that, we carried out various marketing programmes to motivate the Distributors, groom new Leaders and boost recruitment of new members. We also continue our effort to reinforce our communication and engagement with our Distributors, Leaders and Agents by optimising digital tools.

Continue to Innovate and Increase Product Mix

To ensure our business remain relevant in the market, we adopt continuous innovation strategy. Our manufacturing strength and R&D capacity are added advantages for us to be in control of product quality, cost and speed to respond to everchanging market trends and customer needs. In the year, we placed our focus on homecare, food and beverage and jewellery products.

Enhance Brand Positioning

We know that branding and new product development are closely tied together. To ZHULIAN Group, the best way to enhance brand equity is via superior product benefits and value. We are committed to build our brand and further enhance our brand identity and positioning via social engagement using social media as marketing and advertising tools.

Expanding Export Market

In the aspect of market expansion plan, besides continuing our effort in strengthening our presence in the existing markets, we also continue to explore and capture new market opportunities. With the aim to increase our market share, we started our initiatives to expand our business beyond Southeast Asia countries in 2019. We took measures to explore business opportunities in other parts of the world by participating in trade fairs and actively involved in trade missions organised by Malaysia External Trade Development Corporation (MATRADE).

Enhanced Training Programmes

Our strategy also included making improvement on training modules by placing more focus on grooming new leaders, techniques on utilisation of digital tools to expand consumer reach as well as selling strategies and product knowledge with the objective to help improve our Distributors' earnings opportunity.

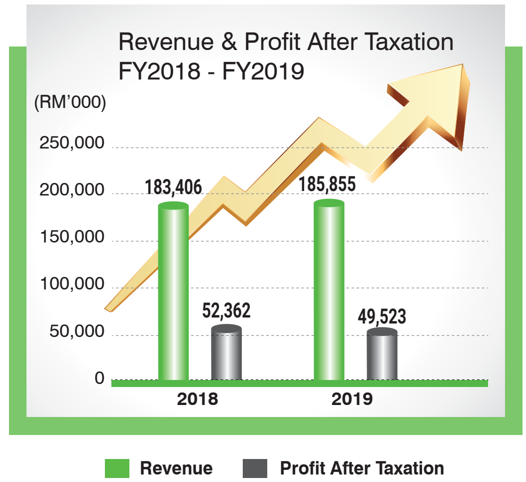
GROUP FINANCIAL HIGHLIGHTS

The Group's revenue (excluding MFRS 15 adjustment) for the financial year ended 30 November 2019 was RM185.9 million, an increase of 1% or RM2.5 million as compared to prior year RM183.4 million. The increase was mainly attributable to higher export sales.

The Group cautiously managed operating expenses to yield profit.

Profit before taxation for the financial year ended 30 November 2019 was RM63.5 million, increased by RM1.1 million as compared to prior year of RM62.4 million.

Meanwhile profit after taxation for the financial year ended 30 November 2019 was RM49.5 million, decreased by RM2.9 million as compared to prior year of RM52.4 million. The decrease was mainly attributable to deferred tax movements.



The Group's financial position remained strong with a total equity registered at RM614.6 million, an increase of RM19.6 million as compared to last financial year ended 30 November 2018 of RM595.0 million. The Group's cash and cash equivalents as at 30 November 2019 was RM191.0 million, representing a net increase of RM41.8 million from RM149.2 million as at 30 November 2018.

The net cash from the operating activities was RM74.7 million. The net cash from the investing activities was RM4.0 million, mainly from interest income received of RM5.3 million offset by capital expenditure of RM1.3 million.

The Group's net asset per share as at 30 November 2019 was RM1.34. Our strong financial base enables us to continue implementing our growth strategy in the future.

RETURN TO SHAREHOLDERS

The declaration of dividends is subject to the discretion of our Board of Directors and will depend upon various factors, including our earnings, capital commitment and financial condition. In FY2019, our business remained profitable and we delivered our dividend commitments to shareholders by declaring a total dividend of RM55.2 million for the financial year ended 30 November 2019 that consists of interim dividends of 2 sen per ordinary share for each quarter and an additional special dividend of 4 sen per ordinary share for fourth quarter.

ORGANISATIONAL AND CORPORATE HIGHLIGHTS

Triple Recognitions That Enhance Our Brand Positioning

In FY2019, the Group received 3 prestigious recognitions that punctuate the position of Zhulian brand on the international stage.

Firstly, in recognition of ZHULIAN's excellent reputation as a Halal brand, ZHULIAN Industries Sdn Bhd was awarded THE ASIA HALAL BRAND AWARDS 2019 (HERITAGE BRAND) for the category of "BEST INNOVATION BEVERAGES & NUTRITIONAL SUPPLEMENT". Our winning of this prestigious award with our own-manufactured instant beverages and nutritional supplement is a testament that ZHULIAN has well established brand presence with proven business performance in the regional Halal food market. Secondly, ZHULIAN was selected as a member of The Edge Malaysia Centurion Club. The third recognition ZHULIAN received was being listed in the DSN Global 100 published in the June, 2019 issue of *Direct Selling News ("DSN")*.

THE EDGE CENTURION Club 2019

Digital Advancement

To keep abreast of the latest market trend that more and more people like to shop online, we revamped our marketing website and added a new feature in our official website for our MLM business – www.zhulian.com.my when we launched our online shopping platform in May 2019. Our Thai associate also launched its eCommerce platform in June 2019.

New Product Launches

In 2019, as part of our strategic marketing efforts to strengthen our brand position in the market, we launched a number of new products in different product category. We rolled out a total 54 designs of gold plated and rhodium plated jewellery products; a new protein beverage and two flavours of premix coffee beverage, together with a cereal drink. We also launched a range of homecare products produced by our own manufacturing plant and also the upgraded model of water purifier, mattress pad and bolster with improved features. Meanwhile in Thailand, we introduced a premix coffee beverage, a range of stainless-steel cookware and a minty mouthwash.

Training Programmes Aligned To Strategies

We are committed to offering free training sessions each year to our independent Distributors for them to learn the product knowledge as well as the correct ways to grow MLM business. In FY2019, we restrategised our training focus to develop and groom younger generation to future Distributor leaders. The training seminars took place in the year includes Young Entrepreneurs Seminar, Soaring High Performance Seminar, Breakthrough Entrepreneur Seminar, Diamond Hope Rally and a series of health seminars. We believe our thrust behind these activities provided opportunities for increased Distributor activity and productivity and paved the way for the Group to boost its performance in the coming year. An incentive tour to Chiang Mai, Thailand was organised in the year as recognition to 97 outstanding Leaders who managed to meet the stipulated conditions.

Our Thailand market continues to be eventful with a host of marketing activities including the monthly rally, a grand convention attended by thousands of Distributors; and many more trainings and events. A mega tour to visit Zhulian Headquarters in Penang and attend a gala dinner in Kuala Lumpur saw a huge group of more than 6000 Leaders from Thailand, Myanmar, Cambodia and Laos.

Venturing Into Cambodia Market

Followed by our strong presence in Thailand market, we set target to expand our business to Thailand's neighbouring countries in Indochina. In view of Cambodia's steady growth of around 8 per cent per annum from 1995 to 2018 and its ranking as the sixth fastest growing economy in the world, we made Cambodia our top priority. Capturing this opportunity, Zhulian Network (Cambodia) Co., Ltd., a new company which is 100% owned by Zhulian (Thailand) Ltd. was incorporated in year 2019 and it is set to commence business officially in 2020. We see our new venture to Cambodia market as an encouraging progress to propel the Group to better performance in future.

MANAGING RISKS

We are well aware that the many challenges we have to face in today's business landscape and the many risk factors which can potentially undermine the efforts of our Distributors and the performance of our business. We continue to take strategic action to mitigate these and other risks faced.

- **Foreign Exchange Risk**

  A big portion of our revenue for 2019 was generated from exports, exposing our business to foreign currency fluctuation that may influence the Group's reported financial results.

- **Credit Risk**

  The Group faced the risk that Authorised Agents may not be able to meet their commitments, resulting delay in collections. Systems and controls are in place to perform periodic credit checks on our Authorised Agents particularly on their payment patterns and inventory variance to mitigate this risk.

- **Stiff Competition from eCommerce**

  We are aware of the emergence of online stores that offer multiple brand choices to consumers has been one of the major challenges we face. On top of that, another key challenge being faced by us was unauthorised selling of our products through eCommerce platforms.

- **Regulatory Challenges**

  Our businesses in both domestic and overseas markets are affected by extensive laws, governmental regulations and other similar constraints and restrictions in the countries where we run our business. At the Company level, we are committed to practice good governance. However, it would be a great challenge for the Group to ensure all our Distributors comply with these laws or regulations.

FORWARD-LOOKING STATEMENT

We foresee FY2020 will be another challenging year for the direct selling industry due to increasingly stiff competition from eCommerce business operators and softening consumer sentiment along with weakening purchasing power as the result of weakening ringgit. Nevertheless, there are pockets of opportunities for us to engage new members to join our business while people are finding alternatives to earn supplemental income. Our business model will be just right for those who aspire to be an entrepreneur with minimal start-up fees.

Moving forward, the Group will continue to endeavour in making the Group's business opportunity more appealing to a younger market segment through social media marketing. Internally, we will continue to adopt rationality in cost control while constantly seeking ways and means in ensuring the relevancy and long-term sustainability of our business while supporting our Distributors in their business by assisting them to retain loyal buyers and develop new leaders. Given our strong brand positioning and established goodwill that we have built through our 30 years existence in the market as well as solid bond and collaboration with our Distributors, Leaders and Agents, the Group is well poised for better performance in FY2020.

SUSTAINABILITY STATEMENT

For ZHULIAN Group, sustainability is a prerequisite for business stability and success. Through 30 years of our existence in the market, we continue to carry out our mission in helping people to become entrepreneurs who can build their own business by providing a workable, equitable business model and quality products. We contribute to the socio-economic development of the countries and communities in which we operate our business. We protect the safety and health of our workforce. We respect human rights and we manage our impacts on the environment, both today and with future generations in mind. We stay true to our commitment towards sustainability, by embedding environmental, social and economic considerations into all our business decisions, as well as engaging all our stakeholders to do the same.

Stakeholders Engagement

In ZHULIAN Group, we believe that the key to success in ensuring business sustainability is very much depend on our ability to deliver long-term value to all our stakeholders. We apply materiality across our value chain through the corporation with our stakeholders to identify material sustainability matters that have significant impact on our economic, environment and social sustainability. We collaborate with our stakeholders in order to better manage risks that may exist along our supply chain.

Towards economic, environment and social sustainability, we promote good corporate governance, fair operating practices and the following is a summary of the engagement methods we adopt to ensure on-going interaction with all our stakeholders.

STAKEHOLDER GROUP	ENGAGEMENT METHOD
Distributors and Customers We strive to provide quality products and services to meet the customers' expectation and at the same time support Distributors in growing their business.	• Customer Service Hotline • Social media and website • Training and development programmes • Marketing Activities - conventions, seminars, roadshows and rallies • Promotion Campaigns • Plant Tours
Authorised Agents We work closely with Authorised Agents to engage Customers and Distributors.	• Training and supporting services • Meetings and dialogues • Information updates via circulars • Field visits
Employees We value teamwork and strive to create a conducive workplace.	• On-going internal and external trainings • Internal communication system via memos and circulars • Performance appraisal system
Shareholders and Investors We are committed to safeguard the shareholders' interest.	• Annual General Meeting • Website • Annual Report • Quarterly Reports
Government and Regulators We are committed to ensure all our business operations comply with the statutory and regulatory requirement.	• Participation in events organised by Government, regulatory bodies and technical association
Vendors and Contractors We build business relationship for long-term mutual benefits.	• Meetings • Site visits • Periodic inspections and assessments
Community and General Public We are committed to create positive impacts among communities where we operate our business.	• Direct Selling engagement • Donations to local communities • Sales and marketing activities • Social media and website

As a corporate citizen, our business decisions aim to optimise its positive influence and minimise its negative influence to the people and environment as a whole. In ensuring customers' satisfaction and encouraging fair competition in the marketplace, strict measures are taken to ensure its business operations are in total compliance with all regulatory requirements set by the relevant authorities.

As an MLM business entity, besides adhering to all the provisions of the Direct Sales and Anti-Pyramid Scheme Act 1993 and also to the DSAM (Direct Selling Association of Malaysia)'s Code of Conduct, Personal Data Protection Act 2010 and other statutory or regulatory requirements relating to our MLM business, our MLM subsidiary and associate also practices self-regulation and the same apply to its Distributors who are bound by the rules of conducts stipulated in Zhulian Business Manual.

Being a market-oriented Group of Companies, we also ensure that our products meet the highest quality standards. The Group's food manufacturing division which is Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP) compliance also adopts the ISO 22000 Food Safety Management System and ISO 9001 Quality Management System that serve to ensure only the best is delivered to the market.

The implementation of responsible operating practices is our strategic choice to ensure business sustainability, taking account of social and economic challenges, environmental opportunities and threats. Risk management and internal control system are in place to enhance the efficiency, and effectiveness and overall performance of the Group's operations and ultimately provide maximum sustainable value to all the business activities in the Group.

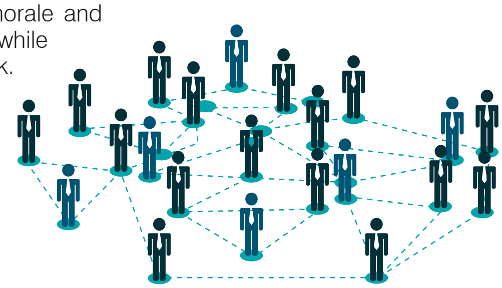
We adopt a balanced approach to long-term social, environmental and economic objectives based on the 3 main pillars of sustainability: economic sustainability, environmental sustainability and social sustainability which are interdependent on each other.

ECONOMIC SUSTAINABILITY

Through the years, the Group has contributed towards the socio-economic development of the countries where we have presence by providing an opportunity to earn supplementing income and improve their living. We uphold our commitment to economic sustainability by offering quality products and services to our consumers and Distributors, providing supports to our Distributors in their business and promoting ethical business practices while ensuring our business continues to generate profit by using our resources efficiently and responsibly so that our business can operate indefinitely. Towards this end, we make ethical choices in every business decision so that the national economy benefits, and the stakeholders involved in our business benefit.

Sustaining Business Network

Recognising that network strength and Distributors' productivity are crucial for the growth and sustainability of the Group's business, we seek to strengthen the morale and sense of belonging among our Distributors to bring them closer together while taking more aggressive measures to engage new people to join our network. We are driven by a desire to understand the need of our Distributors, and always enthusiastic about rendering assistance to them in ensuring their needs are fulfilled and their goals are achieved. We support them by providing supporting services to help them grow their business as well as comprehensive training and development at agency level as well as company level as part of continuous personal and professional development and also a way to boost their morale.



Inventory Management

We are aware of the importance of inventory management to bring considerable cost reduction via optimal stock holding. We take cautious steps in our product development planning, particularly in determining what products to be launched, and estimating the market demand of new launched products to prevent overstock. We also take measures to manage slow-moving stocks and always look for better methods of inventory control based on our inventory aging reports.

Mitigating Risk

As we import raw material from overseas and we also export our products to overseas markets, the operations of the Group are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk. In order to mitigate foreign exchange risk, we are adopting the natural hedging strategy. We consistently monitor the fluctuation of our local currency against U.S. dollar because our exports are denominated in U.S. dollar. Other than that, we continue to monitor other risk factors that may cause an impact on our business and evaluate our strategy accordingly. To mitigate the credit risk, credit control system is in place and analysis on agents' credit report is conducted every month in order to stay in control. As we seek to tap new markets in other countries, we also face risk on regulatory issues such as trademark, license, permits, custom duties and taxes. We interact closely with Malaysia External Trade Development Corporation (MATRADE) and conduct feasibility studies to mitigate such risks.

Procurement and Vendor Management

To ensure the economic sustainability of the Group, especially in ensuring the cost effectiveness of overall business operations which encompass manufacturing, MLM and other diversified businesses, we take a collaborative approach to our quality management system which includes the activities of our entire value chain. The manufacturing processes of our Food & Beverage products conform to Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Points (HACCP), ISO 22000 Food Safety Management System and ISO 9001 Quality Management System. Hence, we have stringent selection criteria for our vendors and contractors. We also insist on the same commitment from them with regards to compliance of all legal and contractual obligations and uphold high ethical and quality standards in procurement and other processes. It is a requirement for all our vendors and contractors to provide us with the relevant supporting document as evidence to their compliance status and other certification documents relating to their business entity as well as the material supplied or the service provided by them. We also conduct annual assessment to evaluate the performance and compliance status of our vendors and contractors.

Customer and Community Relations

We are fully committed to carry on our mission of cultivating a more fulfilling life by providing quality products and services that improve people's lives in terms of beauty, health and convenience. With our strong presence in the market, we have built a strong customer base and large community who are either the users or Distributors of our products. Through our MLM business that promote person to person engagement, we managed to bring them closer so that they have faith in what we offer. Those who use and enjoy the benefits of our products will continue to support our business.

Aside from our routine direct marketing approach, in the year of review, we also organised series of Health Awareness Seminars and Facebook live streaming on health topics to educate the community or public on general health issues while giving recommendation on how to stay healthy through consumption of our products.

As a good corporate citizen, the Group has always recognised the need to serve the Society and has been contributing to the Society within its means. In FY2019, the Group donated 20 units of used personal computers to Ti-Ratna Welfare Society, Kuala Lumpur. On top of that, the Group also contributed 2000 sample sets of our coffee products as part of the gifts in goody bags for Autism Acceptance Run 2019 co-organised by Penang State Government, Penang State Youth & Sport Committee and City Stars Church.

During FY2019, we had the honour of offering the Royal Crown Auditorium at our premise as venue of Penang Let's Go Global & Alibaba Netpreneur Sharing Seminar organised by Malaysia Digital Economy Corporation (MDEC) which was attended by more than 200 pax of entrepreneurs who had the interest in advancing their business venture into eCommerce.

On top of that, we also became one of the sponsors of a conference themed 'Inspiring Future Leaders" organised by Penang Women Chamber of Commerce (PWCC) in Penang. We also contributed RM8,000 to a fund-raising dinner organised by Malaysia Red Crescent Society.

Preserving Confidentiality of Information (Data Privacy)

We are committed to safeguard the availability, integrity and confidentiality of information by adhering to information security policies and procedures applicable to our business. In our daily business operation, it is our policy to comply with Personal Data Protection Act 2010 on protection of personal data that is required to be maintained for our own use and we take reasonable measures to ensure the security of the personal data that we collect, store, process or disseminate. Systems and procedures are also in place where all employees must comply with all the relevant laws and regulations, including data privacy and computer security.

ENVIRONMENT SUSTAINABILITY

It is the Group's policy to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates.

In ZHULIAN Group, we address environmental issues based on the standards set under Good Manufacturing Practices (GMP), ISO 9001, ISO 22000 and HACCP in order to minimise the impact of our operation on the environment. We have an environmental policy in place to closely monitor and periodically review its operations on resources usage and waste management issues. We promote sound environmental practices by constantly evaluating ways to reduce the environmental impact of our operations through optimising the use of resources and minimising waste. We also ensure that the materials we use and the products we produce comply with our own and our stakeholders' standards.

With the active participation of our employees and Distributors, we believe that our effort to address environmental issues will make our business more efficient, drive customer and employee connection, and have a positive impact on our communities.

Optimising Resources Usage

All along, we promote efficiency in water and power usage. We have gradually replaced the lights at our plants to LED lights which are more energy efficient and environment friendly. On top of that, our facilities are all equipped with heat regulators and cooling systems. We also get our employees involved in water-saving and energy-saving practices by putting up reminder posters at workplace. The Group has also decided to use e-annual report started from FY2019 and cut down the quantity of printed annual reports on papers as well as Compact Discs as part of our effort to protect the environment. We thank all our shareholders for collaborating with the Group in this effort by downloading the soft copy of this annual report via our official corporate website: www.zhulian.com.

Product Development Management

Our aspiration to give the best in terms of quality and benefits through our products

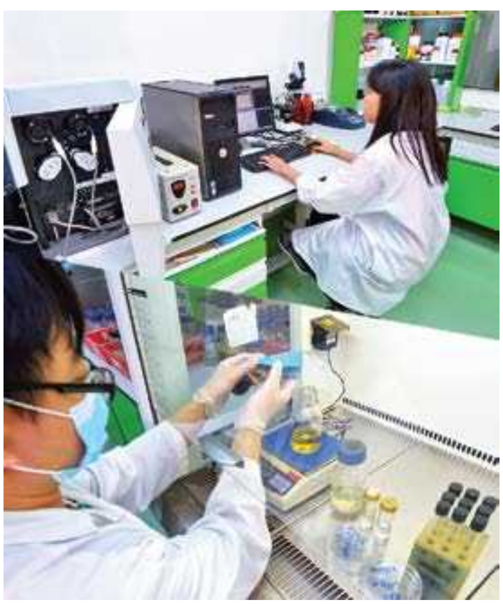
is what pushes us to move forward. Product innovation and changes in product portfolio are necessary in our business in order to meet the everchanging market demands. Standard Operating Procedures are in place for managing the product development process from processes of sourcing of raw material, requesting quotations, validating and approving proposals, issuance of purchase orders to tracking project schedule for actual product launch.

Waste Management

With the objective to minimise the impact of our business processes on the environment, our manufacturing and printing facilities, particularly our jewellery manufacturing, homecare products' manufacturing facilities and food manufacturing plant are equipped with an environmental-friendly wastewater treatment system to treat wastewater in compliance with regulatory standards prior to discharge or disposal. In addition, an air scrubber is also installed for the control of hazardous fumes released from the electroplating process. We also encourage our employees of all levels to reduce wastage in all business processes by educating them how to segregate waste for recycling purposes in separate bins. Office and warehouse staffs also make it a practice to recycle papers and cartons for internal use in order to cut down the usage. Other than that, we have also put in place procedures on how to manage and dispose waste effectively at our production area. Besides what we do internally, we also engage our Distributors to contribute toward our Go Green initiative by promoting the usage of recycle bags instead of plastic bags by distributing recycle bags to Distributors during marketing activities held in Zhulian Headquarters.

SOCIAL SUSTAINABILITY

We continued to carry out our mission to provide an opportunity to the public at large to help improve their living. In line with our effort 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 water as well as supplementing quality nutrition products.



Product Quality and Safety

As a responsible company which develops, manufactures and distributes a wide variety of products, we acknowledge the importance of product quality in ensuring business viability and market competitiveness. Each of our processes along our supply chain of food products, from sourcing of raw material to delivery of goods conform to the highest standards of quality, cleanliness, hygiene and safety in accordance to GMP, ISO 9001, ISO 22000 and HACCP. Our products including our food products, home detergent products and personal care products also adhere to the relevant regulations and laws, particularly Food Act 1983, Environmental Quality (Prohibition on The Use of Controlled Substance in Soap, Synthetic Detergent and Other Cleaning Agents) Order 1995, Malaysia Laws on Poisons and Sales of Drugs and the Malaysian Guidelines for Control of Cosmetic Products. On top of that, all our consumable products also conform to the strictest hygiene and sanitary standards stipulated under Halal regulatory requirements set by the Department of Islamic Development Malaysia (JAKIM). To provide assurance to users on quality and safety for use, our electrically powered home technology products are also inspected and tested by SIRIM QAS Malaysia.

Human Rights Commitment

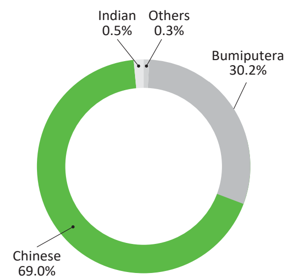
The Group is committed to uphold internationally recognised human rights in areas of its operations, complying with all relevant legal requirements. The Group is vigilant to ensure all projects and activities comply not only with the safety and environment, but also on the social dimensions. Aspects and matters arising from community health (air, water, noise pollution), safety (production by-products, traffic flow that may cause risk), community sensitivities (cultural, religious elements) are aptly addressed.

Workforce Diversity

During the closing of FY2019, we had 600 employees who work in Zhulian Headquarters situated in Penang which consist of four plants at Bayan Lepas, Penang. In ZHULIAN Group, we foster a corporate culture that respects diversity without discrimination based on gender, age or race. We are committed to ensure that all our employees have equal opportunities regarding remuneration, development and evolution without making any discrimination based on their age, gender, religion and race. The following chart shows the diversity, age composition and gender composition of the Group's workforce.

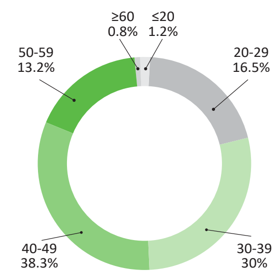
ETHNICITY COMPOSITION

Ethnicity	Executive	Non-Executive	Total	Percentage (%)
Bumiputera	18	159	177	30.2
Chinese	140	278	418	69.0
Indian	2	1	3	0.5
Others	0	2	2	0.3
Total	160	440	600	100.0



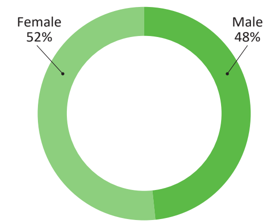
AGE COMPOSITION

Age Group	Executive	Non-Executive	Total	Percentage (%)
<20	0	9	9	1.2
20-29	21	74	95	16.5
30-39	35	144	179	30.0
40-49	66	165	231	38.3
50-59	34	46	80	13.2
>=60	4	2	6	0.8
Total	160	440	600	100.0



GENDER COMPOSITION

Gender	Executive	Non-Executive	Total	Percentage (%)
Male	67	222	289	48.0
Female	93	218	311	52.0
Total	160	440	600	100.0



Employee Welfare

The Group's business premises are designed with a view to promoting safety and healthy working conditions for employees. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. Furthermore, signages for escape routes and exits are placed clearly to ensure that employees are able to evacuate from the premise orderly and safely in the event of emergency.

We offer our employees wages and benefits better than what are required by the Employment Act 1955. All our employees are provided with staff uniform, company transport, meal allowance, in-house and panel clinics medical facilities; and insured with Group Hospitalisation insurance.

Offering employees diverse learning and development programmes provides the driving force for the Group's innovation and growth. All employees must receive orientation training when they first report to work, which covers company introduction, employee benefits, labour safety and health, ISO education and rules of conduct.

The Management maintains good communication and interaction with the employees via memos and departmental meetings to ensure clarity of vision and better alignment to the organisational goals. In our effort to cultivate a positive and sustainable service culture, we strongly encourage our employees to collate feedbacks from Customers and Distributors with the objective to further improve service quality.

Cleanliness and Safety of Workplace

In elevating fitness and productivity among the employees, we ensure that our employees operate in safe and conducive work environment. 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. 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.

Our Group's sustainability framework incorporates ongoing measures in ensuring health, safety and security of our people are maintained at all times. All health and safety risks, for existing and new projects and activities are managed across the business through our strict adherence to Occupational Safety and Health Administration (OSHA) requirement. We apply Risk & Hazard Analysis at our GMP, HACCP accredited plant as well as conducting safety audit periodically as risk assessment tools to identify all the hazards and risks, which are then mitigated through preventive measures.

It is compulsory for all the operators at our production facilities to undergo on-the-job training to learn the proper work methods according to stipulated work instructions especially in the aspects of manning sophisticated machines and equipment in order to prevent workplace hazards.

Besides having a comprehensive Safety and Health Policy, we have set up a Safety Committee to monitor the workplace and address any safety issues that arise. We have also a trained Emergency Response Team and a First Aider Team to act promptly during emergency. We conduct fire drills and evacuation exercises periodically as part of workplace safety initiatives. Training on proper use of equipment and proper work instructions have been conducted periodically in order to prevent workplace hazards from happening.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Haji Wan Mansoor Bin Wan Omar**
  (Independent Non-Executive Chairman)
- **Teoh Meng Keat**
  (Chief Executive Officer)
- **Teoh Meng Soon**
  (Group Executive Director)
- **Teoh Meng Lee**
  (Group Executive Director)
- **Tan Lip Gay**
  (Independent Non-Executive Director)
- **Oon Hock Chye**
  (Independent Non-Executive Director)

AUDIT COMMITTEE

- **Oon Hock Chye** (Chairman)
- **Haji Wan Mansoor Bin Wan Omar**
- **Tan Lip Gay**

NOMINATING COMMITTEE

- **Tan Lip Gay** (Chairman)
- **Haji Wan Mansoor Bin Wan Omar**
- **Oon Hock Chye**

REMUNERATION COMMITTEE

- **Tan Lip Gay** (Chairman)
- **Haji Wan Mansoor Bin Wan Omar**
- **Oon Hock Chye**

RISK COMMITTEE

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

PRINCIPAL PLACE OF BUSINESS

Plot 42, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang.
Telephone No.: 04-6162020 Fax No.: 04-6425989

COMPANY SECRETARY

Ch'ng Lay Hoon (MAICSA 0818580)

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 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 George Town, Penang
Telephone No.: 04-2280511
Fax No.: 04-2280518

SHARE REGISTRAR

Agriteum Share Registration Services Sdn Bhd
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Telephone No.: 04-2282321
Fax No.: 04-2272391

PRINCIPAL BANKERS

CIMB Bank Berhad
United Overseas Bank (Malaysia) Bhd

SOLICITORS

Murad & Foo

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 27 April 2007)

Stock Code	:	5131
Stock Name	:	**ZHULIAN**
Syariah Status	:	Approved by Syariah Advisory Council and Securities Commission

WEBSITES:

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

BOARD OF DIRECTORS' PROFILE

HAJI WAN MANSOOR BIN WAN OMAR

Independent Non-Executive Chairman

Haji Wan Mansoor Bin Wan Omar, a Malaysian male aged 71, 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 MENG KEAT

Chief Executive Officer

Teoh Meng Keat, a Malaysian male aged 53, is the Chief Executive Officer of the Group. He was appointed to our Board as the Group Managing Director on 29 April 2006. Subsequently, he has been promoted to the current position and taken over the stewardship of the Group since 14 December 2018.

Mr. Teoh Meng Keat joined the Group 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 subsequently promoted to the position of Group Managing Director in 1998. Drawing upon his wide experience in IT, finance and corporate management, and strategic planning, he is instrumental in coordinating and carrying out the Group's business development plans and in seeking excellence in every area of operations. Over the years, he has contributed significantly to the development and implementation of the Group's systems, procedures, policies as well as the growth of the Group.

He is responsible for developing business strategies, making corporate decisions and setting business directions of the Group. While spearheading the management team in achieving the strategic goals of the Group's diverse business operations in Malaysia, he also collaborates closely with the Group's Associate in major business decisions relating to overseas establishments.

TEOH MENG SOON

Group Executive Director

Teoh Meng Soon, a Malaysian male aged 50, 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 50, 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.

TAN LIP GAY
Independent Non-Executive Director

Tan Lip Gay, a Malaysian male aged 56, 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.

OON HOCK CHYE
Independent Non-Executive Director

Oon Hock Chye, a Malaysian male aged 52, was appointed to our Board as an Independent Non-Executive Director on 17 October 2018. He is a member of Malaysian Institute of Accountants (MIA), a fellow member of the Association of Chartered Certified Accountants (ACCA), a fellow member of the Chartered Tax Institute of Malaysia (CTIM) and also a Certified Financial Planner (CFP). He also holds both a tax agent license and GST agent license, issued by the Ministry of Finance.

Oon Hock Chye started his taxation career with Deloitte Touche Tohmatsu, a 'Big-4' Accounting Firm before starting his own practice under the name of Consulnet Tax Services Sdn. Bhd. in the year 1996. With more than 25 years experience in the field of taxation, he is the National Tax Director of ShineWing TY Teoh Malaysia, one of the leading and fastest-growing consulting service providers in Malaysia with branches in Singapore, Johor, Kuala Lumpur, Penang, Perak and Labuan and a member firm of ShineWing International ("SWI"), a global network of independent accounting and consulting firms which is consistently ranked as Top 20 largest accounting network by the World Survey of International Accounting Bulletin (IAB). He also sits on the board of AE Multi Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad as an Independent Non-Executive Director.

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

Except for Oon Hock Chye who is also the Non-Executive Director of AE Multi Holdings Berhad, other Directors in the Board do not hold directorship in any other public companies.

None of the Directors has:
- 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 MENG KEAT, Chief Executive Officer
TEOH MENG SOON, Group Executive Director
TEOH MENG LEE, Group Executive Director

For the profile of the above Directors, please refer to pages 28 and 29 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 53, 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 52, 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 57, 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 54, 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 56, 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 58, is the Senior Distribution Manager of ZMMSB overseeing the distribution and logistics of our products to our domestic distribution network. Before joining ZMMSB as Distribution Manager on 1 February 1994, he had gained relevant experience at a few multi-national companies in Penang. He was promoted to his current position in 2012.

OOI HOCK KOOI

Senior Maintenance & Facilities Manager

Ooi Hock Kooi, a Malaysian male aged 55, 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.

LEE BOON CHIEN

Group Finance Manager

Lee Boon Chien, a Malaysian male aged 34, is responsible of group-wide financial and accounting functions. He also oversees corporate matters of foreign operation. He practised his professional career with PricewaterhouseCoopers PLT for more than 10 years before joining the Group in 2019. He is a member of the Malaysian Institute of Accountants (MIA) and a fellow member of the Association of Chartered Certified Accountants (ACCA).

PHUAH LAY THENG

Senior Finance Manager

Phuah Lay Theng, a Malaysian female aged 51, is responsible of the financial and accounting functions in relation to the Group's manufacturing activities, in particular food & beverages and nutritional products. She accumulated 9 years of external audit experience before joining the Group as an accountant in 2006, and subsequently promoted to the current position in 2011.

LOH YEE SING

Senior Finance Manager

Loh Yee Sing, a Malaysian female aged 45, is responsible of the financial and accounting functions in relation to the Group's marketing activities and jewellery production. She has over 5 years of experience in corporate planning before joining the Group as an accountant in 2006, and subsequently promoted to the current position in 2011. She is a member of both the Malaysian Institute of Accountants (MIA) and the Chartered Accountants Australia & New Zealand (CA ANZ).

Notes:
Save and except 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

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

This statement is prepared pursuant to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission of Malaysia ("SC") on 26 April 2017 and Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). In producing this statement, guidance was drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Berhad.

The Board of Directors ("the Board") of ZHULIAN ("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 Board is pleased to present below, an overview statement on the application of the principles except where it is stated otherwise and the extent to which the Company has complied with the recommendations of the Code throughout the financial year ended 30 November 2019.

The comprehensive Corporate Governance Report ("CG Report") is published on the Company's corporate website at www.zhulian.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS
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 Chief Executive Officer however, ensures 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.

All the Directors of the Company have objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Company.

c. Board Charter

The Board has in place the Board Charter established to promote high standards of corporate governance, provide guidance and clarity for Directors and Management regarding the roles and 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 are 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 Chief Executive Officer 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 a Sustainability Policy. Nevertheless it is always mindful to strike the right balance between the needs of the wider community vis-à-vis commercial objectives. 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 Secretary, the External Auditors as well as independent professional advisers, to enable them to discharge their responsibilities.

h. Qualified and Competent Company Secretary

The Board is supported by a qualified Company Secretary 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 Secretary 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 as well as 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 Secretary or her 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 Secretary also facilitate timely communication of decisions made by the Board at Board meetings, to the Senior Management Team for action. The Company Secretary 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 six (6) members, three (3) 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 relationships that could materially interfere with the exercise of their independent judgements.

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 operational and corporate decisions and managing the Group's daily operations.

The Independent Non-Executive Directors provide the Company with unbiased, independent views and decisions. They do not participate in the day-to-day management and the daily business of the Group. This serves 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 members from various professions with unique individual quality, expertise, skills and relevant market and industry knowledge and ensures that the necessary financial and human resources are in place at all times 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 Audit Committee, Risk Management Committee, Nominating Committee and Remuneration Committee, in order to enhance business and operational efficiency and efficacy. The Board appoints the members and the Chairman of each Committee.

Terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. 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 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 Oon Hock Chye	- Member
Mr Diong Chin Teck *(resigned on 1 November 2019)*	- 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 Annual General Meeting ("AGM") of the Company to be held on 6 May 2020;
- 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 Chief Executive Officer, Directors and Senior Accountants and to ensure they have the time to discharge their respective roles;
- recommendation for the retention of Tuan Haji Wan Mansoor bin Wan Omar and Mr Tan Lip Gay who have served for a cumulative period of more than nine (9) years to continue in office as Independent Non-Executive Directors;
- recommendation to the Board of Directors in relation to resignation of Mr Diong Chin Teck as Senior Independent Non-Executive Director, chairman of the Audit Committee and member of Nominating Committee, Remuneration Committee and Risk Management Committee; and
- reviewed and assessed the effectiveness of the Audit Committee in carrying out its duties as set out in the terms of reference.

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 Secretary ensures 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 Secretary 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 assessments 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. 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.

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.

The Board acknowledges the recommendation of MCCG on gender diversity. 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, time commitment, knowledge and experience in meeting the needs of the Group. The Nominating Committee will continue to take steps to ensure suitable women candidates are sought and considered as part of its recruitment exercise.

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

The Company's 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 6 May 2020 are detailed in the Notice of the Twenty-Third 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 comprises three (3) 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 Oon Hock Chye	- Member
Mr Diong Chin Teck *(resigned on 1 November 2019)*	- 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 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 2019, as categorised into appropriate components 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							
*Mr Teoh Beng Seng	–	984	103	–	72	5	1,164
Mr Teoh Meng Keat	–	984	103	–	132	7	1,226
Mr Teoh Meng Soon	–	420	44	–	56	1	521
Mr Teoh Meng Lee	–	420	44	–	56	1	521
Non-Executive Directors							
Tuan Haji Wan Mansoor bin Wan Omar	45	–	–	4	–	–	49
Mr Tan Lip Gay	45	–	–	3	–	–	48
Mr Oon Hock Chye	45	–	–	4	–	–	49
**Mr Diong Chin Teck	45	–	–	4	–	–	49

** resigned from ZHULIAN as Group President and CEO on 12 December 2018 but has remained as a director in subsidiaries*

*** resigned on 1 November 2019*

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 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 includes regular attendance at Board meetings, time devoted to review board papers before their meetings and time devoted to attend relevant 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 Secretary by way of minutes of meetings. Confirmed minutes of each meeting of the Committee are 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 2019, four (4) Board meetings were held and details of the Directors' attendance are as follows:-

Directors	Attendance
Executive Directors	
Mr Teoh Meng Keat (Chief Executive Officer) *(redesignated on 14 December 2018)*	3/4
Mr Teoh Beng Seng (Group President and Chief Executive Officer) *(resigned on 12 December 2018)*	–
Mr Teoh Meng Soon	4/4
Mr Teoh Meng Lee	4/4
Independent Non-Executive Directors	
Tuan Haji Wan Mansoor bin Wan Omar	4/4
Mr Tan Lip Gay	4/4
Mr Oon Hock Chye	4/4
Mr Diong Chin Teck *(resigned on 1 November 2019)*	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 Secretary 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, training programmes and seminars attended by the Directors are as follows:-

Directors	Training Programmes & Seminars
Mr Teoh Meng Keat	Penang Let's Go Global & Alibaba Entrepreneur Seminar Alibaba Netpreneur Training (Malaysia Program #2) Facebook Marketing MasterClass Digital Marketing MasterClass 2019 (Search Engine Marketing)
Mr Teoh Meng Soon	Awareness Training of ISO 22000:2018 Enhancing Scheduled Waste Spill Response Management (with Spill Response Exercise) Penang Let's Go Global & Alibaba Entrepreneur Seminar
Mr Teoh Meng Lee	Penang Let's Go Global & Alibaba Entrepreneur Seminar
Mr Tan Lip Gay	Penang Let's Go Global & Alibaba Entrepreneur Seminar
Mr Oon Hock Chye	Malaysian Property Tax, Income Tax, Estates & Trusts Transfer Pricing Documentation : Preparation to Completion National Tax Conference 2019 Payroll Tax 2019 : Practical & Complete Ways To Reduce Employment Tax For Attractive Remuneration Packages Seminar Percukaian Kebangsaan 2019 Budget 2020 : Income Tax | RPGT | SST Latest Updates and Comprehensive Tax Planning
Mr Diong Chin Teck *(resigned on 1 November 2019)*	Income Tax On Property Development Activities – Understanding the rules and managing practical issues

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 2019, the Board is generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their abilities to act in the best interests of the Group in decision making.

b. Tenure of Independent Directors

The two (2) Independent Directors namely, Tuan Haji Wan Mansoor bin Wan Omar (Chairman) and Mr Tan Lip Gay have each attained a cumulative term of more than nine (9) years, have been recommended by the Board to be retained as Independent Directors on the grounds that they are able to bring independent and objective judgements 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 and Mr Tan Lip Gay have each served the Board as Independent Non-Executive Directors for a cumulative term of more than nine (9) years. 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 to 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 Chief Executive Officer

The positions of the Chairman 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 role between the Chairman 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 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 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 Chief Executive Officer is accountable to the Board for the observance of management's limitations.

The roles and responsibilities of the Board Chairman, 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.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT
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. Risk Management Committee

Recognising the importance of risk management, the Risk Management Committee ("RMC"), led by the Chief Executive Officer was formed on 17 October 2018. The Board has established a structured risk management framework to determine the Company's risk tolerance level and to identify, assess, manage and report the principal business risks faced by the Group on an ongoing basis.

The RMC comprises one (1) Executive Director and three (3) Non-Executive Directors. The members of the RMC are as follows:

Name of Members	Position
Mr Teoh Meng Keat	- Chairman
Tuan Haji Wan Mansoor bin Wan Omar	- Member
Mr Tan Lip Gay	- Member
Mr Oon Hock Chye	- Member
Mr Diong Chin Teck *(resigned on 1 November 2019)*	- Member

The Group makes informed decisions about the level of risk it is willing to undertake and implement the necessary controls to pursue the objectives. The Board is provided with reasonable assurance that all the foreseeable business risks have been mitigated and managed in line with the risk management framework.

d. 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 once during each financial year to exchange impartial 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 AGM.

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.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

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. Notice of AGM and related documents are sent to shareholders not less than twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report.

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 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, and 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 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 tasked with 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 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 2019, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable Malaysian Financial Reporting Standards have been complied with; 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 or other irregularities; and
- all transactions are properly authorised and that they are recorded timely to facilitate preparation of true and fair financial statements.

This Statement is made in accordance with a resolution of the Board dated 4 March 2020.

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 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 Oon Hock Chye *(redesignated as Chairman on 1 November 2019)*	- Chairman
Mr Diong Chin Teck *(resigned on 1 November 2019)*	- Chairman
Mr Tan Lip Gay	- Member
Tuan Haji Wan Mansoor bin Wan Omar	- Member

The Chairman of the Audit Committee, Mr Oon Hock Chye is a member of the Malaysian Institute of Accountants ("MIA"), a fellow member of the Association of Chartered Certified Accountants (ACCA), a fellow member of the Chartered Tax Institute of Malaysia (CTIM) and also a Certified Financial Planner (CFP).

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 2019. 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 Oon Hock Chye	4/4
Mr Diong Chin Teck *(resigned on 1 November 2019)*	4/4
Mr Tan Lip Gay	4/4
Tuan Haji Wan Mansoor bin Wan Omar	4/4

The Company Secretary or her representatives were present at all the meetings. Representatives of the External Auditors, Messrs KPMG PLT, the Senior Accountants 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 had 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 2019, the Audit Committee discharged its functions and carried out its duties in accordance with the Terms of Reference of the Audit Committee. The summary of principal activities undertaken by the Audit Committee is 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 2019 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 AGM;
- 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 2019;
- 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 2019; 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 financial 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 an 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 2019 amounted to approximately RM190,000.

This Report is made in accordance with the resolution of the Board dated 4 March 2020.

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 and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, 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 during the financial year under review. The associated company of the Group has not been dealt with as part of the Group for the purpose of applying this guidance.

Board's Responsibility

The Board recognises its overall responsibility for the Group's risk management and internal control system 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 to the Risk Management Committee and Audit Committee 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 of the Group. The system of internal control covers not only financial but operational, environmental, compliance and risk management aspects.

Due to the inherent limitations in any system of risk management and internal control, the risk management and internal controls implemented which are intended to manage the Group's key areas of risk within an acceptable risk profile, 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 of financial information and records or against 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.

Both the Risk Management Committee and Audit Committee assist the Board to oversee the management of all identified material risks including review of the adequacy and effectiveness of the Group's risk management and internal control system to ensure that appropriate measures are carried out by the Management to obtain the level of assurance required by the Board.

Risk Management Framework

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.

The Board believes that the following key elements of the Group's risk management framework are integral to maintaining a sound risk management and internal control system:

- Risk Management Committee ("RMC") has been tasked with the responsibility to identify and communicate to the Board the key risks (present and potential) faced by the Group, their changes in risk profile and action plans by the Management to manage the risks; and

- Identify principal risks (present and potential) faced by operating units in the Group and Management's deployment of internal controls to mitigate or manage these risks.

The Management is responsible for ensuring that the day-to-day management of the Group's activities is in conformance with the Company's policies and the objectives of the Management.

The key responsibilities of the Management in respect of risk management is to identify, evaluate, monitor and report of risks and internal control as well as provide assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function, which operates across the Group.

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 operations of the Group are exposed to a variety of business and financial risks. The Risk Management Committee sets the tone for effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the Group. The Risk Management Committee also reviews and monitors the status of the Group's principal risks and their mitigating actions and update the Board accordingly. In this context, the risk management process has been 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.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture organisation wide.

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 overall effectiveness of the Group's operations. Such measures will help to address possible risks and uncertainties so that the Group will be able to achieve its objectives and goals.

During the financial year, the Audit Committee and the Board met 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 was of the view that the risk management and internal control system in place for the financial year under review was 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 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.

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 was also followed up by the Internal Auditors to ensure that these actions had 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.

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 were devised and implemented. Significant risks identified were escalated to the Board for their attention by the Executive Directors.

Key elements of internal control

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

Certain Subsidiary Companies

1. Financial control and management
2. Foreign exchange management
3. Health and safety management
4. Human resource management
5. Inventory management
6. IT security management
7. Legal and regulatory compliance management
8. Procurement and vendor management
9. Product development management
10. Product quality management
11. Underperforming business management

The Group's system of internal control comprises the following salient elements :

i. Monitoring and Review

a) Scheduled management, operational as well as financial meetings are held with the Senior Management team to discuss, review and evaluate the business plans, budgets, financial and operational performances, Key Performance Indicators ("KPIs") for the established targets, reports as well as to monitor the business development and resolve key operational and management issues of the Group;

b) The Audit Committee reviews the Group's quarterly financial statements containing key financial results and comparisons, which are subsequently presented to the Board for review; and

c) Management information systems have been established to enable transactions to be captured, compiled and reported in a timely and accurate manner.

ii. Policies and Procedures

a) Standing internal policies and operating procedures have been established to cover as far as possible any significant business processes of the Group. Reviews are performed whenever necessary to ensure that the Standard Operating Procedures ("SOPs") remains current, relevant and aligned with evolving business environment and operational needs;

b) A chart of authority has been established to provide guidance to the Management in the execution of day-to-day transactions;

c) Information critical to the achievement of the Group's business objectives has 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, Food Safety according to Hazard Analysis and Critical Control Point (HACCP) System 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 2019 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 assurances from the Chief Executive Officer and Senior 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 the Audit and Assurance Practice Guide ("AAPG 3"), 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 financial year ended 30 November 2019 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) has 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.

AAPG 3 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.

REVIEW BY THE BOARD

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 4 March 2020.

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 2019.

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 2019 are as follows:

	Group RM'000	Company RM'000
Fees paid or payable to the External Auditors:		
Audit fees	300	62
Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm	233	9
Total	533	71

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 2019 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 2019.

DIRECTORS' REPORT
for the year ended 30 November 2019

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 2019.

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.

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	49,523	54,918

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 2018:
- a fourth interim dividend of 2 sen and a special dividend of 2 sen per ordinary share totalling RM18,400,000 declared on 23 January 2019 and paid on 6 March 2019.

ii) In respect of the financial year ended 30 November 2019:
- a first interim dividend of 2 sen per ordinary share totalling RM9,200,000 declared on 17 April 2019 and paid on 12 June 2019;
- a second interim dividend of 2 sen per ordinary share totalling RM9,200,000 declared on 17 July 2019 and paid on 11 September 2019;
- a third interim dividend of 2 sen per ordinary share totalling RM9,200,000 declared on 16 October 2019 and paid on 11 December 2019; and
- a fourth interim dividend of 2 sen and a special dividend of 4 sen per ordinary share totalling RM27,600,000 declared on 22 January 2020 and payable on 11 March 2020.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Teoh Meng Keat	-	Appointed as Chief Executive Officer on 14 December 2018
Teoh Meng Lee		
Teoh Meng Soon		
Haji Wan Mansoor Bin Wan Omar		
Tan Lip Gay		
Oon Hock Chye		
Teoh Beng Seng	-	Resigned as Director, Group President and Chief Executive Officer on 12 December 2018
Diong Chin Teck @ Tiong Chin Sang	-	Resigned as Senior Independent Non-Executive Director on 1 November 2019

Directors of the subsidiaries

Directors of the subsidiaries who served during the financial year until the date of the report are as follows:

Teoh Beng Seng	Teoh Meng Soon
Teoh Meng Keat	Wong Keng Meng
Teoh Meng Lee	Mimi Njoto

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 1.12.2018	Bought	(Sold)	At 30.11.2019
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
Haji Wan Mansoor Bin Wan Omar :				
Interest in the Company :				
- own	13,333	–	–	13,333
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 2016.

None of the other Director holding office at 30 November 2019 had any interest in the ordinary shares of the Company and of its related corporation during the financial year.

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 firm in which 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, officers or auditors of the Company during the financial year.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 November 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

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

Auditors

The auditors, 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 Meng Keat
Director

....
Teoh Meng Lee
Director

Penang,

Date : 4 March 2020

STATEMENTS OF FINANCIAL POSITION
as at 30 November 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets					
Property, plant and equipment	3	118,401	127,298	—	—
Investment properties	4	23,239	23,718	—	—
Investment in subsidiaries	5	—	—	176,869	188,659
Investment in an associate	6	239,570	224,735	—	—
Deferred tax assets	7	5,379	4,240	—	—
Total non-current assets		386,589	379,991	176,869	188,659
Inventories	8	48,125	54,990	—	—
Current tax assets		519	3,735	—	—
Trade and other receivables	9	31,026	36,291	39,032	31,275
Cash and cash equivalents	10	191,022	149,165	52,070	29,887
Total current assets		270,692	244,181	91,102	61,162
Total assets		657,281	624,172	267,971	249,821
Equity					
Share capital	11	230,000	230,000	230,000	230,000
Reserves	12	384,588	364,965	28,487	19,569
Total equity attributable to owners of the Company		614,588	594,965	258,487	249,569
Liabilities					
Retirement benefits	13	267	317	—	—
Deferred tax liabilities	7	1,884	—	—	—
Total non-current liabilities		2,151	317	—	—
Trade and other payables	14	37,294	25,939	9,415	224
Contract liabilities	15	288	—	—	—
Current tax liabilities		2,960	2,951	69	28
Total current liabilities		40,542	28,890	9,484	252
Total liabilities		42,693	29,207	9,484	252
Total equity and liabilities		657,281	624,172	267,971	249,821

The notes on pages 63 to 114 are an integral part of these financial statements.

199701000031 (415527-P)
(Incorporated in Malaysia)
and its subsidiaries

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 November 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	16	170,622	183,406	57,000	58,800
Changes in manufactured inventories and work-in-progress		(2,730)	(1,495)	—	—
Raw materials, trading goods and consumables used		(72,309)	(70,837)	—	—
Employee benefits expenses		(29,879)	(28,952)	—	—
Depreciation		(10,605)	(11,658)	—	—
Other operating expenses		(20,427)	(34,040)	(3,401)	(14,080)
Other operating income		7,517	7,688	1,733	1,447
Results from operating activities	17	42,189	44,112	55,332	46,167
Share of profit of equity-accounted associate, net of tax		21,294	18,279	—	—
Profit before tax		63,483	62,391	55,332	46,167
Tax expense	19	(13,960)	(10,029)	(414)	(190)
Profit for the year attributable to owners of the Company		49,523	52,362	54,918	45,977
Other comprehensive income/(expense), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	13	91	45	—	—
Share of other comprehensive expense of equity-accounted associate		(896)	—	—	—
		(805)	45	—	—
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		5	648	—	—
Fair value of available-for-sale financial assets		—	(524)	—	(524)
Share of other comprehensive income of equity-accounted associate		19,797	3,284	—	—
		19,802	3,408	—	(524)
Total other comprehensive income/(expense) for the year, net of tax		18,997	3,453	—	(524)
Total comprehensive income for the year attributable to owners of the Company		68,520	55,815	54,918	45,453
Basic earnings per ordinary share (sen)	20	10.77	11.38	—	—

The notes on pages 63 to 114 are an integral part of these financial statements.

199701000031 (415527-P)
(Incorporated in Malaysia)
and its subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2019

	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 equity RM'000
Group						
At 1 December 2017	230,000	36,978	524	1,800	311,248	580,550
Remeasurement of defined benefit liability	—	—	—	—	45	45
Foreign currency translation differences for foreign operations	—	648	—	—	—	648
Fair value of available-for-sale financial assets	—	—	(524)	—	—	(524)
Share of other comprehensive expense of equity-accounted associate	—	3,284	—	—	—	3,284
Total other comprehensive income/(expense) for the year	—	3,932	(524)	—	45	3,453
Profit for the year	—	—	—	—	52,362	52,362
Total comprehensive income/(expense) for the year	—	3,932	(524)	—	52,407	55,815
Distributions to owners of the Company						
- Dividends to owners of the Company (Note 21)	—	—	—	—	(41,400)	(41,400)
Total transaction with owners of the Company	—	—	—	—	(41,400)	(41,400)
Redemption of preference shares in a subsidiary	—	—	—	110	(110)	—
Reclassification	—	(1,686)	—	—	1,686	—
At 30 November 2018	230,000	39,224	—	1,910	323,831	594,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2019 (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 equity RM'000
Group						
At 1 December 2018, *as previously reported*	230,000	39,224	—	1,910	323,831	594,965
Adjustment on initial application of MFRS 15, net of tax (Note 27.2)	—	—	—	—	(2,897)	(2,897)
At 1 December 2018, *restated*	230,000	39,224	—	1,910	320,934	592,068
Remeasurement of defined benefit liability	—	—	—	—	91	91
Foreign currency translation differences for foreign operations	—	5	—	—	—	5
Share of other comprehensive income of equity-accounted associate	—	19,797	—	—	(896)	18,901
Total other comprehensive income/(expense) for the year	—	19,802	—	—	(805)	18,997
Profit for the year	—	—	—	—	49,523	49,523
Total comprehensive income for the year	—	19,802	—	—	48,718	68,520
Distributions to owners of the Company						
- Dividends to owners of the Company (Note 21)	—	—	—	—	(46,000)	(46,000)
Total transaction with owners of the Company	—	—	—	—	(46,000)	(46,000)
Redemption of preference shares in a subsidiary	—	—	—	90	(90)	—
At 30 November 2019	230,000	59,026	—	2,000	323,562	614,588

The notes on pages 63 to 114 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2019

	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company				
At 1 December 2017	230,000	524	14,992	245,516
Fair value of available-for-sale financial assets	—	(524)	—	(524)
Profit for the year	—	—	45,977	45,977
Total comprehensive (expense)/ income for the year	—	(524)	45,977	45,453
Distributions to owners of the Company				
- Dividends to owners of the Company (Note 21)	—	—	(41,400)	(41,400)
At 30 November 2018/ 1 December 2018	230,000	—	19,569	249,569
Profit for the year representing total comprehensive income for the year	—	—	54,918	54,918
Distributions to owners of the Company				
- Dividends to owners of the Company (Note 21)	—	—	(46,000)	(46,000)
At 30 November 2019	230,000	—	28,487	258,487

The notes on pages 63 to 114 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 30 November 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		63,483	62,391	55,332	46,167
Adjustments for :					
Depreciation of :					
- property, plant and equipment	3	10,131	11,184	—	—
- investment properties	4	474	474	—	—
Impairment loss on investments in subsidiaries	17	—	—	2,900	13,600
Impairment loss on plant and equipment	17	112	—	—	—
Plant and equipment written off	17	10	8	—	—
Retirement benefits	13	42	53	—	—
Dividend income	17	—	—	(57,000)	(58,800)
Interest income	17	(5,343)	(4,565)	(1,733)	(826)
Gain on disposal of :					
- plant and equipment	17	(6)	—	—	—
- other investments	17	—	(621)	—	(621)
Share of profit of equity					
- accounted associate, net of tax		(21,294)	(18,279)	—	—
Others		677	(190)	—	—
Operating profit/(loss) before changes in working capital		48,286	50,455	(501)	(480)
Change in inventories		6,865	(2,986)	—	—
Change in trade and other receivables		5,265	18,112	(157)	(9)
Change in trade and other payables		2,166	(7,144)	(9)	18
Change in contract liabilities		288	—	—	—
Cash generated from/(used in) operations		62,870	58,437	(667)	(471)
Dividends received from :					
- an associate		21,786	19,737	—	—
- subsidiaries		—	—	49,400	49,100
Tax paid		(9,990)	(17,409)	(373)	(183)
Retirement benefits paid	13	(1)	(1)	—	—
Net cash from operating activities		74,665	60,764	48,360	48,446
Cash flows from investing activities					
Additional investment in subsidiaries		—	—	(110)	(10,100)
Capital redemption in subsidiaries		—	—	9,000	11,000
Interest received		5,343	4,565	1,733	826
Purchase of plant and equipment	3	(1,356)	(1,316)	—	—
Purchase of other investments		—	(26)	—	(26)
Proceeds from disposal of plant and equipment		6	—	—	—
Proceeds from disposal of other investment		—	1,977	—	1,977
Net cash from investing activities		3,993	5,200	10,623	3,677
Cash flows from financing activity					
Dividends paid to owners of the Company		(36,800)	(41,400)	(36,800)	(41,400)
Net cash used in financing activity		(36,800)	(41,400)	(36,800)	(41,400)
Net increase in cash and cash equivalents		41,858	24,564	22,183	10,723
Effect of exchange rate fluctuations on cash held		(1)	(43)	—	—
Cash and cash equivalents at 1 December		149,165	124,644	29,887	19,164
Cash and cash equivalents at 30 November	10	191,022	149,165	52,070	29,887

The notes on pages 63 to 114 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 12-A Level 12
Menara Northam
No. 55, 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 2019 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 2019 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 4 March 2020.

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 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 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

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*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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:

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.

(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.

Arising from the adoption of MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contracts with Customers,* there are changes to the accounting policies of:

i) financial instruments;
ii) impairment loss of financial instruments; and
iii) revenue recognition

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 27.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the 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 a 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.

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 the 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 investments includes transaction costs.

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 December 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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments,* the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Previous financial year

A financial asset or a financial liability was recognised in the statements of financial position when, and only when, the Group or the Company became a party to the contractual provisions of the instrument.

Financial instrument was 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 were directly attributable to the acquisition or issue of the financial instrument.

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

Previous financial year (continued)

(b) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets were subject to impairment assessment (see 2(l)(i)).

Financial liabilities

Current financial year

Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, all financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement 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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) 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.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

(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 transferred, 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

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

(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, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

2. Significant accounting policies (continued)

(g) Investment properties (continued)

(i) Investment properties carried at cost (continued)

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

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

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

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

(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) Contract liability

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

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

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

Immediately before classification as held for sale or distributions, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

(k) 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.

2. Significant accounting policies (continued)

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments,* the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for investments in subsidiaries and associates) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was 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 had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Previous financial year (continued)

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was 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 was not reversed through profit or loss.

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

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) 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.

(m) 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.

2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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.

(o) 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.

(p) 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)

(q) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) 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.

(iii) 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.

(iv) 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.

(r) 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)

(s) 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.

(t) 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.

(u) 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.

(v) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is 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 2017	26,689	96,361	1,612	190	42,439	53,918	1,734	886	223,829
Additions	—	56	—	—	374	866	—	20	1,316
Written off	—	—	—	—	(50)	(160)	—	—	(210)
Effect of movements in exchange rates	(160)	(37)	—	—	—	(16)	(4)	—	(217)
At 30 November 2018/ 1 December 2018	26,529	96,380	1,612	190	42,763	54,608	1,730	906	224,718
Additions	—	—	—	—	467	666	107	116	1,356
Written off	—	—	—	—	(361)	(289)	—	—	(650)
Disposal	—	—	—	—	—	(1)	—	—	(1)
Reclassification	—	—	—	—	57	—	—	(57)	—
Effect of movements in exchange rates	—	—	—	—	—	—	—	—	—
At 30 November 2019	26,529	96,380	1,612	190	42,926	54,984	1,837	965	225,423

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
Depreciation and impairment loss									
At 1 December 2017									
Accumulated depreciation	4,913	16,587	103	98	28,105	35,501	1,228	–	86,535
Accumulated impairment loss	–	–	–	–	–	–	–	–	–
	4,913	16,587	103	98	28,105	35,501	1,228	–	86,535
Depreciation for the year	781	2,281	32	19	2,882	5,032	157	–	11,184
Written off	–	–	–	–	(50)	(152)	–	–	(202)
Effect of movements in exchange rates	(73)	(8)	–	–	–	(13)	(3)	–	(97)
At 30 November 2018									
Accumulated depreciation	5,621	18,860	135	117	30,937	40,368	1,382	–	97,420
Accumulated impairment loss	–	–	–	–	–	–	–	–	–
	5,621	18,860	135	117	30,937	40,368	1,382	–	97,420

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
Depreciation and impairment loss									
At 1 December 2018									
Accumulated depreciation	5,621	18,860	135	117	30,937	40,368	1,382	–	97,420
Accumulated impairment loss	–	–	–	–	–	–	–	–	–
	5,621	18,860	135	117	30,937	40,368	1,382	–	97,420
Depreciation for the year	781	2,278	32	19	2,424	4,466	131	–	10,131
Written off	–	–	–	–	(361)	(279)	–	–	(640)
Disposal	–	–	–	–	–	(1)	–	–	(1)
Impairment loss	–	–	–	–	–	–	–	112	112
Effect of movements in exchange rates	–	–	–	–	–	–	–	–	–
At 30 November 2019									
Accumulated depreciation	6,402	21,138	167	136	33,000	44,554	1,513	–	106,910
Accumulated impairment loss	–	–	–	–	–	–	–	112	112
	6,402	21,138	167	136	33,000	44,554	1,513	112	107,022
Carrying amounts									
At 1 December 2017	21,776	79,774	1,509	92	14,334	18,417	506	886	137,294
At 30 November 2018/1 December 2018	20,908	77,520	1,477	73	11,826	14,240	348	906	127,298
At 30 November 2019	20,127	75,242	1,445	54	9,926	10,430	324	853	118,401

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

3.1 Impairment loss

As at 30 November 2019, certain property, plant and equipment were tested for impairment where impairment indicators exist as a result of the current business sentiment and weak demand in certain markets which caused certain subsidiaries to make losses. The recoverable amounts of these property, plant and equipment were estimated based on either the value in use or fair value less costs to sell methods. Value in use was 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 34 years by the management and approved by Board of Directors and were 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 8% (2018: 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 Group's properties with similar properties that were published for sale within the same locality or other comparable localities where applicable taking into consideration market trends and is classified as level 3 fair value.

Premised on the above, the said carrying amounts of property, plant and equipment were determined to be lower than the recoverable amount and accordingly, no impairment loss was recognised, except for an impairment loss recognised on the capital work-in-progress amounting to RM112,000 (2018: RM Nil).

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 2017	16,665	11,511	28,176
Effect of movements in exchange rates	–	88	88
At 30 November 2018/ 1 December 2018	16,665	11,599	28,264
Effect of movements in exchange rates	–	(7)	(7)
At 30 November 2019	16,665	11,592	28,257

4. Investment properties - Group (continued)

	Note	Land RM'000	Freehold shoplots RM'000	Total RM'000
Accumulated depreciation				
At 1 December 2017		1,500	2,552	4,052
Depreciation for the year	17	240	234	474
Effect of movements in exchange rates		–	20	20
At 30 November 2018/1 December 2018		1,740	2,806	4,546
Depreciation for the year	17	240	234	474
Effect of movements in exchange rates		–	(2)	(2)
At 30 November 2019		1,980	3,038	5,018
Carrying amounts				
At 1 December 2017		15,165	8,959	24,124
At 30 November 2018/1 December 2018		14,925	8,793	23,718
At 30 November 2019		14,685	8,554	23,239

4.1 Fair value information

Investment properties comprise properties 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 2019 are classified as follows:

	Land RM'000	Freehold shoplots RM'000	Total RM'000
2018			
Level 3	34,871	52,762	87,633
2019			
Level 3	33,608	45,331	78,939

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 Directors' estimation by comparing the value of the Group's investment properties with similar properties that were published for sale within the same locality or other comparable localities. The most significant input in this approach is the price per square feet which would increase/(decrease) the estimated fair value if the price per square feet is higher/(lower).

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

	2019 RM'000	2018 RM'000
Rental income	660	660
Direct operating expenses:		
- non-income generating investment properties	297	297
- income generating investment properties	585	582

5. Investment in subsidiaries - Company

	2019 RM'000	2018 RM'000
Unquoted shares, at cost	225,165	234,055
Less: Impairment loss	(48,296)	(45,396)
	176,869	188,659

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
	2019	2018		
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 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.	100%	100%	Malaysia	Provision of management services and investment holding
Amazing Vestrax Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of personal and home care products
Zhulian Nutraceutical Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of traditional herbal products
Coffee Mark Products Sdn. Bhd.	100%	100%	Malaysia	Trading of consumer products

5. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Effective ownership interest and voting interest		Country of incorporation	Principal activities
	2019	2018		
Diamond Inspiration Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Development 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
Zhulian Properties Sdn. Bhd.	100%	100%	Malaysia	Struck-off on 27 December 2019
Subsidiaries of Zhulian Management Sdn. Bhd.				
PT. Zhulian Indonesia*	100%	100%	Indonesia	Direct marketing of jewellery and consumer products
Zhulian (Singapore) Pte. Ltd.*	100%	100%	Singapore	Investment holding
ZBP International Sdn. Bhd.	100%	100%	Malaysia	In the process of members' voluntary winding-up

* Not audited by KPMG PLT

5.1 *Impairment loss for investment in subsidiaries*

During the financial year ended 30 November 2019, the Company assessed the estimated recoverable amount of its investment in certain loss making subsidiaries at various best and worst case scenarios against the carrying amount of its investment in these subsidiaries.

Based on the analysis performed, the carrying amounts of investment in certain subsidiaries were higher than their recoverable amounts of RM22.5 million (2018: RM25.5 million) and RM Nil (2018: RM4.5 million), determined using either value in use ("VIU") or fair value less cost to sell ("FVLCTS") methods respectively. An impairment loss of approximately RM2.9 million (2018: RM13.6 million) was recognised and included in other operating expenses. See Note 3.1 for details on VIU and FVLCTS methods including key assumptions used.

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 RM2.9 million (2018: RM6.6 million) relating to the Group's investment in the manufacturing of home care products division. 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% (2018: 1%) decrease in future planned revenue growth would result in the Company recognising an impairment loss of RM3.6 million (2018: RM6.8 million).
- A 1% (2018: 1%) decrease in gross profit margin would result in the Company recognising an impairment loss of RM4.0 million (2018: RM7.3 million).
- A 1% (2018: 1%) increase in discount rate would result in the Company recognising an impairment loss of RM5.4 million (2018: RM8.3 million).

6. Investment in an associate - Group

	2019 RM'000	2018 RM'000
Unquoted shares, at cost	14,650	14,650
Share of post-acquisition profits	224,920	210,085
	239,570	224,735

The financial year end of the associate is 31 December.

Details of the material associate is as follows:

Name of entity	Effective ownership interest and voting interest		Principal place of business/Country of incorporation	Nature of the relationship
	2019	2018		
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.

	2019 RM'000	2018 RM'000
Zhulian (Thailand) Ltd., its subsidiaries and an associate		
Summarised financial information		
As at 30 November		
Non-current assets	267,673	253,349
Current assets	352,922	323,015
Non-current liabilities	(39,977)	(39,000)
Current liabilities	(75,127)	(63,530)
Net assets	505,491	473,834
Year ended 30 November		
Profit for the year	43,457	37,304
Other comprehensive income	38,573	6,702
Total comprehensive income	82,030	44,006
Included in the total comprehensive income is:		
Revenue	344,077	352,387
Reconciliation of net assets to carrying amount as at 30 November		
Group's share of net assets	247,691	232,179
Elimination of unrealised profits	(8,121)	(7,444)
Carrying amount in the statement of financial position	239,570	224,735

6. Investment in an associate - Group (continued)

	2019 RM'000	2018 RM'000
Group's share of results for the year ended 30 November		
Group's share of profit for the year	21,294	18,279
Share of other comprehensive income of equity-accounted associate	18,901	3,284
Total	40,195	21,563
Other information		
Dividends received by the Group (net of withholding tax)	21,786	19,737

7. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment - capital allowances	1,576	1,918	(2,908)	(3,134)	(1,332)	(1,216)
Tax loss carry-forwards	695	2,192	—	—	695	2,192
Others	4,173	3,410	(41)	(146)	4,132	3,264
	6,444	7,520	(2,949)	(3,280)	3,495	4,240
Set off of tax	(1,065)	(3,280)	1,065	3,280	—	—
Net deferred tax assets/(liabilities)	5,379	4,240	(1,884)	—	3,495	4,240

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

	At 1.12.2017 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2018/ 1.12.2018 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.11.2019 RM'000
Property, plant and equipment - capital allowances	(4,318)	3,102	(1,216)	(116)	(1,332)
Tax loss carry-forwards	88	2,104	2,192	(1,497)	695
Others	4,571	(1,307)	3,264	868	4,132
Net deferred tax assets	341	3,899	4,240	(745)	3,495

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

7. 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):

	2019 RM'000	2018 RM'000
Property, plant and equipment - capital allowances	4,018	(1,810)
Tax loss carry-forwards	44,670	35,342
Others	14,785	11,947
	63,473	45,479

Based on Finance Act 2018, the tax loss carry-forwards up to year of assessment 2018 shall be deductible against aggregate of statutory income until year of assessment 2025. Any amount not deducted at the end of year of assessment 2025 shall be disregarded. Subsequent to year of assessment 2018, any additional tax loss carry-forwards shall be deductible against statutory income for a maximum period of seven consecutive years of assessment immediately following that year of assessment.

The unabsorbed capital allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

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

8. Inventories - Group

	2019 RM'000	2018 RM'000
Raw materials	28,928	32,938
Work-in-progress	6,856	7,523
Manufactured inventories	8,194	10,257
Consumables	3,936	4,000
Trading inventories	211	272
	48,125	54,990

9. Trade and other receivables

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade					
Amount due from an associate	9.1	24,551	25,093	—	—
Others		1,441	3,383	—	—
		25,992	28,476	—	—
Non-trade					
Other receivables		1,702	3,439	205	50
Deposits		341	391	5	5
Prepayments	9.2	2,991	3,985	22	20
Dividends receivable		—	—	38,800	31,200
		5,034	7,815	39,032	31,275
		31,026	36,291	39,032	31,275

9. Trade and other receivables (continued)

9.1 Amount due from an associate

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

9.2 Prepayments

Included in prepayments are advances paid to suppliers amounting to RM2,154,000 (2018: RM3,003,000) for the purchase of raw materials.

10. Cash and cash equivalents

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term deposits with licensed banks	180,572	137,762	51,880	29,780
Cash and bank balances	10,450	11,403	190	107
	191,022	149,165	52,070	29,887

11. Share capital - Group/Company

	2019		2018	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Issue and fully paid				
Ordinary shares	230,000	460,000	230,000	460,000

12. Reserves

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-distributable					
Translation reserve	12.1	59,026	39,224	—	—
Capital reserve	12.2	2,000	1,910	—	—
Distributable					
Retained earnings		323,562	323,831	28,487	19,569
		384,588	364,965	28,487	19,569

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

12. Reserves (continued)

12.1 Translation reserve

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

12.2 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.

13. Retirement benefits - Group

	2019 RM'000	2018 RM'000
Non-current		
Net defined benefit liability	267	317

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:

	2019 RM'000	2018 RM'000
Balance at 1 December	317	320
Included in profit or loss		
Current service cost	21	28
Interest cost	21	25
	42	53
Included in other comprehensive income		
Remeasurement gain of net defined benefit liability	(91)	(45)
Effect of movements in exchange rate	—	(10)
Benefits paid	(1)	(1)
Balance at 30 November	267	317

Actuarial assumptions

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

	2019	2018
Discount rate	6.84%	8.02%
Future salary growth	10.00%	10.00%

14. Trade and other payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	8,363	6,943	—	—
Non-trade				
Other payables	694	417	—	—
Security deposits received from agents	9,299	10,354	—	—
Accrued expenses	9,738	8,225	215	224
Dividend payable	9,200	—	9,200	—
	28,931	18,996	9,415	224
	37,294	25,939	9,415	224

15. Contract liabilities - Group

	2019 RM'000	2018 RM'000
Contract liability	288	—

The contract liabilities primarily relate to the distributorship subscription fee received, which revenue is recognised over time during the one year period.

Changes to contract liabilities balance during the period are as follows :

	2019 RM'000
At the beginning of the year	—
Reclassification from other payable	221
	221
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(221)
Increases due to cash received, excluding amounts recognised as revenue during the year	288
At the end of the year	288

16. Revenue

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
Recognised at a point in time				
- Sale of goods - wholesale	136,333	141,876	—	—
- Sale of goods - direct sales	28,184	35,948	—	—
Recognised over time				
- Direct sales distributorship subscription fee	578	—	—	—
- Management services rendered	4,867	4,922	—	—
Other revenue				
- Rental income	660	660	—	—
- Dividend income	—	—	57,000	58,800
Total revenue	170,622	183,406	57,000	58,800

16.1 Disaggregation of revenue

	Group	
	2019 RM'000	2018 RM'000
Primary geographical markets		
Thailand	141,025	119,024
Malaysia	27,394	34,072
Myanmar	—	27,610
Others	2,203	2,700
	170,622	183,406

16.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration
Sale of goods - wholesale	Revenue is recognised at a point in time when the goods are delivered to the customers.	Credit period of 30 - 90 days from invoice date.	Not applicable.
Sale of goods - direct sales	Revenue is recognised at a point in time when the goods are delivered to the customers.	Cash term.	Incentives given to distributors which amounts depending on level of sales.

16. Revenue (continued)

16.2 Nature of goods and services (continued)

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration
Direct sales distributorship subscription fee	Revenue is recognised over time during the distributorship period	No credit period given.	Not applicable.
Management services rendered	Revenue is recognised over time when services are rendered.	Credit period of 30 days from invoice date.	Not applicable.

There are no obligation for returns or refunds and warranty attached to the goods sold by the Group.

16.3 Transaction price allocated to the remaining obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 and does not disclose the transaction price allocated to unsatisfied (or partially satisfied) performance obligations where the contract has original expected duration of one year or less.

17. Results from operating activities

Results from operating activities are arrived at:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging :				
Auditors' remuneration				
- Audit fees				
KPMG PLT Malaysia				
- current year	299	258	62	65
- prior year	1	—	—	—
Other auditors	22	38	—	—
- Non audit fees				
KPMG PLT Malaysia				
- current year	5	5	5	5
- prior year	—	(5)	—	(5)
Local affiliates of KPMG PLT Malaysia	228	199	4	4
Other auditors	17	22	—	—
Inventories written off	170	215	—	—
Inventories written down	1,309	1,271	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	26,761	25,860	—	—
- Contributions to state plans	3,076	3,040	—	—
Depreciation of :				
- Property, plant and equipment (Note 3)	10,131	11,184	—	—
- Investment properties (Note 4)	474	474	—	—

17. Results from operating activities (continued)

Results from operating activities are arrived at (continued):

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impairment loss on:				
- Trade receivables	—	84	—	—
- Investment in subsidiaries	—	—	2,900	13,600
- Plant and equipment	112	—	—	—
Loss on foreign currency exchange, net				
- Unrealised	—	46	—	—
Plant and equipment written off	10	8	—	—
Research and development expenditure	34	42	—	—
Rental expense	273	251	—	—
Retirement benefits (Note 13)	42	53	—	—
and after crediting:				
Dividend income from subsidiaries	—	—	57,000	58,800
Interest income	5,343	4,565	1,733	826
Gain on foreign currency exchange, net				
- Realised	1,158	1,646	—	—
- Unrealised	514	—	—	—
Reversal of impairment loss on :				
- Trade receivables	1	2	—	—
- Other receivables	40	45	—	—
Gain on disposal of :				
- Plant and equipment	6	—	—	—
- Other investments	—	621	—	621
Rental income from properties	660	660	—	—

18. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
- Fees	206	143	180	143
- Remuneration	3,447	3,347	15	12
Other Directors				
- Remuneration	105	105	—	—
	3,758	3,595	195	155

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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Income tax expense	13,960	10,029	414	190
Share of tax of equity-accounted associate	12,054	7,995	—	—
Total income tax expense	26,014	18,024	414	190

Major components of income tax expense include:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current tax expense				
- Current year	13,610	13,725	414	190
- Prior year	(395)	203	—	—
Total current tax recognised in profit or loss	13,215	13,928	414	190
Deferred tax expense				
- Current year	1,527	(3,895)	—	—
- Prior year	(782)	(4)	—	—
Total deferred tax recognised in profit or loss	745	(3,899)	—	—
Share of tax of equity-accounted associate	12,054	7,995	—	—
Total income tax expense	26,014	18,024	414	190

Reconciliation of tax expense

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit for the year	49,523	52,362	54,918	45,977
Total income tax expense	26,014	18,024	414	190
Profit excluding tax	75,537	70,386	55,332	46,167
Income tax calculated at Malaysian tax rate of 24%	18,129	16,892	13,280	11,080
Effect of tax rates in foreign jurisdictions*	(1,349)	(1,061)	—	—
Effect of withholding tax on equity-accounted associate	2,307	2,031	—	—
Non-deductible expenses	3,766	1,874	814	3,378
Income not subject to tax	(22)	(379)	(13,680)	(14,268)
Tax incentives	(18)	—	—	—
Changes in unrecognised temporary differences	4,378	(1,532)	—	—
(Over)/Under provision in prior year	(1,177)	199	—	—
Income tax expense	26,014	18,024	414	190

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

20. Basic earnings per ordinary share - Group

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM49,523,000 (2018: RM52,362,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2018: 460,000,000).

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares.

21. Dividends - Group/Company

Dividends recognised in the current year by the Company are:

	2019 RM'000	2018 RM'000
In respect of financial year ended 30 November 2017		
- Fourth interim dividend of 1.5 sen and a special dividend of 1.5 sen per ordinary share paid on 9 March 2018	—	13,800
In respect of financial year ended 30 November 2018		
- First interim dividend of 2 sen per ordinary share paid on 8 June 2018	—	9,200
- Second interim dividend of 2 sen per ordinary share paid on 12 September 2018	—	9,200
- Third interim dividend of 2 sen per ordinary share paid on 28 November 2018	—	9,200
- Fourth interim dividend of 2 sen and a special dividend of 2 sen per ordinary share paid on 6 March 2019	18,400	—
In respect of financial year ended 30 November 2019		
- First interim dividend of 2 sen per ordinary share paid on 12 June 2019	9,200	—
- Second interim dividend of 2 sen per ordinary share paid on 11 September 2019	9,200	—
- Third interim dividend of 2 sen per ordinary share paid on 11 December 2019	9,200	—
	46,000	41,400

The Directors declared a fourth interim dividend of 2 sen and a special dividend of 4 sen per ordinary share, totalling RM27.6 million in respect of the year ended 30 November 2019 on 22 January 2020 and payable on 11 March 2020.

The financial statements do not reflect these dividends declared after 30 November 2019, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2020.

22. Commitments - Group

(a) Capital commitments

	2019 RM'000	2018 RM'000
Property, plant and equipment		
Contracted but not provided for	26	149

(b) Operating lease commitments

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

	2019 RM'000	2018 RM'000
Less than one year	687	164
Between one and five years	174	—
	861	164

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 did not have any bank borrowings during the financial year ended 30 November 2019.

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 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
2019					
Revenue	27,394	141,025	–	2,203	170,622
Non-current assets	130,667	–	–	10,973	141,640
2018					
Revenue	34,072	119,024	27,610	2,700	183,406
Non-current assets	139,483	–	–	11,533	151,016

Major customers

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

	Revenue	
	2019 RM'000	2018 RM'000
Customer A	141,025	119,024
Customer B	–	27,610

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 and the Company have related party relationship with the 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	
	2019 RM'000	**2018 RM'000**
Group		
Associate		
Sales	136,158	114,102
Management fee income	4,867	4,922
Dividend income	21,786	19,737
A firm in which a Director is a member		
Legal fee paid and payable	–	109
Company		
Subsidiaries		
Dividend income	57,000	58,800
Increase in investment in subsidiaries	110	10,100
Capital redemption in subsidiaries	9,000	11,000

Significant related party balances are disclosed in Note 9 to the financial statements.

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 November 2019 categorised as amortised cost.

	Carrying amount RM'000	Amortised cost RM'000
2019		
Financial assets		
Group		
Trade and other receivables, excluding prepayments	28,035	28,035
Cash and cash equivalents	191,022	191,022
	219,057	219,057
Company		
Other receivables, excluding prepayments	39,010	39,010
Cash and cash equivalents	52,070	52,070
	91,080	91,080
Financial liabilities		
Group		
Trade and other payables	(37,294)	(37,294)
Company		
Other payables	(9,415)	(9,415)

The table below provides an analysis of financial instruments as at 30 November 2018 categorised as follows:

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/(FL) RM'000
2018		
Financial assets		
Group		
Trade and other receivables, excluding prepayments	32,306	32,306
Cash and cash equivalents	149,165	149,165
	181,471	181,471
Company		
Other receivables, excluding prepayments	31,255	31,255
Cash and cash equivalents	29,887	29,887
	61,142	61,142
Financial liabilities		
Group		
Trade and other payables	(25,939)	(25,939)
Company		
Other payables	(224)	(224)

26. Financial instruments (continued)

26.2 Net gains arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains arising on:				
Available-for-sale financial assets				
- reclassified from equity to profit or loss	—	524	—	524
- recognised in profit or loss	—	97	—	97
	—	621	—	621
Loans and receivables	—	6,128	—	826
Financial assets measured at amortised cost	7,014	—	1,733	—
Financial liabilities measured at amortised cost	42	—	—	—
	7,056	6,749	1,733	1,447

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. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade 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.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

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

26. Financial instruments (continued)

26.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

The Group manages credit risk of trade receivables by taking appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit period granted.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Invoices which are past due 30 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years and forward-looking information. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 November 2019.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
Not past due	25,970	—	25,970
Past due 1 - 30 days	19	—	19
	25,989	—	25,989
Credit impaired			
More than 30 days past due	239	(236)	3
	26,228	(236)	25,992

There are trade receivables which have already past due but the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period and historical collection trend from these customers.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
Balance at 1 December 2018 as per MFRS 139/MFRS 9*	—	(237)	(237)
Net remeasurement of loss allowance	—	1	1
Balance at 30 November 2019	—	(236)	(236)

* There is no significant financial impact on impairment loss of trade receivables arising from the initial application of MFRS 9 as at 1 December 2018.

26. Financial instruments (continued)

26.4 Credit risk (continued)

Trade receivables (continued)

Comparative information under MFRS 139, *Financial Instruments: Recognition and Measurement*

In the previous financial year, management had taken reasonable steps to ensure that receivables that were neither past due nor impaired were stated at their realisable values. A significant portion of these receivables were regular customers that had been transacting with the Group. The Group used ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which were deemed to have higher credit risk, were monitored individually.

The aging of trade receivables as at 30 November 2018 was as follows:

	Gross RM'000	Individual Impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
Not past due	26,326	(79)	—	26,247
Past due 1 - 30 days	2,219	—	—	2,219
Past due 31 - 120 days	10	—	—	10
Past due more than 120 days	158	(158)	—	—
	28,713	(237)	—	28,476

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

	2018 RM'000
Balance at 1 December 2017	158
Impairment loss recognised	84
Impairment loss reversed	(2)
Effect of movements in exchange rate	(3)
Balance at 30 November 2018	237

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

Other receivables

Credit risk on other receivables is mainly arising from the amounts due from non-trade receivables and local authorities.

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.

As at the end of the reporting period, the Group and the Company are of the view that loss allowance is not material and hence did not recognise any allowance for impairment losses.

26. Financial instruments (continued)

26.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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.

These banks and financial institutions have low credit risks. The Group and the Company are of the view that loss allowance is not material and hence did not recognise any allowance for impairment losses.

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 RM1.22 million (2018: RM1.22 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements for the subsidiaries to secure loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company did not recognise any allowance for impairment loss.

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							
2019							
Trade and other payables	37,294	—	37,294	37,294	—	—	—
2018							
Trade and other payables	25,939	—	25,939	25,939	—	—	—
Company							
Non-derivative financial liabilities							
2019							
Other payables	9,415	—	9,415	9,415	—	—	—
Financial guarantee	—	—	1,224	1,224	—	—	—
	9,415		10,639	10,639	—	—	—
2018							
Other payables	224	—	224	224	—	—	—
Financial guarantee	—	—	1,224	1,224	—	—	—
	224		1,448	1,448	—	—	—

26. Financial instruments (continued)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 the Group entities. The currency giving rise to this risk is primarily United States 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	
2019	
Trade and other receivable	24,551
Cash and cash equivalents	8,740
Trade and other payables	(17)
Net exposure	33,274
2018	
Trade and other receivable	27,286
Cash and cash equivalents	7,318
Trade and other payables	(34)
Net exposure	34,570

Currency risk sensitivity analysis

A 10% (2018: 10%) strengthening of the RM against USD at the end of the reporting period would have 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	
2019	
USD	2,442
2018	
USD	2,537

A 10% (2018: 10%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect to the amount shown above, on the basis that all other variables remained constant.

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets				
- short term deposits	180,572	137,762	51,880	29,780
- cash at banks	8,671	11,203	186	46
	189,243	148,965	52,066	29,826

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.

26.7 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.

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 (2018: no transfer in either directions).

27. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contracts with Customers* on their financial statements.

(a) Accounting for financial instruments

As permitted by MFRS 9, the Group and the Company have elected not to restate the comparative information. The adoption of MFRS 9 has no significant effect on the classification and measurement of financial assets and financial liabilities of the Group and the Company.

(b) Accounting for revenue

The Group and the Company have adopted MFRS 15 using the cumulative effect method. The cumulative effect of applying the new standard is recognised at the beginning of the year of initial application, with no restatement of comparative period.

The impact of adoption of the new standard on the Group's financial statements are presented in Note 27.2 – Impacts on financial statements as of 1 December 2018 and Note 27.3 – Impacts on financial statements as of 30 November 2019.

The adoption of MFRS 15 did not have any material financial impact to the financial statements of the Company.

27.1 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

(i) The Group and the Company have not restated comparative information with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

(ii) The assessments on the determination of the business model within which a financial asset is held have been made based on the facts and circumstances that existed at the date of initial application.

(iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9:

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 December 2018:

	Original category under MFRS 139	New category under MFRS 9
Group		
Financial assets		
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost

27. Significant changes in accounting policies (continued)

27.1 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued):

	Original category under MFRS 139	New category under MFRS 9
Company		
Financial assets		
Other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial liabilities		
Other payables	Amortised cost	Amortised cost

27.2 Impact on financial statements as of 1 December 2018

The following table summarises the impacts arising from the adoption of MFRS 15 on the Group's financial statements.

Consolidated statement of financial position as at 1 December 2018

	Note	As previously reported RM'000	MFRS 15 adjustments RM'000	Balances with adoption of MFRS 15 RM'000
Investment in an associate	27.4(a)	224,735	(2,897)	221,838
Others		399,437	—	399,437
Total assets		624,172	(2,897)	621,275
Trade and other payables	27.4(b)	25,939	(221)	25,718
Contract liabilities	27.4(b)	—	221	221
Others		3,268	—	3,268
Total liabilities		29,207	—	29,207
Share capital		230,000	—	230,000
Reserves	27.4(a)	364,965	(2,897)	362,068
Total equity		594,965	(2,897)	592,068
Total equity and liabilities		624,172	(2,897)	621,275

27. Significant changes in accounting policies (continued)

27.3 Impact on financial statements as of 30 November 2019

The following table summarises the impacts arising from the adoption of MFRS 15 on the Group's financial statements.

Consolidated statement of financial position as at 30 November 2019

	Note	Balances without adoption of MFRS 15 RM'000	MFRS 15 adjustments RM'000	As reported RM'000
Investment in an associate	27.4(a)	242,514	(2,944)	239,570
Others		417,711	–	417,711
Total assets		660,225	(2,944)	657,281
Trade and other payables	27.4(b)	37,582	(288)	37,294
Contract liabilities	27.4(b)	–	288	288
Others		5,111	–	5,111
Total liabilities		42,693	–	42,693
Share capital		230,000	–	230,000
Reserves	27.4(a)	387,532	(2,944)	384,588
Total equity		617,532	(2,944)	614,588
Total equity and liabilities		660,225	(2,944)	657,281

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 November 2019

	Note	Amounts without adoption of MFRS 15 RM'000	MFRS 15 adjustments RM'000	As reported RM'000
Group				
Revenue	27.4(a), 27.4(b)	185,855	(15,233)	170,622
Changes in manufactured inventories and work-in-progress		(2,730)	–	(2,730)
Raw materials, trading goods and consumables used	27.4(a)	(72,035)	(274)	(72,309)
Employee benefits expenses		(29,879)	–	(29,879)
Depreciation		(10,605)	–	(10,605)
Other operating expenses	27.4(a)	(36,620)	16,193	(20,427)
Other operating income	27.4(b)	8,203	(686)	7,517
Results from operating activities		42,189	–	42,189
Share of profit of equity-accounted associate, net of tax	27.4(a)	21,341	(47)	21,294
Profit before tax		63,530	(47)	63,483
Tax expense		(13,960)	–	(13,960)
Profit for the year attributable to owners of the Company		49,570	(47)	49,523

27. Significant changes in accounting policies (continued)

27.4 Accounting for revenue

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
(a) Sale of goods - direct sales	The Group previously recognised revenue when the goods were delivered to the customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. The Group recognised the incentives awarded to its customers in its other operating expenses.	Under MFRS 15, revenue is recognised when controls of the goods have been transferred to the customers. Besides, the incentives awarded to its customers are considered as a reduction of the transaction price.
(b) Direct sales distributorship subscription fee	The Group previously recognised the registration of distributorship and yearly renewal fees as other income over time during the distributorship period. Any deferred income was included in other payable.	Under MFRS 15, the Group has concluded that the registration of distributorship and yearly renewal fees are revenue which the performance obligation is satisfied over time. The distributorship fee collected with unsatisfied performance obligation is included in contract liabilities.

28. Subsequent event

The Group, through its wholly-owned subsidiary, Zhulian Management Sdn. Bhd., acquired 49% shareholdings in Zhulian Holdings (Thailand) Co., Ltd. on 20 February 2020 by way of offering its existing 49% shareholdings in Zhulian (Thailand) Ltd. to Zhulian Holdings (Thailand) Co., Ltd.. The Group does not anticipate any significant financial impact to its investment in associate and share of associate's net assets as a result of this share swap exercise.

199701000031 (415527-P)
(Incorporated in Malaysia)
and its subsidiaries

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 57 to 114 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 2019 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 Meng Keat
Director

....
Teoh Meng Lee
Director

Penang,

Date: 4 March 2020

Statutory declaration

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

I, **Teoh Meng Keat**, the Director primarily responsible for the financial management of Zhulian Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 114 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 Meng Keat**, NRIC: 670612-07-5613, at George Town in the State of Penang on 4 March 2020.

....

Teoh Meng Keat

Before me:

Goh Suan Bee
(No. P125)
Commissioner for Oaths
Penang

INDEPENDENT AUDITORS' REPORT

to the members of ZHULIAN CORPORATION BERHAD
(Company No. 199701000031 (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 2019 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 57 to 114.

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 2019, 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.

Property, plant and equipment ("PPE") - Group and Investment in subsidiaries - Company

Refer to Note 1(d) *(basis of preparation - Use of estimates and judgements)*, Note 2(l)(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.

The key audit matter	How the matter was addressed in our audit
There is a risk of impairment on the Group's PPE due to the current business sentiment and weak demand in certain markets where certain subsidiaries made losses during the year. The Group assesses the recoverable amounts of PPE whenever there are indicators of impairment. The same applied to the investment in subsidiaries. The Group estimated the recoverable amounts of the assets concerned either by determining their 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 used. 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.	Our audit procedures, amongst others, include: VIU • Assessed the reasonableness of the Directors' forecasts and projections 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 reasonable and 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 appropriateness of the discount rates used by comparing them with our expectations based on our knowledge of the industry in which the subsidiaries operate in; and • Performed sensitivity analyses on assumptions that are key to the value-in-use. FVLCTS • Obtained published prices for similar properties 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 judgemental and sensitive.

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.

- 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not 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 Matter

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

Dato' Ooi Kok Seng
Approval Number: 02432/05/2021 J
Chartered Accountant

Penang

Date: 4 March 2020

Other Information

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m^2)	Tenure/Age of building	Carrying amount at 30 Nov 2019 (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) / 21 years	15,222	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) / 23 years	18,468	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 / 26 years	269	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) / 12 years	39,074	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 / 24 years	6,075	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 / 24 years	2,210	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)	8,593	29 July 2010

[(a)] These properties are currently vacant.

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m^2)	Tenure/Age of building	Carrying amount at 30 Nov 2019 (RM'000)	Date of Acquisition
Blok C1, Pasirgombong Cikarang Utara Bekasi, Jawa Barat Indonesia.	Land [(a)]	(i) 25,000 sq. metres (ii) n/a	Leasehold (30 years expiring 24 Sep 2027)	1,925	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) / 8 years	362	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) / 8 years	346	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) / 25 years	7,081	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 / 7 years	722	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 / 7 years	722	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 Jun 2055) / 22 years	12,891	20 Oct 2015

[(a)] These properties are currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS
(as at 29 February 2020)

Regional Offices

Country	Company	Address	Tel	Fax
THAILAND	ZHULIAN (THAILAND) LTD.	88 Moo 9, Bangbuathong - Supanburi Road, Tambol La-Han, Ampure Bangbuathong, Nontaburi 11110, Thailand.	662-9833984	662-9833916 662-9833917 662-9833918
INDONESIA	PT. ZHULIAN INDONESIA	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	ZHULIAN ENTERPRISE (MYANMAR) CO., LTD.	3003/4 Pyay Garden Office Tower, No.346/354 Pyay Road, Sanchaung Township, Yangon, Myanmar.	951-860 3101	951-860 3186
CAMBODIA	ZHULIAN NETWORK (CAMBODIA) CO., LTD.	Warehouse No. 1, Street 108, Phoum Samrong Sangkat Khmounh, Khan Sen Sok, Phnom Penh, Cambodia.	086601539	

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. 019-4529473	04-5783123 04-5783124 019-4779473	04-5783122
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	

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.	04-7346899 013-2645899	04-7346899
GUAR CHEMPEDAK (GCA)	IBRAHIM BIN ISMAIL ROSLINDA BT KAMIS	No. 35, Taman Chempedak Indah, Guar Chempedak, 08800 Gurun, Kedah Darul Aman.	04-4615303 016-4196719	018-6719426
PENDANG (BMC)	SEAH BOON CHIN	No. 130, Rumah Kedai, Jalan Sukamari 06700 Pendang, Kedah Darul Aman.	04-7590817 019-5752219 016-4196720	04-7590817

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
TASEK IPOH (TIP)	WOO KOK WAH KHOR MUI NGEE	No. 4, Laluan Tasek Timur 3, Pusat Perdagangan Tasek Indra, 31400 Ipoh, Perak Darul Ridzuan.	012-5039889 012-5159889	
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
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
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
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 011-63132884	03-88936608

District Agents

Selangor				
Location	**Authorised Agent(s)**	**Address**	**Tel**	**Fax**
SERI KEMBANGAN (BSR)	IR. ANIS BIN MD. SALLEH	No. 3, Jalan Putra Permai 5/8, Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.	03-89582265 012-3352912	03-89592264
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	G-18, Jalan Pandan Prima 2, Dataran Pandan Prima, 55100 Kuala Lumpur.	03-92012668 012-3938112	03-92012668
SHAH ALAM (SAC)	SALINA BT SELAMAT SHAIDA NAFISHA BT AZIZAN	No. 9, Jalan Tukul N15/N, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	03-55235505 03-55238722 019-3338848	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)	RAMLAH BT ABU BAKAR NORAFLIZA BT AHMAD RAZALI MOHAMAD AFIQ BIN AHMAD RAZALI	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 017-3310606	03-60910085
KUALA SELANGOR (KSA)	SANIAH BT SAYUTI ANIZAH BT SYED ALWEE	21, Jalan Raja Lumu, Bandar Kuala Selangor, 45000 Kuala Selangor, Selangor Darul Ehsan.	03-32896036 019-7285626	03-32896027
BANDAR BARU BANGI (BGB)	AZMAH BT YAHAYA	2-1-1, Jalan Medan Pusat Bandar 4A, Pusat Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	03-89201594 012-3668474	03-89222214
SEPANG (SPG)	DR. LILY FARIZA BT KARIM LILY FARIDAH BT KARIM	No. 32, Jalan Seri Qaseh Permai, Desa Seri Qaseh, Sepang, 43900 Selangor Darul Ehsan.	03-87059639 019-9840969 019-2238778	

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.	06-6717707 019-2246271	06-6717707

District Agents

Melaka				
Location	Authorised Agent(s)	Address	Tel	Fax
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
MASJID TANAH (MJT)	GAN CHIN KEONG	MT 1408, Pusat Perdagangan Masjid Tanah, 78300 Masjid Tanah, Melaka.	06-3848128 016-5207128	06-3848127
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 011-12863819	06-3178609
JASIN (JAS)	ROSNAH BT IBRAHIM	JB 8796, Jalan BH1, Taman Bemban Heights, Fasa 1, Bemban, 77200 Jasin, Melaka.	06-5341222 012-6353752	06-5341212

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
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.	07-5626907 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 011-10957029	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 4189, Bangunan PMINT Fasa 11, Kampung Guntong Luar, 22100 Setiu, Terengganu Darul Iman.	09-6097076 013-9997107	09-6097076
JERTEH (JAC)	ZAILANI BT YAACOB AHMAD FAHMI BIN ZULKIFLI	Lot 5068, Tingkat Bawah, Tepi Hospital Besut, Jalan Pasir Akar, 22000 Jerteh, Terengganu Darul Iman.	09-6974848 019-9348599 014-8388032	09-6979858 09-6974848

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.	09-5094833 019-9159967	

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

ANALYSIS OF SHAREHOLDINGS
as at 21 February 2020

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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
244	less than 100 shares	9,589	0.00
714	100 to 1,000 shares	505,280	0.11
2,687	1,001 to 10,000 shares	12,173,149	2.64
988	10,001 to 100,000 shares	29,114,420	6.33
111	100,001 to less than 5% of issued shares	102,611,227	22.31
4	5% and above of issued shares	315,586,335	68.61
4,748		460,000,000	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1	Haji Wan Mansoor Bin Wan Omar	13,333	0.00	–	–
2	Teoh Meng Keat	26,869,600	5.84	2,666,666 (a)	0.58
3	Teoh Meng Lee	6,375,999	1.39	–	–
4	Teoh Meng Soon	6,306,666	1.37	–	–
5	Tan Lip Gay	20,000	0.00	–	–
6	Oon Hock Chye	–	–	–	–

Notes: -

(a) 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 OF THE COMPANY

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of 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	2,666,666 (d)	0.58
3	The Best Source Holdings Pte. Ltd.	79,769,789 (c)	17.34	–	–
4	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01	–	–

Notes: -

(a) Beneficial interest held via Citigroup Nominees (Tempatan) Sdn Bhd exempt an for Bank of Singapore Limited (Local).

(b) Deemed interest 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 Citigroup Nominees (Asing) Sdn Bhd exempt for Bank of Singapore Limited (Foreign).

(d) 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.

THIRTY LARGEST SHAREHOLDERS as at 21 February 2020

NO.	NAME	NO. OF SHARES HELD	%
1	Zhulian Holdings Sdn. Bhd.	161,046,666	35.01
2	Citigroup Nominees (Asing) Sdn Bhd exempt an for Bank of Singapore Limited (Foreign)	79,769,789	17.34
3	Citigroup Nominees (Tempatan) Sdn Bhd exempt an for Bank of Singapore Limited (Local)	47,900,280	10.41
4	Teoh Meng Keat	26,869,600	5.84
5	Chong Siew Kam	20,000,000	4.35
6	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (1)	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 1)	2,366,300	0.51
13	Yeap Chin Loon	2,320,300	0.51
14	Teoh Siew Choo	1,700,000	0.37
15	Teoh Siew Hong	1,666,669	0.36
16	Mohd Munir Bin Abdul Majid	1,504,666	0.33
17	Koo Guat Ean	1,437,353	0.31
18	Ng Gaik Hua	1,400,000	0.31
19	Khoor Ah Siew	1,224,000	0.27
20	Yeap Mong Sie	1,141,500	0.25
21	Sin Poh Seah	1,044,733	0.23
22	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
23	Low Bok Sang	1,000,000	0.22
24	Yeap Hooi Hooi	941,900	0.21
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yock Chem @ Lee York Soo (E-PKG)	845,000	0.18
26	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hwee Loong (SECT 7 PJ-CL)	826,000	0.18
27	Golden Fresh Sdn Bhd	800,000	0.17
28	Kueh Bak Poh	742,600	0.16
29	Teoh Meng Lee	709,333	0.15
30	Soon Bee Ai	680,000	0.15
		398,834,991	86.70

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting ("AGM") of ZHULIAN CORPORATION BERHAD ("the Company") will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on Wednesday, 6 May 2020 at 2.30 p.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 November 2019 and Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Constitution, and who, being eligible, offered themselves for re-election: -
   a) Teoh Meng Keat — Resolution 1
   b) Teoh Meng Soon — Resolution 2

3. To approve the payment of Directors' fees and benefits payable up to an aggregate amount of RM147,000 for the financial year ending 30 November 2020. — Resolution 3

4. To re-appoint Messrs KPMG PLT, the retiring Auditors, as Auditors of the Company and to authorise the Directors to fix their remuneration. — 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** — Resolution 5

   "THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of any relevant governmental/regulatory authorities, the Directors be and are hereby empowered pursuant to Section 76 of the Act, to allot and issue shares in the capital of the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued."

6. **RETENTION OF INDEPENDENT NON-EXECUTIVE CHAIRMAN** — 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** — Resolution 7

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

8. To transact any other ordinary business for which due notice has been given.

NOTICE IS HEREBY GIVEN that for purpose of determining a member who shall be entitled to attend this Twenty-Third AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 29 April 2020. Only a depositor whose name appears on the Record of Depositors as at 29 April 2020 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

Ch'ng Lay Hoon
MAICSA 0818580
Company Secretary
Penang

30 March 2020

Notes:

1. **Proxy**

1.1 A member entitled to attend, speak and vote at the AGM is entitled to appoint proxy(ies) to attend, participate, speak and vote in his stead.

1.2 (a) Where a member is an authorised nominee ("AN") as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), the AN may appoint proxy(ies) in respect of each securities account it holds which is credited with ordinary shares of the Company.

(b) Where a member of the Company is an exempt authorised nominee ("EAN") as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), the EAN may appoint proxy(ies) in respect of each omnibus account it holds.

1.3 Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

1.4 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in such other manner approved by its directors. Any alteration to the instrument appointing a proxy must be initialed.

1.5 The instrument appointing a proxy must be deposited at the Company's registered office at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 George Town, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.

1.6 Pursuant to Paragraph 8.29A of the Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of Twenty-Third AGM will be put to vote on a poll.

2. **Audited Financial Statements for financial year ended 30 November 2019**

The audited financial statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

3. **Explanatory Notes:**

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 the Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

On Special Business

The proposed Ordinary Resolution 5, if passed, will give a renewed mandate to the Directors of the Company, from the date of above AGM, authority to issue and allot shares in the Company up to and not exceeding in total ten (10) per centum of the issued share capital of the Company for the time being, for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the Twenty-Second AGM held on 8 May 2019. The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising activities, including but not limiting to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is obtained, the Company would make an announcement in respect of the purpose and utilisation of the proceeds arising from such issue.

3. **Explanatory Notes: (continued)**
   On Special Business (continued)

   The proposed Ordinary Resolution 6, if approved, will allow Haji Wan Mansoor bin Wan Omar to be retained as Independent Non-Executive Chairman of the Company. The Board of Directors had, via its 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 and recommend him to continue to act as Independent Non-Executive Chairman of the Company based on the justifications as set out in Corporate Governance Overview in the Annual Report 2019.

   The proposed Ordinary Resolution 7, if approved, will allow Tan Lip Gay to be retained as Independent Non-Executive Director of the Company. The Board of Directors had, via its Nominating Committee, conducted an annual performance evaluation and assessment of Tan Lip Gay, who will serve as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and recommend him to continue to act as Independent Non-Executive Director of the Company based on the justifications as set out in Corporate Governance Overview in the Annual Report 2019.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

No individual is standing for election as a Director at the forthcoming Twenty-Third AGM of the Company.

The proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 8 May 2019.

ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	NO. OF SHARES HELD

PROXY FORM

I / We, ...
(Full name of a member in BLOCK LETTERS as per Identity Card("MYKAD")/Passport/Certificate of Incorporation)

MYKAD / Passport No. / Company No. .... of ....

....
(Address in full)

telephone no., ... being a member of **ZHULIAN CORPORATION BERHAD** ("the Company") hereby appoint

....
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD / Passport No. .... of ....

....
(Address in full)

And/or failing him ....
(Full name of proxy in BLOCK LETTERS as per MYKAD/Passport)

MYKAD / Passport No. .... of ....

....
(Address in full)

or failing the abovenamed proxies, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third 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, 6 May 2020 at 2.30 p.m.** and at any adjournment thereof in the manner as indicated below:

Resolutions	For	Against
1. Re-election of Teoh Meng Keat as Director		
2. Re-election of Teoh Meng Soon as Director		
3. Approval of Directors' Fees & Other Benefits for the financial year ending 30 November 2020		
4. Re-appointment of Auditors		
5. Approval to issue and allot shares pursuant to Section 76 of the Companies Act 2016		
6. Retention of Haji Wan Mansoor Bin Wan Omar as Independent Non-Executive Chairman of the Company		
7. Retention of Tan Lip Gay as Independent Non-Executive Director of the Company		

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this.......................... day of 2020

The proportions of my/our holding to be represented by my/our proxies are as follows: -

	No. of Shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

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

Notes:

1. *A member entitled to attend, speak and vote at the AGM is entitled to appoint proxy(ies) to attend, participate, speak and vote in his stead.*
2. *Where a member is an authorised nominee ("AN") as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), the AN may appoint proxy(ies) in respect of each securities account it holds which is credited with ordinary shares of the Company.*
3. *Where a member of the Company is an exempt authorised nominee ("EAN") as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), the EAN may appoint proxy(ies) in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) Proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in such other manner approved by its directors. Any alteration to the instrument appointing a proxy must be initialed.*
6. *The instrument appointing a proxy must be deposited at the Company's registered office at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 George Town, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.*
7. *For the purpose of determining a member who shall be entitled to attend this 23rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 29 April 2020. Only a depositor whose name appears on the Record of Depositors as at 29 April 2020 shall be entitled to attend the said meeting or appoint proxies 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.

Please fold here

(STAMP)

TO,

The Company Secretary
ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)
Suite 12-A, Level 12, Menara Northam
No. 55, Jalan Sultan Ahmad Shah
10050 George Town, Penang

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Fold this flap for sealing

ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)
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