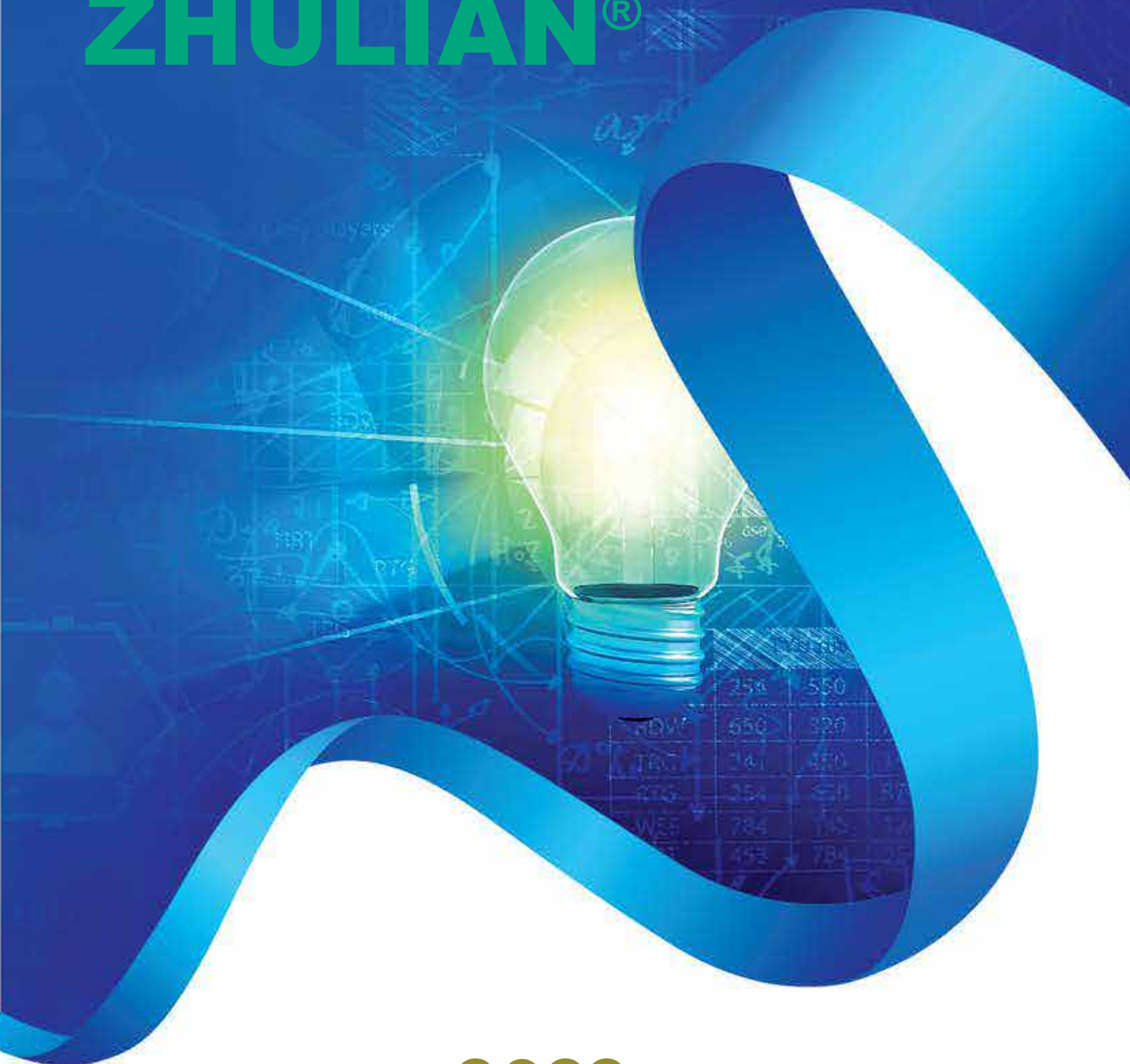


ZHULIAN®



Annual Report 2022
Enhancing
Value Creation

“ ENHANCING VALUE CREATION ”

Value creation is fundamental to support a profitable and sustainable business. **ZHULIAN** Group has all along strived to optimise values and returns to stakeholders through our business model. We will continue to identify existing ineffective practices and shortcomings in order to implement corrective actions, optimise activities to maximise output and minimise operational costs to create cost advantages in our diversified businesses.

Our business goal is delivering value to our Distributors, customers, employees, shareholders, communities and other stakeholders through quality products and services. We are committed to ensure our products and services meet customer needs by speedy respond to everchanging market demands while upholding good governance to balance business profitability and sustainability.





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
- 15 Management Discussion and Analysis
- 24 Sustainability Statement
- 37 Corporate Information
- 38 Board of Directors' Profile
- 40 Profile of Key Senior Management Team

42 CORPORATE GOVERNANCE

- 43 Statement on Corporate Governance
- 54 Audit Committee Report
- 57 Statement on Risk Management and Internal Control
- 61 Additional Compliance Information

62 FINANCIAL STATEMENTS

- 62 Directors' Report
- 66 Statements of Financial Position
- 67 Statements of Profit or Loss and Other Comprehensive Income
- 68 Consolidated Statement of Changes in Equity
- 70 Statement of Changes in Equity
- 71 Statements of Cash Flows
- 73 Notes to the Financial Statements
- 122 Statement by Directors
- 123 Statutory Declaration
- 124 Independent Auditors' Report

128 OTHER INFORMATION

- 129 List of Properties
- 131 Regional Offices, Distribution Centres & District Agents
- 136 Analysis of Shareholdings as at 20 February 2023
- 137 Thirty Largest Shareholders as at 20 February 2023
- 138 Notice of Twenty-Sixth Annual General Meeting
- 142 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.



FINANCIAL SUMMARY

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

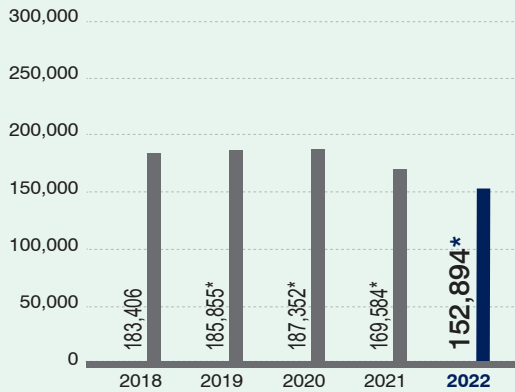
YEAR ENDED 30 NOVEMBER	2022	2021	2020	2019	2018
Income Statement (RM '000)					
Gross revenue from continuing operations	152,894*	169,584*	187,352*	185,855*	183,406
Profit before taxation from continuing operations	50,867	51,524	59,562	63,483	62,391
Profit after taxation from continuing operations	38,313	41,637	46,774	49,523	52,362
Statement of Financial Position (RM '000)					
Total non-current assets	287,156	284,163	364,519	386,589	379,991
Total current assets	262,513	297,962	268,015	270,692	244,181
Shareholders' fund / Total equity	504,547	541,757	585,968	614,588	594,965
Total non-current liabilities	4,961	2,205	2,062	2,151	317
Total current liabilities	40,161	38,163	44,504	40,542	28,890
Share Information Per Ordinary Share					
Earnings, basic (sen)	8.33	9.05	10.17	10.77	11.38
Net assets (sen)	109.68	117.77	127.38	133.61	129.34
Net dividends per ordinary share (sen)	17.00	17.00	17.00	12.00	10.00
Share price as at 30 November (RM)	1.84	1.85	1.53	1.46	1.30
Financial Ratios					
Return on equity (%)	8%	8%	8%	8%	9%
Gearing Ratio (%)	0%	0%	0%	0%	0%

* Revenue for the financial year ended 30 November 2019, 2020, 2021 and 2022 were stated without MFRS 15 adjustments.

FIVE-YEAR GROUP FINANCIAL CHARTS

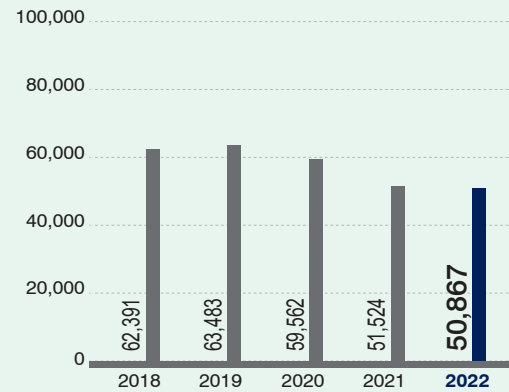
Gross revenue

(RM'000)



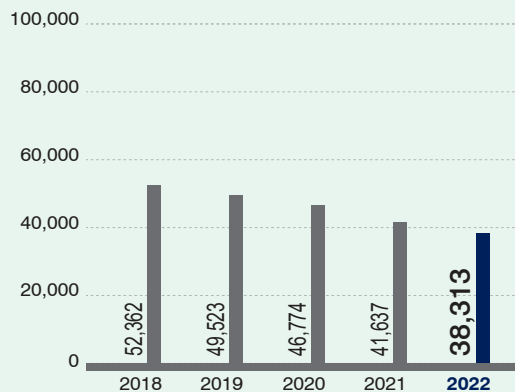
Profit Before Taxation

(RM'000)



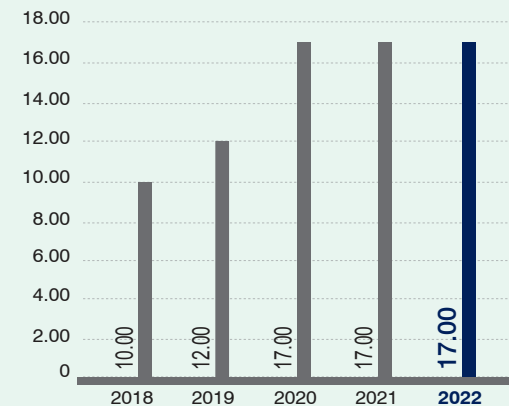
Profit After Taxation

(RM'000)



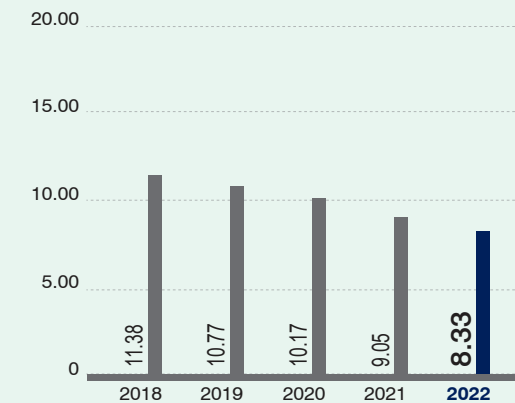
Net Dividends Per Ordinary Share

(sen)



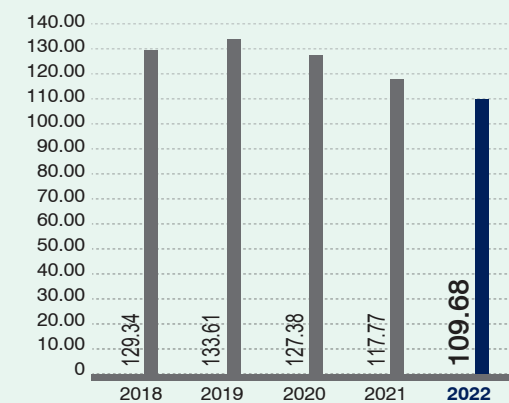
Earnings Per Share

(sen)



Net Asset Value Per Share

(sen)



* Revenue for the financial year ended 30 November 2019, 2020, 2021 and 2022 were stated without MFRS 15 adjustments.

The cover features a large blue hexagon with the text 'CORPORATE REVIEW' in white. The background is a collage of grey and white images, including a city skyline, a person holding a smartphone, and a group of people. The top right corner has several blue and grey hexagons of varying sizes. The bottom of the page shows a row of ten stylized human figures with various digital and data-related icons overlaid on them.

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 continuous 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 WASH for its homecare range, GREENLEX for its traditional herbal supplements, NUTRILEX 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.



CORPORATE REVIEW

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

GROUP CORPORATE STRUCTURE

ZHULIAN CORPORATION BERHAD

199701000031 (415527-P)

MALAYSIAN COMPANIES

OVERSEAS COMPANIES

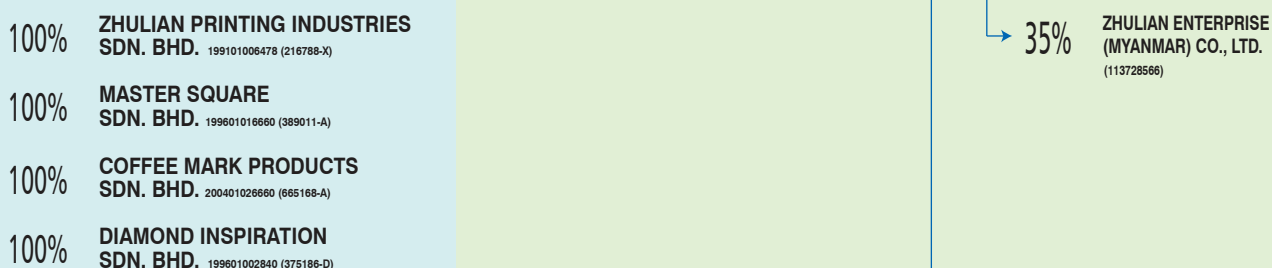
MANUFACTURING

- 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 (688963-U)
- 100% **ZHULIAN NUTRACEUTICAL SDN. BHD.** 200401005899 (644402-D)

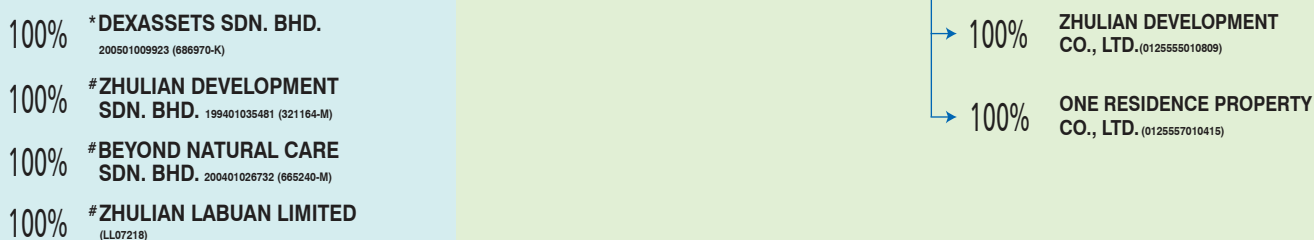
MULTI-LEVEL MARKETING (“MLM”)



PRINTING SERVICES / WHOLESALE & RETAIL



OTHERS



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"), I am pleased to present the Annual Report and Audited Financial Statements of ZHULIAN and its subsidiaries ("ZHULIAN Group" or "the Group") for the financial year ended 30 November 2022 (FY2022).



BUSINESS OVERVIEW

The COVID-19 pandemic has fundamentally changed the business environment in which we operate, and we have to constantly anticipate, adapt and carefully strategise in response. Despite of full reopening of Malaysia's economy in the latter half of 2022, all businesses felt the pinch of rising inflation and weakening ringgit. The Group remained very much focused in executing the resilience strategy to grow and maximise long-term value creation for our shareholders and stakeholders.

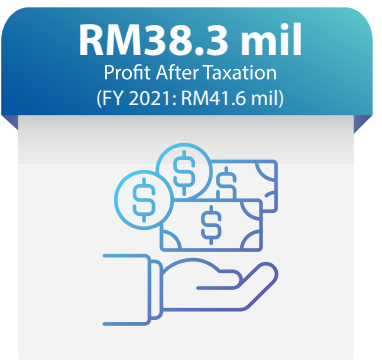
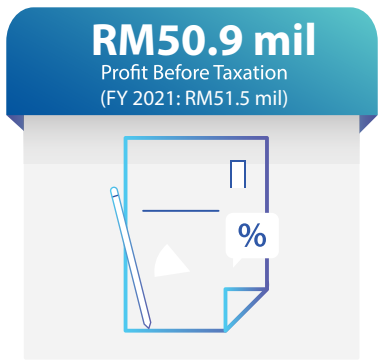
Despite continued challenges with mounting inflation pressure and softening of consumer sentiment in the endemic era, the Company was well-positioned to remain resilient in a changing environment through more strategic online and offline marketing programmes, promotional campaigns and enhanced risk management.



FINANCIAL PERFORMANCE

The Group continued to generate profit against the backdrop of the unfavourable economic environment while staying true in its principles of integrity, transparency and accountability.

The Group's financial performance continued to moderate in FY2022 with 9% drop in revenue from RM149.6 million in FY2021 to RM136.2 million. Profit Before Taxation dropped slightly from RM51.5 million to RM50.9 million in FY2022 whereas Profit After Taxation also fell to RM38.3 million in FY2022 compared to previous year's RM41.6 million.



RETURN TO SHAREHOLDERS

The Company endeavours to maintain stable dividends and return profits to shareholders in line with Company's performance and the availability of adequate distributable reserves.

During the year, in appreciation of our shareholders for their continued confidence and support toward the Group in this challenging environment, the Company declared a 3 sen dividend for each quarter in FY2022 and an additional special dividend of 5 sen. As such, the total dividend payment was RM78.2mil.



CORPORATE GOVERNANCE

The Group has consistently been practicing good corporate governance, reflecting its belief that robust governance practices, processes and culture are fundamental to inspire investors' confidence, ensure long-term shareholder value and protect stakeholders' interests.

The Group also addresses the ongoing need to manage risks and opportunities, with emphasis on the need for collective action by boards and senior management by further improving board policies and practices, strengthening oversight of sustainability risks and opportunities, setting sustainability goals and aligning business strategy and operations while promoting meaningful engagement with our stakeholders. The Board is also taking responsibility to adopt the enhanced sustainability disclosures on a staggered basis according to sustainability reporting requirements stipulated by Bursa Malaysia.

CHANGE IN BOARD MEMBERS

I would like to announce the resignation of Mr. Tan Lip Gay who joined the Board in 2007 and has served as a Non-Executive Independent Director with distinction for 15 years. On behalf of the Board, Management, and staff, I would like to wish him all the best in his future endeavour and my utmost appreciation towards his invaluable contributions to the Group.



Meanwhile we would like to extend a warm welcome to our new Board members, Ms. Tan Gim May and Ms. Rosaline Heah Gaik See. I am confident that their immense experience in their profession would be able to bring forth great strategic addition to the Group's progress. With the new leadership in place, we are confident that the Group's business trajectory will be better off with focus on sustainability.



MOVING FORWARD

The Economic Outlook 2023 report published by Ministry of Finance Malaysia reported that domestic economy is expected to grow by 4% to 5% in 2023 after posting a growth rate of between 6.5% and 7% this year.

The manufacturing sector is forecast to grow by 3.9% in 2023 supported by expansion in all subsectors. Output in export-oriented industries is anticipated to increase despite a softening global trade. The wholesale and retail trade subsector are expected to remain the key contributor to the services sector with a growth rate of 3.4%.

The Group is cautiously optimistic of driving its business forward in FY2023. With strong financial fundamentals, the Group is well positioned to capitalise on the emerging opportunities. The world as we know is beset with a wide range of sustainability related issues. These include growing unemployment rate and escalating prices of necessities. The Group, through its business model has been providing solutions to these problems, and we shall continue to play our part in addressing the many concerns towards building better living.

The Group will take a step further to prioritise sustainability in our business and operational strategies; adopting a long-term value creation perspective. We look to the future as a most challenging period for all, but also with belief, confidence and optimism that ZHULIAN Group will continue to show the way forward through viable, and sustainable initiatives that deliver value to its shareholders and stakeholders.



ACKNOWLEDGEMENTS

I would like to pay tribute to the management team and employees at ZHULIAN Group, who deliver on the Company's purpose every day – helping people and society prosper in good times and be resilient in bad times. Your dedication, passion and commitment are most admirable and are what sets the Company apart in the marketplace.

To shareholders and customers, thank you for your trust and support over the years. I would also like to convey my gratitude to my fellow Board members for their wise counsel and support and the Management team for having led the Group towards a more sustainable future with great potential of better performance in FY2023.



On behalf of the Board,

ZHULIAN CORPORATION BERHAD,

HAJI WAN MANSOOR BIN WAN OMAR
Non-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 2022 (“FY2022”).



TINJAUAN PERNIAGAAN

Pandemik COVID-19 secara dasarnya telah merubah persekitaran perniagaan di mana kita beroperasi, lantas kita harus sentiasa menjangkakan, menyesuaikan dan mengatur strategi untuk bertindakbalas. Meskipun pembukaan semula sepenuhnya ekonomi Malaysia pada penghujung separuh kedua tahun 2022, namun semua sektor perniagaan telah merasai kesan peningkatan inflasi, dan nilai ringgit yang semakin lemah. Kumpulan kekal fokus dalam melaksanakan strategi ketahanannya untuk tumbuh dan memaksimumkan penghasilan nilai jangka panjang bagi para pemegang saham dan para pemegang kepentingan kita.



Walaupun cabaran yang berterusan dengan tekanan inflasi yang meningkat serta sentimen pengguna yang kurang menggalakkan dalam era endemik ini, Syarikat berada pada kedudukan yang baik untuk kekal

bertahan dalam suasana yang berubah-ubah, melalui program-program pemasaran *online* dan *offline* yang lebih strategik dan kempen-kempen promosi serta pengurusan risiko yang dipertingkatkan.



PRESTASI KEWANGAN

Kumpulan masih lagi terus menjana keuntungan meskipun berlatarbelakangkan persekitaran ekonomi yang kurang memberangsangkan sambil kekal menggenggam prinsipnya terhadap keutuhan, ketelusan dan keberterangjawabannya.

RM136.2 juta daripada RM149.6 juta pada FY2021. Keuntungan Sebelum Cukai merosot sedikit daripada RM51.5 juta ke RM50.9 juta bagi FY2022 manakala Keuntungan Selepas Cukai turut merosot ke RM38.3 juta pada FY2022 berbanding RM41.6 juta pada tahun sebelumnya.

Prestasi kewangan Kumpulan kekal sederhana bagi FY2022 dengan perolehan merosot 9% ke jumlah



PULANGAN KEPADA PEMEGANG SAHAM

Syarikat berusaha mengekalkan dividen dan pulangan keuntungan yang stabil kepada para pemegang saham, selari dengan prestasi Syarikat dan ketersediaan rizab boleh agih yang mencukupi.

sokongan yang berterusan terhadap Kumpulan dalam suasana yang mencabar, Syarikat telah mengisytiharkan dividen sebanyak 3 sen bagi setiap suku pada FY2022 pada FY2022 dan tambahan dividen khas sebanyak 5 sen. Oleh yang demikian, jumlah dividen dibayar adalah RM78.2 juta.

Semasa tahun tersebut, sebagai penghargaan kepada para pemegang saham kita di atas keyakinan dan

TADBIR URUS KORPORAT

Kumpulan senantiasa mengamalkan tadbir urus korporat yang baik, mencerminkan kepercayaannya bahawa pengamalan tadbir urus, proses dan budaya yang mantap adalah penting bagi menginspirasi keyakinan para pelabur, memastikan nilai pemegang saham jangka panjang serta melindungi kepentingan para pemegang saham.

Kumpulan turut mengendalikan keperluan berterusan untuk Syarikat menguruskan risiko dan peluang, dengan menekankan keperluan terhadap tindakan bersepadu oleh Lembaga dan Pengurusan Kanan dengan menambahbaik lagi polisi dan amalan Lembaga, mengukuhkan pengendalian risiko dan peluang kelestarian, menetapkan matlamat kelestarian dan



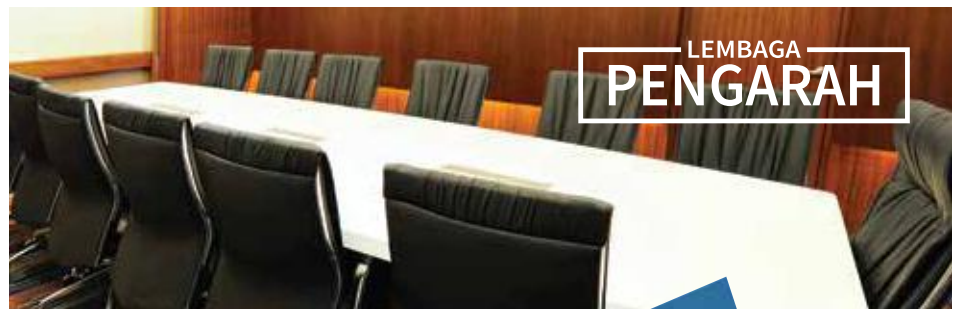
menjajarkan strategi dan operasi perniagaan sambil memupuk perhubungan yang bererti dengan para pemegang kepentingan. Lembaga juga memikul tanggungjawab untuk menggunakan pendedahan kelestarian yang dipertingkatkan secara berperingkat menurut keperluan pelaporan kelestarian seperti yang dinyatakan oleh Bursa Malaysia.



PERUBAHAN KEAHLIAN LEMBAGA

Saya ingin mengumumkan peletakan jawatan En. Tan Lip Gay yang telah menyertai Lembaga pada tahun 2007 dan telah berperanan sebagai Pengarah Bebas Bukan Eksekutif selama 15 tahun. Bagi pihak Lembaga, Pengurusan dan kakitangan, saya ingin mengucapkan selamat maju jaya dalam segala usahanya pada masa depan dan berterima kasih bagi segala sumbangan tidak ternilai yang telah beliau berikan kepada Kumpulan.

Sementara itu kita ingin mengalu-alukan kehadiran ahli Lembaga yang baru, Cik Tan Gim May dan Cik Rosaline Heah Gaik See. Saya yakin berbekalkan pengalaman luas mereka di dalam kerjaya masing-masing akan meningkatkan kemajuan Kumpulan secara strategik dengan hebat sekali. Berkat kepimpinan yang baru ini, kita pasti trajektori perniagaan Kumpulan akan berkekalan.



MAJU KE HADAPAN

The Economic Outlook 2023 yang diterbitkan oleh Kementerian Kewangan Malaysia melaporkan bahawa ekonomi domestik dijangkakan tumbuh antara 4% ke 5% pada 2023 selepas merekodkan kadar pertumbuhan antara 6.5% dan 7% tahun sebelumnya.

Sektor pengilangan diramalkan tumbuh sebanyak 3.9% pada 2023, disokong oleh perluasan kesemua subsektor. Pengeluaran industri yang berorientasikan eksport dijangkakan meningkat meskipun kejatuhan perdagangan global. Subsektor perdagangan jualan borong dan runcit dijangkakan kekal sebagai penyumbang utama bagi sektor perkhidmatan dengan kadar pertumbuhan 3.4%.

Kumpulan optimistik namun berhati-hati dalam memacu perniagaannya bagi FY2023. Berbekalkan asas kewangan yang kukuh, Kumpulan berada pada kedudukan yang baik untuk memanfaatkan peluang yang muncul. Dunia sepertimana yang kita ketahui dibelenggu pelbagai masalah berkaitan kelestarian.

Ia termasuklah kadar pengangguran yang kian meningkat serta harga barangan keperluan yang melonjak. Melalui model perniagaannya, Kumpulan telah menawarkan penyelesaian bagi masalah-masalah tersebut, dan kita akan terus memainkan peranan bagi menangani pelbagai kerisauan yang berkenaan demi membina kehidupan yang lebih baik.

Kita juga berimpian untuk menjadi sebahagian daripada pergerakan global yang menggerakkan asas perniagaan ke arah pengoperasian yang mampan. Kita akan mengatur selangkah ke hadapan bagi mengutamakan kelestarian di dalam perniagaan dan strategi operasi kita; menggunakan perspektif penciptaan nilai jangka panjang. Kita melihat ke depan sebagai satu tempoh yang paling mencabar, namun bersama kepercayaan, keyakinan dan optimistik bahawa Kumpulan ZHULIAN akan terus menunjukkan cara untuk mara melalui usaha yang berdaya maju lagi mampan yang memberikan nilai kepada para pemegang saham dan para pemegang kepentingan.



PENGHARGAAN

Saya ingin mengucapkan penghargaan buat barisan pengurusan dan kakitangan Kumpulan ZHULIAN, yang berperanan memenuhi tujuan Syarikat setiap hari – menolong insan dan masyarakat hidup makmur di waktu senang dan tabah di waktu sukar. Dedikasi, semangat dan komitmen anda amat dihargai dan ianya menjadikan Syarikat tampil berbeza di dalam pasaran.

Kepada para pemegang saham dan para pelanggan, terima kasih di atas kepercayaan dan sokongan anda sekian tahun. Saya juga ingin menyampaikan terima kasih saya kepada rakan-rakan Lembaga di atas nasihat bijak dan sokongan padu mereka, serta barisan Pengurusan kerana telah memacu Kumpulan ke arah masa depan yang lebih mampan dengan potensi hebat bagi prestasi FY2023 yang lebih cemerlang.



Bagi pihak Lembaga Pengarah,

ZHULIAN CORPORATION BERHAD,

HAJI WAN MANSOOR BIN WAN OMAR

Pengerusi Bukan Bebas Bukan Eksekutif

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 2022 (“FY2022”).

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.

The Group’s primary business model is multi-level marketing (“MLM”). Commenced its MLM business since 1989, the Group has been offering individuals an opportunity to build their own business with the products that carry our brands.

We have a network of Independent Distributors who earn incentives stipulated in our marketing plan by selling our products to consumers. We also provide training programmes and supporting business 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.

The Group is headquartered in Penang, Malaysia with business network that spans across Malaysia, Thailand, Myanmar and Cambodia. Operations in Malaysia are managed by the Headquarter 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 ZHT, our Associate in Thailand.

OVERVIEW OF MARKET PERFORMANCE

2022 was a challenging year given the overall economic conditions impacted by pandemic, weakened Ringgit and escalating costs, coupled with weak consumer sentiments.

Despite of challenging conditions resulted from pandemic, we remained focused on building our resilience while we continued to find ways to evolve in order to capture the opportunities ahead and prepare the business for the future. Transition to endemic phase since May 2022 has enabled us to resume the more proactive MLM business mode whereby we can place more focus on physical or in-person activities.

Demands of our products was lower than expected due to change in consumer spending pattern and softening of consumer sentiment as a result of price hike of necessities. The Group continued its effort in launching new products and promotions to create buying desires and sustain sales momentum.

As at the end of FY2022, the Group MLM business network includes 226 Authorised Agencies, stockists, retailers and branches. They serve 223,347 Distributors across Southeast Asia.



OUR BUSINESS STRATEGIES

In year 2022, we placed our focus on reactivating our physical marketing programmes, parallel with online or social media to stimulate sales and sustain network. Our ultimate goals were to enhance the engagement and bond between our Distributors and the Group as well as boost motivation among them so that they continued to grow their business.

Continually innovate, improve and respond promptly to market needs and competition, and changing consumer habits are on-going strategy of the Group to enhance its brand and financial position. Responding to the economic conditions, the Group initiated strategies to help our entrepreneurs grow their businesses, strengthen product sales, increase brand awareness and retain our market position.



Sustaining Distribution Network

Fostering loyalty and sense of belonging among Distributors by conducting more in-person gatherings such as seminars and mass-training is the Group's on-going key initiatives at present and going forward. Another initiative taken to encourage recruitment was to waive the signup fee with minimum purchase.

Realigning cost-effective innovation

The escalating costs for both inputs to its products and logistics throughout its supply chain have been the considerations for decision making on new product development. During the year, the delicate balance between revenue generation and cost effectiveness were taken into consideration before launching new products.

Balancing Offline and Online Marketing

Transition to endemic phase has allowed our MLM business segment to organise more physical activities such as seminars or trainings at hotels or own premise, or field visits to authorised agencies. At the meantime, we also continued to hold online events and talks via FB Live to stay connected with Distributors and Leaders.

Increasing Frequency of Promotions and Offers

As part of initiatives to boost sales and help Distributors to grow their business, we launched a series of promotions, including special discounts, bundle deals, free gifts etc. The response from the Distributors and customers were encouraging especially towards the promotions on products such as air purifier, water purifier, oral care products and traditional herbal supplements.



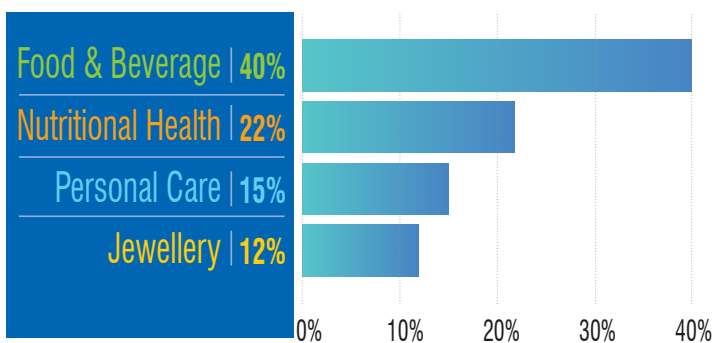
GROUP FINANCIAL HIGHLIGHTS

Against reduced consumer confidence and spending, as well as the disruptions and impact caused by prolonged pandemic in the recent years, the Group continued to focus on cost containment and efficient utilisation of resources to ensure financial sustainability while finding ways to improve operation efficiency in the backdrop of challenging business conditions.

For FY2022, the Group recorded a lower revenue of RM136.2 million, decreased by 9% compared to RM149.6 million in FY2021. 23% of the total revenue was generated from local market, while 77% are from export revenue. Thailand market remained the biggest contributor, generating approximately 67% of the Group's FY2022 revenue, followed by Malaysia 23% and Cambodia 8%.

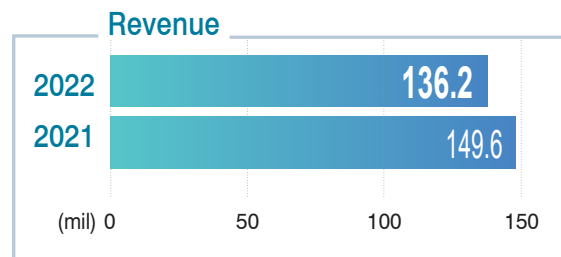
Given the decline in sales and weakened Ringgit against the US Dollar, the Group continued to prudently manage operating expenses to yield profit before taxation ("PBT") of RM50.9 million, a slight drop against the previous year (2021: RM51.5 million). Profit after taxation for FY2022 was RM38.3 million which decreased by RM3.3 million as compared to preceding financial year of RM41.6 million.

Our revenue composition consisted of mainly Food & Beverage products which contributed to 40% of total revenue; followed by Nutritional Health products at 22%, Personal Care products at 15% and Jewellery products at 12% of total revenue. Notably, we saw an increase of jewellery sales of 14% from RM14.5 million in FY2021 to RM16.5 million in FY2022.

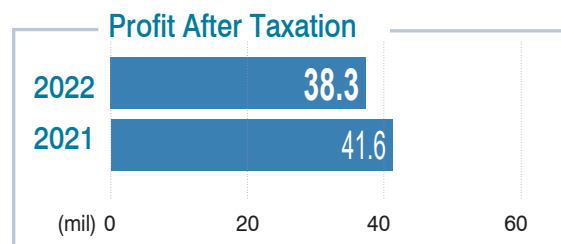
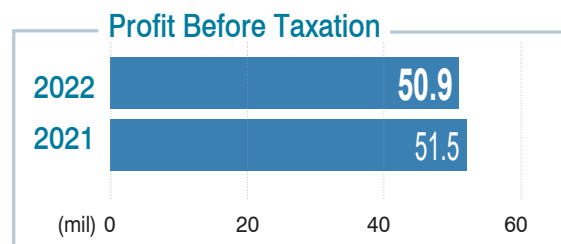
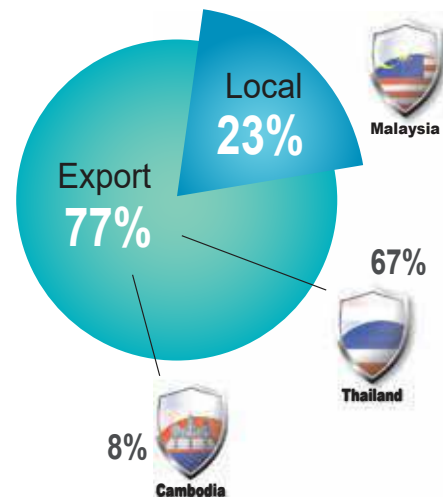


The Group's total equity decreased from RM541.8 million at FY2021 to RM504.5 million at FY2022 after declared and paid special dividend to the shareholders, nonetheless the Group still has strong cash reserve of RM200.6 million at the end of FY2022. The Group continues to maintain zero gearing to-date with sufficient liquidity which is vital for business sustainability.

FINANCIAL PERFORMANCE AT FY2022



Local vs Export Revenue



MAINTAINING GOOD GOVERNANCE

The Board recognises the value and importance of good corporate governance and the role it plays in assuring effective delivery of our strategy and creation of shareholder value as well as supporting long-term sustainability of the business.

The Group's governance policies are guided by the vision and mission, and our core values. We are committed to ensure good governance in accordance to the Malaysian Code on Corporate Governance ("MCCG") policies across the Group from the Board to the Management and the rest of the executives in the Group.

In the year of review, the Company formalised Direct Fit & Proper Policy and made it available on the Company's corporate website.

RETURN TO SHAREHOLDERS

The Group managed to remain profitable and continued to uphold its commitment in delivering shareholder returns in line with earnings while reflecting an overall balanced consideration of factors such as business fundamentals, financial conditions and cash flow. In year 2022, we had declared a total dividend of RM78.2 million for FY2022 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

National Convention – ZHULIAN ENTREPRENEURSHIP SUMMIT 2.0

Followed by the success of organising the very first virtual national convention, namely ZHULIAN ENTREPRENEURSHIP SUMMIT in year 2021, the Group held its second national convention namely ZHULIAN ENTREPRENEURSHIP SUMMIT 2.0 in year 2022. This convention was carried out in a hybrid mode whereby speakers and the award recipients were invited to Group's

premise and went up the virtual stage for the sharing sessions and award presentation ceremony while the attendees joined the event remotely. The Distributors applauded this event though many were hopeful to return to the Group's premise to gain better insight and more inspiring experience.

Awards and Recognition

In the year of review, one of the Group's subsidiaries – Zhulian Marketing (M) Sdn. Bhd. was honoured to receive the "Human Resources Development (HRD) Awards 2022" under "HRD Corp Award SME Employer" Category. This award is prestigious to be won as the HRDC Awards is the highest national recognition that recognises employers, training providers and trainers who have implemented innovative human capital transformation efforts within their organisations and industries.



CORPORATE REVIEW

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

Another award won by the Group in year 2022 was Export Excellence Awards (“EEA”) – Most Promising Award & Certificate of Excellence which recognised the outstanding international success of the Group’s subsidiary company – Zhulian Industries Sdn. Bhd which exhibited great resilience and export performance despite of supply chain disruption during uncertain period. This award is a testament of the Group’s food & beverage products remained relevant, attractive and competitive with a promising prospect in the global arena. EEA is organised by Star

Media Group in partnership with Standard Chartered Malaysia, with PKT Logistics Group as a co-sponsor and Malaysia External Trade Development Corporation (“MATRADE”) as a patron.



On the other hand, the Group also received another significant recognition in Thailand with its IsoProt'n Mixed Soy and Pea Protein Beverage – the Reader’s Vote Natural Drink category of the Cheewajit Award 2022.



New Product Launches

During post-pandemic period, the market had not regained the momentum as it was. Therefore, we were more cautious when deciding to launch any new products in the market.

FY2022 bore witness to several new product launches. Following the popularity of our fashion jewellery in Malaysia market, we launched a total of 36 new designs, consisting of 26 gold-plated, 6 rhodium-plated and 4 rose gold-plated items. The launch of rose gold-plated jewellery items was a new breakthrough in the Group’s jewellery manufacturing technology. Other than that, another two new products were also rolled out in 2022 - a coffee beverage which is revolutionary roasted coffee powder packed in drip bags; and a drain clog cleaner which can help solve clogging problem easily at home.

On the other hand, for the Thailand market, the Group introduced 2 designs of jewellery product - 1 rhodium-plated and 1 rose gold-plated personalise bangles that can be engraved with names and words for commemoration of the 25th anniversary of Zhulian Holdings (Thailand) Co., Ltd. Other new launches included an antibacterial hand wash, a metal cleaner, a coffee beverage with ginseng packed in drip bags and 4 designs of belt with rose gold-plated buckle with magnetic function.



Campaign and Promotions

In the year, as part of initiatives to boost sales as well as help our Entrepreneurs to grow their business, we organised three sales campaigns that offered extra incentive, free local tour and seminars at hotel. Meanwhile, we also ran a total of 15 promotions that offered discounts, best deals, extra business value or free gifts.



Online and Offline Training Programmes and Meetings

At the present situation where the people all over the world has to live with pandemic, the Group started to realign its training programmes and leverage on both online and offline trainings to engage the Distributors in view of the fact that offline trainings are more impactful in ensuring Distributors to stay motivated and foster fellowship and camaraderie among each other compared to online training.

Field visits to Authorised Agencies were also conducted by Marketing Team. Such supportive initiatives were well received by the Distributors and Authorised Agencies.

OVERSEAS OPERATION OVERVIEW



Celebrating 25th Anniversary of ZHULIAN Holdings (Thailand) Co., Ltd

It was an eventful year for the Group's Associate in Thailand - ZHULIAN Holdings (Thailand) Co., Ltd ("ZHT") as year 2022 marked its 25th year Anniversary. A grand celebration with an overwhelming turnout of over 6000 Distributors and Leaders was held in the Grand Auditorium at its own premise situated at Bangna, Thailand.



CORPORATE REVIEW

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022



In line with the launch of a new protein beverage namely IsoProt'n in Thailand, ZHT had participated in numerous community activities to engage the local communities as part of the brand awareness campaign for the new product as well as ZHULIAN. In addition, monthly rallies and roadshows for each region of Thailand were also held so that Distributors stayed motivated. Much efforts had been put into training programmes whereby Distributors were trained on online marketing techniques and personal branding via live streaming.

Adding another feather to the Group's cap ~ ZHT received Thailand Direct Selling Association Award ("TDSA Award") from Thailand Direct Selling Association for compliance of Global Code of Ethics.



Cambodia Market Regained Momentum

Our Cambodia market saw an encouraging performance and speedy recovery from the supply disruption and challenging market scenario impacted by COVID-19 pandemic 3 years ago. Finally, after much delay due to the pandemic crisis, our Associate held the grand opening ceremony of Zhulian regional office in Cambodia – Zhulian Network (Cambodia) Co., Ltd. with an impressive turnout of over 3,000 people. Roadshows were held regularly at respective Authorised Agencies as the ongoing programmes to maintain the sales momentum. In the year of review, revenue contributed by Cambodia Market remained consistent with a total of RM11.44 million compared to RM11.35 million in the prior year.



MANAGING RISKS

We are committed in managing risks which are material to the Group and finding ways to reduce the negative impact while capitalising on all opportunities that may arise. Procedures and processes are systematically identified and assessed both financial and non-financial business risks. In the year of review, the Group Internal Control Team identified and assessed a list of risk factors, then recommended ways to mitigate the risks. The list of risk factors that were assessed in the year included:

- Standard Operating Procedures to ensure health & safety
- Logistic challenges (supply chain and overseas sales)
- Marketing campaigns (local and overseas)
- Market developments
- Capital expenditures
- Product launching
- Trademarks, licenses and certifications
- Management Information System
- Slow-moving inventory
- Low performance subsidiaries

Among others, the followings were the key risk factors we identified, which can potentially undermine the efforts of our Distribution network and the performance of our businesses:-

• Pandemic Risk

The endemic conditions are likely to continue through 2023, the severity of the new emergence of variants of COVID-19 remains highly uncertain. We will continue to be cautious in managing this risk especially in respect of Health & Safety and supply chain impact in order to be fully prepared for any possible outbreak so that we are able to mitigate the impacts to prevent operation disruption.

• Credit Risk

The Group provides credit facilities to our Authorised Agency and this expose us to credit risk. In view of the current economic conditions, we tighten our credit control system on our Authorised Agents. Credit checks are conducted periodically to identify, manage, and mitigate credit risk during these times.

- **Foreign Exchange Risk**

The Group's exports and imports are transacted in United States Dollar ("USD"). As such, the Group is exposed to foreign exchange or currency risk. We manage this currency risk by financial forecasting and budgeting as well as natural hedge mechanism.

- **Information Technology (IT) Risk**

The implementation of IT in the Group can lead to challenges in the workflow, policies or procedures and this ultimately leads to other risks in regards of data accuracy, privacy and security, and operation efficiency. We are committed to ensure that operational risk arising from technology is duly assessed and adequate risk mitigations are in place.

- **Market risks**

Ability to penetrate additional markets with our products is crucial to business success. If our products do not penetrate additional markets, our business will not grow as we expect. Factors that may impact this risk include marketing challenges, competition from E-Commerce, cost constraint and the speed to respond to market needs.

- **Regulatory Challenges**

The Group is dealing with diversified business and its regulatory landscapes is ever-changing. Furthermore, our businesses span to several countries in the Southeast Asia region with each subject to different set of regulations. Consequently, it is a challenge for the Group to ensure good governance and compliance of applicable laws and regulations. To manage such risk, it is necessary to have mechanisms that involves tracking changes in the regulatory environment to ensure an organisation's compliance is up to date.



FORWARD-LOOKING STATEMENT

Looking ahead, according to Economic Outlook 2023 published by Ministry of Finance Malaysia, the Malaysian economy is expected to expand by 4.0 – 5.0% in 2023. Bank Negara Malaysia also said the Malaysian economy will continue to be supported by firm domestic demand. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, higher risk aversion in global financial markets, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions.

The Board and Management are fully supportive to the ESG (Economic Social Governance) directive of Bursa Malaysia. Ensuring that the Group's business operates sustainably and provides sustainable quality products and services for our Distributors will be on the Board of Directors' agenda in the next financial year. The Group is committed to enhance its policies, procedures, processes and strategies in order to meet Bursa's requirements.

In the year ahead, the Group will continue to address the implications of the COVID-19 pandemic, both in its workforce and its operations, through procedures and strategies aimed at ensuring health, safety, engagement and wellness of our stakeholders especially our employees, Distributors and Authorised Agencies.



Moving into 2023, inflation is expected to remain elevated amidst both demand and cost pressures. As we closely monitor the economic environment, we will be more cautious when making decisions about new investments or new business ventures. Amidst uncertainties on volatility of exchange rates and threats from new strains of viruses, the Group will continue to tap into new market opportunities and diversifying their geographical footprint for growth while focusing on improving its business operational efficiency and maintain sufficient cash flows in the year 2023 for long term business resilience and continuity.

SUSTAINABILITY STATEMENT

The Group is pleased to present our Sustainability Statement for FY2022, which provide an overview of ZHULIAN Group's commitment and the initiatives and measures taken for ensuring economic, environmental and social ("EES") sustainability.

During uncertain time when the world was hit by pandemic that brought about a cascade of adverse consequences and impacts on global economy, energy crisis, supply chain disruption and cost push inflation, the Group had no exception and felt the impact. We learned that we must acknowledge such risks and be always well-prepared to mitigate the impacts whenever it happens again.

During the pandemic crisis, sustainability has become the key that determine business resilience. We recognise the importance to integrate sustainability and transparency strategically and manage our resources optimally, so that we can be more agile in responding to unexpected events in future.

We also aware of how potential risks and opportunities shape the direction of sustainability within the Group. To ensure long-term business sustainability, we tailor our sustainability through managing and mitigation the impact of potential risks as well as the harnessing opportunities that may arise in each situation.

In 2022, the Group took definitive steps towards enhancing our sustainability disclosures to comply with the Bursa Malaysia requirements on Economic-Social Governance with focus on risk management. The Group shall be committed to identify and manage both new risks and existing risks, and material sustainability matters while continue to improve its ability to make agile and precise judgement in order to react promptly and pro-actively to external changes.

Sustainability Framework

The Group is currently developing its sustainability framework which is built upon the foundation of our 10 Core Values, and comprises of four Drivers: Driving Entrepreneurial Success, Ensuring Customer Satisfaction, Committing to Sustainable Partnerships with Stakeholders and Managing Environmental Impact. These four Drivers are reinforced by two key fundamentals: Good Corporate Governance and Social Responsibility Mindset.



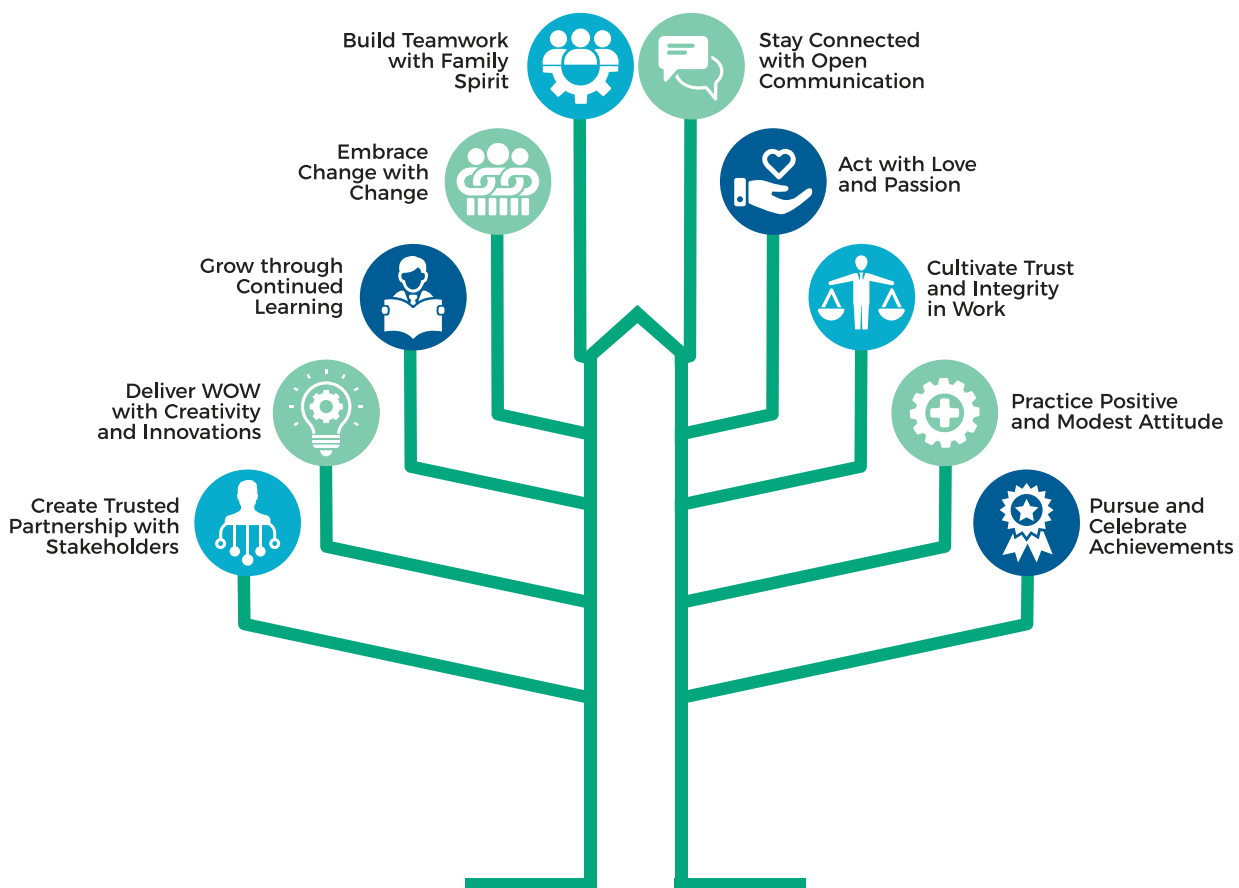
Staying True to Core Values

We will continue to embrace the core values that have underpinned our business continuity and deliver positive impacts to our employees, Entrepreneurs and Stakeholders as part of our commitment to business sustainability.

Sustainability is integrated into the Group's business model and aligned with our core values that focus on partnership with stakeholders as below.

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.



The Group's Sustainability Drivers & Key Fundamentals

<p>Driving Entrepreneurial Success Drive to develop more entrepreneurs within our business network and among the communities where we operate our business through promoting Zhulian business model.</p>	<p>Managing Environmental Impact Commit to managing environmental impact wherever we operate our business.</p>
<p>Creating Values for Customers Engage and understand customers' needs to offer quality products and services that provide values to customers and always mindful of societal and environment impacts on communities.</p>	<p>Social Responsibility Mindset Encourage and foster a social responsibility mindset among our employees and stakeholders.</p>
<p>Committing to Sustainable Partnerships with Stakeholders Dedicate to building long-term, win-win and sustainable partnerships with various stakeholders.</p>	<p>Good Corporate Governance Build a strong platform for a sustainable organisation by upholding the principle of good corporate governance in all business operations.</p>



Commitment in Sustainability

Contribute towards socio-economic development

Our Multi-level Marketing business model is aligned to our sustainability initiative to improve the livelihood of our communities which is focused on providing an opportunity for everyone across income groups, ethnicities and education backgrounds to be an independent entrepreneur who can build own business with our fair and equitable marketing plan.

Operational efficiency while minimising environmental footprint

We aim to use our resources as efficiently as possible and find every possible way to ensure cost-effectiveness, efficient material usage, cleanliness and safety in every process in the Group's operation while reducing the negative impacts on environment. Ensuring a healthy, sustainable supply chain is also our priority.



Stringent product quality control systems

The Group is committed to giving only the best to consumers and customers and never 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 GMP and ISO 9001 system in maintaining a high-quality standard.

Good corporate governance

Our Board of Directors ensures that the Group serves our stakeholders' interest via sound principles of governance as advocated by domestic and regional regulators and align business practices for compliance with the Malaysian Code on Corporate Governance ("MCCG Code").

We have put in place risk management and internal control measures throughout the Group according to the Group's governance framework that involves the Board, the Management and Executives. The Group is fully committed to upholding the corporate integrity through compliance to all applicable laws and regulations and making its best effort to prevent fraud and irregularities.

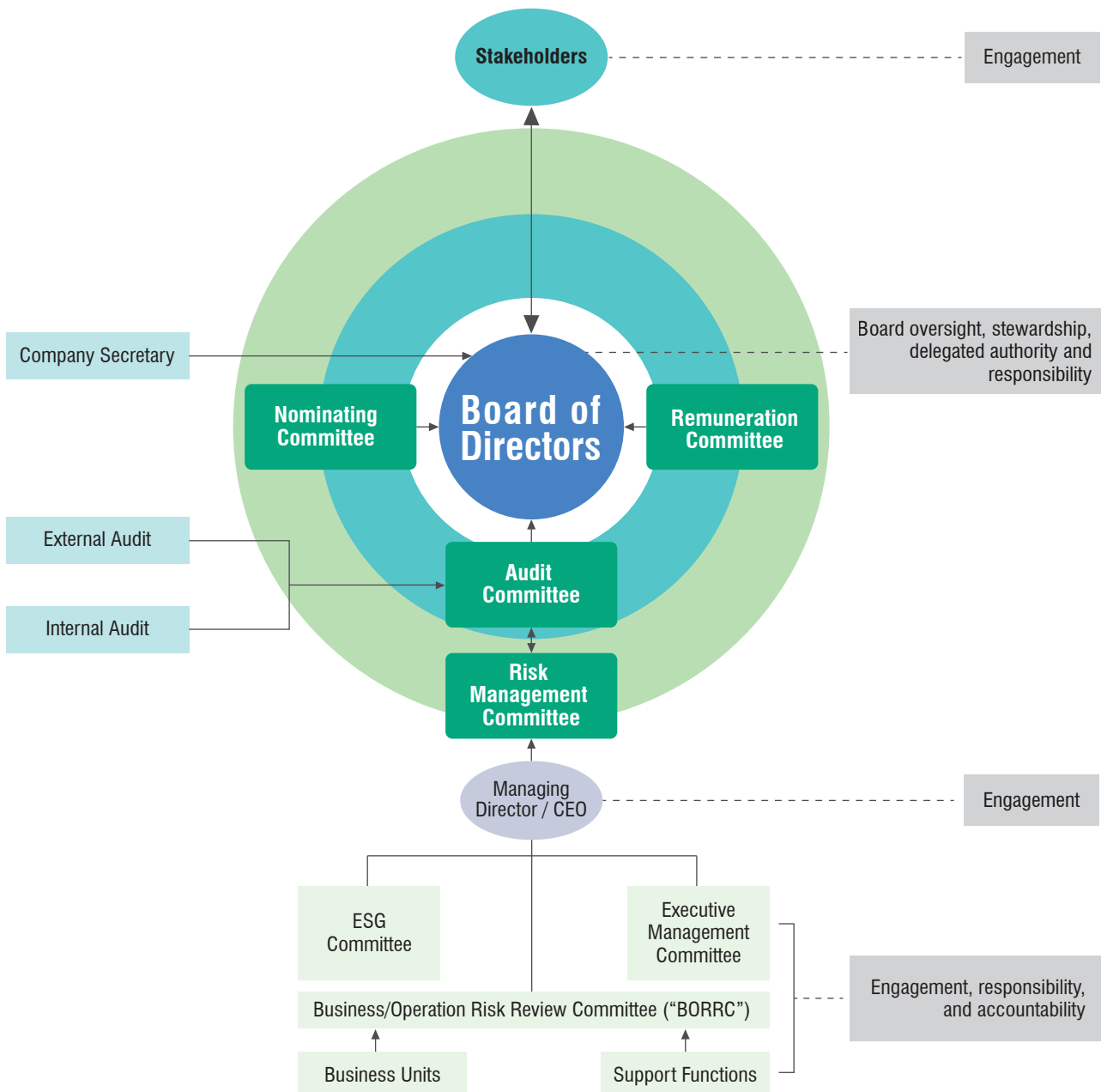


Governance Framework

The Group recognises that a well-governed company involves putting in place good corporate governance practices that will ensure the Company's long-term success. We have established a framework which sets out roles, responsibilities, and methods of decision making that we believe identifies all the elements of a sound approach to governance and responsibilities. The collective efforts between Board and Management with the stakeholders continually strengthen processes, procedures and control systems positioned the Group to respond swiftly and make wise business decisions. The framework promotes the principles of good governance and helps the Company respond appropriately through crisis and cushions it from the effects and impact of economic crisis.

For more information on the governance framework, please visit the Corporate Governance section at the Group Investor Relations Portal: <https://zhulian.com/investor-relations/corporate-governance/>

THE GROUP'S GOVERNANCE FRAMEWORK



Stakeholders Engagement

We see ourselves as a local business that play a role in the regional socioeconomic development. Our stakeholders are the keys that can impact our performance and ability to meet our corporate goals. In turn, our business also will have impact on them. 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.

During the difficult times when all supply chain was disrupted due to pandemic crisis, we learned that engagement with our diverse stakeholders is more than important for us to ensure business continuity. Hence, we took initiative to enhance our control on supply chain and finetune our overall sustainability approach.

We have categorised our key stakeholders into seven groups together with the methods we use to engage each of them:

STAKEHOLDER GROUP	ENGAGEMENT METHOD
<p>Distributors and Customers</p> <p>We strive to provide quality products and services to meet the customers' expectation and at the same time support Distributors in growing their business</p>	<ul style="list-style-type: none"> • Customer Service Hotline • Social media and website • Online and Offline Training and development programmes • Promotions and campaigns • Marketing Activities – virtual conventions, webinars, virtual meetings as well as physical seminars • Plant Tours
<p>Authorised Agents</p> <p>We work closely with Authorised Agents to engage Customers and Distributors.</p>	<ul style="list-style-type: none"> • Training and supporting services (Online) • Online meetings and dialogues • Information updates via circulars and Agency Distribution System (ADS) • Field visits
<p>Employees</p> <p>We value teamwork and strive to create a conducive workplace.</p>	<ul style="list-style-type: none"> • On-going internal and external trainings • Internal communication system via memos and circulars • Ad-Hoc meetings • Performance appraisal system
<p>Shareholders and Investors</p> <p>We are committed to safeguard the shareholders' interest.</p>	<ul style="list-style-type: none"> • Annual General Meeting • Website • Annual Report • Quarterly Reports
<p>Government and Regulators</p> <p>We are committed to ensure all our business operations comply with the statutory and regulatory requirement.</p>	<ul style="list-style-type: none"> • Digital communication channel – emails, WhatsApp etc. • Participation in events organised by Government, regulatory bodies and technical association
<p>Vendors and Contractors</p> <p>We build business relationship for long-term mutual benefits.</p>	<ul style="list-style-type: none"> • Meetings • Periodic inspections and assessments
<p>Community and General Public</p> <p>We are committed to create positive impacts among communities where we operate our business.</p>	<ul style="list-style-type: none"> • Direct selling engagement • Donations to local communities • Sales and marketing activities • Social media and website

Sustainability Approach

Our approach for business sustainability is clearly reflected in the three pillars of our Sustainability Framework. These pillars are Economic Sustainability, Environmental Sustainability and Social Sustainability.

ECONOMIC	ENVIRONMENTAL	SOCIAL
Promoting Entrepreneurship	Reduce Environment Footprint	Conducive Workplace – Health & Safety 1st
Inventory Management	Optimising Resources Usage	Product Quality & Safety
Procurement & Vendor Management	Product Development Management	Halal Commitment
Community Relations	Waste Management	Protecting Human Rights
Preserving Confidentiality & Privacy of Data	Pollution Control	Embracing Diversity
Cultivating a Culture of Integrity & Transparency		

ECONOMIC SUSTAINABILITY

At ZHULIAN, we define economic sustainability as creation of the long-term economic development while managing the environmental, social aspects of our business activities. We aim to balance economic growth and generate profit while at the same time minimising the negative impact on the environment and people.

Our core MLM business that is built upon entrepreneurship has socioeconomic sustainability at our heart, as we work to empower individuals to grow their own business with our products. In every business activity, we place priority on beauty and wellness of our people and the community where we operated our business as the way we contribute towards socioeconomic sustainability as a whole.

Promoting Entrepreneurship

The Group's business model adopts entrepreneurial approaches to make a positive contribution towards sustainable socioeconomic development. With our MLM business model, we groom entrepreneurs who grow business with us by selling our products and this help develop the regional economy and generate new sources of income for population at large.

Inventory Management

During the year, we closely monitored the Group's inventory level and supply chain from supply to sales via inventory planning and management. We were more cautious in new product development initiatives from material selection and transportation options to inventory needs, distribution selection and demand management. We also organised more promotions to reduce existing inventory. On the other hand, we also established procedures to ensure no disruption on raw material supply to prevent from production bottleneck or fulfilment issues.



Procurement and Vendor Management

We strive to extend adoption of responsible business practices across our value chain. We manage the procurement processes at our food and beverage division in accordance to Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Points (HACCP), ISO 22000 Food Safety Management System and ISO 9001 Quality Management System as part of our measures to ensure sustainable supply chain. Suppliers and vendors are selected after careful evaluation and assessment are conducted yearly on their capacity and capability on order fulfilment in terms of quality, timeliness of delivery, compliance status.

To show our commitment to contribute towards economic development of our nation, local suppliers or vendors will be prioritised in the selection process. Nevertheless, the Group has to opt for overseas suppliers due to scarcity and cost factors. In year 2022, 87% of our total purchase was spent on local suppliers.



Community Relations

The Group remained committed to serving the general public with its unique business model and diversified businesses. We seek to improve customer and community engagement for ensuring business continuity and addressing sustainability issues. By providing business opportunity and reliable products to our customers and community in general, we have a positive impact on society, as they pursue our business or use our products towards reaching their own sustainability targets, such as improvement on their earnings and wellness.

The Group consistently supports charitable bodies over the years. During the year, the Group participated in the fundraising campaign of Malaysian Red Crescent Society Penang and donated RM10,000 in cash. Other than that, the Group also supported the initiatives of the charitable body to help more people in emergency situations by contributing one unit of mechanical cardiopulmonary resuscitation (CPR) device costing RM70,000. The Group also demonstrated concern over the welfare of women by contributing RM10,000 to Women's Centre for Change and helped in fundraising campaign of Penang Women Chamber of Commerce. On top of that, RM5,000 was donated to the flash flood victims through Malaysian Consortium of Mid-tier Companies (MCMTC). The Group also showed support to school in Penang by sponsoring activity prizes to Penang Union Primary School.



Meanwhile, our Associate in Thai actively participated in a series of community and charitable activities such as "Run for Love and Peace Central Group 14th Mini Marathon" and many other marathons to increase health awareness among the general public as part of its new product launching campaign.



Preserving Confidentiality and Privacy of Data

We continue to 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 disclosure to any third party is strictly prohibited. Since the establishment of the Group of Companies, there were no incidents related breaches of Distributor or customer privacy or losses of data.

Cultivating a Culture of Integrity and Transparency

The Group has embedded "Cultivate Trust and Integrity in Work" as one of its 10 Core Values and put in place Anti-Bribery And Anti-Corruption Policy and Whistleblower Policy within our organisation. This signifies our keen commitment to promote a clean and ethical culture which maintains a high degree of transparency, accountability and ethics in carrying out day-to-day business activities. We adopt a zero-tolerance approach against all forms of bribery and corruption across the Board and all levels of employee under the umbrella of ZHULIAN Group. To ensure awareness of all employees, the Management disseminated its stern standpoint on integrity issue and the stipulated Anti-Bribery And Anti-Corruption Policy and Whistleblower Policy via a memo to all departments in the Group. So far, there were no incidents of corruption or bribery in the Group.



ENVIRONMENTAL SUSTAINABILITY

We aim to continuously reduce the environmental impact of our product portfolio, business operations and supply chain. We regularly assess our environmental impact to ensure compliance to all relevant legislation, regulations and other relevant requirements relating to the prevention, abatement, control of pollution to protect our environment. Our manufacturing processes conform to the stipulated standards set under Good Manufacturing Practices (GMP), ISO 9001, ISO 22000 and HACCP in order to minimise the impact of our operation on environment.

Optimising Resources Usage

The most significant environmental aspects related to our operations are energy consumption and water consumption and the material used in our products. It is our on-going measures to save on energy consumption and water usage.

The Group has replaced almost all light tubes in its 4 plant buildings with LED and T5 lights in the past years. This accounts for approximately 90% of all lights in 4 plant buildings which will result in substantial energy savings in the coming years. Timer switches are also used to control the consumption of electricity. On top of that, we started to use solar panels to generate energy since 2020. In the year of review, the Group manage to save approximately 11% of total energy usage at its F&B and Traditional Herbal Supplement Manufacturing Plant with solar renewable energy.

In furtherance to our Go Green initiatives in the past few years since 2016, which include converting the Annual Report, catalogues and Distributors' commission statements to downloadable electronic version, in year 2022, the MLM business division of the Group ceased the printing of the plastic Distributorship Authority Card for newly recruited Distributors and started to use E-Authority Card which can be printed via the Distributors web account at the official website of Zhulian Marketing (M) Sdn. Bhd. - www.zhulian.com.my. The Management has also continued to encourage all employees under the Group to play a part in reducing energy and water consumption, and cutting down the use of papers by promoting the use of recycle papers.



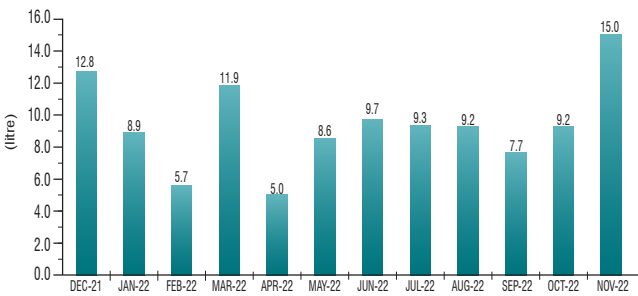
Challenges in measuring and reporting

In year 2022, total volume of water used by the Group was 53,410 cubic metre and total energy consumed was 6,660 MWh.

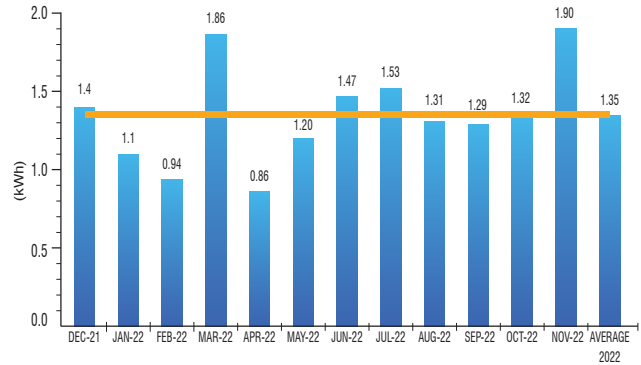
It is a challenge for the Group to collate and normalise data as well as set indicators to measure progress of environmental impact across all subsidiaries in the Group.

It is due to the reason that our businesses are widely diversified and our operations are housed in three shared buildings. Hence, we are only able to establish indicators based on our production unit for two plants – the food and beverage and traditional health products manufacturing plants that have SOPs and quality management systems in place.

WATER CONSUMPTION FOR THE YEAR ENDED 30 NOV 2022



ENERGY CONSUMPTION FOR THE YEAR ENDED 20 NOV 2022 [KWH /Production Unit]



Note: The energy consumption and water usage graphs as illustrated above only included the manufacturing plant that produces food and beverage and traditional health supplements. Manufacturing plants of other products were not included.

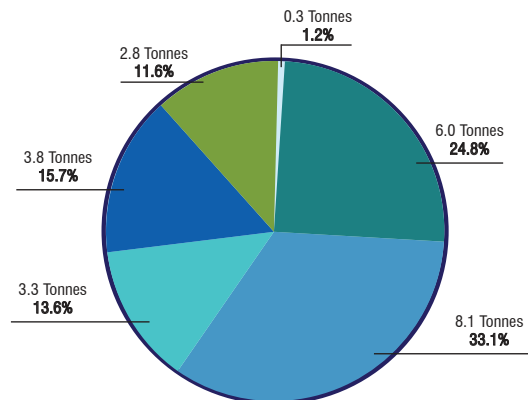
Product Development Management

We put the environmental aspect of the products into our consideration during our product development process. Our products such as water purifier and air purifier help to reduced pollutants in water and air. We also have a food detoxifying device that can help remove toxic substance on raw food. Other than that, we have also developed a series of home detergent products that are environmentally friendly green products to enable our consumers to reduce their own environmental footprint.

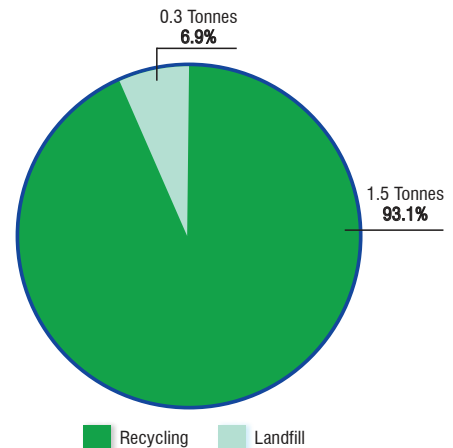
Waste Management and Pollution Control

We endeavour at all times to conduct our operations in line with strict water quality requirements. Environmental-friendly wastewater treatment systems are installed at our manufacturing plants to treat wastewater of production process to remove toxic or chemical waste prior to the discharge of wastewater to drains. To maintain the air quality in production area, regular checks and inspection are conducted to ensure optimum functioning of the air scrubber, dust collector and ventilation system in the plant to ensure compliance with Environmental Quality (Clean Air) Regulation 2014.

We also adopt a systematic waste management system where waste is segregated accordingly in different bins. We promote recycling of waste and have scheduled waste management system in place for proper handling of recyclable waste and in accordance to regulatory requirement.



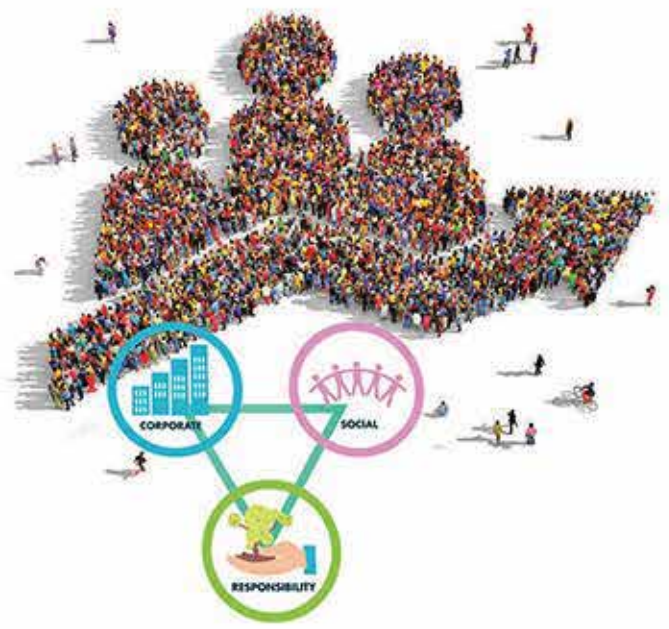
RECYCLE WASTE COLLECTION PERFORMANCE FOR THE YEAR ENDED 30 NOV 2022



NON-HAZARDOUS WASTE BY DISPOSAL METHOD FOR THE YEAR ENDED 30 NOV 2022

SOCIAL SUSTAINABILITY

We continue to dedicate ourselves to helping communities to lead healthier and better lives and what we do have a positive impact in our communities. We are committed to operating our business in a socially responsible manner by focusing on the health, safety and wellness of our Distributors, Employees, Customers and communities in general. We also continue to give our support to our Distributor for helping them to grow their business and moving towards creating healthy communities and economic empowerment.



Conducive Workplace - Health & Safety 1st

The Group is committed to providing a safe, clean and healthy workplace as we believe a safer and cleaner workplace can help to motivate employees to be more productive and efficient in delivering expectations of Management. We adopt best practices in cleanliness, safety and health across our operations through the adoption of ISO 9001, ISO 22000, GMP and HACCP standards. In order to evaluate potential issues and concerns in the Group, we have Occupational Safety and Health ("OSH") Committee in place. The committee members meet once every three months for identifying key risks and developing effective solutions to address them.

During the pandemic period, we responded promptly to enhance all procedures to ensure the safety of daily operations. Even we entered into endemic phase in 2022, due effort and attention were given to keep our employees safe from virus infection with strict control measures to mitigate the spread of COVID-19. The Management continue to adhere to the latest standard operating procedures (SOPs) issued by the relevant authorities in our regional operations.

Further underlining our commitment to safety, we conducted internal audit to ensure proper control on this risk and continued to closely monitored the Health & Safety procedures to ensure compliance with the Health Ministry's requirement.

In year 2022, we participated in 6 external health and safety related training sessions involving 36 employees; and conducted 33 internal trainings to enhance awareness and provide updates on health and safety measures at workplace among 287 employees in the Group. The duration for both internal and external training in total was 2096.5 hours. Average health and safety training hour per employee in the year was 3.8 hours.

In year 2022, there was no work-related fatality recorded. Meanwhile, there were 6 cases of Employee's road accidents and 4 cases of industrial accidents that involved 0.22% lost time incident rate. We will continue to enhance our occupational safety measures moving forward.

Product Quality and Safety

The Group has always placed top priority to quality and safety of products and continued to provide consumers with products of best quality so that the products under our brands can bring positive impacts and benefits to consumers. Our food and beverage 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 as well as Malaysian regulatory and statutory requirements in terms of quality, cleanliness, hygiene and safety.



Halal Commitment

Since we started our business, we have been committed to ensure our products comply with all the strictest hygiene and sanitary standards stipulated under Halal regulatory requirements set by the Department of Islamic Development Malaysia (JAKIM). Providing Halal assurance has also been the bedrock of our success in penetrating Muslim market as a whole. Our prominent positioning in Halal food market was evidenced by our winning of The BrandLaureate World Halal Best Brands E-Branding Awards 2021 for The Consumer General Health Supplement Category.

Protecting Human Rights

We respect and acknowledge internationally recognised human rights principles. Within the Company, we are committed to treating people with dignity and respect. We forbid any harsh or inhumane treatment towards our employees or other stakeholder. We also prohibit employment of anyone under the local legal age requirement. 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.

In 2022, there was no incidents of discrimination, child labour or forced labour, or any other violation of human rights across all the subsidiaries under the Group.



Embracing Diversity

At ZHULIAN Group, we value the different perspectives, experiences and backgrounds our people possess, as we work together towards business sustainability. We work to maintain an open and inclusive work environment where business results are achieved through the skills, abilities and talents of our diverse workforce. 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 are given to each employee for career advancement.

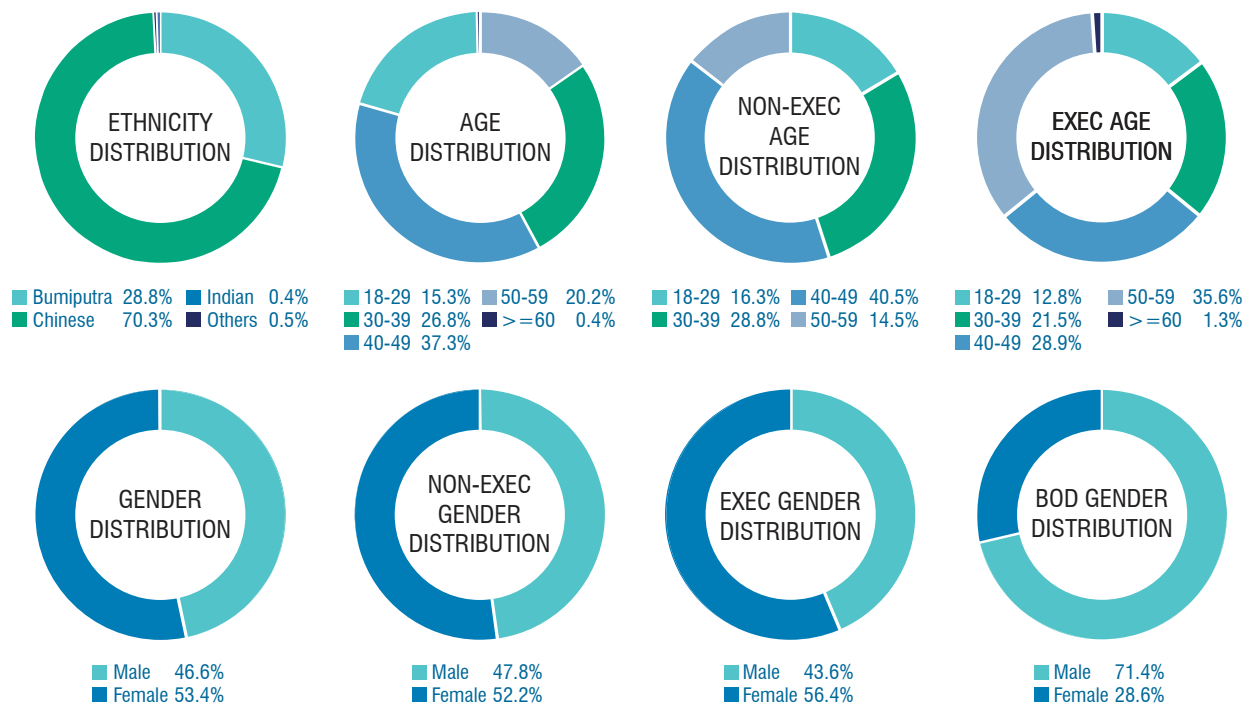
In year 2022, 30 Executives and 42 Non-Executives took up external training programmes to enhance their respective skillset and job knowledge with a total of 628 training hours for Executives and 799 training hours for Non-Executives. Average external training hours per employee in year 2022 (excluding internal trainings i.e. coaching and on-the-job trainings) was 2.6 hours. On top of that, new employee orientation and on-the-job trainings were conducted for newly recruited employees and refresher trainings were

also conducted regularly to refresh employees' awareness and knowledge regarding the stipulated standard procedures and work instructions in accordance to ISO 9001 or GMP requirements.

During FY ended 30 November 2022, a total of 27 employees were recruited and 74 employees left the Group, out of whom 3 had retired. As at the end of FY2022, we had a total of 549 employees in our Group, among which 4 are contract employees. The turnover rate for permanent employees was 14% and the recruitment rate was 5%.

At the end of FY2022, the Board adopted a revision to the Boardroom Diversity Policy to include 2 female Directors in the Board composition.

The following are the breakdowns according the diversity, age composition and gender composition of the Group's work force:



CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Wan Mansoor Bin Wan Omar
(Non-Independent Non-Executive Chairman)

Teoh Meng Keat
(Chief Executive Officer)

Teoh Meng Soon
(Group Executive Director)

Teoh Meng Lee
(Group Executive Director)

Oon Hock Chye
(Independent Non-Executive Director)

Rosaline Heah Gaik See
(Independent Non-Executive Director)

Tan Gim May
(Independent Non-Executive Director)

AUDIT COMMITTEE

Oon Hock Chye (Chairman)
Rosaline Heah Gaik See
Tan Gim May

NOMINATING COMMITTEE

Rosaline Heah Gaik See (Chairman)
Oon Hock Chye
Tan Gim May

REMUNERATION COMMITTEE

Rosaline Heah Gaik See (Chairman)
Oon Hock Chye
Tan Gim May

RISK MANAGEMENT COMMITTEE

Teoh Meng Keat (Chairman)
Oon Hock Chye
Rosaline Heah Gaik See
Tan Gim May

PRINCIPAL PLACE OF BUSINESS

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

COMPANY SECRETARY

Ch'ng Lay Hoon
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

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

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 Non-Independent Non-Executive Chairman

HAJI WAN MANSOOR BIN WAN OMAR, a Malaysian male aged 74, was appointed to our Board as Independent Non-Executive Chairman on 30 October 2006 and was subsequently appointed as Non-Independent Non-Executive Chairman on 1 December 2022.

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 56, 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 53, 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 53, 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.

OON HOCK CHYE Independent Non-Executive Director

OON HOCK CHYE, a Malaysian male aged 55, 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).

ROSALINE HEAH GAIK SEE Independent Non-Executive Director

Rosaline Heah Gaik See, a Malaysian female aged 53, was appointed to our Board as an Independent Non-Executive Director on 1 December 2022. She graduated from the University of Essex, United Kingdom with a Bachelor of Laws degree. She is a member of the Honourable Society of Lincoln's Inn since 1989. She completed the Bar Vocational Course at the University of Westminster, United Kingdom and was called to the Bar of England and Wales in 1992. She then pursued further study and was awarded a Master of Laws degree with merit by King's College, University of London.

Ms Heah was admitted as an Advocate and Solicitor of the High Court of Malaya in 1994. Having commenced practice at Murad & Foo as a legal assistant, she is now a Senior Partner of the firm.

As an active participant of community services, she renders pro-bono legal services to charitable organisations, and presently serves as an EXCO member of the Malaysian Red Crescent Society, Penang Chapter.

TAN GIM MAY Independent Non-Executive Director

Tan Gim May, a Malaysian female aged 41, was appointed to our Board as an Independent Non-Executive Director on 1 December 2022. Ms. Tan who holds a Bachelor of Arts in Accounting & Finance from Sheffield Hallam University has become a fellow member of the Association of Chartered Certified Accountants (ACCA) since 2008 and has been accredited as a Chartered Accountant by the Malaysian Institute of Accountant (MIA) since 2012.

She started her career in auditing as an audit associate with PricewaterhouseCoopers, Penang office once she graduated in 2004 and progressed to Audit Manager position in 2010. She then joined Kiat & Associates Penang in 2013 and obtained her

Practicing Certificate as a Chartered Accountant in 2017. She also oversees the taxation entity, KAMC (Penang) Sdn Bhd as the Director of the company. In 2019, she was appointed as Partner of Kiat & Associates.

With over 15 years working in the industry, she has acquired vast experience in accounting, auditing and taxation matters, working closely with other partners of the firm in Kuala Lumpur and Alor Setar. She has also assisted clients in adopting and converting to new accounting policies. Her clients come from various industries, ranging from small trading and investment holding companies to large manufacturing entities.

Notes:

Teoh Meng Keat, Teoh Meng Soon and Teoh Meng Lee are siblings. Save as disclosed, Haji Wan Mansoor Bin Wan Omar, Oon Hock Chye, Rosaline Heah Gaik See and Tan Gim May 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 38 and 39 of this Annual Report. The above Directors are referred to as the Executive Team.

LAI BOON HIN

Senior Production Manager

Lai Boon Hin, a Malaysian male aged 56, is the Senior Production Manager of Zhulian Industries Sdn. Bhd. ("ZISB"). He has over 10 years of experience in the manufacturing industry before joining Zhulian Jewellery Manufacturing Sdn. Bhd. ("ZJMSB") as a Section Leader on 1 June 1989. He was transferred to ZISB and promoted to the Manager position in 2000 and subsequently assumed his current position in 2013. He is responsible for the planning and production operations of the Group's food and beverage division and also traditional health supplement division.

TAN GUAN LEONG

Senior Technical Manager

Tan Guan Leong, a Malaysian male aged 55, is the Senior Technical Manager of ZISB. He joined ZJMSB on 1 June 1989 and held several positions before he was promoted as an Assistant Manager in ZISB in 2003. Later in 2005, he was promoted to the position of Manager and subsequently to the current position in 2013. He is responsible for all aspects of the technical operations of manufacturing facilities under ZISB.

LIM KIEN HOCK

Senior Advertising and Promotions Manager

Lim Kien Hock, a Malaysian male aged 60, is the Senior Advertising and Promotions Manager of Zhulian Marketing (M) Sdn. Bhd. ("ZMMSB"). He has over 30 years of experience in graphic design, digital imaging and photography. He joined ZMMSB as Graphic Designer on 1 April 1991 and was promoted to Managerial level in 2000 and subsequently to the current position in 2012. He is responsible for the photography, video shooting and design of product packaging, in-house publication and promotion materials for the Group.

YEW GUAT HOON

Senior MIS Manager

Yew Guat Hoon, a Malaysian female aged 57, 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 59, 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.

PHUAH LAY THENG

Senior Finance Manager

Phuah Lay Theng, a Malaysian female aged 54, 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 48, 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") 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 (4th Edition) issued by Securities Commission Malaysia.

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 2022.

The comprehensive Corporate Governance Report ("CG Report") 2022 is published on the Company's corporate website at www.zhulian.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

a. Function of the Board and Management

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

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

The Board consists of members who provide an effective blend of entrepreneurship, business and professional expertise in multi-level marketing, manufacturing, accounting, financial and technical areas the Group is involved in. With their combined experience and diverse background of knowledge, they provide sound advice and judgement for the benefit of the Company and its shareholders.

b. Principal Responsibilities of the Board

The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

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

The Board is mindful of the importance of business sustainability and in developing the corporate strategy of the Group, its impact on the environment, social and governance aspects is taken into consideration. The Company's activities on corporate social responsibilities for the year under review are disclosed in this Annual Report.

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

The role of the Chief Executive Officer however, ensures the smooth running of the Company's operations, monitors and evaluates the implementation of policies, strategies and business plans, to guide and set the pace for its current operations and future development including constant and continuous review of Company's goal.

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

c. Board Charter

The Board has in place the Board Charter established to promote high standards of corporate governance, provide guidance and clarity for Directors and Management regarding the roles and responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices.

The Board Charter also sets out the Board's strategic intent, processes and procedures for boardroom activities. It also provides guidance to the Board in the assessment of its own performance and that of its individual Directors.

The Board will periodically 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.

d. Code of Conduct and Code of Ethics

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

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

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

e. 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 in compliance with the Malaysian Anti-Corruption Commission Act 2009 (including any amendment thereof) 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.

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.

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 continues 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 a formal Notice of Board Meeting and agenda together with a comprehensive set of meeting papers to all Directors at least seven (7) days 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

In year of review, Board consisted of six (6) members, three (3) of whom were Executive Directors and three (3) were 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.

As the Independent Non-Executive Chairman of the Board, Tuan Haji Wan Mansoor bin Wan Omar had provided a strong leadership and fulfilled his responsible to ensure the adequacy and effectiveness of the Board's governance process. In adherence to Practice 5.3 of the MCGG and Practice Note 13 of the MMLR, Tuan Haji Wan Mansoor bin Wan Omar had been re-designated as Non-Independent Non-Executive Chairman on 1 December 2022. He simultaneously retired from Audit Committee, Nominating Committee, Remuneration Committee and Risk Committee in observance of Practice 1.4 of MCGG.

In compliance with Practice 5.3 of MCGG and Practice Note 13 of the MMLR of Bursa Securities, Mr. Tan Lip Gay resigned on 1 December 2022. Two independent women directors, namely Ms Rosaline Heah Gaik See and Ms Tan Gim May were appointed to the Board on 1 December 2022.

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 daily business of the Group. This serves to ensure that they handle any conflict of interest as well as proceedings of the Board effectively through a system of independent checks and balances.

The expertise of the Independent Non-Executive Directors complements the knowledge and experience of the Executive Directors in the formulation of the Group's strategies and policies for business operations, scrutinising the performance of Management in meeting approved goals and objectives, monitoring the risk profile of the Group's business and the reporting of quarterly business performances to ensure sustainability and profitability.

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

The profile of each Director is presented in this Annual Report.

Board Committees

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

Terms of references have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. Chairman of the respective Board Committees reports to the Board the outcome of the Board Committee meetings and such reports are incorporated in the minutes of the full Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

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

a. Nominating Committee

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

Name of Members	Position
Mr Tan Lip Gay	Chairman (resigned on 1 December 2022)
Tuan Haji Wan Mansoor Bin Wan Omar	Member (resigned on 1 December 2022)
Mr Oon Hock Chye	Member
Ms Rosaline Heah Gaik See	Chairman (appointed on 1 December 2022)
Ms Tan Gim May	Member (appointed on 1 December 2022)

- (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 twice and the meeting was attended by all its members.

The Nominating Committee deliberated on the following matters:

- recommendation to the Board the adoption of a Fit & Proper Policy for the appointment and re-election of Directors, as required by the MMLR of Bursa Securities;
- 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 17 May 2023;
- assessment of the independence of the Independent Directors based on criteria set out in the MMLR of Bursa Securities;
- evaluation of the current Board structure, size and composition and effectiveness of the Board as a whole and the Board Committees as well as the contribution and performance of each individual Director;
- evaluation of the character, experience, integrity and competence of the Chief Executive Officer, Directors and Senior Finance Manager and to ensure they have the time to discharge their respective roles;
- acceptance of Tuan Haji Wan Mansoor bin Wan Omar's re-designation as Non-Independent Non-Executive Chairman dated 1 December 2022 in adherence to Practice 5.3 of the MCGG and Practice Note 13 of the MMLR of Bursa Securities;
- acceptance of Tuan Haji Wan Mansoor bin Wan Omar's retirement on 1 December 2022 from Audit Committee, Nominating Committee, Remuneration Committee and Risk Committee in observance of Practice 1.4 of MCGG;

- acceptance of Mr. Tan Lip Gay's resignation dated 1 December 2022 to comply with Practice 5.3 of MCCG and Practice Note 13 of the MMLR of Bursa Securities;
- recommendation for appointment of two independent, non-executive women directors, namely Ms Rosaline Heah Gaik See and Ms Tan Gim May to the Board and sub-committees on 1 December 2022. This is in compliance with Paragraph 15.02(1)(b) of MMLR of Bursa Securities; and
- reviewed and assessed the effectiveness of the Audit Committee in carrying out its duties as set out in the terms of reference.

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

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

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

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

b. Appointment, Re-election and Assessment of Directors

The Board has entrusted the Nominating Committee to assess the suitability of candidates for new appointment and re-election to the Board. During the year, Fit & Proper Policy was adopted by 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. As part of gender diversity effort, two independent women directors were appointed to the Board on 1 December 2022.

Nomination of new members to the Board is 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 training are in place for new Directors with respect to the business structure and management of the Group. Expectation of the Board with regard to their contributions is communicated duly too.

The key task of the Nominating Committee is to assist the Board in its annual assessment of the Directors, in line with the Fit & Proper Policy. 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.

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 17 May 2023 are detailed in the Notice of the Twenty-Sixth AGM in this Annual Report.

c. Remuneration Committee - Directors' Remuneration

The Remuneration Committee was set up with clearly defined Terms of Reference. The Remuneration Committee comprises three (3) Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Name of Members	Position
Mr Tan Lip Gay	Chairman (resigned on 1 December 2022)
Tuan Haji Wan Mansoor Bin Wan Omar	Member (resigned on 1 December 2022)
Mr Oon Hock Chye	Member
Ms Rosaline Heah Gaik See	Chairman (appointed on 1 December 2022)
Ms Tan Gim May	Member (appointed on 1 December 2022)

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 2022, as categorised into appropriate components are as follows:-

Category	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Allowances (RM'000)	EPF- Employer Contributions (RM'000)	Benefits in Kind & Others (RM'000)	Total (RM'000)
Executive Directors							
Mr Teoh Meng Keat	—	1,416	137	—	187	3	1,743
Mr Teoh Meng Soon	—	480	46	—	63	1	590
Mr Teoh Meng Lee	—	480	46	—	63	1	590
Non-Executive Directors							
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.

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 2022, four (4) Board meetings were held and details of the Directors' attendance are as follows:-

Directors	Attendance
Executive Directors	
Mr Teoh Meng Keat (Chief Executive Officer)	4/4
Mr Teoh Meng Soon	4/4
Mr Teoh Meng Lee	4/4
Independent Non-Executive Directors	
Tuan Haji Wan Mansoor Bin Wan Omar	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.

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

- Halal Competency
- Environmental Reporting System 2022
- Matlamat Pembangunan Mampan-Pematuhan Akta Kualiti Alam Sekeliling 1974 Ke Arah Pembudayaan Gaya Hidup Lestari Siri 1 & 2
- Pematuhan Peraturan-Peraturan Kualiti Alam Sekeliling (Efluen Perindustrian) 2009
- Pematuhan Akta Kualiti Alam Sekeliling 1974 Siri 1-Buangan Terjadual
- Budget Masterclass
- PowerCash Masterclass
- Budget 2022 – Latest Tax updates
- National Tax Conference 2022
- Cross Border Transactions & Withholdings Tax
- How to Avoid Pitfalls When Claiming Tax Incentives
- Restructuring Your Company's Debt During the Pandemic

Whilst the Group is always supportive of Directors' trainings and knowledge enhancing programmes, every Director is encouraged to evaluate their own training needs and undergo continuous trainings to equip them with enhanced knowledge to effectively contribute their duties to the Board.

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 2022, 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. In connection herewith, there were changes to the Board room in adherence to Practice 5.3 of the MCCG and Practice Note 13 of MMLR of Bursa Securities, i.e.:

- i) Tuan Haji Wan Mansoor bin Wan Omar had been re-designated as Non-Independent Non-Executive Chairman with effect from 1 December 2022.
- ii) Mr. Tan Lip Gay had resigned on 1 December 2022.

c. Separation of Positions of Chairman and Chief Executive Officer

The positions of the Chairman and Chief Executive Officer are held by two different individuals which are in accordance with the recommendation of the MCCG. There is a distinct and separate role between the Chairman and Chief Executive Officer to promote accountability and facilitate division of responsibilities between them.

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

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

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

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

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT UPHOLD INTEGRITY IN FINANCIAL REPORTING

a. Financial Reporting

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

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

b. Audit Committee

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

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

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

c. Risk Management Committee

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

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

Name of Members	Position
Mr Teoh Meng Keat	Chairman
Tuan Haji Wan Mansoor Bin Wan Omar	Member (resigned on 1 December 2022)
Mr Tan Lip Gay	Member (resigned on 1 December 2022)
Mr Oon Hock Chye	Member
Ms Rosaline Heah Gaik See	Member (appointed on 1 December 2022)
Ms Tan Gim May	Member (appointed on 1 December 2022)

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 meets with the External Auditors without the presence of executive Board members and Management 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.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful that any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Recognising the importance and value of continuous communication with its shareholders and other stakeholders including the general public of the Group's business performance and corporate development, the Company utilises various channels such as timely releases of the quarterly financial results, circulars, corporate announcements, and various disclosures to Bursa Securities, press releases and Annual Reports to shareholders, if applicable.

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

Additionally, the AGM and Extraordinary General Meeting, if applicable, of the Company provide shareholders with the opportunity to engage in candid dialogue and to seek and clarify any issues with the Directors and to have a better understanding of the Group's business and performance.

TIMELY AND HIGH QUALITY DISCLOSURE

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

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

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 Auditors. 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 2022, 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 13 March 2023.

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 (resigned on 1 December 2022)
Tuan Haji Wan Mansoor Bin Wan Omar	Member (resigned on 1 December 2022)
Ms Rosaline Heah Gaik See	Member (appointed on 1 December 2022)
Ms Tan Gim May	Member (appointed on 1 December 2022)

On 1 December 2022, Mr. Tan Lip Gay resigned as a member of Audit Committee while Tuan Haji Wan Mansoor Bin Wan Omar retired from Audit Committee and Ms Rosaline Heah Gaik See and Ms Tan Gim May, both being appointed as members of the Audit Committee on even date.

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

Accordingly, the Company complies with the MMLR of Bursa Securities which requires at least one (1) member of the Audit Committee to be a qualified accountant.

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

Terms of Reference

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

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

Attendance for Meetings

The Audit Committee had convened four (4) meetings during the financial year ended 30 November 2022. The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

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

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 Internal Auditors 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 2022, 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 2022 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 2022;
- 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 2022; and
- Met twice with the External Auditors without the presence of Executive Directors and Management staff to discuss on issues of concerns to the auditors.

Internal Audit Function

The internal audit function is performed in-house by the Group's Internal Audit Department. The Internal Audit Department reporting directly to the Audit Committee had assisted the Audit Committee to undertake independent, regular and systematic reviews of the Group's business operations and activities to ensure that a proper system of risk management and internal control is satisfactorily and effectively administered within the Group.

During the financial year, the Internal Audit Department had performed audits in accordance to the approved 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 any significant control deficiencies 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 2022 amounted to approximately RM276,000.

This Report is made in accordance with the resolution of the Board dated 13 March 2023.

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.

For bribery and corruption risks, the Group has in place the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (MACC) Act 2009 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 Auditors operate 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.

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 Auditors conducted the audits on certain subsidiary companies for the following areas:-

1. Standard Operating Procedures to ensure health & safety
2. Logistic challenges (supply chain and overseas sales)
3. Local and overseas marketing campaigns
4. Market developments
5. Capital expenditure
6. Product launching
7. Trademarks, licenses and certifications
8. Management information system
9. Slow moving inventories
10. Low performance companies

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 Policy has 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.

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 2022 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 Auditors 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 2022 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 13 March 2023.

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 2022.

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 2022 are as follows:

	Group RM'000	Company RM'000
Fees paid or payable to the External Auditors:		
Audit fees	311	68
Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm	129	15
Total	440	83

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 2022 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 2022.

DIRECTORS' REPORT for the year ended 30 November 2022

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 2022.

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	38,313	76,021

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 2021:
 - 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 2021.
- ii) In respect of the financial year ended 30 November 2022:
 - a first interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 13 April 2022 and paid on 8 June 2022;
 - a second interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 13 July 2022 and paid on 7 September 2022;
 - a third interim dividend of 3 sen per ordinary share totalling RM13,800,000 declared on 12 October 2022 and paid on 7 December 2022; and
 - a fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share totalling RM36,800,000 declared on 18 January 2023 and paid on 10 March 2023.

The Directors do not recommend any other dividends to be paid for the financial year ended 30 November 2022.

Directors of the Company

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

Teoh Meng Keat	Oon Hock Chye	
Teoh Meng Soon	Tan Gim May	(Appointed on 1.12.2022)
Teoh Meng Lee	Rosaline Heah Gaik See	(Appointed on 1.12.2022)
Haji Wan Mansoor Bin Wan Omar	Tan Lip Gay	(Resigned on 1.12.2022)

FINANCIAL STATEMENTS

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

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 30.11.2022
	At 1.12.2021	Bought	(Sold)	
Teoh Meng Keat:				
Interest in the Company:				
- own	26,869,600	-	-	26,869,600
- others #	2,666,666	-	-	2,666,666
Teoh Meng Soon:				
Interest in the Company:				
- own	9,306,666	-	-	9,306,666
Teoh Meng Lee:				
Interest in the Company:				
- own	9,375,999	-	-	9,375,999
Haji Wan Mansoor Bin Wan Omar:				
Interest in the Company:				
- own	13,333	-	-	13,333
Tan Lip Gay:				
Interest in the Company:				
- own	20,000	-	-	20,000
- others #	69,800	-	-	69,800
Oon Hock Chye:				
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.

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 shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 November 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company		
Fees	150	–
Remuneration	12	2,923
	<u>162</u>	<u>2,923</u>

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.

Other statutory information (continued)

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 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM311,000 and RM68,000 respectively.

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 : 13 March 2023

STATEMENTS OF FINANCIAL POSITION as at 30 November 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	76,632	85,599	—	—
Right-of-use assets	4	9,846	15,905	—	—
Investment properties	5	31,475	24,574	—	—
Investments in subsidiaries	6	—	—	189,341	176,832
Investment in an associate	7	162,117	149,303	—	—
Deferred tax assets	8	7,086	8,782	—	—
Total non-current assets		287,156	284,163	189,341	176,832
Inventories	9	36,134	42,369	—	—
Trade and other receivables	10	24,206	17,745	39,971	38,739
Current tax assets		1,566	1,758	—	15
Fixed deposits		—	120	—	—
Cash and cash equivalents	11	200,607	234,500	52,510	68,400
		262,513	296,492	92,481	107,154
Asset classified as held for sale	12	—	1,470	—	—
Total current assets		262,513	297,962	92,481	107,154
Total assets		549,669	582,125	281,822	283,986
Equity					
Share capital	13	230,000	230,000	230,000	230,000
Reserves	14	274,547	311,757	37,777	39,956
Total equity attributable to owners of the Company		504,547	541,757	267,777	269,956
Liabilities					
Lease liabilities		203	105	—	—
Deferred tax liabilities	8	4,758	2,100	—	—
Total non-current liabilities		4,961	2,205	—	—
Lease liabilities		78	127	—	—
Trade and other payables	15	38,463	37,696	14,030	14,030
Contract liabilities	16	83	189	—	—
Current tax liabilities		1,537	151	15	—
Total current liabilities		40,161	38,163	14,045	14,030
Total liabilities		45,122	40,368	14,045	14,030
Total equity and liabilities		549,669	582,125	281,822	283,986

The notes on pages 73 to 121 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 November 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	17	136,167	149,616	65,120	80,000
Net gain on impairment of financial instruments	18	10	1	—	—
Changes in manufactured inventories and work-in-progress		(2,688)	(867)	—	—
Raw materials, consumables and trading goods used/sold		(61,646)	(61,635)	—	—
Employee benefits expenses		(29,679)	(30,373)	—	—
Depreciation		(7,948)	(9,178)	—	—
Other operating expenses		(17,797)	(22,463)	(457)	(293)
Other operating income		20,821	6,955	10,509	—
Results from operating activities	18	37,240	32,056	75,172	79,707
Finance income	19	4,070	3,809	1,115	1,024
Finance costs	20	(8)	(15)	—	—
Net finance income		4,062	3,794	1,115	1,024
Share of profit of equity-accounted associate, net of tax		9,565	15,674	—	—
Profit before tax		50,867	51,524	76,287	80,731
Tax expense	22	(12,554)	(9,887)	(266)	(244)
Profit for the year attributable to owners of the Company		38,313	41,637	76,021	80,487
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		851	(54)	—	—
Share of other comprehensive income/(expense) of equity-accounted associate		1,826	(7,594)	—	—
		2,677	(7,648)	—	—
Total comprehensive income for the year attributable to owners of the Company		40,990	33,989	76,021	80,487
Basic/Diluted earnings per ordinary share (sen)	23	8.33	9.05	—	—

The notes on pages 73 to 121 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2022

	Attributable to owners of the Company		Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Non-distributable	Distributable			
Group					
At 1 December 2020	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
Total comprehensive (expense)/income for the year	—	(7,648)	—	41,637	33,989
<i>Distributions to owners of the Company</i>					
- Dividends to owners of the Company (Note 24)	—	—	—	(78,200)	(78,200)
Total transaction with owners of the Company	—	—	—	(78,200)	(78,200)
At 30 November 2021	230,000	44,114	2,000	265,643	541,757

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2022 (continued)

	Attributable to owners of the Company		Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Distributable			
	Share capital RM'000	Translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group					
At 1 December 2021	230,000	44,114	2,000	265,643	541,757
Foreign currency translation differences for foreign operations	—	851	—	—	851
Share of other comprehensive income of equity-accounted associate	—	1,826	—	—	1,826
Total other comprehensive income for the year	—	2,677	—	—	2,677
Profit for the year	—	—	—	38,313	38,313
Total comprehensive (expense)/income for the year	—	2,677	—	38,313	40,990
<i>Distribution to owners of the Company</i>					
- Dividends to owners of the Company (Note 24)	—	—	—	(78,200)	(78,200)
Total transaction with owners of the Company	—	—	—	(78,200)	(78,200)
At 30 November 2022	230,000	46,791	2,000	225,756	504,547

The notes on pages 73 to 121 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 November 2022

	← Attributable to owners of the Company →		Total equity RM'000
	Non-distributable	Distributable	
	Share capital RM'000	Retained earnings RM'000	
Company			
At 1 December 2020	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)
At 30 November 2021/1 December 2021	230,000	39,956	269,956
Profit for the year representing total comprehensive income for the year	—	76,021	76,021
<i>Distributions to owners of the Company</i>			
- Dividends to owners of the Company (Note 24)	—	(78,200)	(78,200)
At 30 November 2022	230,000	37,777	267,777

The notes on pages 73 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30 November 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax		50,867	51,524	76,287	80,731
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	6,793	7,844	—	—
- right-of-use assets	4	593	860	—	—
- investment properties	5	562	474	—	—
(Reversal of)/Impairment loss on:					
- property, plant and equipment	18	1,840	184	—	—
- investments in subsidiaries	18	—	—	(10,509)	(151)
Plant and equipment written off	18	8	12	—	—
Dividend income from subsidiaries	18	—	—	(65,120)	(80,000)
Finance income	19	(4,070)	(3,809)	(1,115)	(1,024)
Finance costs	20	8	15	—	—
Gain on disposal of plant and equipment	18	(10)	(13)	—	—
Gain on disposal of assets classified as held for sale		(14,424)	—	—	—
Share of profit of equity-accounted associate, net of tax		(9,565)	(15,674)	—	—
Others		1,598	(1,931)	—	—
Operating profit/(loss) before changes in working capital		34,201	39,486	(457)	(444)
Change in inventories		6,235	2,499	—	—
Change in trade and other receivables		(6,461)	12,667	(32)	6
Change in trade and other payables		1,181	(3,682)	—	15
Change in contract liabilities		(106)	11	—	—
Cash generated from/(used in) operations		35,049	50,981	(489)	(423)
Dividends received from:					
- an associate	7	—	83,009	—	—
- subsidiaries		—	—	63,920	95,200
Interest paid		(8)	(15)	—	—
Tax paid		(9,642)	(12,596)	(236)	(269)
Net cash from operating activities		25,399	121,379	63,195	94,508
Cash flows from investing activities					
Additional investment in subsidiaries		—	—	(2,000)	(1,700)
Interest received		4,070	3,809	1,115	1,024
Purchase of plant and equipment	3	(576)	(1,746)	—	—
Purchase of investment property	5	(501)	(2,177)	—	—
Proceeds from disposal of plant and equipment		10	13	—	—
Proceeds from assets classified as held for sale		15,894	—	—	—
Withdrawal/(Placement) of fixed deposits		120	(120)	—	—
Net cash from/(used in) investing activities		19,017	(221)	(885)	(676)
Cash flows from financing activities					
Dividends paid to owners of the Company	24	(78,200)	(78,200)	(78,200)	(78,200)
Payment of lease liabilities	A	(127)	(121)	—	—
Net cash used in financing activities		(78,327)	(78,321)	(78,200)	(78,200)
Net (decrease)/increase in cash and cash equivalents		(33,911)	42,837	15,890	15,632
Effect of exchange rate fluctuations on cash held		18	8	—	—
Cash and cash equivalents at 1 December		234,500	191,655	68,400	52,768
Cash and cash equivalents at 30 November	11	200,607	234,500	52,510	68,400

The notes on pages 73 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS for the year ended 30 November 2022 (continued)

Notes

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

Group	At 1.12.2020 RM'000	Net changes from financing cash flows RM'000	At 30.11.2021/ 1.12.2021 RM'000	Remeasurement of existing lease RM'000	Net changes from financing cash flows RM'000	At 30.11.2022 RM'000
Total lease liabilities from financing activities	353	(121)	232	176	(127)	281

Cash outflows for leases as a lessee

	Group	
	2022 RM'000	2021 RM'000
Included in net cash from operating activities		
Payment relating to short-term leases	28	65
Interest paid in relation to lease liabilities	8	15
Included in net cash from financing activities		
Payment of lease liabilities	127	121
Total cash outflows for leases	163	201

The notes on pages 73 to 121 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 2022 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 2022 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 13 March 2023.

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 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 - 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 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for 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 accounting standards, interpretations and 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 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.

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.

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.

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.

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 arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

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.

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.

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.

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
Cost								
At 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/ 1 December 2021	95,949	1,612	1,221	44,463	54,898	1,799	1,100	201,042
Additions	—	—	—	333	243	—	—	576
Written off	—	—	—	(397)	(176)	—	—	(573)
Disposal	—	—	—	(12)	(250)	—	—	(262)
Transfer to investment properties	(1,103)	—	—	—	—	—	—	(1,103)
Reclassification	—	—	—	931	—	—	(931)	—
Effect of movements in exchange rate	(36)	—	—	—	—	—	—	(36)
At 30 November 2022	94,810	1,612	1,221	45,318	54,715	1,799	169	199,644

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
Depreciation and impairment loss								
At 1 December 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
Depreciation for the year								
Written off	2,270	32	97	2,561	2,774	110	–	7,844
Disposal	–	–	–	(65)	(151)	–	–	(216)
Impairment loss	–	–	–	(114)	(69)	–	–	(183)
	–	–	–	58	69	–	57	184
At 30 November 2021								
Accumulated depreciation	25,262	231	252	37,157	50,051	1,695	–	114,648
Accumulated impairment loss	499	–	–	58	69	–	169	795
	25,761	231	252	37,215	50,120	1,695	169	115,443

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
Depreciation and impairment loss								
Depreciation for the year								
Written off								
Disposal	2,256	32	119	2,537	1,769	80	-	6,793
Impairment loss	-	-	-	(397)	(168)	-	-	(565)
Transfer to investment properties	-	-	-	(12)	(250)	-	-	(262)
Effect of movements in exchange rate	-	-	-	1,836	4	-	-	1,840
	(220)	-	-	-	-	-	-	(220)
At 30 November 2022	(17)	-	-	-	-	-	-	(17)
Accumulated depreciation	27,281	263	371	39,285	51,402	1,775	-	120,377
Accumulated impairment loss	499	-	-	1,894	73	-	169	2,635
	27,780	263	371	41,179	51,475	1,775	169	123,012
Carrying amounts								
At 1 December 2020	72,458	1,413	35	9,518	7,306	214	949	91,893
At 30 November 2021/1 December 2021	70,188	1,381	969	7,248	4,778	104	931	85,599
At 30 November 2022	67,030	1,349	850	4,139	3,240	24	-	76,632

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

3.1 Impairment loss

As at 30 November 2022, 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 of disposal 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 3 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 13% (2021 : 11%) 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.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's properties by comparing the value 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. The most significant input in this approach is the price per square feet for the which ranged from RM108 to RM178 which would increase/(decrease) the estimated fair value if the price per square feet is higher/(lower).

Premised on the above, the said carrying amounts of property, plant and equipment were determined to be lower than the recoverable amount and accordingly, no impairment loss was recognised, other than personal care and home care division's plant and equipment with lower recoverable amount and subject to an impairment loss of RM1,840,000 (2021 : RM184,000) recognised as other operating expenses in profit or loss.

4. Right-of-use assets - Group

	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 1 December 2020	17,899	336	18,235
Depreciation	(740)	(120)	(860)
Transfer to assets held for sale (Note 12)	(1,470)	–	(1,470)
At 30 November 2021/1 December 2021	15,689	216	15,905
Remeasurement	–	176	176
Depreciation	(473)	(120)	(593)
Transfer to investment properties	(5,642)	–	(5,642)
At 30 November 2022	9,574	272	9,846

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 %
2022			
Buildings	264	–	100
2021			
Buildings	144	–	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.

5. Investment properties - Group

	Note	Land RM'000	Building RM'000	Freehold shoplots RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 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 2021/1 December 2021		16,665	–	11,860	2,177	30,702
Addition		–	109	–	392	501
Transfer from property, plant and equipment/ right-of-use assets		7,157	1,103	–	–	8,260
Effect of movements in exchange rates		–	–	623	–	623
At 30 November 2022		23,822	1,212	12,483	2,569	40,086
Accumulated depreciation						
At 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 2021/1 December 2021		2,460	–	3,668	–	6,128
Depreciation for the year	18	300	12	250	–	562
Transfer from property, plant and equipment/ right-of-use assets		1,515	220	–	–	1,735
Effect of movements in exchange rates		–	–	186	–	186
At 30 November 2022		4,275	232	4,104	–	8,611
Carrying amounts						
At 1 December 2020		14,445	–	8,281	–	22,726
At 30 November 2021/1 December 2021		14,205	–	8,192	2,177	24,574
At 30 November 2022		19,547	980	8,379	2,569	31,475

5. Investment properties - Group (continued)

Investment properties of the Group comprise a number of commercial properties and vacant land that are leased out or held for capital appreciation. The leases contain an initial non-cancellable lease period ranging from 0.5 to 2 years. Subsequent renewals will be negotiated with the lessee upon the expiry of the initial lease period.

During the financial year, a property has been transferred from property, plant and equipment and right of use assets to investment property, since the land and building were no longer used by the Group and would be leased to a third party.

The Group holds leasehold lands of RM13,456,997 (2021 : RM8,114,532) over the lease terms of 60 years. The lease payments are fully paid at the commencement of lease.

5.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

Group	2022 RM'000	2021 RM'000
Less than one year	2,025	594
One to five years	350	158
Total undiscounted lease payments	2,375	752

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 RM88,872,000 (2021 : RM70,379,000)

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).

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

	2022 RM'000	2021 RM'000
Lease income	2,086	1,736
Direct operating expenses:		
- Income generating investment properties	889	769
- Non-income generating investment properties	37	37

6. Investments in subsidiaries - Company

	2022 RM'000	2021 RM'000
Cost of investment	230,811	228,811
Less : Impairment loss	(41,470)	(51,979)
	<u>189,341</u>	<u>176,832</u>

Details of subsidiaries are as follows:

Name of subsidiaries	Effective ownership interest and voting interest		Principal place of business/ Country of incorporation	Principal activities
	2022	2021		
Zhulian Jewellery Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of costume/fine jewellery and accessories and therapeutic belts
Zhulian Marketing (M) Sdn. Bhd.	100%	100%	Malaysia	Direct marketing of jewellery and consumer products
Zhulian Industries Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of consumer products
Beyond Products Technology Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of home technology products
Zhulian Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacturing of bedroom apparels and therapeutic products and trading of consumer products
Master Square Sdn. Bhd.	100%	100%	Malaysia	Trading of consumer products
Zhulian Printing Industries Sdn. Bhd.	100%	100%	Malaysia	Printing of brochures, leaflets, catalogues, name cards and other related documents
Zhulian Management Sdn. Bhd.	100%	100%	Malaysia	Provision of management services and investment holding

6. Investment in subsidiaries - Company (continued)

Name of subsidiaries	Effective ownership interest and voting interest		Principal place of business/ Country of incorporation	Principal activities
	2022	2021		
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

6.1 Impairment loss for investment in subsidiaries

During the financial year, 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.

The carrying amounts of investment in certain subsidiaries relating to the Group's investment in the manufacturing of personal and home care, printing and other divisions were higher than their recoverable amounts determined using VIU and FVLCD methods. Accordingly, RM8.5 million (2021 : RM3.5 million) was recognised as an impairment loss.

On the other hand, the marketing division's carrying amount of RM11 million (2021 : RM7.3 million) was determined to be lower than their recoverable amounts of RM30 million (2021 : RM11 million) determined using VIU method, resulting in a reversal of impairment loss amounting to RM19.0 million (2021 : RM3.7 million). The reversal of impairment loss was driven by the positive development in the marketing division. VIU 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 prepared by the management and approved by the Board of Directors. The sales growth and margins represent management assessment of future trends of the business and are based on past business performance and management's expectations on market development. The cash flow projections is discounted using a pre-tax discount rate of 13% (2021 : 11%) after considering the risks and uncertainties of the cashflows.

As a result of the above, a net reversal of impairment loss of approximately RM10.5 million (2021: RM0.2 million) was recognised and included in other operating income. See Note 3.1 for details on value in use ("VIU") and fair value less cost of disposal ("FVLCD") methods including key assumptions used.

The Company's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analyses performed, management has concluded that no reasonable change in the key assumptions would cause the carrying amounts of investment in subsidiaries to exceed their recoverable amounts.

7. Investment in an associate - Group

	2022 RM'000	2021 RM'000
Investment in shares	14,650	14,650
Share of post-acquisition profits	147,467	134,653
	<u>162,117</u>	<u>149,303</u>

The financial year end of the associate is 30 November (2021 : 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
	2022	2021		
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.

	2022 RM'000	2021 RM'000
Zhulian Holdings (Thailand) Co., Ltd., its subsidiaries and an associate		
Summarised financial information		
As at 30 November		
Non-current assets	208,084	210,511
Current assets	217,412	184,277
Non-current liabilities	(31,614)	(30,952)
Current liabilities	(48,270)	(47,636)
Net assets	345,612	316,200
Year ended 30 November		
Profit for the year	25,684	31,989
Other comprehensive income/(expense)	3,728	(15,498)
Total comprehensive income	29,412	16,491
Included in the total comprehensive income is:		
Revenue	282,125	321,482
Reconciliation of net assets to carrying amount as at 30 November		
Group's share of net assets	169,350	154,938
Elimination of unrealised profits	(7,233)	(5,635)
Carrying amount in the statement of financial position	162,117	149,303
Group's share of results for the year ended 30 November		
Group's share of profit for the year (net of tax on foreign source income)	9,565	15,674
Share of other comprehensive income/(expense) of equity-accounted associate	1,826	(7,594)
Total	11,391	8,080
Other information		
Dividends received by the Group (net of withholding tax)	-	83,009

8. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment - capital allowances	488	874	(2,240)	(2,404)	(1,752)	(1,530)	(1,752)	(1,530)
Tax loss carry-forwards	2,871	3,357	—	—	2,871	3,357	2,871	3,357
Others	1,209	4,855	—	—	1,209	4,855	1,209	4,855
Set off of tax	4,568	9,086	(2,240)	(2,404)	2,328	6,682	2,328	6,682
	2,518	(304)	(2,518)	304	—	—	—	—
Net deferred tax assets/(liabilities)	7,086	8,782	(4,758)	(2,100)	2,328	6,682	2,328	6,682

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

	Recognised in profit or loss (Note 22) RM'000		At 30.11.2021/ 1.12.2021 RM'000		Recognised in profit or loss (Note 22) RM'000		Recognised in profit or loss through share of tax of equity-accounted associate RM'000		At 30.11.2022 RM'000	
	At 1.12.2020 RM'000	At 30.11.2021/ 1.12.2021 RM'000	At 1.12.2020 RM'000	At 30.11.2021/ 1.12.2021 RM'000	At 1.12.2020 RM'000	At 30.11.2021/ 1.12.2021 RM'000	At 1.12.2020 RM'000	At 30.11.2021/ 1.12.2021 RM'000	At 1.12.2020 RM'000	At 30.11.2021/ 1.12.2021 RM'000
Property, plant and equipment - capital allowances	(1,197)	(333)	(1,530)	(222)	(1,530)	(222)	—	—	(1,752)	(1,752)
Tax loss carry-forwards	787	2,570	3,357	(486)	3,357	(486)	—	—	2,871	2,871
Others	4,222	633	4,855	(625)	4,855	(625)	(3,021)	(3,021)	1,209	1,209
Net deferred tax assets	3,812	2,870	6,682	(1,333)	6,682	(1,333)	(3,021)	(3,021)	2,328	2,328

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):

	2022 RM'000	2021 RM'000
Tax loss carry-forwards		
- Expiring not more than 5 years (Note (a))	4,522	5,127
- Expiring between 6 and 10 years (Note (b))	22,352	16,722
- No expiry period (Note (c))	5,237	5,182
	32,111	27,031
Property, plant and equipment		
- capital allowances (Note (d))	6,823	2,383
Others	14,609	9,998
	53,543	39,412

(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 years time limit under the tax legislations of Malaysia. Any amounts not deducted upon the expiry of the 10 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

	2022 RM'000	2021 RM'000
At cost		
Raw materials	23,430	26,776
Work-in-progress	4,694	4,660
Manufactured inventories	4,533	7,255
Consumables	3,427	3,632
Trading inventories	50	46
	36,134	42,369

10. Trade and other receivables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Amount due from an associate	10.1	16,904	11,145	—	—
Others		2,800	3,534	—	—
		19,704	14,679	—	—
Non-trade					
Other receivables		249	222	135	102
Deposits		285	257	4	5
Prepayments	10.2	3,968	2,587	32	32
Dividends receivable		—	—	39,800	38,600
		4,502	3,066	39,971	38,739
		24,206	17,745	39,971	38,739

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 RM2,896,406 (2021 : RM1,733,000) for the purchase of raw materials.

11. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short term deposits with licensed banks	119,677	138,597	46,500	46,500
Cash and bank balances	80,930	95,903	6,010	21,900
	200,607	234,500	52,510	68,400

12. Assets classified as held for sale

During the financial year 2021, the Company had entered into a Sales and Purchase Agreement for the disposal of a piece of leasehold land for a total net cash consideration of RM15,894,000. The disposal was completed on 10 December 2021 and the Group recognised a net gain of RM14,424,000 and included as part of other operating income during the financial year 2022.

	Note	2022 RM'000	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

	2022		2021	
	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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable					
Translation reserve	14.1	46,791	44,114	—	—
Capital reserve	14.2	2,000	2,000	—	—
Distributable					
Retained earnings		225,756	265,643	37,777	39,956
		274,547	311,757	37,777	39,956

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

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	5,242	4,139	—	—
Non-trade				
Other payables	1,642	1,280	1	1
Security deposits received from agents	7,282	7,836	—	—
Accrued expenses	10,497	10,641	229	229
Dividend payable	13,800	13,800	13,800	13,800
	33,221	33,557	14,030	14,030
	38,463	37,696	14,030	14,030

16. Contract liabilities - Group

	2022 RM'000	2021 RM'000
Contract liabilities	83	189

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 year are as follows:

	2022 RM'000	2021 RM'000
At the beginning of the year	189	178
Contract liabilities balance at the beginning of the year recognised as revenue	(189)	(178)
Increases due to cash received, excluding amounts recognised as revenue during the year	83	189
At the end of the year	83	189

FINANCIAL STATEMENTS

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

17. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
<i>Recognised at point in time</i>				
- Sale of goods - wholesale	99,386	106,998	—	—
- Sale of goods - direct sales	30,529	35,902	—	—
<i>Recognised over time</i>				
- Direct sales distributorship subscription fee	322	469	—	—
- Management services rendered	4,043	4,511	—	—
Other revenue				
- Rental income	1,887	1,736	—	—
- Dividend income	—	—	65,120	80,000
Total revenue	136,167	149,616	65,120	80,000

17.1 Disaggregation of revenue

	Group	
	2022 RM'000	2021 RM'000
Primary geographical markets		
Thailand	90,867	95,431
Malaysia	31,651	36,729
Cambodia	11,445	11,355
Myanmar	960	4,629
Others	1,244	1,472
	136,167	149,616

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, other than those goods sold on direct sales basis in Malaysia which are allowed to be returned subject to a cooling off period of 10 working days pursuant to Section 23(i)(b) of the Direct sales and Anti Pyramid Scheme Act 1983.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration				
- Audit fees				
KPMG PLT Malaysia	311	286	68	62
Other auditors	8	8	—	—
- Non audit fees				
KPMG PLT Malaysia	6	5	6	5
Local affiliates of KPMG PLT Malaysia	123	139	9	7
Other auditors	3	3	—	—

18. Results from operating activities (continued)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Material expenses/(income)				
Inventories written off	89	104	—	—
Inventories written down	296	61	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	26,533	27,188	—	—
- Contributions to state plans	3,146	3,185	—	—
Depreciation of:				
- Property, plant and equipment (Note 3)	6,793	7,844	—	—
- Right-of-use assets (Note 4)	593	860	—	—
- Investment properties (Note 5)	562	474	—	—
(Reversal of)/Impairment loss on:				
- Property, plant and equipment	1,840	184	—	—
- Investment in subsidiaries	—	—	(10,509)	151
Plant and equipment written off	8	12	—	—
Research and development expenditure	26	80	—	—
Dividend income from subsidiaries	—	—	(65,120)	(80,000)
Net foreign exchange (gain)/loss				
- Realised	(4,093)	(5,361)	—	—
- Unrealised	1,548	3,164	—	—
Gain on disposal of:				
- plant and equipment	(10)	(13)	—	—
- assets classified as held for sale	(14,424)	—	—	—
Government grants (Note a)	(227)	(977)	—	—
Net gain on impairment of financial instruments				
Reversal of impairment loss on trade receivables	(10)	(1)	—	—
Expenses/(Income) arising from leases:				
Expenses relating to short-term leases (Note b)	28	65	—	—
Lease income from properties (Note 5.3)	(2,086)	(1,736)	—	—

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

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

19. Finance income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	4,070	3,809	1,115	1,024

20. Finance costs - Group

	Group	
	2022 RM'000	2021 RM'000
Interest expense on lease liabilities	8	15

21. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
- Fees	150	150	150	150
- Remuneration	2,935	2,867	12	12
Other Directors [TL7]				
- Remuneration	1,135	1,131	—	—
	4,220	4,148	162	162

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax expense	12,554	9,887	266	244
Share of tax of equity-accounted associate	7,027	6,863	—	—
Total income tax expense	19,581	16,750	266	244

22. Tax expense (continued)

Major components of income tax expense include:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
- Current year	9,164	12,866	266	245
- Prior year	2,057	(109)	—	(1)
Total current tax recognised in profit or loss	11,221	12,757	266	244
Deferred tax (income)/expense				
- Current year	1,381	(2,932)	—	—
- Prior year	(48)	(62)	—	—
Total deferred tax recognised in profit or loss	1,333	(2,870)	—	—
Share of tax of equity - accounted associate	7,027	6,863	—	—
Total income tax expense	19,581	16,750	266	244

Reconciliation of tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year	38,313	41,637	76,021	80,487
Total income tax expense	19,581	16,750	266	244
Profit excluding tax	57,894	58,387	76,287	80,731
Income tax calculated at Malaysian tax rate of 24%	13,895	14,013	18,309	19,375
Effect of tax rates in foreign jurisdictions*	(921)	(870)	—	—
Effect of tax on foreign source income	3,021	5,474	—	—
Non-deductible expenses	1,813	3,206	107	70
Income not subject to tax	(3,626)	(832)	(18,150)	(19,200)
Tax incentives	(1)	(21)	—	—
Changes in unrecognised temporary differences	3,391	(4,173)	—	—
Over/(Under) provision in prior year	2,009	(47)	—	(1)
Income tax expense	19,581	16,750	266	244

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

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 RM38,313,000 (2021 : RM41,637,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2021 : 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:

	2022 RM'000	2021 RM'000
<i>In respect of financial year ended 30 November 2020</i>		
- Fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share paid on 10 March 2021	—	36,800
<i>In respect of financial year ended 30 November 2021</i>		
- 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
- Fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share paid on 10 March 2021	36,800	—
<i>In respect of financial year ended 30 November 2022</i>		
- First interim dividend of 3 sen per ordinary share paid on 8 June 2022	13,800	—
- Second interim dividend of 3 sen per ordinary share paid on 7 September 2022	13,800	—
- Third interim dividend of 3 sen per ordinary share paid on 7 December 2022	13,800	—
	78,200	78,200

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 2022 on 18 January 2023 and paid on 8 March 2023.

The financial statements do not reflect these dividends declared after 30 November 2022, which will be accounted for as an appropriation of retained earnings in the year ending 30 November 2023.

25. Commitments - Group

Capital commitments

	2022 RM'000	2021 RM'000
Property, plant and equipment Contracted but not provided for	—	86

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 2022.

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

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

27. Operating segments (continued)

Geographical information (continued)

	Malaysia RM'000	Thailand RM'000	Cambodia RM'000	Other countries RM'000	Consolidated RM'000
2022					
Revenue	31,651	90,867	11,445	2,204	136,167
Non-current assets	109,281	–	–	8,672	117,953
2021					
Revenue	36,729	95,431	11,355	6,101	149,616
Non-current assets	117,530	–	–	8,548	126,078

Major customers

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

	Revenue	
	2022 RM'000	2021 RM'000
Customer A	102,312	106,786

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	
	2022 RM'000	2021 RM'000
Group		
Associate		
Sales	98,269	102,275
Management fee income	4,043	4,511
Dividend income	–	92,232
Company		
Subsidiaries		
Dividend income	65,120	80,000
Increase in investment in subsidiaries	2,000	1,700

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
2022		
Financial assets		
Group		
Trade and other receivables, excluding prepayments	20,238	20,238
Cash and cash equivalents	200,607	200,607
	220,845	220,845
Company		
Other receivables, excluding prepayments	39,939	39,939
Cash and cash equivalents	52,510	52,510
	92,449	92,449

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000
Financial liabilities		
Group		
Trade and other payables	(38,463)	(38,463)
Company		
Other payables	(14,030)	(14,030)
2021		
Financial assets		
Group		
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
Company		
Other receivables, excluding prepayments	38,707	38,707
Cash and cash equivalents	68,400	68,400
	107,107	107,107
Financial liabilities		
Group		
Trade and other payables	(37,696)	(37,696)
Company		
Other payables	(14,030)	(14,030)

29.2 Net gains arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2020 RM'000
Net gains arising on:				
Financial assets measured at amortised cost	6,427	5,734	1,115	1,024
Financial liabilities measured at amortised cost	198	273	—	—
	6,625	6,007	1,115	1,024

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.

Concentration of credit risk

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

	2022 RM'000	2021 RM'000
Thailand	12,951	10,975
Malaysia	1,874	1,121
Cambodia	3,953	171
Myanmar	926	2,412
	<u>19,704</u>	<u>14,679</u>

29. Financial instruments (continued)

29.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

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

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2022			
Not past due	18,659	—	18,659
Past due 1 - 30 days	115	—	115
More than 30 days past due	930	—	930
	19,704	—	19,704
Credit impaired			
More than 30 days past due	142	(142)	—
	19,846	(142)	19,704
2021			
Not past due	14,658	—	14,658
Past due 1 - 30 days	16	—	16
More than 30 days past due	5	—	5
	14,679	—	14,679
Credit impaired			
More than 30 days past due	152	(152)	—
	14,831	(152)	14,679

29. Financial instruments (continued)

29.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (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
Group	
Balance at 1 December 2020	153
Reversal of impairment loss	(1)
Balance at 30 November 2021/1 December 2021	152
Reversal of impairment loss	(10)
Balance at 30 November 2022	142

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.

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 (2021: 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	Contractual interest rates/ 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
Group							
<i>Non-derivative financial liabilities</i>							
2022							
Lease liabilities	281	5.0	299	82	63	154	—
Trade and other payables	38,463	—	38,463	38,463	—	—	—
	<u>38,744</u>		<u>38,762</u>	<u>38,545</u>	<u>63</u>	<u>154</u>	<u>—</u>
2021							
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>

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rates/ 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
Company							
<i>Non-derivative financial liabilities</i>							
2022							
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>
2021							
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>

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
Group	
2022	
Trade and other receivable	17,830
Cash and cash equivalents	4,879
Trade and other payables	(35)
Net exposure	<u>22,674</u>
2021	
Trade and other receivable	13,557
Cash and cash equivalents	4,191
Trade and other payables	(10)
Net exposure	<u>17,738</u>

29. Financial instruments (continued)

29.6 Market risk (continued)

29.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2021 : 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	Equity RM'000
Group		
2022		
USD	1,723	—
2021		
USD	1,348	—

A 10% (2021 : 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial assets				
- Fixed deposits	—	120	—	—
- Short term deposits	119,677	138,597	46,500	46,500
- Cash at banks	78,457	78,259	6,006	8,094
	198,134	216,976	52,506	54,594
Financial liabilities				
- Lease liabilities	(281)	(232)	—	—

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 (2021 : no transfer in either directions).

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 66 to 121 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 2022 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: 13 March 2023

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

I, **Teoh Meng Keat**, NRIC: 670612-07-5613, 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 66 to 121 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 13 March 2023.

.....
Teoh Meng Keat

Before me:

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

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 2022 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 66 to 121.

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 2022, 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.

Investments in subsidiaries - Company	
Refer to Note 1(d) (<i>basis of preparation - Use of estimates and judgements</i>) and Note 6.1. Impairment loss for investments in subsidiaries.	
The key audit matter	How the matter was addressed in our audit
<p>There is a risk of impairment on the Company's investments in subsidiaries due to the current business sentiment and weak demand in certain markets where certain subsidiaries made losses during the year. The Company assesses the recoverable amounts of investments in subsidiaries whenever there are indicators of impairment.</p> <p>The Company estimated the recoverable amounts of the assets concerned either by determining their value in use ("VIU") or fair value less costs of disposal ("FVLCD") 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, including 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, including discount rates applied by the Directors in determining the recoverable amounts.</p>	<p>Our audit procedures, amongst others, include:</p> <p><u>VIU</u></p> <ul style="list-style-type: none"> Assessed the reasonableness of the Directors' forecasts and projections against actual results and challenged the key assumptions on the revenue growth and gross profit margin by comparing them against historical trends to determine whether they are reasonable and supportable; Challenged the subsidiaries' future plans and considered the reliability and relevance of data by comparing to the past trends and market outlook for their products; Assessed the appropriateness of the discount rates used by comparing them with our expectations based on our knowledge of the industry in which the subsidiaries operate in; and Performed sensitivity analyses on assumptions that are key to the value-in-use. <p><u>FVLCD</u></p> <ul style="list-style-type: none"> Obtained published prices for similar properties to compare with the Directors' estimation of their fair values and make enquiries with the Directors as to the reasons for any significant variation; and Considered the adequacy of disclosures about, in particular, the key assumptions that are highly judgmental and sensitive.

We have determined that there is no key audit matter in the audit of the consolidated financial statements of the Group to communicate in our auditors' report.

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: 13 March 2023

Lee Yee Keng
Approval Number: 02880/04/2023 J
Chartered Accountant



OTHER INFORMATION



LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m ²)	Tenure/Age of building	Carrying amount at 30 Nov 2022 (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) / 24 years	13,923	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) / 26 years	16,828	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 nd and 3 rd floor of a 4½-storey complex	(i) n/a (ii) 100.614 sq. metres on each floor	Freehold / 29 years	237	27 Dec 1994
Lot 2428-2584, 2587-2589, 2592-2593, Keladi, Bandar Kulim, Daerah Kulim. <i>(Formerly known as Geran No.HSM861 to HSM1022 and No. Lot PT5081 to PT5244)</i>	Land ^(a)	(i) 28,918 sq. metres (ii) n/a	Freehold	6,092	13 Mar 1996
Plot 3, Bayan Lepas Free Industrial Zone, Phase IV, 11900 Penang.	5-storey factory building	(i) 4.314 acres (17,458 sq. metres) (ii) 30,098.56 sq. metres	Leasehold (60 years expiring 29 May 2051) / 15 years	36,312	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 / 27 years	5,970	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 / 27 years	2,172	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)	7,875	29 July 2010

^(a) These properties are currently vacant.

LIST OF PROPERTIES

Location	Description/ Existing use	(i) Land area (ii) Built-up area (m ²)	Tenure/Age of building	Carrying amount at 30 Nov 2022 (RM'000)	Date of Acquisition
Ruko Sumber Baru Square 1 KAV.Q Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta.	3-storey shoplot ^(a)	(i) 222 sq. metres (ii) 236 sq. metres	Leasehold (30 years expiring 20 Apr 2040) / 11 years	272	2 May 2013
Ruko Sumber Baru Square 1 KAV.R Jl Ring Road Utara Ngemplak Nganti Sendangadi, Mlati, Sleman Daerah Istimewa Yogyakarta.	3-storey shoplot ^(a)	(i) 222 sq. metres (ii) 236 sq. metres	Leasehold (30 years expiring 20 Apr 2040) / 11 years	261	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) / 28 years	6,561	6 Dec 2013
Geran 20899, Lot 60060, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office ^(a)	(i) n/a (ii) 369 sq. metres	Freehold / 10 years	674	4 Aug 2014
Geran 20900, Lot 60061, Mukim Lubuk Kawah, Daerah Besut, Negeri Terengganu.	3-storey shop-office ^(a)	(i) n/a (ii) 369 sq. metres	Freehold / 10 years	674	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) / 25 years	9,858	20 Oct 2015

^(a) These properties are currently vacant.

OTHER INFORMATION

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS

(as at 28 February 2023)

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 012-5652039 011-63302039	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

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

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 014-7338100	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

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

District Agents

Selangor				
Location	Authorised Agent(s)	Address	Tel	Fax
SERI KEMBANGAN (BSR)	IR. ANIS BIN MD. SALLEH	No. 3, Jalan BPP 5/8, Pusat Bandar Putra Permai, 43300 Seri Kembangan, Selangor Darul Ehsan.	03-89582265 012-3352912	03-89592264
SUNGAI BESAR (SGB)	HAMIDIN BIN SAIRI	No. 6, PT 1476, Jalan SBBC 4, Sungai Besar Business Centre, 45300 Selangor Darul Ehsan.	03-32243413 019-5642332 016-5262332	03-32245958
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	
SUNGAI 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

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

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 (SMZ)	MOHAMED SHAMSHIR BIN MOHD ZAINON BT MOHAMED SITI MADIHAH BT MOHAMED SHAMSHIR	No. 17, Jalan Mutiara Melaka 5, Taman Mutiara Melaka, 75350 Batu Berendam, Melaka.	06-3178607 019-6288639 012-6358639 011-16523414	06-3178609
AYER MOLEK (JAS)	ROSNAH BT IBRAHIM	JB 8796, Jalan BH1, Taman Bemban Heights, Fasa 1, Bemban, 77200 Jasin, Melaka.	06-2693668 012-6353752	

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 019-7521771	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 6329 Taman Kota Harmoni, Jalan Chempaka Merah, 17500 Tanah Merah, Kelantan Darul Naim.	09-9552752 019-9390173 010-5550461	09-9552752

OTHER INFORMATION

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

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 MUSTAFFA BIN MUDA	No. 51B, 1st Floor, Jalan Tok Lam, 20100 Kuala Terengganu, Terengganu Darul Iman.	09-6311868 013-9305776 014-8116727	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 AHMAD FARID BIN ZULKIFLI	Lot 5068, Tingkat Bawah, Tepi Hospital Besut, Jalan Pasir Akar, 22000 Jerteh, Terengganu Darul Iman.	09-6974848 019-9348599 014-8388032	09-6979858 09-6974848

Pahang				
Location	Authorised Agent(s)	Address	Tel	Fax
KUANTAN (MSB)	VICTOR KEOW WUN LIONG CHONG CHIU HIONG	No. 94B, Jalan Wong Ah Jang, 25100 Kuantan, Pahang Darul Makmur.	09-5094833 019-9159967	

Sarawak				
Location	Authorised Agent(s)	Address	Tel	Fax
TABUAN STUTONG (TSA)	DAVID LAM TAH WI NAH KHENG ANG	1st Floor, Lot 153, Jalan Haji Taha, 93400 Kuching, Sarawak.	082-232022 014-7090039	

OTHER INFORMATION

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

ANALYSIS OF SHAREHOLDINGS as at 20 February 2023

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	%
249	less than 100 shares	9,625	0.00
1,402	100 to 1,000 shares	967,245	0.21
3,766	1,001 to 10,000 shares	16,925,104	3.68
1,300	10,001 to 100,000 shares	37,057,166	8.06
131	100,001 to less than 5% of issued shares	95,454,525	20.75
4	5% and above of issued shares	309,586,335	67.30
6,852		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 ^(a)	0.58
3	Teoh Meng Lee	9,375,999	2.04	–	–
4	Teoh Meng Soon	9,306,666	2.02	–	–
5	Oon Hock Chye	10,000	0.00	–	–
6	Roseline Heah Gaik See	69,800	0.02	20,000 ^(a)	0.00
7	Tan Gim May	–	–	–	–

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 ^(a)	10.41	234,816,455 ^(b)	51.05
2	Teoh Meng Keat	26,869,600	5.84	2,666,666 ^(e)	0.58
3	The Best Source Holdings Pte. Ltd.	79,769,789 ^(c)	17.34	–	–
4	Zhulian Holdings Sdn. Bhd.	155,046,666 ^(d)	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) Beneficial interest held via UOBM Nominee (Tempatan) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd for Zhulian Holdings Sdn. Bhd.

(e) 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.

OTHER INFORMATION

ZHULIAN CORPORATION BERHAD ANNUAL REPORT 2022

THIRTY (30) LARGEST SHAREHOLDERS as at 20 February 2023

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	Yeap Kim Siew	3,028,100	0.66
9	Yayasan Terengganu	2,679,478	0.58
10	Khoo Lay Boon	2,666,666	0.58
11	Chia Kim Lan	2,368,140	0.52
12	Sin Poh Seah	1,884,366	0.41
13	Teoh Shin Yi	1,841,887	0.40
14	Teoh Siew Choo	1,700,000	0.37
15	Teoh Siew Hong	1,666,669	0.36
16	Mohd Munir Bin Abdul Majid	1,504,666	0.33
17	Ng Gaik Hua	1,400,000	0.30
18	Koo Guat Ean	1,317,353	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	UOB Kay Hian Nominees (Tempatan) Sdn Bhd for Teoh Meng Lee	1,052,506	0.23
23	Perbadanan Kemajuan Negeri Kedah	1,007,593	0.22
24	TC Holdings Sendirian Berhad	1,000,000	0.22
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hwee Loong (SECT 17 PJ-CL)	826,000	0.18
26	Golden Fresh Sdn Bhd	800,000	0.17
27	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chong Khong Shoong (E-IMO/JSI)	750,000	0.16
28	Teoh Meng Lee	709,333	0.15
29	Soon Bee Ai	680,000	0.15
30	Teoh Meng Soon	640,000	0.14
		381,809,824	83.00

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("AGM") of ZHULIAN CORPORATION BERHAD ("the Company") will be held at Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on Wednesday, 17 May 2023 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 2022 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Constitution, and who, being eligible, offered themselves for re-election: -
 - a) Teoh Meng Keat Resolution 1
 - b) Teoh Meng Soon Resolution 2
3. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Constitution, and who, being eligible, offered themselves for re-election: -
 - a) Rosaline Heah Gaik See Resolution 3
 - b) Tan Gim May Resolution 4
4. 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 2023. Resolution 5
5. To re-appoint Messrs KPMG PLT, the retiring Auditors, as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6

AS SPECIAL BUSINESS:

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** Resolution 7
"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 ("Mandate")."

THAT pursuant to Section 85 of the Act read together with Article 10 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate AND THAT such new Shares when allotted shall rank pari passu in all respects with the existing class of ordinary shares;

AND FURTHER THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the allotment and issuance of new Shares pursuant to the Mandate."
7. 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-Sixth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 10 May 2023. Only a depositor whose name appears on the Record of Depositors as at 10 May 2023 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 2023

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-Sixth AGM will be put to vote on a poll.

2. Audited Financial Statements for financial year ended 30 November 2022

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

On Special Business

The proposed Ordinary Resolution 7, 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-Fifth AGM held on 18 May 2022. 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.

ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)
NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

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-Sixth AGM of the Company.

The proposed Ordinary Resolution 7 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 18 May 2022.

This page is intentionally left blank.

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-Sixth Annual General Meeting of the Company, to be held at **Ballroom 1, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 George Town, Penang on Wednesday, 17 May 2023 at 2.30 p.m.** and at any adjournment thereof in the manner indicated below:

Resolutions	For	Against
1. Re-election of Teoh Meng Keat as Director		
2. Re-election of Teoh Meng Soon as Director		
3. Re-election of Rosaline Heah Gaik See as Director		
4. Re-election of Tan Gim May as Director		
5. Approval of Directors' Fees & Other Benefits for the financial year ending 30 November 2023		
6. Re-appointment of Auditors		
7. Approval to issue and allot shares pursuant to Section 76 of the Companies Act 2016		

(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 2023

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

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

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

Notes:

1. A member entitled to attend, speak and vote at the AGM is entitled to appoint proxy(ies) to attend, participate, speak and vote in his stead.
2. Where a member is an authorised nominee ("AN") as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), the AN may appoint proxy(ies) in respect of each securities account it holds which is credited with ordinary shares of the Company.
3. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), the EAN may appoint proxy(ies) in respect of each omnibus account it holds.
4. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, under its common seal or in such other manner approved by its directors. Any alteration to the instrument appointing a proxy must be initialed.
6. The instrument appointing a proxy must be deposited at the Company's registered office at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 George Town, Penang, not less than forty-eight (48) hours before the time stipulated for holding the meeting or adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend this 26th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 10 May 2023. Only a depositor whose name appears on the Record of Depositors as at 10 May 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Personal Data Privacy:

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

[Please fold here](#)

(STAMP)

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

[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