

# ZHULIAN<sup>®</sup>



## **ANNUAL REPORT 2021** Realigning Strategies, Refining Scalability



## Realigning Strategies, Refining Scalability

The world economy and livelihood of mankind were hit hard by the impact of COVID-19 pandemic in the year 2020 and 2021. As Malaysia has reopened economy gradually in view of better control over the spread of virus, businesses from various sectors have started to look into the strategic ways to stay competitive in their market. In **ZHULIAN** Group, we adopt a scalable strategy to ensure that our business remain viable to the market and resilient to change.

Scalability requires both capacity and capability that are further enhanced by digital technology. With strong business fundamentals that were built over years, we are both resilient and agile to change. While continue focusing on our core business and building on our manufacturing strengths, we are committed to upscale our capability in delivering quality and services by leveraging digital business tools. Today, we are set to embrace the new business normalcy and we are ready to take advantage on new opportunities that come forth to emerge even stronger in future.

# CONTENTS

## 02 FINANCIAL SUMMARY

- 02 Five-Year Group Financial Highlights
- 03 Five-Year Group Financial Charts

## 04 CORPORATE REVIEW

- 05 Corporate Profile
- 06 Group Corporate Structure
- 07 Chairman's Statement / Penyata Pengerusi
- 13 Management Discussion and Analysis
- 19 Sustainability Statement
- 28 Corporate Information
- 29 Board of Directors' Profile
- 31 Profile of Key Senior Management Team

## 33 CORPORATE GOVERNANCE

- 34 Statement on Corporate Governance
- 45 Audit Committee Report
- 48 Statement on Risk Management and Internal Control
- 52 Additional Compliance Information

## 53 FINANCIAL STATEMENTS

- 53 Directors' Report
- 57 Statements of Financial Position
- 58 Statements of Profit or Loss and Other Comprehensive Income
- 59 Consolidated Statement of Changes in Equity
- 61 Statement of Changes in Equity
- 62 Statements of Cash Flows
- 64 Notes to the Financial Statements
- 113 Statement by Directors
- 114 Statutory Declaration
- 115 Independent Auditors' Report

## 119 OTHER INFORMATION

- 120 List of Properties
- 122 Regional Offices, Distribution Centres & District Agents
- 127 Analysis of Shareholdings as at 18 February 2022
- 128 Thirty Largest Shareholders as at 18 February 2022
- 129 Notice of Twenty-Fifth Annual General Meeting
- 132 Proxy Form

# VISION

We are trusted partner that inspires accomplishments and empowers achievements by collaborating with aspiring people in helping others thrive towards better living while bringing out beauty and promoting wellness among communities.

# MISSION

**ZHULIAN** exists to provide a business model and high quality, value for money products that empower entrepreneurial success as well as helping the communities we serve.

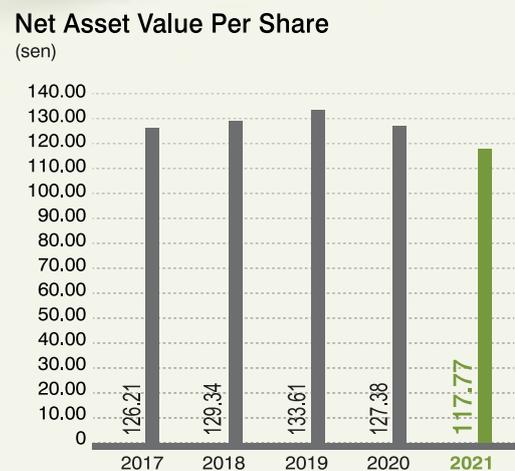
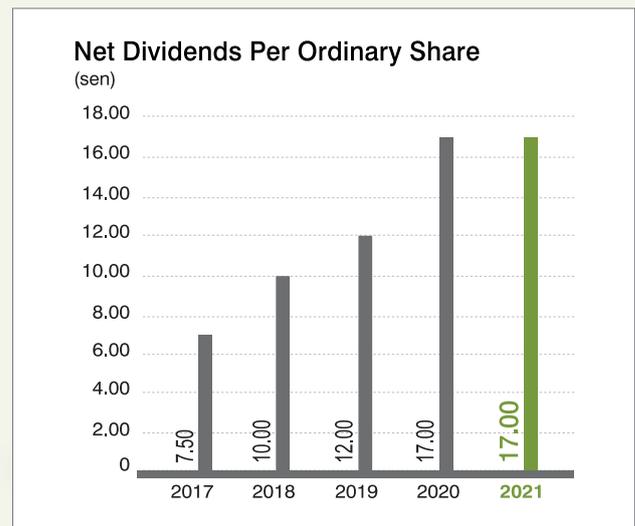
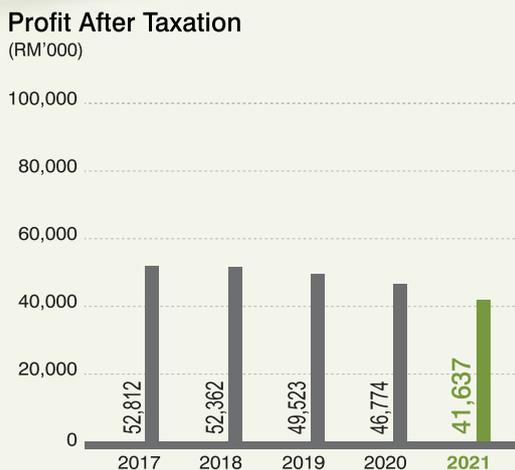
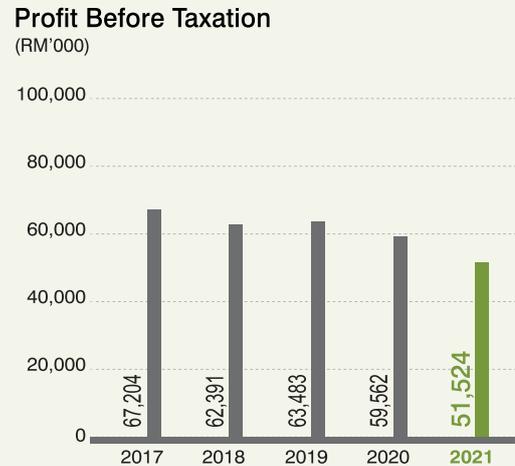
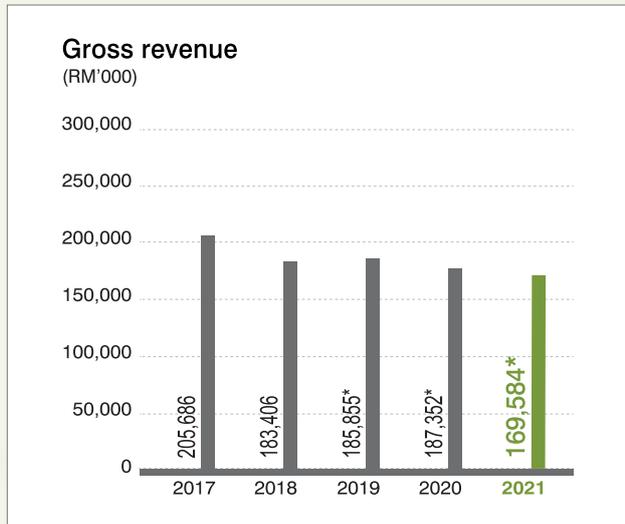


## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 30 NOVEMBER	2021	2020	2019	2018	2017
<b>Income Statement (RM '000)</b>					
Gross revenue from continuing operations	<b>169,584*</b>	187,352*	185,855*	183,406	205,686
Profit before taxation from continuing operations	<b>51,524</b>	59,562	63,483	62,391	67,204
Profit after taxation from continuing operations	<b>41,637</b>	46,774	49,523	52,362	52,812
<b>Statement of Financial Position (RM '000)</b>					
Total non-current assets	<b>284,163</b>	364,519	386,589	379,991	386,873
Total current assets	<b>297,962</b>	268,015	270,692	244,181	234,394
Shareholders' fund / Total equity	<b>541,757</b>	585,968	614,588	594,965	580,550
Total non-current liabilities	<b>2,205</b>	2,062	2,151	317	860
Total current liabilities	<b>38,163</b>	44,504	40,542	28,890	39,857
<b>Share Information</b>					
<b>Per Ordinary Share</b>					
Earnings, basic (sen)	<b>9.05</b>	10.17	10.77	11.38	11.48
Net assets (sen)	<b>117.77</b>	127.38	133.61	129.34	126.21
Net dividends per ordinary share (sen)	<b>17.00</b>	17.00	12.00	10.00	7.50
Share price as at 30 November (RM)	<b>1.85</b>	1.53	1.46	1.30	1.80
<b>Financial Ratios</b>					
Return on equity (%)	<b>8%</b>	8%	8%	9%	9%
Gearing Ratio (%)	<b>0%</b>	0%	0%	0%	0%

\* Revenue for the financial year ended 30 November 2021, 30 November 2020 and 30 November 2019 were stated without MFRS 15 adjustments.

## FIVE-YEAR GROUP FINANCIAL CHARTS



\* Revenue for the financial year ended 30 November 2021, 30 November 2020 and 30 November 2019 were stated without MFRS 15 adjustments.

The background of the cover is a light gray hexagonal pattern. Some hexagons are filled with a faint, abstract image of a landscape or a cityscape. A network of thin gray lines connects the vertices of the hexagons, with small gray circles at the connection points. A dark green horizontal bar is positioned in the middle-right section of the cover, containing the text 'CORPORATE REVIEW' in white, uppercase letters. The bar has a dark gray triangular shape on its left side.

# CORPORATE REVIEW

## CORPORATE PROFILE

**ZHULIAN** Group of Companies was founded in Penang by Mr. Teoh Beng Seng in the year of 1989 with initial core business in distributing gold-plated jewellery through the Multi-Level Marketing channel. Today, the Group has grown into a public listed entity consisting of a group of companies dealing with diversified businesses.

Started its business humbly in the small office which was located in a shophouse at Jalan Air Itam, Penang, the Group now owns three factory plants and a warehouse building at Bayan Lepas Industrial Zone. With state-of-the-art facilities and R&D labs, the Group is able to conduct continued research for product innovation. From single product portfolio, it has evolved into widely diversified products ranging from instant beverage products, nutritional supplements, home technology products such as water purifier and air purifier to bedding apparels such as mattress pads, pillows and bolsters and also a series of home care and personal care products. The Group takes pride in its manufacturing capability that conforms to international standard including ISO 9001, ISO 22000, GMP and HACCP certification. The expanding range of the products developed and manufactured by its plants provides added advantages in the form of product value and quality to its Independent Distributors and customers.

The integration of innovative ideas, advanced technology and manufacturing know how with its brilliant business model has driven the Group towards robust business growth through the years of its existence. Today, with an extensive network of Independent Distributors in Southeast Asian countries, including Malaysia, Thailand, Myanmar and Cambodia, **ZHULIAN** has successfully carved a niche in the regional market with established brands including **ZHULIAN** which is synonym to premium quality fashion jewellery and instant beverages, **BEYOND** that symbolises its advanced home technology products, **XTRA** for its homecare detergent range, **GreenLex** for its traditional herbal supplements, **NuriLex** for its vitamin tablets and many more. **ZHULIAN** Group has also emerged as one of the most prominent name in Halal beverage market.

For more than 3 decades, **ZHULIAN** and its quality products have become an essential part of lives for multiple communities in the region and its business model has groomed countless successful entrepreneurs. Moving forward, **ZHULIAN** remains steadfast to its vision and mission by upholding its commitment to instill its core values among its people with the aspiration to help people embrace beauty and health as well as improve their lives through its business opportunity and unleash individuals' potential towards entrepreneurial success.



# GROUP CORPORATE STRUCTURE

## ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)

### MALAYSIAN COMPANIES

### OVERSEAS COMPANIES

#### MANUFACTURING

- 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 (68963-U)
- 100% | ZHULIAN NUTRACEUTICAL SDN. BHD. 200401005899 (644402-D)

#### MULTI-LEVEL MARKETING (“MLM”)

- 100% | \*ZHULIAN MANAGEMENT SDN. BHD. 199601002069 (374415-M)
- 100% | ZHULIAN MARKETING (M) SDN. BHD. 198901008756 (186058-T)
- 49% | \*ZHULIAN HOLDINGS (THAILAND) CO., LTD. (0125562037920)
- 100% | #PT. ZHULIAN INDONESIA (09.03.1.46.37795)
- 100% | \*ZHULIAN (SINGAPORE) PTE. LTD. (200105275R)
- 100% | ZHULIAN NETWORK (CAMBODIA) CO., LTD. (00040386)
- 100% | ZHULIAN (THAILAND) LTD. (0105539066471)

#### PRINTING SERVICES / WHOLESALE & RETAIL

- 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)
- 35% | ZHULIAN ENTERPRISE (MYANMAR) CO., LTD. (113728566)

#### OTHERS

- 100% | \*DEXASSETS SDN. BHD. 200501009923 (686970-K)
- 100% | #ZHULIAN DEVELOPMENT SDN. BHD. 199401035481 (321164-M)
- 100% | #BEYOND NATURAL CARE SDN. BHD. 200401026732 (665240-M)
- 100% | #ZHULIAN LABUAN LIMITED (LL07218)
- 100% | ZHULIAN DEVELOPMENT CO., LTD. (0125555010809)
- 100% | ONE RESIDENCE PROPERTY CO., LTD. (0125557010415)

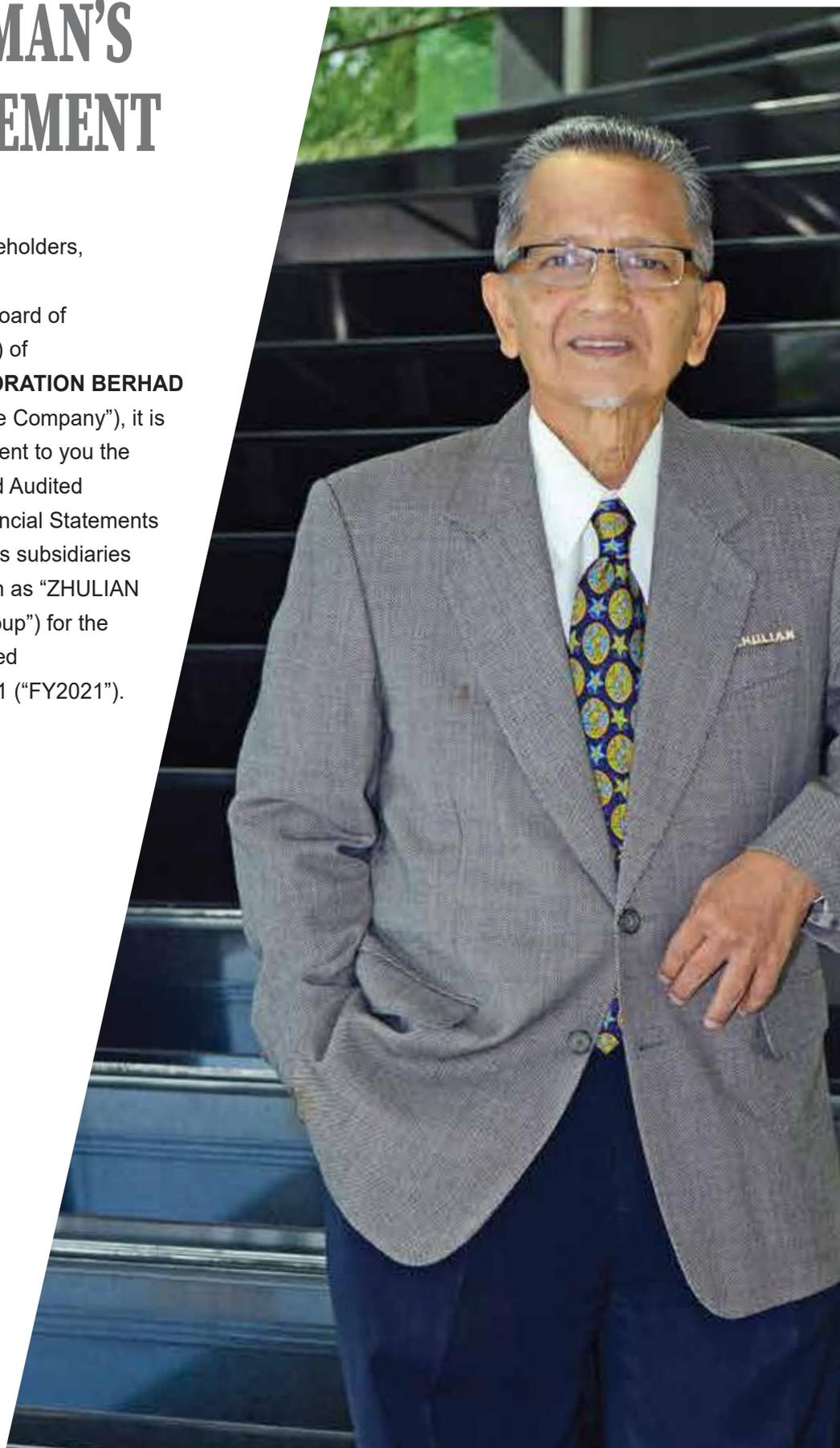
#Dormant

\*Investment holding

# 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 (collectively known as "ZHULIAN Group" or "the Group") for the financial year ended 30 November 2021 ("FY2021").



## FINANCIAL PERFORMANCE

The Coronavirus (COVID-19) pandemic which had prolonged since its outbreak in March 2020 caused severe socio-economic impact on a global scale, including the markets where the Group operates.

The Group's net revenue for FY2021 was RM149.6 million, a decrease of 12% as compared to preceding year of RM170.7 million.

Profit before taxation for the year was RM51.5 million, a decrease of 13% as compared to preceding year of RM59.6 million. Profit after tax for FY2021 was RM41.6 million.

The Group's total assets as at 30 November 2021 was RM582.1 million compared to RM632.5 million as at 30 November 2020. The decrease was mainly attributable to lower trade receivables balance and dividends paid to shareholders of the Group.

Out of which, the Group's cash and cash equivalents as at 30 November 2021 was RM234.5 million, an increase of RM42.8 million from last financial year ended 30 November 2020 of RM191.7 million.

The Group's total liabilities as at 30 November 2021 was RM40.4 million, a decrease of RM6.2 million from last financial year ended 30 November 2020 of RM46.6 million.

The Group's total equity as at 30 November 2021 was RM541.8 million, a decrease of RM44.2 million from last financial year ended 30 November 2020 of RM586.0 million.

All in all, the Group's net asset as at 30 November 2021 valued at RM117.8 per ordinary share.



## RETURN TO SHAREHOLDERS

The Group is committed to maximising the shareholders' return in the medium to long term and to grow sustainably even through times of economic hardship. Accordingly, the Company's policy regarding returns to shareholders shall be based on business performance and operating results.

The Group declared a total dividend of RM78.2 million for the financial year ended 30 November 2021 that consists of interim dividends of 3 sen per ordinary share for each quarter and an additional special dividend of 5 sen per ordinary share during the fourth quarter.



## BUSINESS OVERVIEW

Despite the COVID-19 pandemic posed far-reaching implications on all facets of our business in the past year, we are proud that the Board and Management Team were still able to continue placing the health and safety of our Distributors and Employees as the top priority in every decision made.

We recognise that the COVID-19 pandemic and the resultant socio-economic impact compels us to evolve our business strategies in order to thrive in uncertainties. During FY2021, we took several courses of actions to re-shape our organisation to be more effective in serving and supporting our Distributors.

We re-evaluated overall marketing approach and product development plans. We also accelerate digital transformation to better engage our Distributors and new prospects. At the same time, we continued our effort to stimulate consumers' demands and support Distributors with coordinated promotional activities.

We remain cautious in managing our resources to ensure business resilience and scalability. We implement various preventive and control measures to streamline cost structures. With our improved risk assessment and internal control systems in place, we had managed to detect and mitigate key risks that may be a threat to our business performance and sustainability. All of these measures helped to minimise the negative impacts of pandemic on our business.

# CORPORATE REVIEW

## OUTLOOK

In the second Fiscal Policy Committee (FPC) meeting, the Ministry of Finance (MOF) represented that the continued implementation of economic and fiscal stimulus measures will support Malaysia's economic growth, which is expected by the International Monetary Fund (IMF) and the World Bank to approximate 6.0%. Meanwhile, Moody's Analytics upgraded its economic growth projection for Malaysia to 5.0% in 2022, with the expansionary Budget 2022 supporting its bright outlook for the country's gross domestic product (GDP). The outlook for overseas market of the Group which is mainly in Southeast Asia Region was also seen less upbeat after severe contraction in 2020 while experiencing some rebound in 2021. Asian Development Bank expects the region to expand at 5.0%.

Uncertainty will linger on and until the coronavirus is contained, we expect radical shifts in consumers' behaviour and purchase patterns. Under such circumstances, the Group shall adopt a defensive stand in manoeuvring its business, such as accumulating ample liquidity to cater for unpredictable developments. The key factors that will drive the Group's business moving forward include the risk of pandemic resurgence and the pace of economic recovery.

## APPRECIATION

I like to extend my sincere appreciation to our Associate and the members of the Board for their commitment and passion in their work during the past year which undoubtedly proved challenging but not impossible to overcome.

I also like to express my utmost gratitude to the Management Team and employees of the Group for their determination in this unique time, their dedication especially had ensured the smooth implementation of ever-evolving strategies, policies, preventive measures, so much so the strict adherence to Standard Operating Procedures for curbing the spread of coronavirus at the workplace. They also put in significant effort to adapt to new ways of interaction with stakeholders and to balance Management's focuses for the short-term, medium-term and long-term business goals.

My heartiest thanks also go to Distributors, Leaders and Agencies for riding the waves with the Group through ups and downs, our relationships are strengthened like never before. The Board would also like to thank the regulators and policy makers who have helped preserve stability in these uncertain times thereby allowing us to maintain accessibility to the market.

Lastly, on behalf of the Board members, I would like to thank our valued shareholders for placing your constant support and confidence in our abilities to steer the Company towards a more promising future.

We are confident that with our strong financial fundamentals and a sustainable distribution network, we can uphold our purpose which is to improve our people's living and emerge from current crisis stronger than ever.

On Behalf of the Board,

**ZHULIAN CORPORATION BERHAD,**

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



# PENYATA PENGERUSI

Para Pemegang Saham Yang Dihargai,

Bagi pihak Lembaga Pengarah (“Lembaga”) **ZHULIAN CORPORATION BERHAD** (“ZHULIAN” atau “Syarikat”), 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 2021 (“FY2021”).

# CORPORATE REVIEW



## PRESTASI KEWANGAN

Pandemik Coronavirus (COVID-19) yang berlarutan sejak Mac 2020 telah meninggalkan impak sosio-ekonomi yang berskala global, termasuklah pasaran di mana Kumpulan kita beroperasi.

Perolehan bersih Kumpulan bagi FY2021 adalah berjumlah RM149.6 juta, iaitu penurunan sebanyak 12% berbanding tahun sebelumnya yang berjumlah RM170.7 juta.

Keuntungan Sebelum Cukai bagi tahun kewangan adalah berjumlah RM51.5 juta, iaitu penurunan sebanyak 13% berbanding tahun sebelumnya yang berjumlah RM59.6 juta. Keuntungan Selepas Cukai bagi FY2021 adalah RM41.6 juta.

Jumlah aset Kumpulan pada 30 November 2021 berjumlah RM582.1 juta berbanding tahun kewangan lalu yang berakhir pada 30 November 2020 berjumlah RM632.5 juta. Penurunan ini sebahagian besarnya disumbangkan oleh imbalan dagangan belum terima yang lebih rendah dan dividen yang dibayar kepada pemegang saham Kumpulan.

Daripadanya, tunai dan kesetaraan tunai Kumpulan pada 30 November 2021 berjumlah RM234.5 juta, iaitu peningkatan sejumlah RM42.8 juta daripada tahun kewangan lalu yang berakhir 30 November 2020 yang berjumlah RM191.7 juta.

Jumlah liabiliti Kumpulan pada 30 November 2021 adalah berjumlah RM40.4 juta, iaitu penurunan sejumlah RM6.2 juta berbanding tahun kewangan lalu yang berakhir pada 30 November 2020 yang berjumlah RM46.6 juta.

Jumlah ekuiti Kumpulan pada 30 November 2021 adalah berjumlah RM541.8 juta, iaitu penurunan sejumlah RM44.2 juta berbanding tahun kewangan lalu yang berakhir pada 30 November 2020 berjumlah RM586.0 juta.

Secara keseluruhannya, aset bersih Kumpulan pada 30 November 2021 bernilai RM117.8 per saham biasa.

## PULANGAN KEPADA PEMEGANG SAHAM

Kumpulan berkomitmen untuk memaksimumkan pulangan para pemegang saham dalam jangka sederhana hingga jangka panjang dan untuk terus tumbuh meskipun ketika kesulitan ekonomi. Oleh yang demikian, polisi Syarikat berkenaan pulangan kepada para pemegang saham adalah berdasarkan prestasi perniagaan dan hasil operasi.

Kumpulan mengisytiharkan jumlah dividen RM78.2 juta bagi tahun berakhir 30 November 2021 yang terdiri daripada dividen interim sebanyak 3 sen per saham biasa bagi setiap suku dan tambahan dividen khas sebanyak 5 sen per saham biasa bagi suku keempat.

## TINJAUAN PERNIAGAAN

Walaupun pandemik COVID-19 mengakibatkan implikasi yang meluas terhadap seluruh aspek perniagaan kita pada tahun lalu, namun kita berbangga kerana Lembaga dan Barisan Pengurusan berupaya untuk kekal mengutamakan kesihatan serta keselamatan para Pendedar dan Kakitangan kita di dalam setiap keputusan yang diambil.

Kita mengenalpasti bahawa pandemik COVID-19 dan hasil daripada impak sosio-ekonominya memaksa kita untuk merubah strategi perniagaan kita demi terus berkembang maju ketika menghadapi ketidakpastian. Semasa FY2021, kita mengambil beberapa tindakan bagi membentuk semula organisasi kita agar dapat memberi bantuan dan sokongan dengan lebih berkesan kepada para Pendedar kita.

Kita menilai semula pendekatan pemasaran dan rancangan pembangunan produk secara menyeluruh. Kita juga mempercepatkan transformasi digital bagi melibatkan para Pendedar dan prospek baru dengan lebih berkesan. Pada masa yang sama, kita masih lagi meneruskan usaha kita untuk merangsang permintaan pengguna dan sokongan Pendedar melalui penyelarasan pelbagai aktiviti promosi.

Kita kekal berhati-hati dalam menguruskan sumber-sumber kita bagi memastikan ketahanan dan keskalaan perniagaan. Kita melaksanakan pelbagai langkah pencegahan dan kawalan bagi memperkemas struktur kos kita. Dengan penilaian risiko dan sistem kawalan dalaman kita yang telah ditambahbaik, kita telah berupaya mengesan dan merendahkan risiko utama yang mungkin akan menjejaskan prestasi dan kelestarian perniagaan kita. Kesemua langkah yang diambil ini telah membantu untuk mengurangkan impak-impak pandemik yang negatif terhadap perniagaan kita.



## TINJAUAN

Dalam mesyuarat kedua Jawatankuasa Dasar Fiskal (*Fiscal Policy Committee - FPC*), Menteri Kewangan menggambarkan bahawa implementasi langkah-langkah rangsangan ekonomi dan fiskal yang berterusan akan menyokong pertumbuhan ekonomi Malaysia, yang diramalkan kira-kira 6.0% oleh Dana Kewangan Antarabangsa (*International Monetary Fund - IMF*) dan Bank Dunia. Sementara itu, *Moody's Analytics* meningkatkan unjurannya bagi pertumbuhan ekonomi Malaysia sebanyak 5.0% bagi tahun 2022, dengan belajawan yang bercirikan pengembangan bagi tahun 2022 yang menyokong jangkaan positifnya terhadap keluaran dalam negara kasar (KDNK). Tinjauan pasaran luar negara bagi Kumpulan yang sebahagian besarnya di rantau Asia Tenggara juga kelihatan kurang memberangsangkan selepas penguncupan yang teruk di tahun 2020, kemudiannya memperolehi sedikit kesan pemulihan di tahun 2021. *Asian Development Bank* menjangkakan rantau ini akan berkembang pada kadar 5.0%.

Ketidakpastian akan terus berlegar hanya dan sehingga coronavirus mampu dibendung, dan sementara itu kita menjangkakan peralihan radikal terhadap tingkah laku pengguna dan corak pembelian mereka. Dalam situasi sebegini, Kumpulan mengambil pendirian bertahan dalam menjalankan perniagaannya, seperti menghimpunkan kecairan yang mencukupi bagi memenuhi pembangunan yang tidak menentu. Faktor utama yang akan memacu perniagaan Kumpulan untuk terus mara termasuklah risiko wabak pandemik meletus kembali serta kadar pemulihan ekonomi.

## PENGHARGAAN

Saya ingin menyampaikan penghargaan seikhlasnya kepada rakan Sekutu dan ahli Lembaga kita di atas komitmen dan semangat mereka dalam memikul tugas mereka sepanjang tahun yang mencabar namun bukanlah mustahil untuk diharungi.

Saya juga ingin mengucapkan setinggi penghargaan kepada barisan Pengurusan dan kakitangan Kumpulan di atas keazaman masing-masing sepanjang tempoh yang unik ini. Dedikasi mereka telah membantu untuk melancarkan pelaksanaan strategi, polisi, langkah pencegahan yang sentiasa berubah-ubah, serta pematuhan ketat terhadap Tatacara Pengendalian Piawai (*Standard Operating Procedures - SOP*) demi membendung penularan coronavirus di tempat kerja. Mereka turut bersungguh-sungguh menyesuaikan diri dengan berinteraksi cara baru dengan para pemegang taruh serta mengimbangi fokus Pengurusan bagi matlamat perniagaan jangka pendek, sederhana dan panjang.

Ribuan terima kasih juga buat para Pengedar, Pemimpin dan Agensi yang setia di sisi Kumpulan ketika dilambung ombak dan badai, lantas mengukuhkan lagi hubungan kita yang sedia ada. Lembaga ingin merakamkan penghargaan buat pihak berkuasa dan penggubal polisi yang telah menolong untuk mengekalkan kestabilan pada ketika yang penuh ketidakpastian ini lantas menolong kita mengekalkan keupayaan menembusi pasaran.

Akhir kata, bagi pihak ahli-ahli Lembaga, saya ingin berterima kasih kepada para pemegang saham kerana memberikan sokongan dan kepercayaan berterusan terhadap keupayaan kita mendorong Syarikat ke arah masa depan yang lebih memberangsangkan.

Kami yakin dengan asas kewangan yang kukuh dan rangkaian Pengedar yang mapan, kita mampu sentiasa mendukung tujuan kita dalam menambahbaik kehidupan orang-orang kita serta bangkit daripada krisis semasa dengan lebih gagah.

Bagi pihak Lembaga Pengarah,

**ZHULIAN CORPORATION BERHAD,**

**HAJI WAN MANSOOR BIN WAN OMAR**

Pengerusi Bebas Bukan Eksekutif



# CORPORATE REVIEW

## MANAGEMENT DISCUSSION AND ANALYSIS

It is a pleasure for the Board of Directors (“Board”) and Management of ZHULIAN CORPORATION BERHAD (“ZCB”, “ZHULIAN” or “the Company”) to present the Management Discussion and Analysis (“MD&A”) for the financial year ended 30 November 2021 (“FY2021”).

### OVERVIEW OF BUSINESS AND OPERATIONS

ZCB is an investment holding company of a group of companies dealing with diversified businesses comprising manufacturing and trading of an array of widely diversified products, and other supporting businesses.

Our business is conducted primarily via multi-level marketing (“MLM”) business model. Products are sold to consumers principally through Independent Distributors who earn incentives laid down in our stipulated marketing plan. Starting its business since 1989, the Group offers an opportunity to everyone to build their business with the quality products under our brands. We also provide training programmes with other facilities and supporting tools for the Distributors to grow their business with us.

We have own manufacturing facilities to produce food and beverages, traditional herbal supplements, home care products, home technology products including water purifier, air purifier and therapeutic bedding products to add into our initial core products – costume jewellery. Apart from that, we have an array of personal care products which are outsourced to contract manufacturers.

As to date, the Group is headquartered in Penang, Malaysia with business network spans across Malaysia, Thailand, Myanmar and Cambodia. Operations in Malaysia are managed by Headquarters while operations in Thailand, Myanmar and Cambodia are managed by our associate in Thailand - Zhulian Holding (Thailand) Co., Ltd. (“ZHT”).

ZCB’s consolidated revenue derives from operations of subsidiaries in Malaysia and also share of profits from operations of our associate in Thailand.



## OVERVIEW OF MARKET PERFORMANCE

As we navigated through the COVID-19 pandemic, our companies' business operations and financial performance though impacted, remained resilient. For FY2021, the Group recorded a net profit attributable to shareholders of RM41.6 million. A main contributing factor is our digitalisation effort which enabled us to still support Distributors remotely with online programmes.

The statistics showed COVID-19 cases are still alarming at the end of FY2021 and the pandemic continues to pose significant threats in the regions which we operate our businesses. While Malaysia and Thailand have started to reopen the economy in the final quarter of 2021, the pace of recovery is still largely depending on the progress and efficacy of vaccinations, populations' compliance with Standard Operating Procedures (SOPs) and government's ability to effectively contain outbreaks of any new COVID-19 variants.



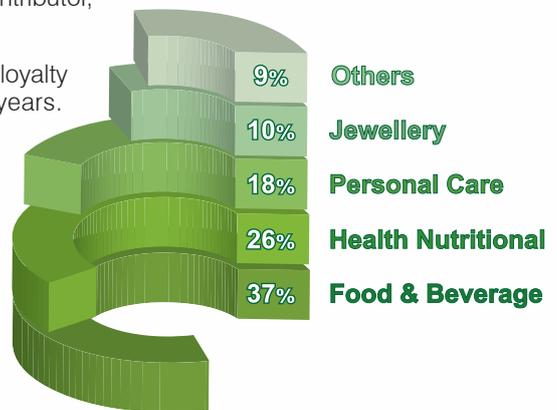
Due to strict lockdown measures that took place during June to September 2021, the economy of Malaysia contracted by 4.5% in the third quarter of 2021 after it saw a 16.1% expansion in the previous second quarter of 2021.

Market demands of our products was somewhat affected as consumers shifted trend to online shopping. In response, we delayed product launch plans during the lockdown period to re-evaluate our overall business



strategies. Our renewed approach to local market managed to garner increased revenue which is encouraging; however the Thailand and Cambodia markets were not spared by the impact of pandemic. Overall, our export revenue in FY2021 decreases by 20%, offset by increase of local revenue in FY2021 by 21% compared to prior year. Thailand market remained the biggest contributor, generating approximately 64% of the Group's FY2021 revenue.

Our products remained viable especially supported by consumers' loyalty which was fostered by strong emotional connection over the years. Moreover our wide range of product offerings is able to meet various consumers' needs, for example health supplements are hotly demanded in time of health crisis. Our revenue composition consists of mainly Food & Beverage products which contributed to 37% of total revenue; this is followed by Nutritional Health products at 26%, Personal Care products at 18% and Jewellery products at 10% of total revenue.



As at the end of FY2021, the Group MLM business network includes 250 Authorised Agencies, stockists, retailers and branches. They in turn serve 269,810 Distributors across Southeast Asia.

## OUR BUSINESS STRATEGIES

The Group's core business has always been to trade our manufactured products through Multi-level Marketing. In year 2021, we placed our priority to cope with the innumerable pandemic challenges faced by the business model to ensure its' continuity. In order to practise social distancing for safety reasons, we have to minimise the marketing activities on field and geared up our virtual programmes.



### Sustaining Distribution Network

We successfully adapted to new business normalcy and leveraged on digital platform to stay connected with our network. We took various initiatives to support the Distributors including organised a series of virtual programmes and also designed promotions to boost sales. Throughout the year, we also waived sign up fee to stimulate new recruitments.

# CORPORATE REVIEW



## Balance innovation with cost containment

On an ongoing basis, we are still upholding our commitment to build customers' and brand loyalty by offering diverse product portfolio for them to enjoy. We survey markets thoroughly before we develop new products that are value for money and achieve cost effectiveness through meticulous supply management.

## Balancing Offline and Online Marketing

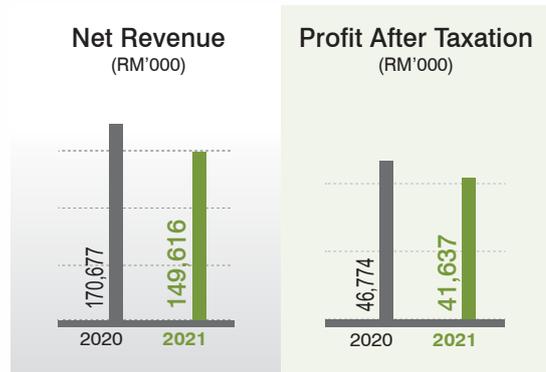
As with the change in business landscape, we also transit from hi-touch to hi-tech. We re-approach marketing activities and training sessions from physical face-to-face to virtual engagement. We train Distributors the same to help them move their businesses online while continue to build their product knowledge and selling techniques. In line with the National Recovery Plan which reopened market at end of 2021, we plan to gradually resume field activities with strict adherence to Standard Operating Procedures stipulated by the Ministry of Health Malaysia.

## GROUP FINANCIAL HIGHLIGHTS

Ensuring business continuity to safeguard the shareholders' interest is paramount to what we do. It became necessary for us to scrutinise our business continuity plan during the pandemic. We managed to streamline our business operations and supply chain; we also reviewed our fund position and cost structure for financial sustainability. We were able to resume operation right after the 3-month lockdown was lifted.

Despite business disruption, the Group recorded net revenue amounting to RM149.6 million in FY2021 which was 12% lower as compared to the revenue of RM170.7 million in FY2020. 75% of our revenue was generated from export sales and 25% was from local sales. Thailand market remained as the Group's key revenue contributor.

The result from operating activities was RM32.1 million in FY2021, impacted by regional economic downturn and dropped by RM9.8 million from RM41.9 million in preceding financial year. Profit after tax for FY2021 was RM41.6 million, decreased by RM5.2 million as compared to preceding financial year of RM46.8 million.



The Group's total equity decreased from RM586.0 million at FY2020 to RM541.8 million at FY2021 after declared and paid special dividend to the shareholders, nonetheless the Group still has strong cash reserve of RM234.5 million at FY2021, being an increase of RM42.8 million as compared to RM191.7 million at FY2020. The Group continues to maintain zero gearing to-date with sufficient liquidity as an advantage against uncertainties.

In regards to cash flows, we see a net increase in cash and cash equivalents derived from net cash from operating activities of RM121.4 million offset by net cash used in financing activities which represents dividends paid to shareholders of the Company of RM78.2 million during the year.

## UPHOLDING GOOD GOVERNANCE

We believe that good governance is essential for business longevity. Understanding and applying the elements of good governance as well as robust risk management and internal control measures helps to promote business prosperity and corporate accountability. The Group's governance policies are guided by the spirit and intended outcomes of the Malaysian Code on Corporate Governance ("MCCG"). We are committed to ensure good governance policies flow down from the Board in a coherent manner and are effectively cascaded down across the Management and the rest of the organisation.

Considering the unpredictable nature of the pandemic may bring about severe implications, the Board ensures appropriate governance is in place to enforce standard operating procedures. The Board worked to deliver strong and consistent communications throughout the organisation, including clear instruction that the safety and well-being of our employees and Distributors are of utmost importance while anchoring our actions to the Group's strategic objectives and values.

## RETURN TO SHAREHOLDERS

Even though the pandemic continued to pose a risk to the Group's business performance, we uphold our commitment to delivering value to the shareholders. We had declared a total dividend of RM78.2 million for FY2021 that consists of interim dividends of 3 sen per ordinary share for each quarter and an additional special dividend of 5 sen per ordinary share during the fourth quarter.

## ORGANISATIONAL AND CORPORATE HIGHLIGHTS

### The Inaugural Virtual National Convention – ZHULIAN ENTREPRENEURSHIP SUMMIT

In line with evolving business landscape, the Group reacted promptly by adapting to virtual marketing. We marked a notable milestone in year 2021 for successfully organising the first virtual national convention, namely ZHULIAN ENTREPRENEURSHIP SUMMIT with an overwhelming crowd of nearly 1,000 participants.



Meanwhile in year 2021, the MLM division of the Group's Associate, Zhulian (Thailand) Ltd. had also held its 24th anniversary celebration via online live streaming platform.

### Awards and Recognition

In year 2021, one of our subsidiaries ZHULIAN INDUSTRIES SDN BHD ("ZISB") won a prestigious award - THE BRANDLAUREATE WORLD HALAL BEST BRANDS E-BRANDING AWARDS 2021 for THE CONSUMER GENERAL HEALTH SUPPLEMENT CATEGORY. The award recognises its effort in globalising the Zhulian brand name to the Halal market worldwide. ZISB mainly engages in manufacturing of consumer, food & beverage products. This award marked another key milestone for the Group in its mission to promote ZHULIAN as a brand name that achieves international standards and quality.



# CORPORATE REVIEW

## New Product Development

As the market sentiment became unpredictable, we too exercised cautions in investment spending especially when deciding to introduce any new products in the market. Although we have a host of new products that were ready for launching, we strategically defer the plan to roll out until opportunities are materialised.

Followed by the launch of a new hand sanitizer product last year which helped consumers to combat pandemic threat, we additionally rolled out an Antibacterial Hand Wash product this year. On top of that, we re-launched the Wheatgrass Botanical Beverage Mix with an improved formula. By popular demand, we further introduced a total of 22 new designs of gold plated and rhodium plated jewellery products into the Malaysia market.

On the other hand, the Group's Associate launched a protein mixed beverage in the Thailand market and a health supplement made of red yeast rice formula in the Myanmar market.



## ZHULIAN GET VACCINATION & REDEEM Campaign

In the year, we carried out our social responsibilities to curb the pandemic through our marketing activities ZHULIAN GetProtectionNRedeem Campaign. We added our encouragement to that of the Government by distributing cash vouchers to Malaysian Distributors who registered and received the first dose of COVID-19 vaccine.



## Online Training Programmes and Meetings

We motivated our employees, Agencies and Distributors to embrace the new normalcy of running direct selling business that is to organise marketing activities online such as live streaming on social media. Throughout the year of change, we hosted product seminars and training programmes regularly for new and existing Distributors to enhance their selling skills and digital saviness. Regular online meetings were held to remind Agencies to follow Standard Operating Procedures when conducting business and reassure their confidence, gather feedbacks for future improvement in face of new business normalcy.

## MANAGING RISKS

We manage our business in ways to capitalise on all opportunities, which are by identifying and managing material risks in an acceptable level. The Group establishes processes to systematically identify and assess both financial and non-financial business risks. The followings are the key risk factors we identified, which can potentially undermine the efforts of our Distribution network and the performance of our businesses:-

- **Pandemic Risk**

COVID-19 pandemic continues to pose a threat to our business. It can severely upset business operations by disrupting the supply chain therefore impedes our ability to deliver products and services to our end customers. It may also cause economy fallouts that directly affect market demands. We have developed a risk control system as contingency to mitigate the impacts of a pandemic outbreak and ensuring smooth operations forward.

- **Foreign Exchange Risk**

The Group is exposed to foreign exchange or currency risk because our exports are transacted in United States Dollar (“USD”) and this generates more than 70% of our total revenue. Financial forecasting and budgeting help to manage currency risks. There also exists a natural hedge mechanism whereby some of our imported raw materials are denominated in USD.

- **Information Technology (IT) Risk**

IT risk and data protection are increasingly important to business in this day and age. A secure IT system employing encryption will safeguard commercial and customer information. The complexity and growing vulnerability of the underlying IT systems are of equal concern. Hence, we have built in the necessary system controls to properly manage IT risks in our business.



- **Credit Risk**

The current economic crisis resulted from the pandemic has seen putting a strain on the cash flows of our Authorised Agencies. Credit checks are conducted periodically on our Authorised Agents to identify, manage, and mitigate credit risk during these times.

- **Competition from E-Commerce**

The competition from e-commerce offering similar products is a concern we strive to address. We endeavour in developing products that are able to set a difference from others in terms of value and functions. In addition, we continue to enhance our brand position and loyalty through active social media presence and engagement.



- **Regulatory Challenges**

The regulatory landscapes of our diversified businesses are in a constant state of flux, with new regulations or amendments passed more frequently than before. Furthermore, our businesses span to several countries in the Southeast Asia region which each subject to different set of regulations. Consequently, it is a challenge for the Group to catch up with these ever-changing rules and if not supervise properly, may expose ourselves to compliance risk. Managing such risk is part and parcel of the Group for business growth and expansion.

## FORWARD-LOOKING STATEMENT

Going forward, as global liquidity adjustments and developments surrounding the path of the pandemic remain uncertain, the Group will focus to improve its' business operational efficiency and maintain sufficient cash flows in year 2022. The strains imposed by COVID-19 have re-emphasised the need for the Group to be resilient and adopts forward thinking towards a more progressive outlook. The Group has to ensure its business long term survival by adapting to the constant market demand changes wherever possible.

As we closely monitor the current economic environment, we will take a prudent approach when making decisions about investments in new products, services and new business platforms or ventures. We will continue our endeavors to attract new Distributors and to retain existing Distributors, improve Distributors' productivity, penetrate markets, introduce new products and invest in required infrastructure. Our major ambitions are ensuring business continuity through implementation of operational changes, restructuring and other cost reduction measures so to run our business in a cost-effective manner.

We are cautiously confident that with our strong fundamentals and brand position, we will be able to counter all headwinds and bring forward our business.

## SUSTAINABILITY STATEMENT

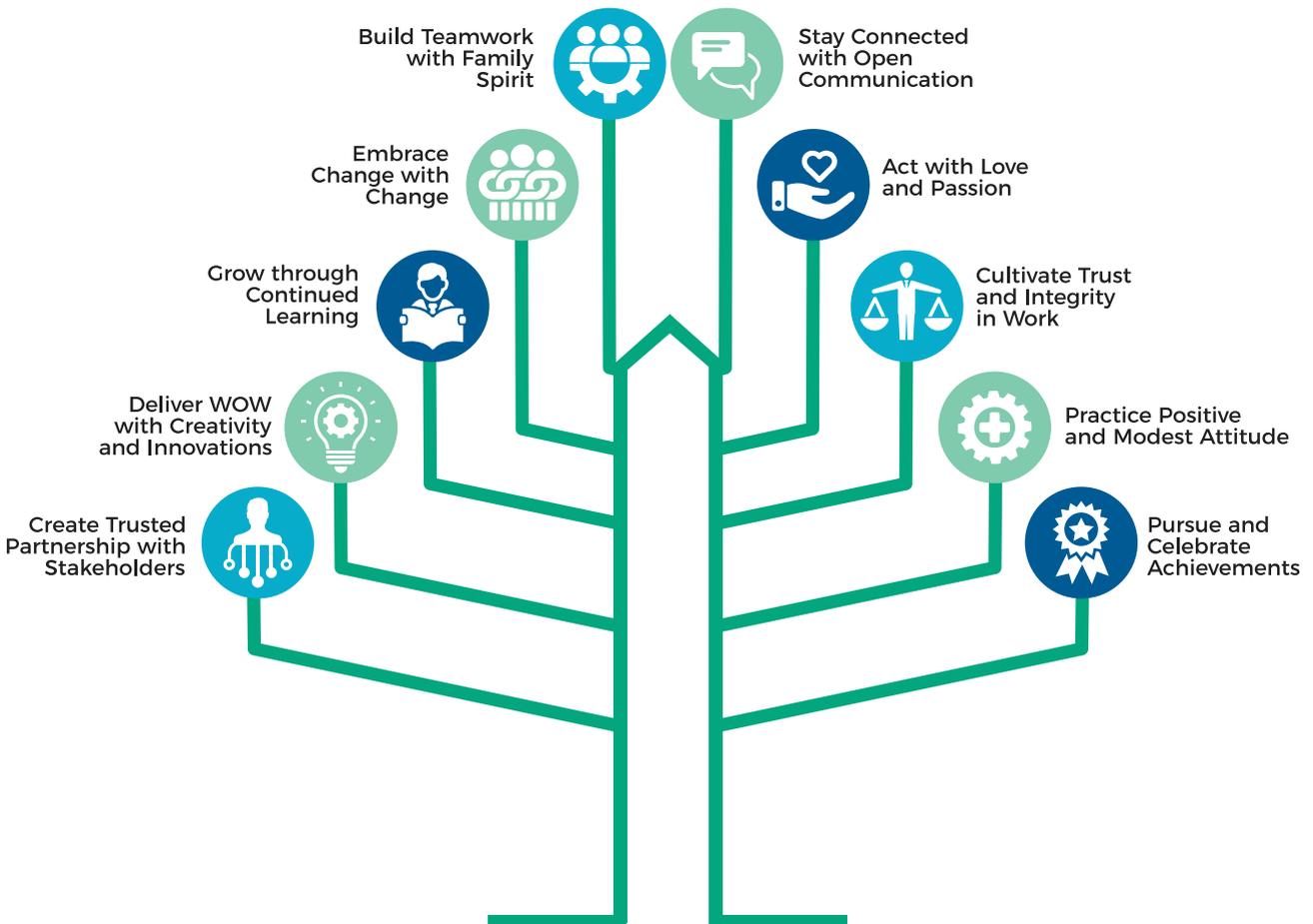
The Group is proud to present the Sustainability Statement for FY2021, which provide an overview of ZHULIAN Group sustainability initiatives and measures.

The Group continues to embed sustainability as part of long-term business goals – making economic, environmental and social parameters a key part of its plans going forward. We continue to uphold our commitment to sustainability, that is to optimise its positive influence and minimise its negative influence to the people and environment.

The 10 core values of ZHULIAN Group underpin our approach to sustainability. Sustainability is integrated into the Group's business model and aligned with our core values that focus on partnership with stakeholders. We are committed to embody the core values into our day-to-day reality of how we do our business.

## ZHULIAN® GROUP'S 10 CORE VALUES

The 10 Core Values serves as pillars of strength and beacon of inspiration for our people. We believe core values define the identity and form the culture of the Group, and are vital to propel business growth.



## OUR COMMITMENT

### Playing a role in social progress

We are committed to promoting social progress via offering entrepreneurial opportunity. Our core business which adopts a Multi-level Marketing business model itself is a sustainability initiative to help improve living quality in terms of health and financial freedom of the communities where we operate our businesses. We take pride in sharing the opportunity to help build their own business with us while driving growth to the Group as well as ensuring business sustainability.

### Operational efficiency while minimising environmental footprint

We continued to endeavour in adding value to our products through innovation and operational efficiency while minimising the impact of our business on the environment. We aim to use all of our resources as efficiently as possible, reducing costs to the Company. This collaborative approach is particularly important to ensure a healthy, sustainable supply chain.



### Stringent product quality to ensure customer satisfaction

As the Group which owns multiple manufacturing subsidiary companies, we will not compromise on product quality. Our food and beverages manufacturing division which complies with Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP) also adopts the ISO 22000 Food Safety Management System and ISO 9001 Quality Management System. Other than that, the manufacturing facilities for traditional health products and detergent products also adopts ISO 9001 system in maintaining a high quality standard.

### Good corporate governance

Integrity forms the cornerstone of our business. The trust of our stakeholders is critical to our sustainability and we seek to inspire confidence in our ability to deliver ethical as well as transparent operations. Our Board of Directors ensures that the Group serves our stakeholders' interest via sound principles of governance as advocated by domestic and regional regulators.

We are committed to upholding and applying high standards of corporate governance while putting in place risk management and internal control measures throughout the Group. Total compliance with all regulatory requirements relevant to the operation as corporate entity and other diversified businesses is our main focus. We have put in place the Board Charter, Code of Conduct, Code of Ethics, Anti-Bribery and Corruption Policy and Whistleblower Policy which the Group adopts to uphold the corporate integrity, prevent fraud and irregularities, and comply with all applicable laws and regulations.

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.

# CORPORATE REVIEW

## Stakeholders Engagement

We define our stakeholders as those we impact through our operations as well as those who influence our performance and ability to meet our corporate goals. We value all our stakeholders and engage with them on a regular basis to understand their needs and expectations of the Group, while also helping them understand our strategies and objectives.

In FY2021, it was more challenging than ever to maintain the close collaboration with stakeholders particularly our Distributors, Authorised Agencies and Employees especially during the full lockdown period. Nevertheless, we were flexible to respond and made the move towards virtual platforms and leverage on technological advances to reach wider masses. The process helped us garner solid insights into what is most material to the Group and our diverse stakeholders as well as helping us to finetune our overall sustainability approach.

We have categorised our key stakeholders into seven groups, each with a summary of the engagement methods we adopt to ensure on-going interaction with each stakeholder.



\* suspended due to physical distancing guideline to curb spread of COVID-19 pandemic.

## Response to Pandemic Crisis



Our priority throughout the Movement Control Order period has been to uphold “Health and Safety First” principle thus ensuring the safety of our Employees, Authorised Agents and Distributors. This has been achieved by taking prompt action to adhere to all standard operating procedures (SOPs) issued by the relevant authorities in our regional operations. The Management stayed connected with all employees, Authorised Agents and Distributors regarding the latest update about the Company’s operational schedule and procedures. Further underlining our commitment to safety, we have continued to conduct internal operational audits to ensure compliance with the Health Ministry’s requirement.

We are proud of the way ZHULIAN communities has come together during this COVID-19 crisis. Thanks to the COVID-19 Special Task Force that was formed last year for effectively carrying out the control measures. Our appreciation also goes to our MLM Distributors who had demonstrated their persistence and tenacity in their business and also our employee who shown great dedication to work from home during the MCO period. Furthermore, the staff in key support and frontline roles continued heading into work, to handle fulfilment to our domestic and overseas markets to overcome disruption in our supply chain.

Essentially, guidelines, restrictions and best practices will continue to evolve daily for the foreseeable future, and as with the threat of pandemic or endemic as we have to live with it in future. This undoubtedly presents new challenges in terms of business continuity especially in the aspect of contingency planning and safety precautions. In light of this crisis, business continuity remains our top priority as we continue to navigate these uncertain times. We are committed to adopt best practice in this area to ensure that we are adequately prepared to deal with worse-case scenarios and protect the future of our business.

## ZHULIAN® WORKPLACE HEALTH & SAFETY PRACTICES RESPOND TO COVID-19 PANDEMIC

 <p>Only Employees and visitors with proof of full vaccination, 'Low Risk' or 'Casual Contact' Status on the MySejahtera App are allowed to enter Company premises</p>	 <p>Conduct temperature screening and apply hand sanitizer before entering the Company premises</p>	 <p>Perform RTK Antigen Test on Employees bimonthly</p>	 <p>Practice use of face mask and physical distancing of 1 metre during working hours</p>
 <p>Display of visual signage reminders and markings to limit and restrict entry and close contacts at all common areas</p>	 <p>Limit seating capacity according to markings while dining in the pantry and cafeteria areas</p>	 <p>Hand Sanitizers are placed in all common areas</p>	 <p>Prevent physical close contact and conversation in the enclosed workplace</p>
 <p>Restrict Employees' capacity of Company transport to 50%</p>	 <p>Conduct proper cleaning and sanitization of common contact surfaces daily</p>	 <p>Perform complete disinfection weekly</p>	 <p>Frequent sanitization by Employees of their personal belongings such as mobile phones, laptops, computer keyboard and work desks are encouraged</p>

### Recalibrating & Prioritising Sustainability Approach

During the pandemic turmoil, sustainability has become the central of business resilience. We realise the need of integrating sustainability and transparency strategically and balancing our resources accordingly into our business operations, so that we can be more agile in responding to unexpected events in future.

### ECONOMIC SUSTAINABILITY

The pandemic caused a ripple effect of unemployment, salary cuts and job displacement in various industry sectors. During such times, people have a renewed awareness of the need to establish more income streams. Direct selling or MLM business models offer an attractive opportunity to start a business that does not require a lot of capital or the need to deal with operational and logistics hassles.



The Group captured such opportunity to boost its recruitment as our business has been proven over the years to be a viable opportunity to build economic stability due to its low entry barrier. It also provides an attractive and flexible income opportunity for those who are looking to make a supplemental income during challenging times. This paves the way for socio-economic sustainability with our market presence.

### Sustaining Business Network

During the year, the Group has redefined and reshaped its operations and organisations to effectively combined the online approach with personalised selling. We have utilised technology interventions in trainings and upskilling to augment our Distributors' capability and productivity.

We continued our online training programmes to nurture and train our newly recruits and existing Distributors. There are a host of trainings programmes conducted on a regular basis, namely NDO (Newbies Foundation Training), ZIP (Product Information Webinar), WOW (Work on Winning), KOL (Key Opinion Leaders) Training, Power Green Training Programmes which includes YES (Young Entrepreneur Seminar), IPG (Power Green Glory Intensive Training) and AKPG (Power Green Congress Members).



### Inventory Management

Since year 2020, we take cognisance of the pandemic's impact on potential disruption to production and demands pattern. Hence, we take proactive measures on inventory planning and management, raw material supply, product development initiatives and sales forecast to prevent from stockout, overstock, production bottleneck or fulfilment issues.

### Procurement and Vendor Management

Our food and beverage manufacturing facilities and processes 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 and we have regulated procurement system. Our supplier selection process involves sending out requests for quotation to several suppliers and subsequently conduct an assessment on their capacity and capability on order fulfilment. We also conduct vendor assessment annually on their performance in terms of quality, timeliness of delivery, compliance status. In order to improve our supply chain risk management to mitigate risk of sudden production disruption, we review risk-mitigation and sustainability policies for all suppliers.

### Customer and Community Relations

Over the years, the Group has embraced its corporate social responsibility and remained committed to serving the general public in the full spectrum of its capabilities. Driven by the Group's purpose to make a difference in people lives, we continue to inspire people toward entrepreneurial success while promoting the ideal of leading a healthier life with the quality products we have.

# CORPORATE REVIEW

During year 2021, we played a part to support the nation-wide vaccination drive in Malaysia while increasing awareness of our MLM Distributors about the importance of vaccination in protecting their safety and health by launching a 2-month vaccination campaign, namely “GetProtectionNRedeem”. During the campaign period, Malaysian Distributors who have received the first dose of vaccine can claim the RM20 e-voucher. On the other hand, as a caring gesture to return to society, our associate in Thailand contributed Zhulian Care Set consisting necessity items, sanitiser and beverage to 10,000 Distributors affected by COVID-19.



On top of that, the Group also consistently supports charitable bodies. During the year, the Group donated a sum of RM40,000 to Malaysian Red Crescent Society. Other than that, the Group also demonstrated concern over the welfare of women by contributing RM10,000 to Women’s Centre for Change.

## Preserving Confidentiality and Privacy of Data

In today’s digital age, data privacy is crucial for all companies. This is why we place great importance on upholding the privacy, confidentiality and security in data protection measures. We take reasonable measures to ensure the security of the personal data that we collect, store, process or disseminate from our stakeholders including but not limited to our Distributors, Authorised Agents, customers and employees. It is also stipulated in the Group’s Code of Conducts of the Board as well as Employees in the Group to strictly safeguard the data privacy and are also prohibited to disclose to any third party.

## Cultivating a Culture of Integrity and Transparency

The Group has embedded anti-bribery, anti-corruption and whistleblower policies within our organisation as a part of the Group’s commitment to promote and maintain a high degree of transparency, accountability and ethics in carrying out business activities. We adopt a zero tolerance approach against all forms of bribery and corruption and employees are regularly communicated on the expected conduct and best practices in this aspect.

## ENVIRONMENT SUSTAINABILITY

We remain fully dedicated to responsible management of resources to minimise impact on the environment through effective management of resources and waste. We are committed to continue ensuring that all wastewater discharged from our operations meet strict quality requirements and is within the allowed regulatory limits. The Group also comply with all relevant environmental legislation, regulations and other relevant requirements and adopt a dedicated approach for more stringent requirements in future, particularly addresses environmental issues stipulated in 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. Being a responsible corporate citizen, we also play a part in promoting recycling activities through resource and recycling system. The Group consistently provides a clean, safe and healthy working environment for all the employees. In view of the fact that all of us will have to live with COVID-19 in future, we always adhere to strict safety measures to ensure the well-being of our employees, contractors and suppliers.



## Optimising Resources Usage

We acknowledge the role of our employees in delivering our responsibility to drive energy efficiency across our operations. Hence, all our employees of all level are encouraged to save on water and electricity usage as well as reduce paper usage by promoting the use of recycle papers. Our initiatives to reduce energy usage including using LED lights which are more energy efficient and environment friendly. In year 2021, our go green initiative continued by replacing the printed catalogues to downloadable e-catalogues.

## Product Development Management

As the market landscape and trend evolve due to the impact of pandemic, we had cautiously reviewed our product development plan during the year. The Group is committed to align its product development plan with increasing consumer demand for products that support a healthy lifestyle. We have plan in place to develop environmentally friendly green products to enable our consumers to reduce their own environmental footprint and driving awareness among consumers.



## Waste Management and Pollution Control

We endeavour at all times to conduct our operations in line with strict water quality requirements. Water discharged by our manufacturing plants, particularly our jewellery manufacturing, homecare products' manufacturing facilities and food manufacturing plant are equipped with an environmental-friendly wastewater treatment system in line with applicable water quality standards and local environmental regulations. We maintain wastewater treatment plants at all of our plants to remove toxic or chemical waste prior to the discharge of wastewater. Other than that, we have also put in place procedures on how to manage and dispose waste effectively at our production area. We also continue to educate our employee to segregate waste for recycling purposes in separate bins.



Meanwhile, to minimise the air pollution, regular checks and inspection are conducted to ensure optimum functioning of the air scrubber and dust collector in the plant. On top of that, the discharge of the dust collectors of ventilation system are also closely monitored in order to ensure compliance with Environmental Quality (Clean Air) Regulation 2014.

## SOCIAL SUSTAINABILITY

An organisational culture that focuses on social sustainability helps to drive performance and ensures that we continue to attract and retain a motivated and productive distributor network and workforce.

We adopt best practices in safety and health across our operations through the adoption of ISO 9001, ISO 22000, GMP and HACCP standards with the aim of minimising work-related injuries and illnesses and this is aligned with Malaysian OSHA regulations. In order to evaluate potential issues and concerns, we have Occupational Safety and Health ("OSH") Committees in place. Gathering once every three months at a minimum, the OSH committee is responsible for identifying key risks and developing effective solutions to address them. To strengthen hazard identification and control measures of the manufacturing plants, each key department is coached and guided to utilise, implement and review hazard risk management processes.

### Health & Safety 1st

At ZHULIAN Group, we always believe in working together as a family whose spirit is driven by collaboration and growth mindset. Despite the trying times during full lockdown, we are committed to our employees' welfare in accordance with law and regulation as well as the Group's capability and hence retain all our workforce and maintain the salary and benefits without any layoff or pay cut.

The health and safety of employees are top priority at ZHULIAN Group. This was reflected in the manner in which we responded to the pandemic in year 2021. While continuing to enhance all procedures to ensure the safety of daily operations, extra effort and attention were given to keep our employees safe from the virus with strict control measures to mitigate the spread of COVID-19. In addition, the Group also arranged vaccination for a total of 148 employees under Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS). The Group's pandemic mitigation efforts includes giving out hand sanitisers and hand wash to employee and continuous updates on the COVID-19 pandemic.

### Product Quality and Safety

Our products are manufactured in our own plant buildings of which the facilities and each process flow conforms to GMP, ISO 9001, ISO 22000 and HACCP standards and Malaysian regulatory and statutory requirements in terms of quality, cleanliness, hygiene and safety. Furthermore, ZHULIAN Group is a homegrown business entity which promoting 'Made in Malaysia' products where 80% of the Group's products are made locally in our own manufacturing facilities. We are committed to ensure every Malaysian enjoy products of high quality that are safe for consumption or use while building socio-economic sustainability in the region.



# CORPORATE REVIEW

## Halal Commitment

Our Halal commitment has been a fundamental pillar of the Group's business growth from the start. We always strive to uphold our social responsibility to provide Halal assurance for the benefit of all consumers. 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). Today, ZHULIAN is recognised as an international Halal brand with the winning of The BrandLaureate World Halal Best Brands e-Branding Awards 2021 for The Consumer General Health Supplement Category. This award is another key milestone for the Group in its mission to globalise ZHULIAN brand that represents international standards and quality.

## Human Rights Commitment

The Group respects human right and always upholds internationally recognised human rights in areas of its operations. We believe every person, everywhere, has the right to live and work with freedom and dignity. The business model adopted by ZHULIAN Group should positively impact people's lives, preserve the basic human rights and comply with all applicable laws to prevent abuse. We are committed to protect human rights throughout our operations – from the way we source and manufacture our products through sales and distribution.

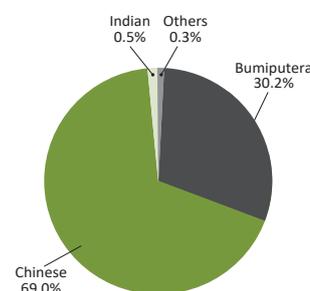
## Workforce Diversity

At ZHULIAN Group, we believe each individual has the potential to achieve great things and we empower them to reach their goals by providing ample and equal opportunities to prosper in diverse areas. We see our diverse, multicultural workforce as one of the Group's unique strengths. Our varied backgrounds, talents and perspectives make us stronger, more creative and innovative. We strive to promote a positive work culture where all our people are treated with the utmost dignity and respect regardless of their origin, age, gender, religion and race. To promote equity, diversity, inclusion and belonging, we ensure equal opportunities and fair treatment of each employee, and this has allowed us to build a strong and diverse talent pool. We are committed to a positive work culture where all employees are treated with respect, regardless of background.

As at the end of FY2021, we had a total of 597 employees in our Group. The following chart shows the diversity, age composition and gender composition of the Group's work force.

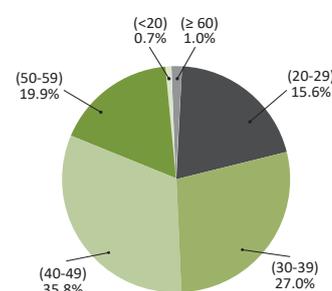
### ETHNICITY COMPOSITION

Ethnicity	Executive	Non-Executive	Total	Percentage (%)
Bumiputera	20	160	180	30.2
Chinese	134	278	412	69.0
Indian	2	1	3	0.5
Others	0	2	2	0.3
<b>Total</b>	<b>156</b>	<b>441</b>	<b>597</b>	<b>100.0</b>



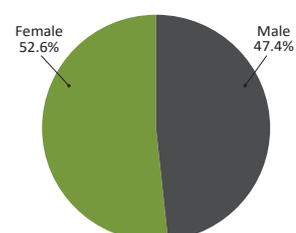
### AGE COMPOSITION

Age Group	Executive	Non-Executive	Total	Percentage (%)
<20	0	4	4	0.7
20-29	20	73	93	15.6
30-39	33	128	161	27.0
40-49	44	170	214	35.8
50-59	56	63	119	19.9
≥60	3	3	6	1.0
<b>Total</b>	<b>156</b>	<b>441</b>	<b>597</b>	<b>100.0</b>



### GENDER COMPOSITION

Gender	Executive	Non-Executive	Total	Percentage (%)
Male	72	211	283	47.4
Female	84	230	314	52.6
<b>Total</b>	<b>156</b>	<b>441</b>	<b>597</b>	<b>100.0</b>



# 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.

## COMPANY SECRETARY

**Ch'ng Lay Hoon**  
SSM PC No. 201908000494  
MAICSA 0818580

## AUDITORS

**Messrs KPMG PLT**  
**Chartered Accountants**  
Level 18, Hunza Tower  
163E Jalan Kelawei  
10250 Penang  
Telephone No.: 04-3751800  
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  
Corporate Website : <http://www.zhulian.com>  
Ecommerce Website : <https://www.zhulian.com.my>  
Email: [info@zhulian.com.my](mailto:info@zhulian.com.my)

## 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

## BOARD OF DIRECTORS' PROFILE

### HAJI WAN MANSOOR BIN WAN OMAR

Independent Non-Executive Chairman

**HAJI WAN MANSOOR BIN WAN OMAR**, a Malaysian male aged 73, 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.

He is an active contributor to the local small enterprises. At present, he is the chairman of Kuala Lumpur Chapter of Malaysian Chamber of Rural Entrepreneurs and also a committee member in Malaysian Islamic Chamber of Commerce. Being active in the community social work, he is on Taman Permata Religious School's PIBG board and a committee member in Taman Permata Residents Association.

### TEOH MENG KEAT

Chief Executive Officer

**TEOH MENG KEAT**, a Malaysian male aged 55, 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 52, 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 52, 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 58, 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. He is a registered trade mark agent since 2002 and a registered Industrial design agent since 2006. 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

Non-executive Director

**OON HOCK CHYE**, a Malaysian male aged 54, 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 a tax 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 30 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 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).

### 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.

None of the Directors has:

- any other directorship in public companies.
- any conflict of interest with the Company.
- any conviction for offences within the past five (5) years other than traffic offences, public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT TEAM

**TEOH 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 29 and 30 of this Annual Report. The above Directors are referred to as the Executive Team.

### LAI BOON HIN

Senior Production Manager

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**Lai Boon Hin**, a Malaysian male aged 55, 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

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**Tan Guan Leong**, a Malaysian male aged 54, 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

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**Lim Kien Hock**, a Malaysian male aged 59, 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

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**Yew Guat Hoon**, a Malaysian female aged 56, 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 58, 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 60, 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.

## PHUAH LAY THENG

Senior Finance Manager

**Phuah Lay Theng**, a Malaysian female aged 53, 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 47, 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 maintaining 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 2021.

The comprehensive Corporate Governance Report ("CG Report") 2021 is published on the Company's corporate website at [www.zhulian.com](http://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.

# CORPORATE GOVERNANCE

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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 and as and when necessary review 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](http://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](http://www.zhulian.com).

## e. Anti-Bribery and Corruption Policy

The Group has in place the Anti-Bribery and Corruption Policy which outlines the Group's commitment to conducting business ethically, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or reenactments that may be made by the relevant authority from time to time to prevent its employees, directors, partners or persons who perform services for or on behalf of the Group from undertaking corrupt practices in relation to its business activities.

Reports of any concern or suspicion may be made through the mechanism set out under the Group's Whistleblower Policy.

The Anti-Bribery and Corruption Policy is available on the Company's corporate website at [www.zhulian.com](http://www.zhulian.com).

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

# CORPORATE GOVERNANCE

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## g. 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.

## h. 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 Internal Auditor 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.

## i. 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 its 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 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.

# CORPORATE GOVERNANCE

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

- (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 18 May 2022;
- 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, Group Finance Manager and Senior Finance Manager 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; and
- reviewed and assessed the effectiveness of the Audit Committee in carrying out its duties as set out in the terms of reference.

# CORPORATE GOVERNANCE

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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](http://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, 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 18 May 2022 are detailed in the Notice of the Twenty-Fifth AGM in this Annual Report.

# CORPORATE GOVERNANCE

## 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

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 2021, 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)
<b>Executive Directors</b>							
Mr Teoh Meng Keat	—	1,416	91	—	181	3	1,691
Mr Teoh Meng Soon	—	480	39	—	62	1	582
Mr Teoh Meng Lee	—	480	39	—	62	1	582
<b>Non-Executive Directors</b>							
Tuan Haji Wan Mansoor Bin Wan Omar	50	—	—	4	—	—	54
Mr Tan Lip Gay	50	—	—	4	—	—	54
Mr Oon Hock Chye	50	—	—	4	—	—	54

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

# CORPORATE GOVERNANCE

## FOSTERING 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 2021, four (4) Board meetings were held and details of the Directors' attendance are as follows:-

Directors	Attendance
<b>Executive Directors</b>	
Mr Teoh Meng Keat (Chief Executive Officer)	4/4
Mr Teoh Meng Soon	4/4
Mr Teoh Meng Lee	4/4
<b>Independent Non-Executive Directors</b>	
Tuan Haji Wan Mansoor Bin Wan Omar	4/4
Mr Tan Lip Gay	4/4
Mr Oon Hock Chye	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.

# CORPORATE GOVERNANCE

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

- Payroll Administration In Compliance With Malaysian Employment Laws
- Innovative Techniques in Scheduled Wastes, Air Pollution & Effluent Control Training
- Understanding The Advanced Usage Of Settling Test For Activated Sludge
- Perundangan Udara Bersih Ke Arah Langit Biru
- Enhancing Industrial Effluent Treatment System (IETS) Performance And Pollution Control
- Case Studies in Key Areas of Financial Reporting Including Covid-19 Impact
- The Solution to Tax Crisis from Covid-19 Pandemic
- Private Trusts: Key Legal, Administrative and Tax considerations
- Income Tax 2021
- Capital Statement: Are You On IRB's Radar
- Service Tax on Digital Services, Information Technology Services and Imported Taxable Services
- Achieving Tax-aligned Mergers & Acquisitions (M&A)
- Accounting & Finance Show Malaysia 2021
- Budget Seminar 2022
- Restructuring Your Company's Debt During the Pandemic

Continuous training programmes and seminars would be organised for the Directors to keep them abreast of the latest developments and updates 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 2021, 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;

# CORPORATE GOVERNANCE

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- 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](http://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.

# CORPORATE GOVERNANCE

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

During the financial year, the Risk Management Committee met once and the meeting was attended by all its members.

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 ("AGM")

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 the Company.

# CORPORATE GOVERNANCE

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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](http://www.zhulian.com.my) and [www.zhulian.com](http://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](http://www.bursamalaysia.com).

## RECOGNISING AND MANAGING 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 2021, 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 10 March 2022.

# CORPORATE GOVERNANCE

## 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	- 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](http://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 2021. 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 Tan Lip Gay	4/4
Tuan Haji Wan Mansoor Bin Wan Omar	4/4

# CORPORATE GOVERNANCE

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The Company Secretary or her representatives were present at all the meetings. Representatives of the External Auditors, Messrs KPMG PLT, the Senior Management 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 2021, 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 2021 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 2021;
- 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 2021; and
- Met twice with the External Auditors without the presence of Executive Directors and Senior Management to discuss on issues of concerns to the auditors.

# CORPORATE GOVERNANCE

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## 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 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 2021 amounted to approximately RM167,000.

This Report is made in accordance with the resolution of the Board dated 10 March 2022.

## 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 abovementioned 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.

# CORPORATE GOVERNANCE

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For bribery and corruption risks, the Group has adopted the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 during the financial year to prevent, detect and respond to bribery and corruption risks.

## 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.
- 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.

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.

# CORPORATE GOVERNANCE

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 Risk Management Committee and ultimately to the Board.

## Key elements of internal control

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

1. Standard operating procedures to ensure health & safety
2. Local direct selling activities
3. Capital expenditure
4. Product launching
5. Sales support
6. Impact of lockdowns
7. Export products licenses and permits
8. Management information system
9. Slow moving inventories

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") remain current, relevant and aligned with the 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) Anti-Bribery and Corruption policies have been circulated and made known to all the stakeholders, demonstrating the effort to inculcate zero tolerance on corruption and bribery throughout the whole organisation;
- f) 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 Organisation for Standardisation ("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;
- g) 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
- h) 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.

# CORPORATE GOVERNANCE

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## 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 2021 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 Finance Manager 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 Internal Auditor 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

Pursuant to Paragraph 15.23 of the MMLR, 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 2021 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 External 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 10 March 2022.

# CORPORATE GOVERNANCE

## 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 2021.

### 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 2021 are as follows:

	Group RM'000	Company RM'000
Fees paid or payable to the External Auditors:		
Audit fees	286	62
Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm	144	12
Total	430	74

### 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 2021 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 2021.

# FINANCIAL STATEMENTS

## DIRECTORS' REPORT for the year ended 30 November 2021

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 2021.

### Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 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 6 to the financial statements.

### Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	41,637	80,487

### 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 2020:
  - a fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share totalling RM36,800,000 declared on 20 January 2021 and paid on 10 March 2021.
- ii) In respect of the financial year ended 30 November 2021:
  - a first interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 14 April 2021 and paid on 2 June 2021;
  - a second interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 14 July 2021 and paid on 1 September 2021;
  - a third interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 13 October 2021 and paid on 1 December 2021; and
  - a fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share totalling RM36,800,000 declared on 19 January 2022 and paid on 10 March 2022.

The Directors do not recommend any other dividends to be paid for the financial year ended 30 November 2021.

### Directors of the Company

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

Teoh Meng Keat	Haji Wan Mansoor Bin Wan Omar
Teoh Meng Soon	Tan Lip Gay
Teoh Meng Lee	Oon Hock Chye

## Directors of the subsidiaries

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

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

## 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 and/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 1.12.2020	Bought	(Sold)	At 30.11.2021
<b>Teoh Meng Keat:</b>				
Interest in the Company:				
- own	26,869,600	–	–	26,869,600
- others #	2,666,666	–	–	2,666,666
<b>Teoh Meng Soon:</b>				
Interest in the Company:				
- own	6,306,666	3,000,000	–	9,306,666
<b>Teoh Meng Lee:</b>				
Interest in the Company:				
- own	6,375,999	3,000,000	–	9,375,999
<b>Haji Wan Mansoor Bin Wan Omar:</b>				
Interest in the Company:				
- own	13,333	–	–	13,333
<b>Tan Lip Gay:</b>				
Interest in the Company:				
- own	20,000	–	–	20,000
- others #	–	69,800	–	69,800
<b>Oon Hock Chye:</b>				
Interest in the Company:				
- own	10,000	–	–	10,000

# These are shares held in the name of the spouse and are treated as the interests of the Director in accordance with the Companies Act 2016.

# FINANCIAL STATEMENTS

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## 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 in the ordinary course of business between certain related companies with an associate as disclosed in Note 28 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 Director, officer 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 2021 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 30 to the financial statements.

## Auditors

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

The auditors' remuneration is disclosed in Note 18 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 : 10 March 2022

# FINANCIAL STATEMENTS

**ZHULIAN CORPORATION BERHAD**

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

## STATEMENTS OF FINANCIAL POSITION

as at 30 November 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
Property, plant and equipment	3	85,599	91,893	—	—
Right-of-use assets	4	15,905	18,235	—	—
Investment properties	5	24,574	22,726	—	—
Investment in subsidiaries	6	—	—	176,832	174,981
Investment in an associate	7	149,303	226,023	—	—
Deferred tax assets	8	8,782	5,642	—	—
<b>Total non-current assets</b>		<b>284,163</b>	<b>364,519</b>	<b>176,832</b>	<b>174,981</b>
Inventories	9	42,369	44,868	—	—
Trade and other receivables	10	17,745	30,412	38,739	53,945
Current tax assets		1,758	1,080	15	—
Fixed deposits		120	—	—	—
Cash and cash equivalents	11	234,500	191,655	68,400	52,768
		<b>296,492</b>	<b>268,015</b>	<b>107,154</b>	<b>106,713</b>
Asset classified as held for sale	12	1,470	—	—	—
<b>Total current assets</b>		<b>297,962</b>	<b>268,015</b>	<b>107,154</b>	<b>106,713</b>
<b>Total assets</b>		<b>582,125</b>	<b>632,534</b>	<b>283,986</b>	<b>281,694</b>
<b>Equity</b>					
Share capital	13	230,000	230,000	230,000	230,000
Reserves	14	311,757	355,968	39,956	37,669
<b>Total equity attributable to owners of the Company</b>		<b>541,757</b>	<b>585,968</b>	<b>269,956</b>	<b>267,669</b>
<b>Liabilities</b>					
Lease liabilities		105	232	—	—
Deferred tax liabilities	8	2,100	1,830	—	—
<b>Total non-current liabilities</b>		<b>2,205</b>	<b>2,062</b>	<b>—</b>	<b>—</b>
Lease liabilities		127	121	—	—
Trade and other payables	15	37,696	41,171	14,030	14,015
Contract liabilities	16	189	178	—	—
Current tax liabilities		151	3,034	—	10
<b>Total current liabilities</b>		<b>38,163</b>	<b>44,504</b>	<b>14,030</b>	<b>14,025</b>
<b>Total liabilities</b>		<b>40,368</b>	<b>46,566</b>	<b>14,030</b>	<b>14,025</b>
<b>Total equity and liabilities</b>		<b>582,125</b>	<b>632,534</b>	<b>283,986</b>	<b>281,694</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 November 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	17	149,616	170,677	80,000	81,400
Net gain on impairment of financial instruments	18	1	1	—	—
Changes in manufactured inventories and work-in-progress		(867)	(2,268)	—	—
Raw materials, consumables and trading goods used/sold		(61,635)	(68,706)	—	—
Employee benefits expenses		(30,373)	(30,530)	—	—
Depreciation		(9,178)	(9,361)	—	—
Other operating expenses		(22,463)	(22,699)	(293)	(4,349)
Other operating income		6,955	4,815	—	—
<b>Results from operating activities</b>	18	32,056	41,929	79,707	77,051
Finance income	19	3,809	4,252	1,024	1,488
Finance costs	20	(15)	(18)	—	—
<b>Net finance income</b>		3,794	4,234	1,024	1,488
Share of profit of equity-accounted associate, net of tax		15,674	13,399	—	—
<b>Profit before tax</b>		51,524	59,562	80,731	78,539
Tax expense	22	(9,887)	(12,788)	(244)	(357)
<b>Profit for the year attributable to owners of the Company</b>		41,637	46,774	80,487	78,182
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Share of other comprehensive income of equity-accounted associate		—	870	—	—
		—	870	—	—
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(54)	38	—	—
Share of other comprehensive expense of equity-accounted associate		(7,594)	(7,302)	—	—
		(7,648)	(7,264)	—	—
<b>Total other comprehensive expense for the year, net of tax</b>		(7,648)	(6,394)	—	—
<b>Total comprehensive income for the year attributable to owners of the Company</b>		33,989	40,380	80,487	78,182
<b>Basic/Diluted earnings per ordinary share (sen)</b>	23	9.05	10.17	—	—

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

# FINANCIAL STATEMENTS

ZHULIAN CORPORATION BERHAD

199701000031 (415527-P)

(Incorporated in Malaysia)

and its subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2021

	Attributable to owners of the Company				Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	
<b>Group</b>					
<b>At 1 December 2019</b>	230,000	59,026	2,000	323,562	614,588
Foreign currency translation differences for foreign operations	—	38	—	—	38
Share of other comprehensive (expense)/income of equity-accounted associate	—	(7,302)	—	870	(6,432)
Total other comprehensive (expense)/income for the year	—	(7,264)	—	870	(6,394)
Profit for the year	—	—	—	46,774	46,774
<b>Total comprehensive (expense)/income for the year</b>	—	(7,264)	—	47,644	40,380
<i>Distributions to owners of the Company</i>					
- Dividends to owners of the Company (Note 24)	—	—	—	(69,000)	(69,000)
<b>Total transaction with owners of the Company</b>	—	—	—	(69,000)	(69,000)
<b>At 30 November 2020</b>	230,000	51,762	2,000	302,206	585,968

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2021 (continued)

	Attributable to owners of the Company		Attributable to owners of the Company		
	Non-distributable	Distributable	Capital reserve	Retained earnings	Total equity
	Share capital	Translation reserve	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>At 1 December 2020</b>	230,000	51,762	2,000	302,206	585,968
Foreign currency translation differences for foreign operations	—	(54)	—	—	(54)
Share of other comprehensive expense of equity-accounted associate	—	(7,594)	—	—	(7,594)
Total other comprehensive expense for the year	—	(7,648)	—	—	(7,648)
Profit for the year	—	—	—	41,637	41,637
<b>Total comprehensive (expense)/income for the year</b>	—	(7,648)	—	41,637	33,989
<i>Distribution to owners of the Company</i>	—	—	—	(78,200)	(78,200)
- Dividends to owners of the Company (Note 24)	—	—	—	(78,200)	(78,200)
<b>Total transaction with owners of the Company</b>	—	—	—	(78,200)	(78,200)
<b>At 30 November 2021</b>	230,000	44,114	2,000	265,643	541,757

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

# FINANCIAL STATEMENTS

ZHULIAN CORPORATION BERHAD

199701000031 (415527-P)

(Incorporated in Malaysia)

and its subsidiaries

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 November 2021

	Attributable to owners of the Company		Total equity RM'000
	Non-distributable	Distributable	
	Share capital RM'000	Retained earnings RM'000	
<b>Company</b>			
<b>At 1 December 2019</b>	230,000	28,487	258,487
Profit for the year representing total comprehensive income for the year	—	78,182	78,182
<i>Distributions to owners of the Company</i>			
- Dividends to owners of the Company (Note 24)	—	(69,000)	(69,000)
<b>At 30 November 2020/1 December 2020</b>	230,000	37,669	267,669
Profit for the year representing total comprehensive income for the year	—	80,487	80,487
<i>Distributions to owners of the Company</i>			
- Dividends to owners of the Company (Note 24)	—	(78,200)	(78,200)
<b>At 30 November 2021</b>	230,000	39,956	269,956

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

# STATEMENTS OF CASH FLOWS

for the year ended 30 November 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		51,524	59,562	80,731	78,539
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	7,844	8,003	—	—
- right-of-use assets	4	860	885	—	—
- investment properties	5	474	473	—	—
(Reversal of)/Impairment loss on:					
- property, plant and equipment	18	184	499	—	—
- right-of-use assets	18	—	1,447	—	—
- investments in subsidiaries	18	—	—	(151)	3,870
Plant and equipment written off	18	12	16	—	—
Retirement benefits	18	—	358	—	—
Dividend income from subsidiaries	18	—	—	(80,000)	(81,400)
Finance income	19	(3,809)	(4,252)	(1,024)	(1,488)
Finance costs	20	15	18	—	—
Gain on disposal of plant and equipment	18	(13)	(55)	—	—
Loss on struck-off a subsidiary	18	—	—	—	18
Share of profit of equity-accounted associate, net of tax		(15,674)	(13,399)	—	—
Others		(1,931)	(837)	—	—
<b>Operating profit/(loss) before changes in working capital</b>		<b>39,486</b>	<b>52,718</b>	<b>(444)</b>	<b>(461)</b>
Change in inventories		2,499	3,257	—	—
Change in trade and other receivables		12,667	691	6	87
Change in trade and other payables		(3,682)	(723)	15	—
Change in contract liabilities		11	(110)	—	—
<b>Cash generated from/(used in) operations</b>		<b>50,981</b>	<b>55,833</b>	<b>(423)</b>	<b>(374)</b>
Dividends received from:					
- an associate	7	83,009	21,353	—	—
- subsidiaries		—	—	95,200	66,400
Interest paid		(15)	(18)	—	—
Tax paid		(12,596)	(13,592)	(269)	(416)
Retirement benefits paid		—	(625)	—	—
<b>Net cash from operating activities</b>		<b>121,379</b>	<b>62,951</b>	<b>94,508</b>	<b>65,610</b>
<b>Cash flows from investing activities</b>					
Additional investment in subsidiaries		—	—	(1,700)	(2,000)
Interest received		3,809	4,252	1,024	1,488
Purchase of plant and equipment	3	(1,746)	(2,182)	—	—
Purchase of investment property	5	(2,177)	—	—	—
Proceeds from disposal of plant and equipment		13	100	—	—
Placement of fixed deposits		(120)	—	—	—
<b>Net cash (used in)/from investing activities</b>		<b>(221)</b>	<b>2,170</b>	<b>(676)</b>	<b>(512)</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company		(78,200)	(64,400)	(78,200)	(64,400)
Payment of lease liabilities	A	(121)	(87)	—	—
<b>Net cash used in financing activities</b>		<b>(78,321)</b>	<b>(64,487)</b>	<b>(78,200)</b>	<b>(64,400)</b>
Net increase in cash and cash equivalents		42,837	634	15,632	698
Effect of exchange rate fluctuations on cash held		8	(1)	—	—
Cash and cash equivalents at 1 December		191,655	191,022	52,768	52,070
<b>Cash and cash equivalents at 30 November</b>	11	<b>234,500</b>	<b>191,655</b>	<b>68,400</b>	<b>52,768</b>

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

# FINANCIAL STATEMENTS

**ZHULIAN CORPORATION BERHAD**

199701000031 (415527-P)

(Incorporated in Malaysia)

and its subsidiaries

## STATEMENTS OF CASH FLOWS

for the year ended 30 November 2021 (continued)

Notes

### A. Reconciliation of movements of liabilities to cash flows arising from financing activities - Group

Group	At 1.12.2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 30.11.2020/ 1.12.2020 RM'000	Net changes from financing cash flows RM'000	At 30.11.2021 RM'000
Total lease liabilities from financing activities	247	(87)	193	353	(121)	232

### Cash outflows for leases as a lessee

	Group	
	2021 RM'000	2020 RM'000
<b>Included in net cash from operating activities</b>		
Payment relating to short-term leases	65	153
Interest paid in relation to lease liabilities	15	18
<b>Included in net cash from financing activities</b>		
Payment of lease liabilities	121	87
<b>Total cash outflows for leases</b>	<b>201</b>	<b>258</b>

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

## Notes to the financial statements

Zhulian Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

### Principal place of business

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

### Registered office

Suite 12-A Level 12  
Menara Northam  
No. 55, Jalan Sultan Ahmad Shah  
10050 George Town, Penang

The consolidated financial statements of the Company as at and for the financial year ended 30 November 2021 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 an associate. The financial statements of the Company as at and for the financial year ended 30 November 2021 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 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 10 March 2022.

# FINANCIAL STATEMENTS

## 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 ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments 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 2021**

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021**

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021**

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### **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, interpretations and amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts*, that is effective from annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

### (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 MFRSs and IFRSs 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 3.1 - Property, plant and equipment (impairment loss)
- Note 4.3 - Right-of-use assets (impairment loss)
- Note 5.2 - Investment properties (fair value information)
- Note 6.1 - Investments in subsidiaries (impairment loss)

## 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 the Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

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

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

# FINANCIAL STATEMENTS

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## 2. Significant accounting policies (continued)

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

#### (i) Subsidiaries (continued)

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.

#### (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.

## 2. Significant accounting policies (continued)

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

#### (v) *Associates (continued)*

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.

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

#### (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 associate are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### (b) Foreign currency

#### (i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the 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.

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.

# FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (b) Foreign currency (continued)

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve 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 translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

### (c) Financial instruments

#### (i) *Recognition and initial measurement*

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

A financial 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.

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

##### *Financial assets*

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(k)(i)) where the effective interest rate is applied to the amortised cost.

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

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

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

##### *Financial liabilities*

The categories of financial liabilities at initial recognition are as follows:

##### *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 profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

#### (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.

#### (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.

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.

#### (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.

# FINANCIAL STATEMENTS

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## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (v) *Derecognition (continued)*

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 statements 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.

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

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

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

#### (ii) *Subsequent costs*

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

#### (iii) *Depreciation*

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

## 2. Significant accounting policies (continued)

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

#### (iii) Depreciation (continued)

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) Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (ii) Recognition and initial measurement

##### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rates. Generally, the Group entities use their incremental borrowing rates as the discount rates.

# FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (e) Leases (continued)

#### (ii) Recognition and initial measurement (continued)

##### (a) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

#### (iii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

### (f) Intangible assets

#### (i) Goodwill

Goodwill arising 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.

## 2. Significant accounting policies (continued)

### (f) Intangible assets (continued)

#### (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

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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.

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).

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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

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 weighted average 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.

# FINANCIAL STATEMENTS

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## 2. Significant accounting policies (continued)

### (h) Inventories (continued)

The cost of inventories for marketing and trading companies is calculated using the first-in, first-out method.

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) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### (k) Impairment

#### (i) Financial assets

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 cash and bank balance 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.

## 2. Significant accounting policies (continued)

### (k) Impairment (continued)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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.

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 to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

### (l) Equity instruments

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

#### (i) Issue expenses

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

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

### (m) Employee benefits

#### (i) Short-term employee benefits

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

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

#### (ii) State plans

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

# FINANCIAL STATEMENTS

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## 2. Significant accounting policies (continued)

### (n) Provisions

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

### (o) Contingencies

#### (i) *Contingent liabilities*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) *Contingent assets*

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

### (p) 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.

#### (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.

## 2. Significant accounting policies (continued)

### (p) Revenue and other income (continued)

#### (v) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

### (q) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the 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.

### (r) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

# FINANCIAL STATEMENTS

## 2. Significant accounting policies (continued)

### (s) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, if any.

### (t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (u) Non-current asset held for sale

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

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

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

### (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

	Buildings RM'000	Freehold shoplots RM'000	Building improvements RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1 December 2019	96,380	1,612	190	42,926	54,984	1,837	965	198,894
Additions	—	—	—	1,859	227	—	96	2,182
Written off	—	—	—	(80)	(449)	—	—	(529)
Disposal	—	—	—	—	(386)	(115)	—	(501)
Reclassification	(431)	—	—	(412)	427	77	—	(339)
At 30 November 2020/ 1 December 2020	95,949	1,612	190	44,293	54,803	1,799	1,061	199,707
Additions	—	—	1,031	349	327	—	39	1,746
Written off	—	—	—	(65)	(163)	—	—	(228)
Disposal	—	—	—	(114)	(69)	—	—	(183)
At 30 November 2021	95,949	1,612	1,221	44,463	54,898	1,799	1,100	201,042

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

	Buildings RM'000	Freehold shoplots RM'000	Building improvements RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>								
At 1 December 2019								
Accumulated depreciation	21,138	167	136	33,000	44,554	1,513	–	100,508
Accumulated impairment loss	–	–	–	–	–	–	112	112
	21,138	167	136	33,000	44,554	1,513	112	100,620
Depreciation for the year								
Written off	2,275	32	19	2,250	3,317	110	–	8,003
Disposal	–	–	–	(70)	(443)	–	–	(513)
Impairment loss	–	–	–	–	(341)	(115)	–	(456)
Reclassification	499	–	–	–	–	–	–	499
	(421)	–	–	(405)	410	77	–	(339)
At 30 November 2020								
Accumulated depreciation	22,992	199	155	34,775	47,497	1,585	–	107,203
Accumulated impairment loss	499	–	–	–	–	–	112	611
	23,491	199	155	34,775	47,497	1,585	112	107,814

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

	Buildings RM'000	Freehold shoplots RM'000	Building improvements RM'000	Plant and machinery, moulds, tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>								
Depreciation for the year	2,270	32	97	2,561	2,774	110	-	7,844
Written off	-	-	-	(65)	(151)	-	-	(216)
Disposal	-	-	-	(114)	(69)	-	-	(183)
Impairment loss	-	-	-	58	69	-	57	184
At 30 November 2021								
Accumulated depreciation								
Accumulated impairment loss								
<b>Carrying amounts</b>								
At 1 December 2019	25,761	231	252	37,215	50,120	1,695	169	115,443
At 30 November 2020 / 1 December 2020	75,242	1,445	54	9,926	10,430	324	853	98,274
At 30 November 2021	72,458	1,413	35	9,518	7,306	214	949	91,893
At 30 November 2021	70,188	1,381	969	7,248	4,778	104	931	85,599

# FINANCIAL STATEMENTS

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

### 3.1 Impairment loss

As at 30 November 2021, 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 5 year financial budget and projections provided 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 11% (2020 : 8% to 12%) 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 accumulated determined to be lower than the recoverable amount and accordingly, no impairment loss was recognised, except for an accumulated impairment loss recognised on the building, plant and equipment and capital work-in-progress amounting to RM795,000 (2020 : RM611,000).

## 4. Right-of-use assets - Group

	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 1 December 2019	20,127	247	20,374
Addition	–	193	193
Depreciation	(781)	(104)	(885)
Impairment loss	(1,447)	–	(1,447)
At 30 November 2020/1 December 2020	17,899	336	18,235
Depreciation	(740)	(120)	(860)
Reclassification to asset held for sale (Note 12)	(1,470)	–	(1,470)
At 30 November 2021	15,689	216	15,905

The Group leases a number of warehouses that run for a period of 3 years, with an option to renew these leases after that date. Lease payments are reviewed every three years to reflect current market rentals.

## 4. Right-of-use assets - Group (continued)

### 4.1 Extension options

Certain leases of warehouses contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000	Historical rate of exercise of extension options %
<b>2021</b>			
Buildings	144	–	100
<b>2020</b>			
Buildings	199	–	100

### 4.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applies judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 4.3 Impairment loss

As at 30 November 2021, certain right-of-use assets 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. See Note 3.1 for details on value in use ("VIU") and fair value less cost to sell ("FVLCTS") methods including key assumptions used.

Premised on the above, the said carrying amounts of right-of-use assets were determined to be lower than the recoverable amount and accordingly, no impairment loss was recognised, except for an impairment loss recognised on the land amounting to Nil (2020 : RM1,447,000) as other operating expenses in profit or loss.

# FINANCIAL STATEMENTS

## 5. Investment properties - Group

	Note	Land RM'000	Freehold shoplots RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
At 1 December 2019		16,665	11,592	–	28,257
Effect of movements in exchange rates		–	63	–	63
At 30 November 2020/1 December 2020		16,665	11,655	–	28,320
Addition		–	–	2,177	2,177
Effect of movements in exchange rates		–	205	–	205
At 30 November 2021		16,665	11,860	2,177	30,702
<b>Accumulated depreciation</b>					
At 1 December 2019		1,980	3,038	–	5,018
Depreciation for the year	18	240	233	–	473
Effect of movements in exchange rates		–	103	–	103
At 30 November 2020/1 December 2020		2,220	3,374	–	5,594
Depreciation for the year	18	240	234	–	474
Effect of movements in exchange rates		–	60	–	60
At 30 November 2021		2,460	3,668	–	6,128
<b>Carrying amounts</b>					
At 1 December 2019		14,685	8,554	–	23,239
At 30 November 2020/1 December 2020		14,445	8,281	–	22,726
At 30 November 2021		14,205	8,192	2,177	24,574

## 5. Investment properties - Group (continued)

### 5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

Group	2021 RM'000
Less than one year	594
One to five years	158
Total undiscounted lease payments	<u>752</u>
	2020 RM'000
Less than one year/Total undiscounted lease payments	<u>112</u>

### 5.2 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 are classified as level 3 and amounted to RM70,379,000 (2020 : RM62,826,000).

#### *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 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).

# FINANCIAL STATEMENTS

## 5. Investment properties - Group (continued)

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

	2021 RM'000	2020 RM'000
Lease income	1,736	885
Direct operating expenses:		
- Income generating investment properties	769	736
- Non-income generating investment properties	37	37

## 6. Investments in subsidiaries - Company

	2021 RM'000	2020 RM'000
Cost of investment	228,811	227,111
Less : Impairment loss	(51,979)	(52,130)
	176,832	174,981

Details of subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest and voting interest		Principal place of business/ Country of incorporation	Principal activities
	2021	2020		
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

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

Name of subsidiaries	Effective ownership interest and voting interest		Principal place of business/ Country of incorporation	Principal activities
	2020	2019		
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
Diamond Inspiration Sdn. Bhd.	100%	100%	Malaysia	Trading of costume jewellery
Dexassets Sdn. Bhd.	100%	100%	Malaysia	Investment holding
Zhulian Development Sdn. Bhd.	100%	100%	Malaysia	Dormant
Beyond Natural Care Sdn. Bhd.	100%	100%	Malaysia	Dormant
Zhulian Labuan Limited*	100%	100%	Malaysia	Dormant
<i>Subsidiaries of Zhulian Management Sdn. Bhd.</i>				
PT. Zhulian Indonesia*	100%	100%	Indonesia	Dormant
Zhulian (Singapore) Pte. Ltd.*	100%	100%	Singapore	Investment holding

\* Not audited by KPMG PLT

# FINANCIAL STATEMENTS

## 6. Investments in subsidiaries - Company (continued)

### 6.1 Impairment loss for investment in subsidiaries

During the financial year ended 30 November 2021, 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 by RM3.5 million (2020 : RM6.7 million) determined using FVLCTS methods (2020 : either VIU or FVLCTS methods respectively). A net reversal of impairment loss of approximately RM0.2 million (2020 : impairment loss of RM3.9 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 RM3.5 million (2020 : RM6.3 million) relating to the Group's investment in the manufacturing of home care products and other divisions and the reversal of impairment loss of RM3.7million (2020 : RM2.4 million) relating to the Group's investment in the marketing division.

The recoverable amount for this investment in a subsidiary that applied VIU method in last financial year 2020 was particularly sensitive towards changes in the following key assumptions and any adverse change in the following areas may result in impairment loss.

- A 1% decrease in future planned revenue growth would result in the Company recognising an impairment loss of RM6.8 million.
- A 1% decrease in gross profit margin would result in the Company recognising an impairment loss of RM7.3 million; and
- A 1% increase in discount rate would result in the Company recognising an impairment loss of RM7.8 million.

## 7. Investment in an associate - Group

	2021 RM'000	2020 RM'000
Investment in shares	14,650	14,650
Share of post-acquisition profits	134,653	211,373
	<u>149,303</u>	<u>226,023</u>

The financial year end of the associate is 30 November (2020 : 30 November).

Details of the material associates are as follows:

Name of entity	Effective ownership interest and voting interest		Principal place of business/Country of incorporation	Nature of the relationship
	2021	2020		
Zhulian Holdings (Thailand) Co., Ltd.	49%	49%	Thailand	Investment holding and master agent in Thailand

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

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.

	2021 RM'000	2020 RM'000
<b>Zhulian Holdings (Thailand) Co., Ltd., its subsidiaries and an associate</b>		
<b>Summarised financial information</b>		
<b>As at 30 November</b>		
Non-current assets	210,511	230,368
Current assets	184,277	351,824
Non-current liabilities	(30,952)	(42,436)
Current liabilities	(47,636)	(63,044)
Net assets	316,200	476,712
<b>Year ended 30 November</b>		
Profit for the year	31,989	27,344
Other comprehensive expense	(15,498)	(13,126)
Total comprehensive income	16,491	14,218
<b>Included in the total comprehensive income is:</b>		
Revenue	321,482	422,851
<b>Reconciliation of net assets to carrying amount as at 30 November</b>		
Group's share of net assets	154,938	233,589
Elimination of unrealised profits	(5,635)	(7,566)
Carrying amount in the statement of financial position	149,303	226,023
<b>Group's share of results for the year ended 30 November</b>		
Group's share of profit for the year	15,674	13,399
Share of other comprehensive expense of equity-accounted associate	(7,594)	(6,432)
Total	8,080	6,967
<b>Other information</b>		
Dividends received by the Group (net of withholding tax)	83,009	21,353

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

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment - capital allowances	874	1,773	(2,404)	(2,970)	(1,530)	(1,197)
Tax loss carry-forwards	3,357	787	—	—	3,357	787
Others	4,855	4,222	—	—	4,855	4,222
Set off of tax	9,086 (304)	6,782 (1,140)	(2,404) 304	(2,970) 1,140	6,682 —	3,812 —
Net deferred tax assets/(liabilities)	8,782	5,642	(2,100)	(1,830)	6,682	3,812

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

	At 1.12.2019 RM'000	Recognised in profit or loss (Note 22) RM'000	At 30.11.2020/ 1.12.2020 RM'000	Recognised in profit or loss (Note 22) RM'000	At 30.11.2021 RM'000
	Property, plant and equipment - capital allowances	(1,332)	135	(1,197)	(333)
Tax loss carry-forwards	695	92	787	2,570	3,357
Others	4,132	90	4,222	633	4,855
Net deferred tax assets	3,495	317	3,812	2,870	6,682

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.

## 8. Deferred tax assets/(liabilities) - Group (continued)

### Unrecognised deferred tax assets

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

	2021 RM'000	2020 RM'000
Tax loss carry-forwards		
- Expiring not more than 5 years (Note (a))	5,127	9,661
- Expiring not more than 10 years (Note (b))	16,999	25,692
- No expiry period (Note (c))	5,182	5,339
	27,308	40,692
Property, plant and equipment		
- capital allowances (Note (d))	3,139	3,083
Others	10,905	14,963
	41,352	58,738

- (a) Tax losses carry-forwards of the Indonesian subsidiary are subject to a 5-year time limit under the tax legislations of Indonesia.
- (b) The unutilised tax losses above relate to Malaysian subsidiaries and are subject to a 10-year (2020 : 7 years) time limit under the tax legislations of Malaysia. Any amounts not deducted upon the expiry of the 10 years (2020 : 7 years) will be disregarded.
- (c) Unutilised tax losses in certain countries are not subject to expiry limit.
- (d) Unutilised capital allowances do not expire under the tax legislations of respective countries.

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.

## 9. Inventories - Group

	2021 RM'000	2020 RM'000
Raw materials	26,776	28,202
Work-in-progress	4,660	5,368
Manufactured inventories	7,255	7,414
Consumables	3,632	3,426
Trading inventories	46	458
	42,369	44,868

# FINANCIAL STATEMENTS

## 10. Trade and other receivables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade</b>					
Amount due from an associate	10.1	11,145	22,233	—	—
Others		3,534	1,688	—	—
		14,679	23,921	—	—
<b>Non-trade</b>					
Other receivables		222	242	102	108
Deposits		257	278	5	5
Prepayments	10.2	2,587	5,971	32	32
Dividends receivable		—	—	38,600	53,800
		3,066	6,491	38,739	53,945
		17,745	30,412	38,739	53,945

### 10.1 Amount due from an associate

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

### 10.2 Prepayments

Included in prepayments are advances paid to suppliers amounting to RM1,733,000 (2020 : RM2,510,000) for the purchase of raw materials.

## 11. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term deposits with licensed banks	138,597	180,360	46,500	52,570
Cash and bank balances	95,903	11,295	21,900	198
	234,500	191,655	68,400	52,768

## 12. Assets classified as held for sale

During the financial year, the Company had entered into a Sales and Purchase Agreement for the disposal of a piece of leasehold land for a total cash consideration of RM17,150,000. The disposal was completed on 10 December 2021 and the Group recognised a gain of RM15,680,000 subsequent to the financial year end (See Note 30).

	Note	2021 RM'000
Right-of-use assets - Land		1,470
Right-of-use assets classified as held for sale comprise the following transferred from right-of-use assets		
Cost		1,677
Accumulated depreciation		(207)
	4	1,470

## 13. Share capital - Group/Company

	2021		2020	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Issued and fully paid ordinary shares with no par value classified as equity instruments	230,000	460,000	230,000	460,000

### 13.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 14. Reserves

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-distributable</b>					
Translation reserve	14.1	44,114	51,762	—	—
Capital reserve	14.2	2,000	2,000	—	—
<b>Distributable</b>					
Retained earnings		265,643	302,206	39,956	37,669
		311,757	355,968	39,956	37,669

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

# FINANCIAL STATEMENTS

## 14. Reserves (continued)

### 14.1 Translation reserve

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

### 14.2 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.

## 15. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	4,139	8,136	—	—
<b>Non-trade</b>				
Other payables	1,280	818	1	1
Security deposits received from agents	7,836	8,153	—	—
Accrued expenses	10,641	10,264	229	214
Dividend payable	13,800	13,800	13,800	13,800
	33,557	33,035	14,030	14,015
	<u>37,696</u>	<u>41,171</u>	<u>14,030</u>	<u>14,015</u>

## 16. Contract liabilities - Group

	2021 RM'000	2020 RM'000
Contract liabilities	<u>189</u>	<u>178</u>

The contract liabilities primarily relate to the distributorship subscription fee received for which revenue is recognised over time across the subscription period.

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

	2021 RM'000	2020 RM'000
At the beginning of the year	178	288
Contract liabilities balance at the beginning of the year recognised as revenue	(178)	(288)
Increases due to cash received, excluding amounts recognised as revenue during the year	189	178
At the end of the year	<u>189</u>	<u>178</u>

## 17. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue from contracts with customers</b>				
<i>Recognised at point in time</i>				
- Sale of goods - wholesale	106,998	133,706	—	—
- Sale of goods - direct sales	35,902	30,600	—	—
<i>Recognised over time</i>				
- Direct sales distributorship subscription fee	469	543	—	—
- Management services rendered	4,511	4,943	—	—
<b>Other revenue</b>				
- Rental income	1,736	885	—	—
- Dividend income	—	—	80,000	81,400
Total revenue	149,616	170,677	80,000	81,400

### 17.1 Disaggregation of revenue

	Group	
	2021 RM'000	2020 RM'000
<b>Primary geographical markets</b>		
Thailand	95,431	120,652
Malaysia	36,729	30,357
Cambodia	11,355	17,433
Myanmar	4,629	437
Others	1,472	1,798
	149,616	170,677

# FINANCIAL STATEMENTS

## 17. Revenue (continued)

### 17.2 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 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 point in time when the goods are delivered to the customers.	Cash term.	Incentives given to distributors of which the amounts are dependent on level of sales.
Direct sales distributorship subscription fee	Revenue is recognised over time across the subscription 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 obligations for returns or refunds and warranty attached to the goods sold by the Group.

### 17.3 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 1 year or less.

## 18. Results from operating activities

Results from operating activities are arrived at after charging/(crediting):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration				
- Audit fees				
KPMG PLT Malaysia	286	284	62	62
Other auditors	8	7	—	—
- Non audit fees				
KPMG PLT Malaysia	5	5	5	5
Local affiliates of KPMG PLT Malaysia	139	163	7	4
Other auditors	3	3	—	—

## 18. Results from operating activities (continued)

Results from operating activities are arrived at after charging/(crediting): (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Material expenses/(income)</b>				
Inventories written off	104	499	—	—
(Reversal of)/Inventories written down	61	(364)	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	27,188	27,039	—	—
- Contributions to state plans	3,185	3,133	—	—
- Retirement benefits	—	358	—	—
Depreciation of:				
- Property, plant and equipment (Note 3)	7,844	8,003	—	—
- Right-of-use assets (Note 4)	860	885	—	—
- Investment properties (Note 5)	474	473	—	—
(Reversal of)/Impairment loss on:				
- Property, plant and equipment	184	499	—	—
- Right-of-use assets	—	1,447	—	—
- Investment in subsidiaries	—	—	(151)	3,870
Plant and equipment written off	12	16	—	—
Research and development expenditure	80	58	—	—
Dividend income from subsidiaries	—	—	(80,000)	(81,400)
Net foreign exchange (gain)/loss				
- Realised	(5,361)	(1,170)	—	—
- Unrealised	3,164	985	—	—
Gain on disposal of plant and equipment	(13)	(55)	—	—
Loss on struck-off a subsidiary	—	—	—	18
Government grants (Note a)	(977)	(2,346)	—	—
<b>Net gain on impairment of financial instruments</b>				
Reversal of impairment loss on Trade receivables	(1)	(1)	—	—
<b>Expenses/(Income) arising from leases :</b>				
Expenses relating to short-term leases (Note b)	65	153	—	—
Lease income from properties (Note 5)	(1,736)	(885)	—	—

### Note a

The Group received government grants as wage subsidies to retain local employees during the approved period of economic uncertainties brought about by the Coronavirus (COVID-19) outbreak.

### Note b

The Group leases office building with contract terms of 1 year or less. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

# FINANCIAL STATEMENTS

## 19. Finance income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	3,809	4,252	1,024	1,488

## 20. Finance costs - Group

	Group	
	2021 RM'000	2020 RM'000
Interest expense on lease liabilities	15	18

## 21. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
- Fees	150	135	150	135
- Remuneration	2,867	2,252	12	12
Other Directors				
- Fees	—	23	—	—
- Remuneration	1,131	1,199	—	—
	4,148	3,609	162	147

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

## 22. Tax expense

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense	9,887	12,788	244	357
Share of tax of equity-accounted associate	6,863	8,480	—	—
Total income tax expense	16,750	21,268	244	357

## 22. Tax expense (continued)

Major components of income tax expense include:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current tax expense</b>				
- Current year	12,866	12,883	245	357
- Prior year	(109)	222	(1)	—
Total current tax recognised in profit or loss	12,757	13,105	244	357
<b>Deferred tax (income)/expense</b>				
- Current year	(2,932)	(81)	—	—
- Prior year	62	(236)	—	—
Total deferred tax recognised in profit or loss	(2,870)	(317)	—	—
<b>Share of tax of equity - accounted associate</b>				
	6,863	8,480	—	—
Total income tax expense	16,750	21,268	244	357

### Reconciliation of tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year	41,637	46,774	80,487	78,182
Total income tax expense	16,750	21,268	244	357
Profit excluding tax	58,387	68,042	80,731	78,539
Income tax calculated at Malaysian tax rate of 24%	14,013	16,330	19,375	18,849
Effect of tax rates in foreign jurisdictions*	(870)	(908)	—	—
Effect of withholding tax on equity-accounted associate	5,474	1,489	—	—
Non-deductible expenses	3,206	3,835	70	1,044
Income not subject to tax	(832)	(104)	(19,200)	(19,536)
Tax incentives	(21)	(9)	—	—
Changes in unrecognised temporary differences	(4,173)	649	—	—
Over provision in prior year	(47)	(14)	(1)	—
Income tax expense	16,750	21,268	244	357

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

# FINANCIAL STATEMENTS

## 23. Earnings per ordinary share - Group

### *Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM41,637,000 (2020 : RM46,774,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2020 : 460,000,000).

### *Diluted earnings per ordinary share*

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no potential dilutive ordinary shares.

## 24. Dividends - Group/Company

Dividends recognised in the current year by the Company are:

	2021 RM'000	2020 RM'000
<b><i>In respect of financial year ended 30 November 2019</i></b>		
- Fourth interim dividend of 2 sen and a special dividend of 4 sen per ordinary share paid on 11 March 2020	—	27,600
<b><i>In respect of financial year ended 30 November 2020</i></b>		
- First interim dividend of 3 sen per ordinary share paid on 10 June 2020	—	13,800
- Second interim dividend of 3 sen per ordinary share paid on 9 September 2020	—	13,800
- Third interim dividend of 3 sen per ordinary share paid on 9 December 2020	—	13,800
- Fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share paid on 10 March 2021	36,800	—
<b><i>In respect of financial year ended 30 November 2021</i></b>		
- First interim dividend of 3 sen per ordinary share paid on 2 June 2021	13,800	—
- Second interim dividend of 3 sen per ordinary share paid on 1 September 2021	13,800	—
- Third interim dividend of 3 sen per ordinary share paid on 1 December 2021	13,800	—
	<u>78,200</u>	<u>69,000</u>

The Directors declared a fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share, totalling RM36.8 million in respect of the year ended 30 November 2021 on 19 January 2022 and paid on 10 March 2022.

The financial statements do not reflect these dividends declared after 30 November 2021, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2022.

## 25. Commitments - Group

### Capital commitments

	2021 RM'000	2019 RM'000
Property, plant and equipment Contracted but not provided for	86	242

## 26. 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 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 2021.

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

## 27. Operating segments

The Group's operations are principally confined to the manufacture and sale of jewellery and consumer products on a direct sales basis which are primarily carried out in Malaysia, Thailand, Cambodia and Myanmar. The operations in Thailand and Cambodia are principally carried out by an associate of the Group. Accordingly, information by operating segments on the Group's operations as required by MFRS 8 is not presented.

### Geographical information

In presenting information on the geographical basis, the revenue is based on the geographical location of customers while non-current assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments, investment in an associate and deferred tax assets.

# FINANCIAL STATEMENTS

## 27. Operating segments (continued)

### Geographical information (continued)

	Malaysia RM'000	Thailand RM'000	Cambodia RM'000	Other countries RM'000	Consolidated RM'000
<b>2021</b>					
Revenue	36,729	95,431	11,355	6,101	149,616
Non-current assets	117,530	–	–	8,548	126,078
<b>2020</b>					
Revenue	30,357	120,652	17,433	2,235	170,677
Non-current assets	122,500	–	–	10,354	132,854

### Major customers

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

	Revenue	
	2021 RM'000	2020 RM'000
Customer A	106,786	138,085

## 28. 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.

## 28. Related parties (continued)

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company, other than key management personnel compensation (see Note 21), are shown below:

	Amount transacted for the year ended 30 November	
	2021 RM'000	2020 RM'000
<b>Group</b>		
<b>Associate</b>		
Sales	102,275	133,142
Management fee income	4,511	4,943
Dividend income	92,232	23,726
<b>A firm in which a Director is a member</b>		
Legal fee paid and payable	–	75
<b>Company</b>		
<b>Subsidiaries</b>		
Dividend income	80,000	81,400
Increase in investment in subsidiaries	1,700	2,000

Significant related party balances are disclosed in Note 10 to the financial statements

## 29. Financial instruments

### 29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost.

	Carrying amount RM'000	Amortised cost RM'000
<b>2021</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables, excluding prepayments	15,158	15,158
Fixed deposit	120	120
Cash and cash equivalents	234,500	234,500
	249,778	249,778
<b>Company</b>		
Other receivables, excluding prepayments	38,707	38,707
Cash and cash equivalents	68,400	68,400
	107,107	107,107

# FINANCIAL STATEMENTS

## 29. Financial instruments (continued)

### 29.1 Categories of financial instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	(37,696)	(37,696)
<b>Company</b>		
Other payables	(14,030)	(14,030)
<b>2020</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables, excluding prepayments	24,441	24,441
Cash and cash equivalents	191,655	191,655
	216,096	216,096
<b>Company</b>		
Other receivables, excluding prepayments	53,913	53,913
Cash and cash equivalents	52,768	52,768
	106,681	106,681
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	(41,171)	(41,171)
<b>Company</b>		
Other payables	(14,015)	(14,015)

### 29.2 Net gains arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains arising on:				
Financial assets measured at amortised cost	5,734	4,438	1,024	1,488
Financial liabilities measured at amortised cost	273	—	—	—
	6,007	4,438	1,024	1,488

## 29. Financial instruments (continued)

### 29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 29.4 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.

##### *Recognition and measurement of impairment loss*

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.

# FINANCIAL STATEMENTS

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### Trade receivables (continued)

##### Recognition and measurement of impairment loss (continued)

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.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Group</b>			
<b>2021</b>			
	14,658	—	14,658
Not past due	16	—	16
Past due 1 - 30 days			
	14,674	—	14,674
<b>Credit impaired</b>	157	(152)	5
More than 30 days past due			
	14,831	(152)	14,679
<b>2020</b>			
Not past due	23,578	—	23,578
Past due 1 - 30 days	238	—	238
	23,816	—	23,816
<b>Credit impaired</b>	258	(153)	105
More than 30 days past due			
	24,074	(153)	23,921

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### Trade receivables (continued)

##### Recognition and measurement of impairment loss (continued)

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 losses in respect of trade receivables during the year are shown below.

	Credit impaired RM'000
<b>Group</b>	
Balance at 1 December 2019	236
Reversal of impairment loss	(1)
Written off	(82)
	<hr/>
Balance at 30 November 2020/1 December 2020	153
Reversal of impairment loss	(1)
	<hr/>
Balance at 30 November 2021	<u>152</u>

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

#### 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 STATEMENTS

## 29. Financial instruments (continued)

### 29.4 Credit risk (continued)

#### 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 (2020: 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.

### 29.5 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.

#### 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	Discount rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
<b>2021</b>							
Lease liabilities	232	5.0	245	136	82	27	—
Trade and other payables	37,696	—	37,696	37,696	—	—	—
	<u>37,928</u>		<u>37,941</u>	<u>37,832</u>	<u>82</u>	<u>27</u>	<u>—</u>
<b>2020</b>							
Lease liabilities	353	5.0	380	136	136	108	—
Trade and other payables	41,171	—	41,171	41,171	—	—	—
	<u>41,524</u>		<u>41,551</u>	<u>41,307</u>	<u>136</u>	<u>108</u>	<u>—</u>

## 29. Financial instruments (continued)

### 29.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Discount rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
<b>2021</b>							
Other payables	14,030	—	14,030	14,030	—	—	—
Financial guarantee	—	—	1,224	1,224	—	—	—
	<u>14,030</u>		<u>15,254</u>	<u>15,254</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>2020</b>							
Other payables	14,015	—	14,015	14,015	—	—	—
Financial guarantee	—	—	1,224	1,224	—	—	—
	<u>14,015</u>		<u>15,239</u>	<u>15,239</u>	<u>—</u>	<u>—</u>	<u>—</u>

### 29.6 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.

#### 29.6.1 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
<b>Group</b>	
<b>2021</b>	
Trade and other receivable	13,557
Cash and cash equivalents	4,191
Trade and other payables	(10)
<b>Net exposure</b>	<u>17,738</u>
<b>2020</b>	
Trade and other receivable	22,743
Cash and cash equivalents	3,085
Trade and other payables	(26)
<b>Net exposure</b>	<u>25,802</u>

# FINANCIAL STATEMENTS

## 29. Financial instruments (continued)

### 29.6 Market risk (continued)

#### 29.6.1 Currency risk (continued)

##### *Currency risk sensitivity analysis*

A 10% (2020 : 10%) strengthening of 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
<b>Group</b>	
<b>2021</b>	
USD	1,348
<b>2020</b>	
USD	1,961

A 10% (2020 : 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.

#### 29.6.2 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-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
- Fixed deposits	120	—	—	—
- Short term deposits	138,597	180,360	46,500	52,570
- Cash at banks	78,259	8,961	8,094	192
	<u>216,976</u>	<u>189,321</u>	<u>54,594</u>	<u>52,762</u>
<b>Financial liabilities</b>				
- Lease liabilities	(232)	(353)	—	—

## 29. Financial instruments (continued)

### 29.6 Market risk (continued)

#### 29.6.2 Interest rate risk (continued)

##### *Interest rate risk sensitivity analysis*

##### *Fair value sensitivity analysis for fixed rate instruments*

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

### 29.7 Fair value information

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

The Company provides guarantees to financial institutions for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

#### **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 (2020 : no transfer in either directions).

## 30. Significant event

On 29 September 2021, the Group had entered into a Sales and Purchase Agreement to dispose of a piece of leasehold land for a total cash consideration of RM17,150,000. The disposal was completed on 10 December 2021.

# FINANCIAL STATEMENTS

---

**ZHULIAN CORPORATION BERHAD**

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 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 November 2021 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: 10 March 2022

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

Subscribed and solemnly declared by the abovenamed **Teoh Meng Keat**, NRIC: 670612-07-5613, at George Town in the State of Penang on 10 March 2022.

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

Before me:

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

# FINANCIAL STATEMENTS

---

**ZHULIAN CORPORATION BERHAD**

199701000031 (415527-P)

(Incorporated in Malaysia)

and its subsidiaries

## INDEPENDENT AUDITORS' REPORT

to the members of ZHULIAN CORPORATION BERHAD

(Registration 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 2021 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 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 November 2021, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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”) and Right-of-use assets (“ROU”) - Group and Investment in subsidiaries - Company	
Refer to Note 1(d) ( <i>basis of preparation - Use of estimates and judgements</i> ), Note 2(k)(ii) ( <i>significant accounting policies – Impairment of other assets</i> ), Note 3 – Property, plant and equipment, Note 3.1 Impairment loss, Note 4 – Right-of-use assets, Note 4.3 Impairment loss and Note 6.1. Impairment loss for investment in subsidiaries.	
The key audit matter	How the matter was addressed in our audit
<p>There is a risk of impairment on the Group’s PPE and ROU 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 and ROU whenever there are indicators of impairment. The same applies to the investment in subsidiaries.</p> <p>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.</p> <p>This is one of the key judgemental areas that we focused in our audit because it requires us to exercise significant judgement when evaluating the appropriateness of key assumptions and discount rates applied by the Directors in determining the recoverable amounts.</p>	<p>Our audit procedures, amongst others, include:</p> <p><b><u>VIU</u></b></p> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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</li> <li>Performed sensitivity analyses on assumptions that are key to the value-in-use.</li> </ul> <p><b><u>FVLCTS</u></b></p> <ul style="list-style-type: none"> <li>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</li> <li>Considered the adequacy of disclosures about, in particular, the key assumptions that are highly judgmental and sensitive.</li> </ul>

# FINANCIAL STATEMENTS

**ZHULIAN CORPORATION BERHAD**

199701000031 (415527-P)

(Incorporated in Malaysia)

and its subsidiaries

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 6 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

Penang

Date: 10 March 2022

**Dato' Ooi Kok Seng**  
Approval Number: 02432/05/2023 J  
Chartered Accountant



## OTHER INFORMATION

## OTHER INFORMATION

### LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m <sup>2</sup> )	Tenure/Age of building	Carrying amount at 30 Nov 2021 (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) / 23 years	14,356	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) / 25 years	17,370	27 Feb 1993
Unit 26-B and 26-C, Jalan Tun Dr Awang, Sungai Nibong Kecil, 11900 Bayan Lepas, Penang.	Two commercial units located on 2 <sup>nd</sup> and 3 <sup>rd</sup> floor of a 4½-storey complex	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold / 28 years	248	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 <sup>(a)</sup>	(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) / 14 years	36,662	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 / 26 years	5,825	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 / 26 years	2,119	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)	8,113	29 July 2010

<sup>(a)</sup> These properties are currently vacant.

## OTHER INFORMATION

### LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m <sup>2</sup> )	Tenure/Age of building	Carrying amount at 30 Nov 2021 (RM'000)	Date of Acquisition
Blok C1, Pasirgombang Cikarang Utara Bekasi, Jawa Barat Indonesia.	Land <sup>(b)</sup>	(i) 25,000 sq. metres  (ii) n/a	Leasehold (30 years expiring 24 Sep 2027)	1,470	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 <sup>(a)</sup>	(i) 222 sq. metres  (ii) 236 sq. metres	Leasehold (30 years expiring 20 Apr 2040) / 10 years	308	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 <sup>(a)</sup>	(i) 222 sq. metres  (ii) 236 sq. metres	Leasehold (30 years expiring 20 Apr 2040) / 10 years	296	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) / 27 years	6,664	6 Dec 2013
Geran 20899, Lot 60060, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office <sup>(a)</sup>	(i) n/a  (ii) 369 sq. metres	Freehold / 9 years	690	4 Aug 2014
Geran 20900, Lot 60061, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office <sup>(a)</sup>	(i) n/a  (ii) 369 sq. metres	Freehold / 9 years	690	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) / 24 years	10,221	20 Oct 2015

<sup>(a)</sup> These properties are currently vacant.

<sup>(b)</sup> Disposal on 10 December 2021.

## OTHER INFORMATION

### REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS

(as at 28 February 2022)

#### 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
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 (MY)	ZHULIAN PUSAT MIRI	Lot 1447, Block 1 MCLD, Off Jalan Pasar, Lutong, 98000 Miri, Sarawak.	085-654871	085-655934

#### District Agents

Penang				
Location	Authorised Agent(s)	Address	Tel	Fax
BERTAM (BTA)	MOHD RIDZUAN BIN GHASALI RUHIZA BT ABDULLAH	No.79, Jalan Dagangan 4, Pusat Bandar Bertam Perdana 1, 13200 Kepala Batas, Penang.	04-5767125 019-4779473 019-4529473	04-5767125
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, 14200 Sungai Jawi, Penang.	04-5829769 016-5239769 016-5249769	
BAYAN BARU (BJA)	ARIBAH BINTI MOHAMED	12D-1, Jalan Rumbia, Sungai Nibong Kecil, 11920 Bayan Lepas, Penang.	04-6370111 012-4083615 017-4037704	04-6370111

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

## OTHER INFORMATION

### 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
GUAR CHEMPEDAK (GCA)	IBRAHIM BIN ISMAIL ROSLINDA BT KAMIS	No. 35, Taman Chempedak Indah, Bandar 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.	04-7596219 019-5752219 016-4196720	04-7596219

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 012-5881194	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.	05-6125420 016-4198899	05-6881899
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.	05-6227453 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
AMPANG (AMG)	DING MOY NGUK	G-18, Jalan Pandan Prima 2, Dataran Pandan Prima, 55100 Kuala Lumpur.	03-92012668 012-3938112	03-92012668
PUTRAJAYA (PTY)	AZMAN BIN IBRAHIM	No. 11A, Ayer@8 Presint 8, 62250 Wilayah Persekutuan, Putrajaya.	03-88936607 011-63132884	03-88936608

## OTHER INFORMATION

### 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
SUNGGAI 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
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
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	
SUNGGAI BULOH (SSL)	SALINA BT IBRAHIM SUHANA BT SAMAT LISA MUDIANA BT MUDIN	No. 28, Lorong Elmina 3, Fasa 6A, Sungai Buloh Country Resort, 47000 Sungai Buloh, Selangor Darul Ehsan.	03-60394470 016-6431607 012-3747018 012-7531867	
KAJANG (KJA)	TEOH SENG LOCK	C-12A-GB, Jalan Prima Saujana 2/B, Seksyen 2, Taman Prima Saujana, 43000 Kajang, Selangor Darul Ehsan.	03-87379878 012-2169878 012-3229878	03-87396248
RAWANG (RWC)	MOHD BIN ABAS	No. 83, Jalan Bandar Rawang 2, Pusat Bandar Rawang, 48000 Selangor Darul Ehsan.	03-60910085 017-3310606 017-6403506 012-6237471	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	No. 2-1-1, Jalan Medan Pusat Bandar 4A, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	03-89201594 012-3668474	03-89222214

Negeri Sembilan				
Location	Authorised Agent(s)	Address	Tel	Fax
SENAWANG (NLB)	SITI NORBAYA BT ABD. KADIR	No. 222 Tingkat 1, Jalan Lavender Height 2, Senawang, 70450 Seremban, Negeri Sembilan.	06-6717707 019-2246271	06-6717707

## OTHER INFORMATION

### District Agents

Melaka				
Location	Authorised Agent(s)	Address	Tel	Fax
MASJID TANAH (MJT)	GAN CHIN KEONG	MT 1408, Pusat Perdagangan Masjid Tanah, 78300 Masjid Tanah, Melaka.	06-3848128 016-5207128	06-3848127
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)	ROсна 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
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.	07-9437168 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	Lot 8115, Tingkat Bawah, Bandar Satelit Islam, 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

## OTHER INFORMATION

### 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	

Sabah				
Location	Authorised Agent(s)	Address	Tel	Fax
SANDAKAN (SDS)	ISNIA BT NAHAR	Ground Floor, Block A2, Lot No. 4, Bandar Labuk Jaya, 90000 Sandakan, Sabah.	089-215627 017-8327571	

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

## OTHER INFORMATION

### ANALYSIS OF SHAREHOLDINGS

as at 18 February 2022

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	%
248	less than 100 shares	9,674	0.00
1,255	100 to 1,000 shares	867,297	0.19
3,517	1,001 to 10,000 shares	15,980,108	3.47
1,187	10,001 to 100,000 shares	34,665,595	7.54
142	100,001 to less than 5% of issued shares	98,890,991	21.50
4	5% and above of issued shares	309,586,335	67.30
6,353		460,000,000	100.00

#### DIRECTORS' SHAREHOLDINGS IN THE COMPANY

No.	Name	Direct		Indirect	
		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 <sup>(a)</sup>	0.58
3	Teoh Meng Lee	9,375,999	2.04	–	–
4	Teoh Meng Soon	9,306,666	2.02	–	–
5	Tan Lip Gay	20,000	0.00	69,800 <sup>(a)</sup>	0.02
6	Oon Hock Chye	10,000	0.00	–	–

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

No.	Name	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1	Teoh Beng Seng	47,900,280 <sup>(a)</sup>	10.41	234,816,455 <sup>(b)</sup>	51.05
2	Teoh Meng Keat	26,869,600	5.84	2,666,666 <sup>(d)</sup>	0.58
3	The Best Source Holdings Pte. Ltd.	79,769,789 <sup>(c)</sup>	17.34	–	–
4	Zhulian Holdings Sdn. Bhd.	155,046,666	33.71	–	–

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 UOBM Nominee (Asing) Sdn. Bhd. United Overseas Bank Nominees (Pte) Ltd for The Best Source Holdings Pte. Ltd.

(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 (30) LARGEST SHAREHOLDERS as at 18 February 2022

NO.	NAME	NO. OF SHARES HELD	%
1	UOBM Nominees (Tempatan) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Zhulian Holdings Sdn. Bhd.	155,046,666	33.71
2	UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for The Best Source Holdings Pte Ltd.	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	21,850,000	4.75
6	Teoh Meng Lee	8,666,666	1.88
7	Teoh Meng Soon	8,666,666	1.88
8	Teoh Beng Chye	5,262,533	1.14
9	Yeap Kim Siew	2,807,300	0.61
10	Yayasan Terengganu	2,679,478	0.58
11	Khoo Lay Boon	2,666,666	0.58
12	Teoh Siew Choo	1,700,000	0.37
13	TC Holdings Sendirian Berhad	1,681,000	0.37
14	Teoh Siew Hong	1,666,669	0.36
15	Sin Poh Seah	1,522,266	0.33
16	Mohd Munir Bin Abdul Majid	1,504,666	0.33
17	Ng Gaik Hua	1,400,000	0.30
18	Koo Guat Ean	1,339,353	0.29
19	Khoor Ah Siew	1,224,000	0.27
20	Yeap Mong Sie	1,221,500	0.27
21	Yeap Hooi Hooi	1,071,900	0.23
22	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
23	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hwee Loong (SECT 17 PJ-CL)	826,000	0.18
24	Golden Fresh Sdn Bhd	800,000	0.17
25	Citigroup Nominees (Tempatan) Sdn Bhd Gibraltar BSN Life Berhad (Life Fund)	756,000	0.16
26	Teoh Meng Lee	709,333	0.15
27	Soon Bee Ai	680,000	0.15
28	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Poh Kwee	640,000	0.14
29	Teoh Meng Soon	640,000	0.14
30	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chong Khong Shoong (E-IMO/JSI)	600,000	0.13
		384,175,924	83.30

## NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting ("AGM") of ZHULIAN CORPORATION BERHAD ("the Company") will be held as a fully virtual general meeting at broadcast venue at the Boardroom, Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang on Wednesday, 18 May 2022 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 2021 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) Haji Wan Mansoor Bin Wan Omar Resolution 1
  - b) Oon Hock Chye Resolution 2
3. To approve the payment of Directors' fees and benefits payable up to an aggregate amount of RM216,000 for the financial year ending 30 November 2022. 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  
"Subject to the passing of Resolution 1, 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-Fifth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 10 May 2022. Only a depositor whose name appears on the Record of Depositors as at 10 May 2022 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  
SSM PC No. 201908000494  
MAICSA 0818580  
Company Secretary  
Penang

30 March 2022

**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-Fifth AGM will be put to vote on a poll.

**2. Audited Financial Statements for financial year ended 30 November 2021**

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-Fourth AGM held on 19 May 2021. The renewal of the general mandate is to provide flexibility to the Company for any possible fundraising 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 2021.

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 2021.

**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-Fifth 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 19 May 2021.

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. & email address ....., 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, telephone no. & email address)

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

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

.....  
(Address in full, telephone no. & email address)

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-Fifth Annual General Meeting of the Company, to be held as a fully virtual general meeting at broadcast venue at the **Boardroom, Plot 41, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang on Wednesday, 18 May 2022 at 2.30 p.m.** and at any adjournment thereof in the manner indicated below:

Resolutions	For	Against
1. Re-election of Haji Wan Mansoor Bin Wan Omar as Director		
2. Re-election of Oon Hock Chye as Director		
3. Approval of Directors' Fees & Other Benefits for the financial year ending 30 November 2022		
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 ..... 2022

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

	No. of Shares	Percentage
First Proxy		
Second Proxy		
<b>Total</b>		<b>100%</b>

.....  
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 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 10 May 2022. Only a depositor whose name appears on the Record of Depositors as at 10 May 2022 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.

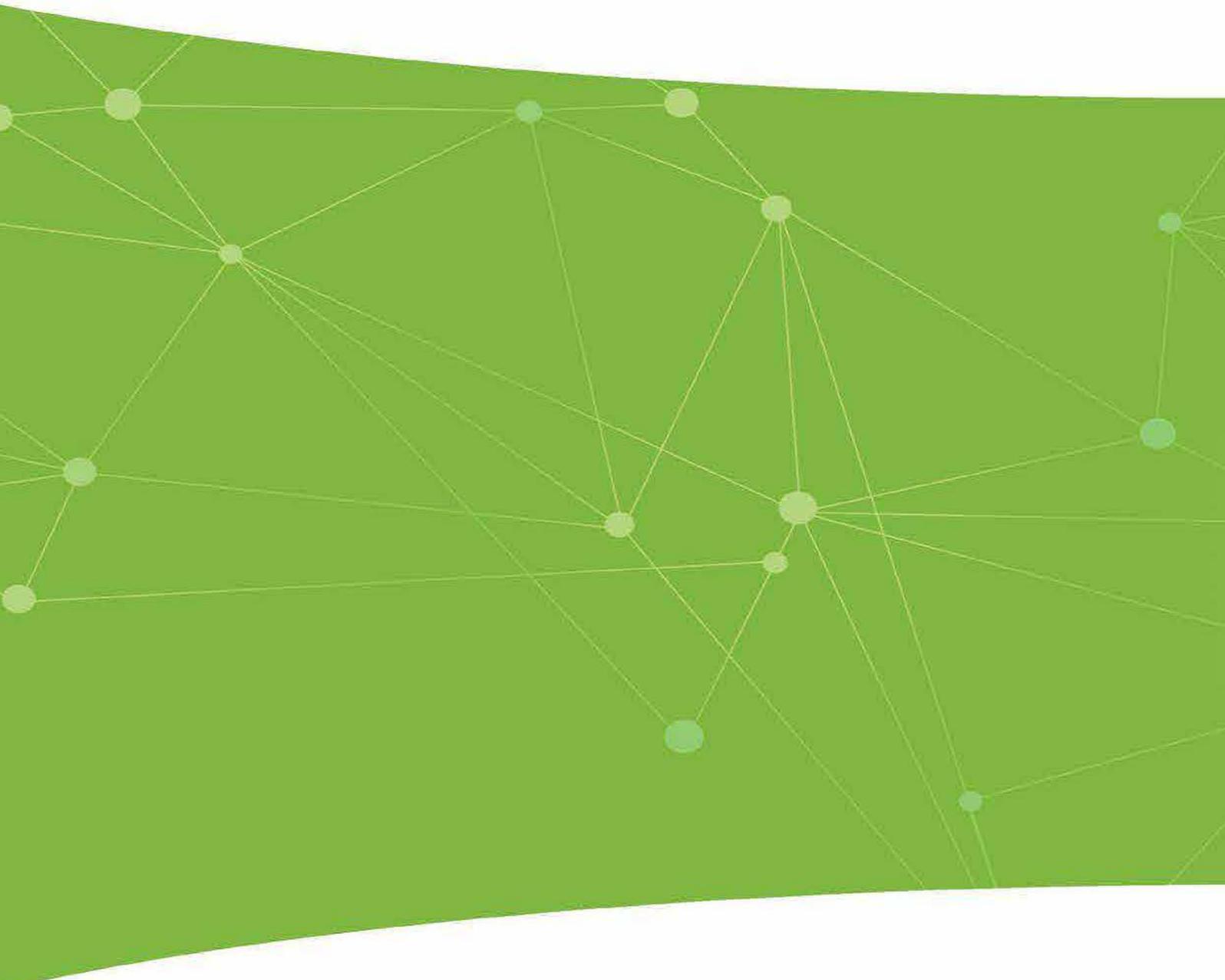
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TO,  
**The Company Secretary**  
**ZHULIAN CORPORATION BERHAD** 199701000031 (415527-P)  
Suite 12-A, Level 12, Menara Northam  
No. 55, Jalan Sultan Ahmad Shah  
10050 George Town, Penang

Please fold here

Fold this flap for sealing



**ZHULIAN CORPORATION BERHAD** 199701000031 (415527-P)

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

Tel: 604-616 2020 Fax: 604-642 5989 Website: [www.zhulian.com](http://www.zhulian.com)