

ZHULIAN®

Annual Report 2023



**Making Beauty and Health
Achievable to Everyone**

Making Beauty and Health Achievable to Everyone

This tagline guides our integrated business approach, reflects our unwavering commitment to offering comprehensive solutions that empower individuals to look, feel and live their best in our quest for excellence. Our exquisite fashion jewellery, symbolising timeless beauty and wearable artistry, is hand-crafted with precision, ensuring affordability without compromising quality. Complementing our fashion jewellery, our commitment to holistic well-being extends to our own manufactured nutritional beverages and health supplements that promote wellness from within.

Our synergy between beauty and health, coupled with our manufacturing prowess and unique business model, demonstrates our dedication in making beauty and health accessible by all individuals who share the same vision with us while fostering entrepreneurial success among our Distributors.





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VISION

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



MISSION

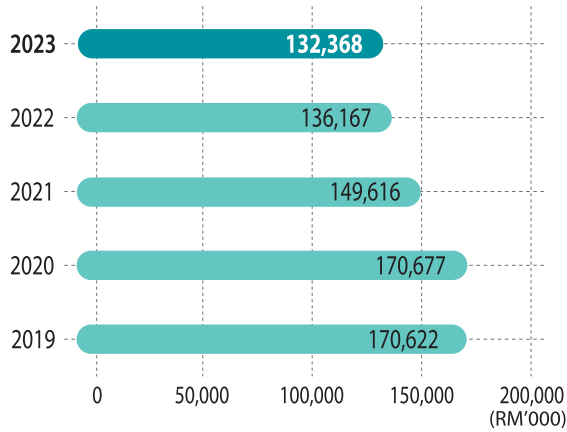
ZHULIAN exists to provide a business model and high quality, value for money products that empower entrepreneurial success as well as helping the communities we serve.

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

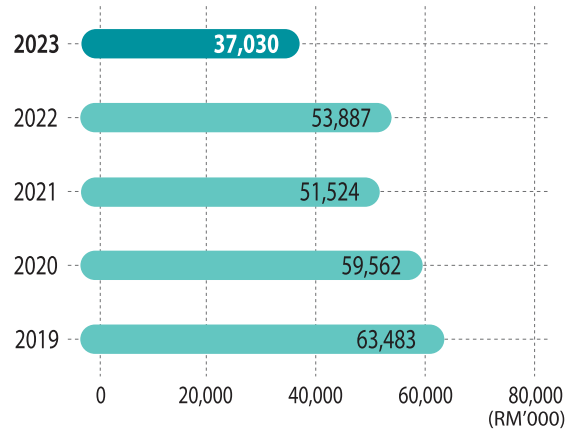
YEAR ENDED 30 NOVEMBER	2023	2022	2021	2020	2019
Income Statement (RM '000)					
Gross revenue from continuing operations	132,368	136,167	149,616	170,677	170,622
Profit before taxation from continuing operations	37,030	53,887	51,524	59,562	63,483
Profit after taxation from continuing operations	29,236	38,313	41,637	46,774	49,523
Statement of Financial Position (RM '000)					
Total non-current assets	288,823	287,156	284,163	364,519	386,589
Total current assets	214,452	262,513	297,962	268,015	270,692
Shareholders' fund / Total equity	461,993	504,547	541,757	585,968	614,588
Total non-current liabilities	3,853	4,961	2,205	2,062	2,151
Total current liabilities	37,429	40,161	38,163	44,504	40,542
Share Information Per Ordinary Share					
Earnings, basic (sen)	6.36	8.33	9.05	10.17	10.77
Net assets (sen)	100.43	109.68	117.77	127.38	133.61
Net dividends per ordinary share (sen)	13.00	17.00	17.00	17.00	12.00
Share price as at 30 November (RM)	1.83	1.84	1.85	1.53	1.46
Financial Ratios					
Return on equity (%)	6%	8%	8%	8%	8%
Gearing Ratio (%)	0%	0%	0%	0%	0%

FIVE-YEAR GROUP FINANCIAL CHARTS

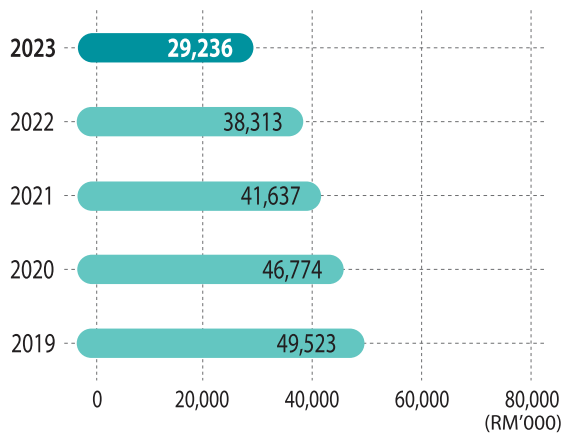
Revenue



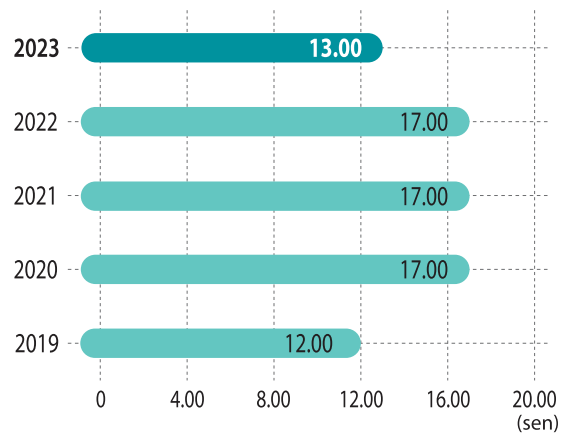
Profit Before Taxation



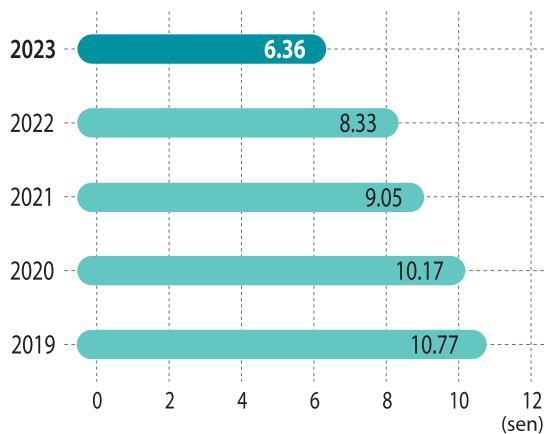
Profit After Taxation



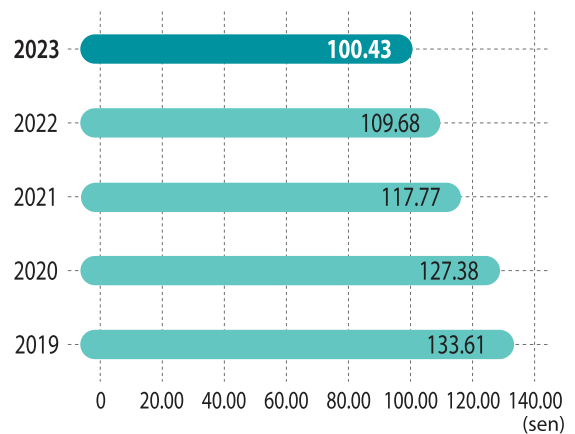
Net Dividends Per Ordinary Share



Earnings Per Share



Net Asset Value Per Share





CORPORATE REVIEW

CORPORATE PROFILE



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

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

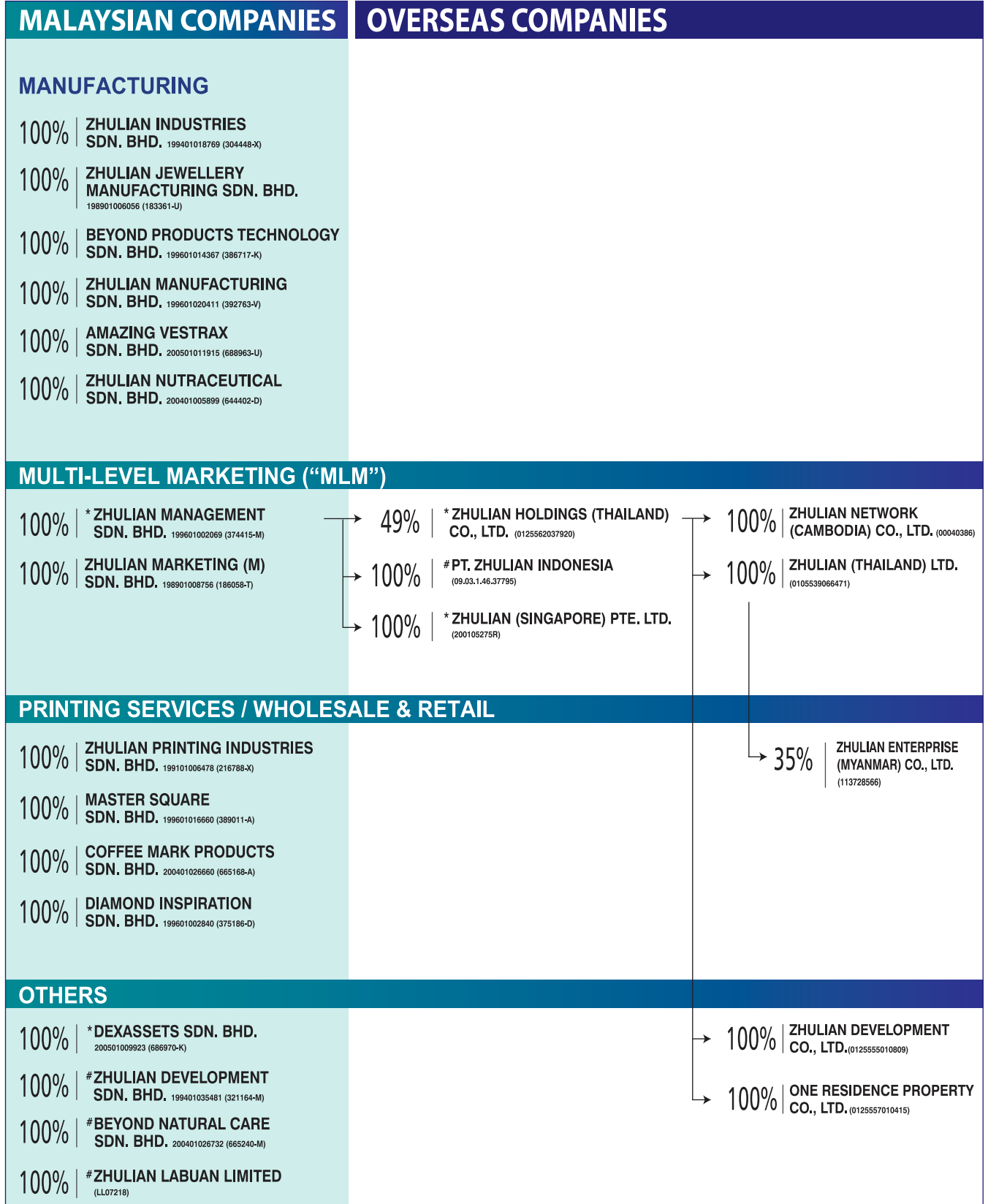
The integration of innovative ideas, advanced technology and manufacturing know how with its brilliant business model has driven the Group towards robust business growth through the years of its existence. Today, with an extensive network of Independent Distributors in Southeast Asian countries, including Malaysia, Thailand 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 detergent 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 names in Halal beverage market.

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



GROUP CORPORATE STRUCTURE

ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)



Dormant

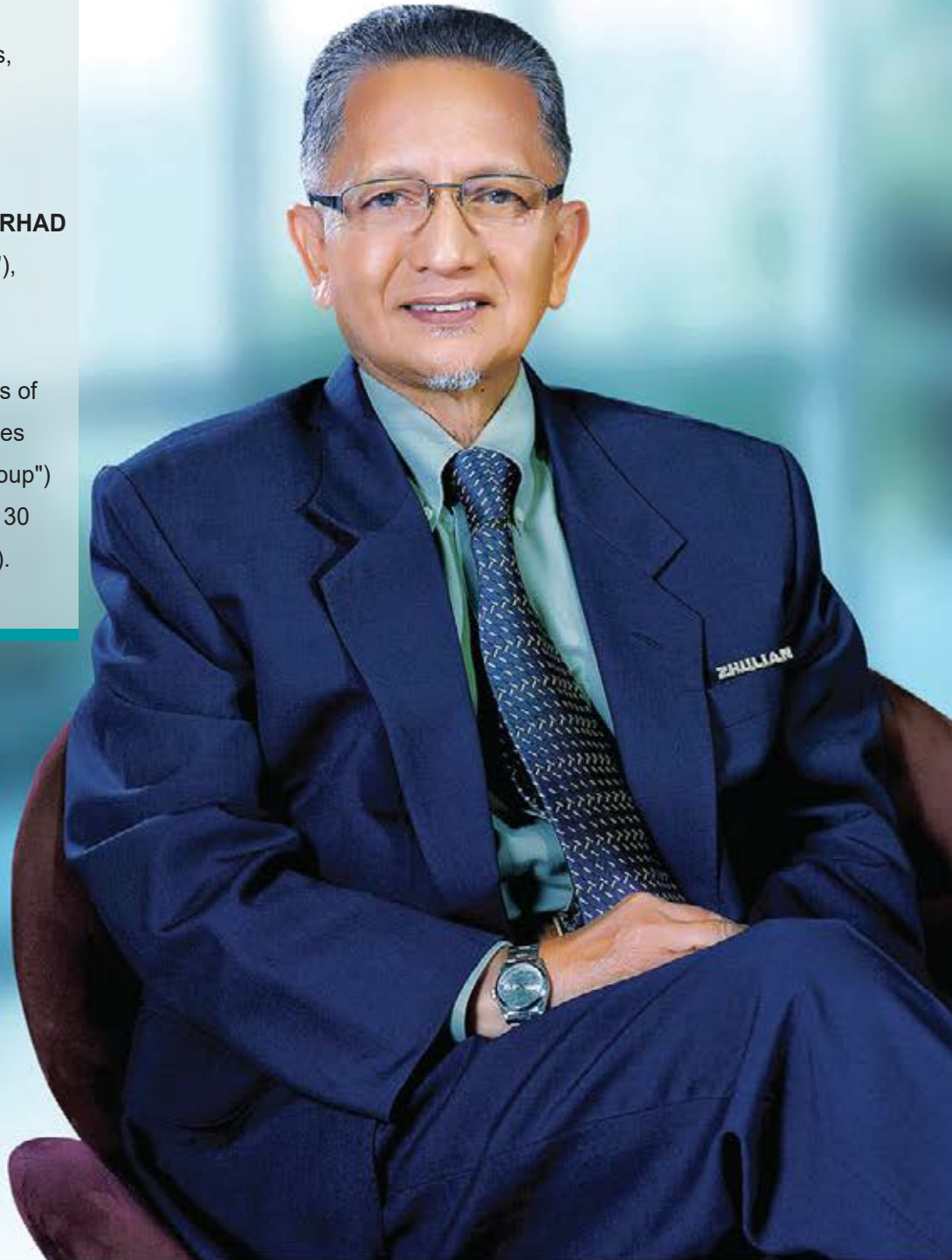
* Investment holding

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board
of Directors ("Board") of
ZHULIAN CORPORATION BERHAD
("ZHULIAN" or "Company"),

I am pleased to present
the Annual Report &
Audited Financial Statements of
ZHULIAN and its subsidiaries
("ZHULIAN Group" or "the Group")
for the financial year ended 30
November 2023 (FY2023).



BUSINESS OVERVIEW

The business landscape in year 2023 was marked by a multitude of challenges and complexities that became a norm in post-pandemic era, requiring all businesses to navigate through uncertain terrain and adapt swiftly to ever-changing circumstances. Amidst such challenging economic landscape marked by increasing inflation pressure and weakened consumer sentiment, the Group took progressive steps to realign business approaches and marketing strategies to better align with the prevailing market conditions. Nevertheless, the Group managed to effectively navigate the challenges and remained steadfast in the pursuit of a sustainable business.



The Group took progressive steps to realign business approaches and marketing strategies to better align with the prevailing market conditions... managed to effectively navigate the challenges and remained steadfast in the pursuit of a sustainable business.

FINANCIAL PERFORMANCE

The Group remained resilient and demonstrated ability to generate profit in FY2023. The Group's financial performance experienced a moderation, reflected in a 3% decline in revenue from RM136.2 million in FY2022 to RM132.4 million this year.

Furthermore, there was a 31% decrease in Profit Before Taxation, that was from RM53.9 million in FY2022 dropped to RM37.0 million in FY2023. Similarly, Profit After Taxation also declined 24%, totaling RM29.2 million in FY2023 compared to RM38.3 million in FY 2022. The decrease was mainly due to disposal of leasehold land in Indonesia with a net gain of RM14.4 million in the preceding year corresponding period.



RETURN TO SHAREHOLDERS

We are committed to the creation of shareholders' value as well as ensuring appropriate returns to shareholders in accordance with the performance and the availability of sufficient distributable reserves.

In recognition of the unwavering confidence and support demonstrated by our esteemed shareholders throughout this challenging environment, in addition to a dividend of 3 sen for each quarter of FY2023, the Group also announced a special dividend of 1 sen. The total dividend declared for the year amounted to RM59.8 million.

CORPORATE GOVERNANCE

The Group continued to uphold the principles of the three pillars of good governance - integrity, transparency and accountability. While adhering to ethical practices, the Group also ensure openness and clarity in financial reporting and decision-making processes in accordance to the Group's governance framework. Our commitment extended to rigorous risk oversight, compliance with legal and regulatory requirements and maintaining a balanced board composition.

Our unwavering commitment to corporate governance underpins our mission to build trust with shareholders, stakeholders, and our business community, ensuring business sustainability and market viability.

STRENGTHENING STAKEHOLDERS ENGAGEMENT

We continued to endeavour in engaging with stakeholders, valuing their input and continuously evaluating and adapting our governance practices to meet their evolving expectations. In year 2023, the Group fostered engagement with the Authorised Agents through field visits. These visits improved the Management's understanding of their unique needs and challenges as well as helped in identifying areas for improvement.

MANAGING RISKS WITH SUSTAINABILITY IN MIND

The Group has been committed in incorporating risk management gradually in operation system to address the ongoing imperative of managing risks and seizing new opportunities. With the aim to proactively navigate the evolving landscape while contributing to a sustainable future, we place emphasis on collective action by the Board and Senior Management to enhance oversight of sustainability risks and opportunities, establish sustainability goals, and align business strategy and operations accordingly. Moreover, the Group took significant steps in a staggered manner to ensure that sustainability considerations were gradually ingrained in every facet of our business activities.

COMMITMENT TO SUSTAINABILITY

The Board is committed to take responsibility for adopting enhanced sustainability disclosures in accordance with the sustainability reporting requirements set by Bursa Malaysia. Our approach to adopting these enhanced sustainability disclosures will be methodical and practical to ensure a seamless integration into our existing operations. We understand that sustainable practices are not a one-size-fits-all solution and require careful consideration in costing and customisation to best suit our unique business model and objectives.

To further reinforce commitment to sustainability, the Group will continuously take additional steps by prioritising sustainability within business and operational strategies. Adopting a long-term value creation perspective, the Group aims to integrate sustainable practices into the core operations. By doing so, we seek to align our actions with the principles of environmental stewardship, social responsibility and economic resilience.



Our approach to adopting these enhanced sustainability disclosures will be methodical and practical to ensure a seamless integration into our existing operations.



EXEMPLARY COMPANY FOR EPF CONTRIBUTIONS

One of the subsidiaries of the Group, Zhulian Industries Sdn. Bhd. was honoured with the "Best Employer Award 2023" by the Employees Provident Fund (EPF) of Penang. This prestigious award acknowledges employers who have demonstrated outstanding adherence to their employees' EPF contributions for the year 2023.

MOVING FORWARD

The future is undoubtedly poised to be a period of great challenges for all, yet the Group approaches it with unwavering belief, confidence, and cautious optimism. The Group remains steadfast in the commitment to leading the way forward through viable and sustainable initiatives.

Looking ahead to FY2024, the Group maintains a cautiously optimistic outlook as we, at all levels in the Group endeavour to drive business forward. Leveraging strong financial fundamentals, the Group is well-positioned to seize emerging opportunities and capitalise on them effectively.

In the face of a rapidly evolving and challenging landscape in the Multi-level Marketing (MLM) industry, we stand resolute, ready to navigate the complexities and seize the opportunities that lie ahead. The winds of change bring escalating prices and fiercer competition from e-commerce platforms and beyond. Yet, with our commitment to quality products and unparalleled customer experiences, we firmly believe that challenges are the stepping stones to further innovation and growth.

We will also continue to empower our Distributors with trainings, and unwavering support needed to not only weather the storm but thrive in it. Our commitment to quality excellence will remain steadfast, ensuring that our brands stand as a beacon of trust and integrity amidst the industry's challenges. We will also continue to explore avenues to streamline our supply chain and optimise costs without compromising on quality. Simultaneously, we will recognise the need to adapt our product offerings to meet evolving consumer preferences. By expanding our product portfolio and exploring new markets, we aim to reduce our dependence on limited revenue stream.

Our commitment to quality excellence will remain steadfast, ensuring that our brands stand as a beacon of trust and integrity amidst the industry's challenges.

Leveraging strong financial fundamentals, the Group is well-positioned to seize emerging opportunities and capitalise on them effectively.

ACKNOWLEDGEMENTS

To our esteemed shareholders, I, together with fellow members of the Board, extend our sincere gratitude for your unwavering trust throughout the years. Your confidence in our capabilities has been a driving force behind our dedication to ensure business continuity while remaining steadfast in our commitment to delivering value to you.

To our valued Authorised Agents, Distributors and Customers, our utmost appreciation to your steadfast belief in our vision and unwavering loyalty. Ensuring your success and satisfaction remain at the forefront of everything we do.

Our thanks also go to the exceptional Management Team and dedicated employees of the Group, whose unwavering commitment enables the Company to cultivate resilience in challenging times. Your dedication, passion and unwavering commitment are truly commendable, enabling the Group to stand strong in the marketplace.

I would also like to extend my appreciation to my esteemed fellow Board members for their invaluable counsel, unwavering support and collaboration. Your diverse perspectives and guidance have been instrumental in shaping the Group's strategic direction and fostering sustainability. Together, we have embarked on a transformative journey towards a more sustainable future and I am confident that our collective efforts will yield promising results in FY2024.

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 Yang Diaudit (*Audited Financial Statement*) bagi ZHULIAN dan subsidiarinya (“Kumpulan ZHULIAN” atau “Kumpulan”) untuk tahun kewangan yang berakhir pada 30 November 2023 (“FY2023”).

TINJAUAN PERNIAGAAN

Landskap perniagaan bagi tahun 2023 ditandai dengan pelbagai cabaran dan kerumitan yang telah menjadi norma dalam era pasca-pandemik, lantas memaksa semua perniagaan untuk mengemudi segala ketidakpastian dan menyesuaikan diri secara pantas terhadap situasi yang sentiasa berubah-ubah. Dalam kekalutan menghadapi landskap ekonomi mencabar yang terkesan oleh tekanan inflasi yang kian meningkat dan sentimen pengguna yang lemah, Kumpulan telah mengambil langkah-langkah progresif untuk menyelaraskan semula pendekatan perniagaan dan strategi pemasaran agar lebih selari dengan keadaan pasaran semasa. Walau bagaimanapun Kumpulan berjaya mengharungi cabaran dengan berkesan dan kekal teguh dalam usaha mencapai perniagaan yang mampan.



Kumpulan telah mengambil langkah-langkah progresif untuk menyelaraskan semula pendekatan perniagaan dan strategi pemasaran agar lebih selari dengan keadaan pasaran semasa... berjaya mengharungi cabaran dengan berkesan dan kekal teguh dalam usaha mencapai perniagaan yang mampan.

PRESTASI KEWANGAN

Kumpulan kekal berdaya tahan dan menunjukkan keupayaan untuk menjana keuntungan pada FY2023. Prestasi kewangan Kumpulan tampil sederhana, digambarkan dengan penurunan 3%

perolehan daripada RM136.2 juta pada FY2022 kepada RM132.4 juta tahun ini. Tambahan pula, terdapat penurunan 31% dalam Keuntungan Sebelum Cukai, iaitu daripada RM53.9 juta pada FY2022 kepada RM37.0 juta pada FY2023. Begitu juga, Keuntungan Selepas Cukai turut menurun 24%, berjumlah RM29.9 juta pada FY2023 berbanding RM38.3 juta pada FY2022.



PULANGAN KEPADA PEMEGANG SAHAM

Kami komited untuk mencipta nilai pemegang saham serta memastikan pulangan yang sewajarnya kepada pemegang saham selaras dengan prestasi dan ketersediaan rizab boleh agih yang mencukupi.

Bagi menghargai keyakinan yang tidak bergoyah dan sokongan yang tidak terhingga yang ditunjukkan oleh para pemegang saham yang dihormati sepanjang persekitaran yang mencabar ini, selain tambahan kepada dividen sebanyak 3 sen bagi setiap suku tahun FY2023, Kumpulan juga telah mengumumkan dividen khas sebanyak 1 sen. Jumlah pembayaran dividen pada tahun tersebut adalah berjumlah RM59.8 juta.

TADBIR URUS KORPORAT

Kumpulan terus berpegang kepada tiga prinsip tadbir urus yang baik - integriti, ketelusan dan akauntabiliti. Sambil mematuhi amalan beretika, Kumpulan juga memastikan keterbukaan dan kejelasan dalam pelaporan kewangan dan proses pembuatan keputusan menurut rangka kerja tadbir urus Kumpulan. Komitmen kita diperluaskan kepada pengawasan risiko yang ketat, pematuan keperluan undang-undang dan peraturan-peraturan serta mengekalkan komposisi lembaga yang seimbang.

Komitmen kita yang tidak berbelah bahagi terhadap tadbir urus korporat menyokong misi kita untuk membina kepercayaan dengan para pemegang saham, pemegang kepentingan serta komuniti perniagaan kita, demi memastikan kelestarian perniagaan dan daya maju pasaran.

MENGUKUHKAN PENGLIBATAN PARA PEMEGANG KEPENTINGAN

Kita terus berusaha untuk melibatkan diri dengan para pemegang kepentingan, menghargai input mereka serta berterusan menilai dan menyesuaikan amalan tadbir urus kita bagi memenuhi jangkaan mereka yang sentiasa berkembang. Pada tahun 2023, Kumpulan memupuk penglibatan dengan Ejen Bertauliah melalui lawatan turun padang. Lawatan-lawatan ini meningkatkan pemahaman Pengurusan tentang keperluan dan cabaran unik mereka serta membantu untuk mengenalpasti perkara-perkara yang memerlukan penambahbaikan.

MENGURUSKAN RISIKO DENGAN MEMIKIRKAN KELESTARIAN

Kumpulan telah komited dalam menggabungkan pengurusan risiko secara beransur-ansur dalam sistem operasi untuk menangani keperluan berterusan bagi menguruskan risiko dan merebut peluang baru. Dengan matlamat untuk mengemudi secara proaktif landskap yang berkembang dan pada masa yang sama menyumbang kepada masa depan yang mampan, kita memberi penekanan kepada tindakan kolektif oleh Lembaga Pengarah dan Pengurusan Kanan demi meningkatkan pengawasan risiko dan peluang yang mampan, mewujudkan matlamat kelestarian, dan menyelaraskan strategi dan operasi perniagaan sewajarnya. Tambahan lagi, Kumpulan telah mengambil langkah-langkah penting secara berperingkat bagi memastikan bahawa pertimbangan kemampanan telah disalurkan secara beransur-ansur ke dalam setiap aspek aktiviti perniagaan kita.

KOMITMEN KELESTARIAN

Lembaga Pengarah komited untuk memikul tanggungjawab bagi menerimapakai pendedahan kemampanan yang dipertingkatkan menurut keperluan pelaporan kelestarian yang ditetapkan oleh Bursa Malaysia. Pendekatan kita untuk menerima pakai pendedahan kemampanan yang dipertingkatkan ini adalah secara berkaedah dan praktikal demi memastikan integrasi yang lancar ke dalam operasi kita yang sedia ada. Kita faham bahawa amalan mampan bukanlah satu sahaja penyelesaian yang sesuai untuk semua masalah dan memerlukan pertimbangan yang teliti dalam penentuan kos dan penyesuaian agar paling sepadan dengan model dan objektif perniagaan kita yang unik.

Untuk mengukuhkan lagi komitmen terhadap kelestarian, Kumpulan akan berterusan mengambil langkah tambahan dengan mengutamakan kemampanan dalam strategi perniagaan dan operasi. Dengan mengguna pakai perspektif penciptaan nilai jangka panjang, Kumpulan menyasarkan untuk mengintegrasikan amalan mampan ke dalam operasi teras. Dengan demikian, kita berusaha untuk menyelaraskan tindakan kita dengan prinsip penjagaan alam sekitar, tanggungjawab sosial dan daya tahan ekonomi.



Pendekatan kita untuk menerima pakai pendedahan kemampanan yang dipertingkatkan ini adalah secara berkaedah dan praktikal demi memastikan integrasi yang lancar ke dalam operasi kita yang sedia ada



SYARIKAT TELADAN BAGI CARUMAN KWSP

Salah satu subsidiari Kumpulan iaitu Zhulian Industries Sdn. Bhd. telah dianugerahkan dengan "Anugerah Majikan Terbaik 2023" oleh Kumpulan Wang Simpanan Pekerja (KWSP), Pulau Pinang. Anugerah berprestij ini mengiktiraf para majikan yang telah mempamerkan kepatuhan luar biasa bagi caruman KWSP para pekerjanya bagi tahun 2023.

MAJU KE HADAPAN

Sesungguhnya masa depan pasti menjadi satu tempoh penuh cabaran yang hebat buat semua, namun Kumpulan terus mara dengan kepercayaan, keyakinan dan kekal optimis tetapi berhati-hati. Kumpulan kekal teguh dalam komitmen untuk mendahului laluan melalui inisiatif yang berdaya maju dan mampan.

Meninjau ke FY2024, Kumpulan mengekalkan pandangan optimis yang berhati-hati kerana kita, di setiap peringkat dalam Kumpulan, berusaha untuk memacu perniagaan ke hadapan. Dengan memanfaatkan asas kewangan yang kukuh, Kumpulan berada pada kedudukan yang baik untuk merebut peluang yang datang dan memanfaatkannya secara berkesan.

Dalam menghadapi landskap yang berkembang pesat dan mencabar dalam industri Pemasaran Berbilang Tingkat (MLM), kita berdiri teguh, bersedia untuk mengharungi kerumitan dan merebut peluang yang dibentangkan. Angin perubahan menyebabkan harga yang meningkat dan persaingan yang lebih sengit daripada platform e-dagang dan selainnya. Namun, dengan komitmen kita untuk menawarkan produk berkualiti dan pengalaman pelanggan yang tiada tandingan, kita yakin bahawa cabaran adalah batu loncatan bagi inovasi dan pertumbuhan selanjutnya.

Kita juga akan terus memperkasakan Penedar kita dengan latihan, dan sokongan tidak berbelah bahagi yang diperlukan bukan sahaja demi mengharungi badai tetapi untuk tumbuh maju di dalamnya. Komitmen kita terhadap kecemerlangan kualiti akan kekal teguh, bagi memastikan jenama kita berdiri sebagai lambang kepercayaan dan integriti di tengah-tengah cabaran industri. Kita akan turut terus meneroka laluan bagi menyelaraskan rantai bekalan kita serta mengoptimumkan kos tanpa menjejaskan kualiti. Pada masa yang sama, kita akan mengenalpasti keperluan untuk menyesuaikan penawaran produk kita bagi memenuhi pilihan pengguna yang berubah-ubah. Dengan mengembangkan portfolio produk dan meneroka pasaran baru, kita berhasrat untuk mengurangkan pergantungan terhadap aliran perolehan yang terhad.

Komitmen kita terhadap kecemerlangan kualiti akan kekal teguh, bagi memastikan jenama kita berdiri sebagai lambang kepercayaan dan integriti di tengah-tengah cabaran industri.

Dengan memanfaatkan asas kewangan yang kukuh, Kumpulan berada pada kedudukan yang baik untuk merebut peluang yang datang dan memanfaatkannya secara berkesan

PENGHARGAAN

Kepada para pemegang saham yang dihormati, saya bersama-sama ahli Lembaga ingin melafazkan ucapan penghargaan yang tulus atas kepercayaan anda yang tidak berbelah bahagi sepanjang tahun. Keyakinan anda terhadap keupayaan kita telah menjadi daya pendorong bagi keazaman kita untuk memastikan kesinambungan perniagaan sambil terus teguh dalam komitmen kita untuk memberikan nilai kepada anda.

Kepada Ejen Bertauliah, Penedar dan Pelanggan yang dihargai, setinggi-tinggi penghargaan kerana kepercayaan teguh anda terhadap visi kita dan kesetiaan yang tiada taranya. Memastikan kejayaan dan kepuasan anda akan tetap menjadi keutamaan dalam semua yang kita lakukan.

Ucapan terima kasih kita juga ditujukan kepada Team Pengurusan yang luar biasa dan kakitangan Kumpulan yang berdedikasi, di mana komitmen yang padu membolehkan Syarikat memupuk daya tahan dalam tempoh yang mencabar. Dedikasi, semangat dan komitmen anda yang teguh benar-benar harus dipuji, kerana membolehkan Kumpulan berdiri gagah di pasaran.

Saya juga ingin merakamkan penghargaan saya kepada ahli Lembaga yang saya hormati atas nasihat yang tidak ternilai serta sokongan dan kerjasama yang tidak berbelah bahagi. Kepelbagaian pandangan dan panduan anda telah memainkan peranan penting dalam membentuk hala tuju strategik Kumpulan dan memupuk kemampanan. Bersama-sama, kita telah memulakan perjalanan transformatif ke arah masa depan yang lebih mampan dan saya yakin usaha kolektif kita akan membuahkan hasil yang memberangsangkan bagi FY2024.

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 2023 (“FY2023”).



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, namely Zhulian Business Owners (“ZBOs”) who earn incentives stipulated in our business plan by selling our products to

consumers. We also provide training programmes and supporting business tools for the ZBOs to grow their business with us.

We have our 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 manufacturer.

The Group is headquartered in Penang, Malaysia with business network spans across Malaysia,

Thailand and Cambodia. Operations in Malaysia are managed by the Headquarter while operations in Thailand 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

In 2023, the economic scenario proved to be a challenging terrain marked by the continual weakening of Ringgit and escalation in costs. The year witnessed a notable shift in consumer spending patterns, resulting in a decrease in the demand that was attributed to the profound impact of the price hikes on basic necessities, leading to a palpable softening of consumer sentiment.

As the market dynamics evolved with the changing economic conditions, our projections for product demand fell short of expectations. Navigating through these economic headwinds required resilient strategies and proactive measures to mitigate the impact.

The Group has maintained a steadfast commitment to financial sustainability and dedicated to

prudent management of costs and optimisation of resources. In navigating this complex landscape, the focus was not only on cost containment but also on identifying avenues to enhance operational efficiency. By doing so, the Group had managed to maintain its financial resilience in the face of ongoing uncertainties.

The Group has maintained a steadfast commitment to financial sustainability and dedicated to prudent management of costs and optimisation of resources.



OUR BUSINESS STRATEGIES

In 2023, our strategic focus was to strengthen engagement and rapport with our Distributors and the Group, while also motivate them to improve sales performance. In light of economic conditions, the Group implemented strategies to support entrepreneurs, bolster product sales, enhance brand awareness and market position.

Shifting to more market orientated approach in product development

This involves a strategic re-evaluation of our product development processes, prioritising market needs. By optimising production for minimal waste, and considering the entire product life cycle, from design to disposal, we aim to deliver better solutions that not only meet market demands but also align with our commitment to product sustainability. The Group also carefully considered the delicate balance between revenue generation and cost-effectiveness before launching new products in addressing rising costs in product inputs and logistics throughout the supply chain.

Stimulate network expansion

Recognising the importance of a robust distributor network in driving sales and market presence, we continued to emphasise the significance of expanding outreach and creating a ripple effect that extends the benefits of our products or services to a broader audience. In line with this objective, we continued to find ways to enhance distributor training and support systems in order to nurture loyalty and a sense of belonging among Distributors. We continued our effort in engaging them in seminars and mass training sessions designed to not only enhance their skills but also to elevate their morale and motivation. In parallel, our efforts were directed towards instilling a culture of proactivity among our Distributors, encouraging them to shift their focus towards actively inviting more individuals to join our business network. As of the end of FY2023, our MLM business network spanned 204 Authorised Agencies, stockists, retailers and branches, serving 210,453 Distributors across Southeast Asia.

Balancing Offline and Online Marketing

While the transition to an endemic phase has allowed us to organise more physical activities such as seminars, trainings, and field visits, we also continue to maintain a robust online presence as an avenue to reach a broader audience, engage with potential customers and leverage social media for effective brand promotion. Simultaneously, offline activities, including in-person events and gatherings, facilitate a personal touch, fostering stronger relationships and trust among Distributors and customers. Our aim is to strike the right balance that ensures a comprehensive approach that maximises the strengths of both realms, enabling direct selling businesses to adapt to diverse consumer preferences and create a holistic marketing strategy that increase market reach.



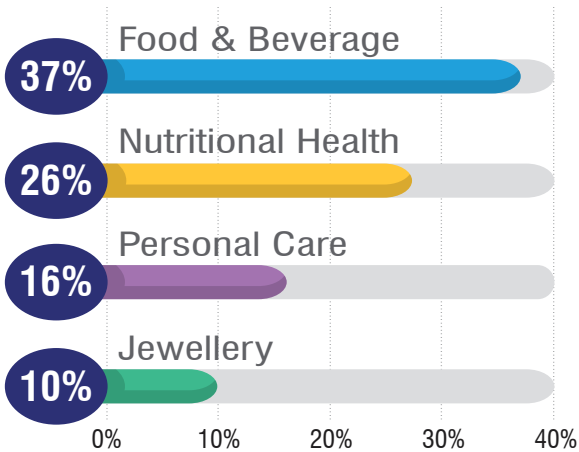
GROUP FINANCIAL HIGHLIGHTS

In the face of recent challenges, the Group’s revenue dropped 2.8% from RM136.2 million in FY2022 to RM132.4 million in FY2023 of which 23% of the total revenue was generated from local market and 76% was from export revenue. The biggest contributor was Thailand, generating approximately 69% of the Group’s FY2023 revenue. Followed by Malaysia 23% and Cambodia 6%.

Meanwhile, the Group recorded Profit Before Taxation (PBT) of RM37.0 million and Profit After Taxation (PAT) of RM29.2 million. Notably, both PBT and PAT experienced a decline of 31% and 24% respectively compared to the preceding year. Isolating one off gain on disposal of Indonesia land in FY2022, the Group maintained a satisfactory performance in FY2023.

Our revenue composition consists of mainly Food & Beverage products which contributed to 37% of total revenue; this is followed by Nutritional Health products at 26%, Personal Care products at 16% and Jewellery products at 10% of total revenue.

The Group’s proactive approach to cost control, including a comprehensive review of variable and fixed costs, has helped in cushioning the impact of reduced revenue on the bottom line.

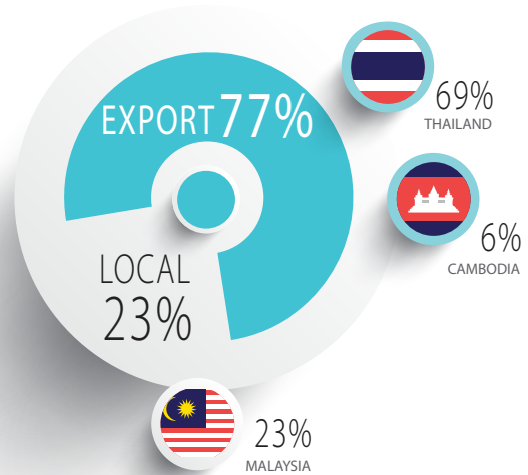


Despite the decline in key statistics, the Group maintained its commitment to operational efficiency and cost management, resulting in sustained profitability. The Group’s proactive approach to cost control, including a comprehensive review of variable and fixed costs, has helped in cushioning the impact of reduced revenue on the bottom line.

In FY2023, the Group's total equity stood at RM462.0 million with decent cash reserve of RM155.2 million as of the year's end. Importantly, the Group's financial position remains resilient, boasting zero gearing to date and ample liquidity. This financial strength positions the Group strategically for future sustainable initiatives.

FINANCIAL PERFORMANCE AT FY2023

Local vs Export Revenue



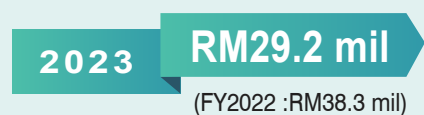
Revenue



Profit Before Taxation



Profit After Taxation



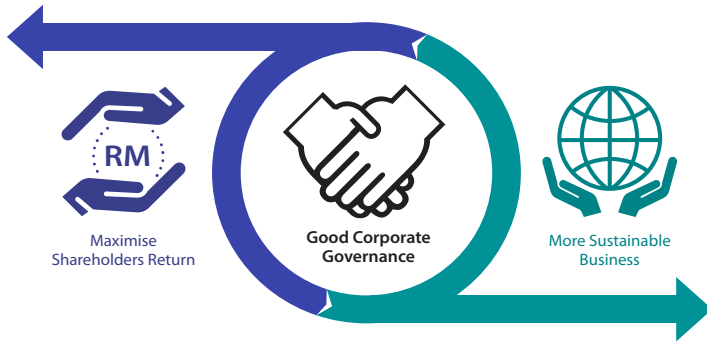
MAINTAINING GOOD GOVERNANCE

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 has established a framework which sets out the roles and responsibilities from the Board to the Management and the rest of the executives in the Group as well as the structure, processes, and practices that the Group adopts to ensure that it

operates effectively, responsibly and in accordance with its goals and values. It provides a systematic and transparent way for the Group in ensuring accountability, compliance, and ethical conduct in meeting its business goals.

The structure, processes, and practices that the Group adopts... provide a systematic and transparent way for the Group in ensuring accountability, compliance, and ethical conduct in meeting its business goals.



RETURN TO SHAREHOLDERS

The Group remained committed to aligning shareholder returns with earnings, conscientiously considering key factors such as business fundamentals, financial performance, and cash position. In year 2023, we had declared a total dividend of RM59.8 million for FY2023 that consists of interim dividends of 3 sen per ordinary share for each quarter and an additional special dividend of 1 sen per ordinary share during the fourth quarter.



ORGANISATIONAL AND CORPORATE HIGHLIGHTS

Revision of Business Plan

The Group revised its direct selling business model in final quarter of the year to keep abreast with the prevailing business landscape. The aim is to motivate the ZBOs to be more productive and encourage them to grow their network consistently.



Compliance and Ethical Business Practice

In the year, we introduced a revised Rules of Conduct, aimed at elevating ethical standards and ensuring compliance with local regulations in the direct selling business. Additionally, we disseminated memos and circulars regularly to serve as reminders to our Authorised Agencies and entrepreneurs on the importance of ethical selling practices and reiterated the prohibition of listing on other e-commerce platforms.

Refining Business Tools

The new business tool kit comprises of newly designed Business Manual, Fashion Jewellery Catalogue, Consumer Booklet and price list were launched in conjunction with the newly revised business plan and new pricing. This kit serves as business tool for ZBOs when they carry out selling and recruiting activities. On top of that, the online platform for ZBOs to manage their business, track sales, and access marketing resources was also consistently improved with more user-friendly features.



Zhulian has been awarded the “Anugerah Majikan Terbaik 2023” (Best Employer Award 2023)... exemplary compliance towards employees’ EPF contributions for the year 2023.



A corporate role model for Employee Provident Fund Contribution!

Zhulian Industries Sdn. Bhd. (“ZISB”) has been awarded the “Anugerah Majikan Terbaik 2023” (Best Employer Award 2023) by Employees Provident Fund (EPF) of Penang. This award is in recognition of employers who have shown exemplary compliance towards their employees’ EPF contributions for the year 2023. ZISB was one of the top 6 companies being selected from thousands of companies in Penang to receive this recognition. This award signified that the Company as well as the Group has always placed importance on employees’ welfare.





New Product Launches

Our fashion jewellery continued to be main highlights in 2023 where we launched 5 collections of jewellery, two of which were men collection consisting 22 items which aimed to enhance market presence of men jewellery.

Other than that, we also launched 4 designs of magnetic belts and another 4 new products – 1 antibacterial body wash, 1 sweetener, 1 laundry prewash and 1 fabric softener.





Robust Marketing Events

In the year, the Direct Selling business segment continued to leverage on both online and offline platforms where a multitude of marketing activities were conducted.

The major physical events were B.I.G. Seminar and Roadshow & Rally Symposium that required Leaders to meet the stipulated qualifying condition as ticket for participation. Another important event was the Hari Raya Celebration and Plant Visit as platforms to engage Distributors and Leaders. Apart from this, there was a series of six Health Seminar conducted by the Group's Scientific Advisor to create health awareness among Distributors and recommend our products that promote general health.

With the objective to build rapport and seek feedbacks from our Authorised Agencies and also as a gesture of keen support to them, there were a total 15 field visits by the Group's Chief Executive Officer along with Marketing Team.

The year also saw the Group brought the top performers among the Leaders to two incentive tours – one with destination to Bali, Indonesia and another one to Istanbul, Turkiye.



Campaigns and Promotions

In the year, the Group organised four major campaigns to groom new Leaders as well as keep them motivated and remained productive. Among which, the series of B.I.G Campaign and the Roadshow & Rally Campaign.

The promotions conducted in the year includes a super deal promo and rebate for kitchenware; discount and purchase with purchase promotions for beverage products; rebate or free gifts for newly introduced jewellery collection and Birthday Voucher for all Distributors. Other than that, there were also promotions with the aim to stimulate market demands for health and nutrition beverage products, beauty apparel, perfumes and home technology products.



One of the key focus of marketing strategies in the year was to intensify the engagement of younger generation of Leaders.

More Emphasis on Trainings and Meetings

In the year, the Direct Selling business segment continued to leverage on both online and offline product knowledge trainings and experience sharing sessions. A total of 22 online product training webinars, 14 online experience sharing sessions by selected Leaders and 9 Health Awareness seminars were organised.

With the objective to engage with the Authorised Agency, the Marketing Team conducted regular online meetings with them to discuss about their business challenges and ways to tackle them.

Enhanced Engagement of Younger Leaders

One of the key focus of marketing strategies in the year was to intensify the engagement of younger generation of Leaders. A series of webinars namely Young Entrepreneur Seminar (Y.E.S.) was organised to sharpen their product knowledge, selling techniques and leadership skills. Another programme with alike objective was the Power Green project that involved the top performing young entrepreneurs.





OVERSEAS OPERATION OVERVIEW

ZHULIAN Stands Strong in Thailand

The subsidiary of the Group's Associate, Zhulian (Thailand) Ltd. ("ZTH") continued to be the top performer in the Group's direct selling business division by contributing 69% to the Group's 2023 revenue. The Company was honoured as "Global Code of Ethics Initiative Gold Award" by Thai Direct Selling Association (TDSA), a testament of ZHULIAN's exemplary business practice and strong brand positioning in Thailand.



Zhulian (Thailand) Ltd. ("ZTH") was honoured as "Global Code of Ethics Initiative Gold Award" by Thai Direct Selling Association (TDSA), a testament of ZHULIAN's exemplary business practice and strong brand positioning in Thailand.

Event Highlights in Thailand

Year 2023 saw a multitude of activities in Thailand including a grand convention held in the Grand Auditorium at its own premise with an overwhelming turnout of over 5000 Distributors and Leaders and a Gala Night exclusively organised for top performing Leaders. Another big event was ZHULIAN 40th Leadership Seminar held in Phuket, Thailand participated by more than 1,000 Leaders.

Besides the routine monthly rallies held at their Head Office, they also conducted a mass training called 'Go Gold Goal By Power One' involving more than 1,000 Leaders which focused on providing insights on leveraging our business plan in achieving their personal goals as well as their team's .



Our Thai Associate also organised two incentive tours in year 2023, one was the incentive tour to Fukuoka, Japan participated by over 500 Distributors and another one was the Diamond International Forum held in France, Monaco and Spain which was participated by over 200 Top Leaders.

The newly launched products in Thailand for 2023 included gold plated and rhodium plated bracelet designs for commemorating the 25th Anniversary of Thai Associate's establishment and an antibacterial body wash. On top of that, they continued to boost sales of their existing products with multiple promotions and sales campaigns.



The Emerging Cambodia Market

Our operations in the Cambodia market, overseen by our Thai Associate, made a significant contribution of 6% to the Group's overall revenue in 2023. Notably, the Distributors in Cambodia exhibited continued enthusiasm for our business model, as evidenced by the astonishing turnout of nearly 2,000 participants at the Zhulian Global International Convention held during the year.



MANAGING RISKS

Recognising the dynamic and evolving nature of the business landscape, the Group continued to look for ways to identify, address and mitigate risks that may emerge from its business processes or value chain. We in the Group firmly believe all risks come with opportunities, therefore as we foster a culture of risk awareness and accountability across all levels of the Group, we also continue to seek ways to capitalise on opportunities that may present. In the year of review, the Group’s Internal Control Team conducted an assessment on the materiality of the following subject matters that may pose risks to the Group’s business:

- | | |
|---|--|
| 1. Safety and health management | 6. Trademarks, licenses and certifications |
| 2. Scrap management | 7. Marketing campaigns |
| 3. Payroll management | 8. IT systems |
| 4. Indirect tax compliance - custom and sales tax | 9. Standard operating procedures for direct selling operations |
| 5. Slow moving products - jewellery (direct selling operations) | 10. Product launches |

We foster a culture of risk awareness and accountability across all levels of the Group, we also continue to seek ways to capitalise on opportunities that may present.

Among others, the followings were the key risk factors we identified, posing threats to the Group’s business performance:-

1 Pandemic Risk

The various variants of pandemic continue to pose a substantial risk to the Group’s business. A sudden outbreak can disrupt supply chains, hinder workforce availability, and dampen consumer demand. We will continue to take a caution approach with contingency plan to manage this risk, especially putting Health & Safety procedures, supply chain management and preparation of cash reserve as our top priority in order to remain resilience during challenging times, allowing the business to navigate any uncertainties in future.

2 Foreign Exchange Risk

The volatility of local currencies poses a potential threat, potentially resulting in increased costs that could adversely affect our business profitability. The denomination for the Group’s exports and imports is the United States Dollar ("USD"). This unique currency structure allows us to employ a natural hedging mechanism, helping to offset the risks associated with fluctuating exchange rates. In addition to natural hedging, we employ financial forecasting and budgeting as proactive measures to further mitigate the impact of foreign exchange fluctuations. These strategies collectively contribute to enhancing our resilience against the uncertainties posed by currency variations.

3 Information Technology (IT) Risk

The direct selling business division with regional networking system and e-Commerce platform of the Group relies heavily on information technology for operations, making IT risks a significant concern. The IT system may pose risks to data accuracy, privacy and security, and operation efficiency. Loss or inaccurate data can result in operational disruptions and reputational damage. We have put in place data protection measures, regular cybersecurity assessments, and continue to improve our system as our controls measures to further enhance IT resilience.

4 Credit Risk

Inadequate credit control among the Group’s Authorised Agents poses a credit risk that may lead to bad debts. To address this, we continue to look for ways to ensure our Authorised Agencies adhere strictly to our credit policies. We also monitor their payment patterns thorough regular credit assessments and stock count at agency level.



5

Market Risks

The growing competition in the e-commerce sector and Gig economy poses a threat to the viability of direct selling businesses. To navigate this risk, we continually assess market trends, customer preferences, and emerging technologies. Innovating products, improving customer experience, and enhancing digital marketing are our key initiatives to mitigate this risk. We also continue to increase our product mix to explore new markets to mitigate the impact of market risk to our business.

6

Regulatory Challenges

Ever-changing and stricter regulations present a challenge to ensuring compliance in the Group's diversified businesses. To manage regulatory risks, we regularly monitor changes in local and regional regulations. Internal controls are in place with established procedures to monitor the renewal of various licenses and certification as outlined by respective authorities to ensure all the subsidiaries under the Group do not breach any of the provisions or legislation applicable to the Group's current business activities.

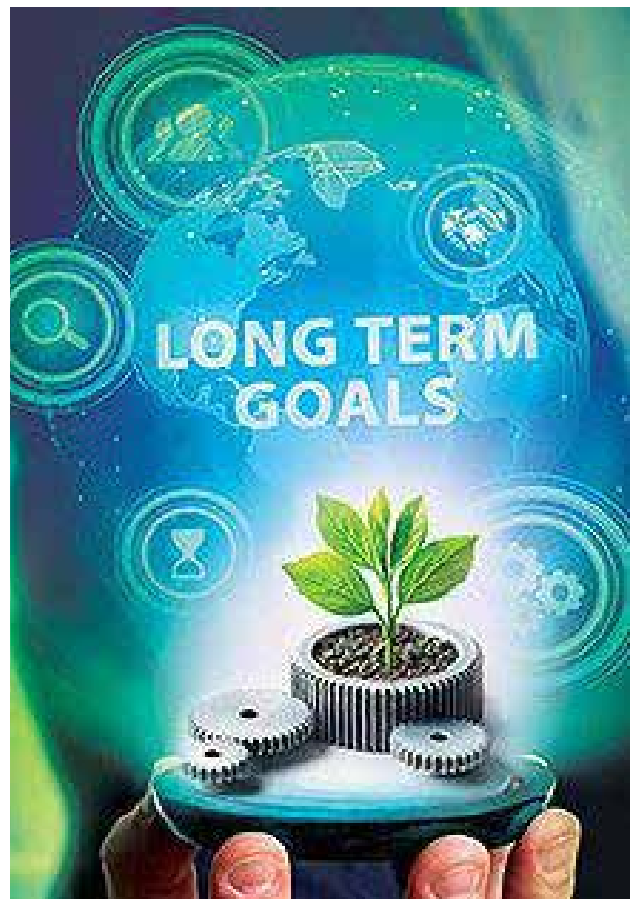
FORWARD-LOOKING STATEMENT

Going forward, according to Economic Outlook 2024 published by Ministry of Finance Malaysia, the Government is confident in achieving a growth rate of 4% to 5% in year 2024. The growth will be driven by sustained domestic consumption and improved export activities. Household spending will be supported by steady growth in employment and wage growth. However, the growth outlook is subject to downside risks from weaker-than-expected external demand, and larger and protracted declines in commodity production. On the other hand, the World Bank said Thailand's economic growth is expected at 3.2% in 2024, while Cambodia's economy is projected to witness an upward swing in 2024 with an anticipated growth rate of 6.6% according to the forecast report by the Ministry of Economy and Finance of Cambodia.

In the dynamic landscape of the regional direct-selling industry, we acknowledge the formidable challenges posed by a complex economic environment marked by inflation, cost pressures, and the lingering effects of the pandemic. These factors undoubtedly pose a challenge to our business, necessitating a strategic and adaptive approach. However, we are confident that the Group stands as a beacon of resilience amid these challenges. Our unwavering commitment to financial prudence has endowed us with substantial cash reserves, providing a solid foundation to navigate uncertainties.

Recognising the increasing importance of Environmental, Social and Governance ("ESG") considerations in today's business landscape, the Board reaffirms its unwavering commitment to ESG principles by ensuring robust compliance with Bursa's requirements and going beyond mere regulatory adherence. We understand that ESG initiatives do not only mitigate various business risks but also present significant opportunities for the Group's long-term value creation. Our ultimate sustainability goal is to contribute meaningfully to a sustainable and responsible business environment, thus safeguarding the interests of our stakeholders and reinforcing our position as a responsible corporate citizen.

Looking ahead, the Group remains optimistic about its ability to navigate business challenges successfully. Through a combination of strategic adjustments, operational efficiency enhancements, targeted marketing efforts, and distributor network revitalisation, reassessment of revenue streams, continued focus on cost containment and an emphasis on innovation and product/service differentiation to enhance overall competitiveness, the Group is poised to emerge stronger, more agile and better prepared for future uncertainties.



SUSTAINABILITY STATEMENT

This Sustainability Statement provides our stakeholders with a comprehensive picture of how the Group balances financial objectives with Environmental, Social and Governance (“ESG”) initiatives.

The Group is pleased to present our Sustainability Statement for the year ending 30 November 2023 that covers the Group’s sustainability initiatives based on information and data available from last financial year up to 30 November 2023. We are delighted to have this opportunity to share our commitments and progress in creating significant value for our stakeholders while operating in an environmentally and socially responsible manner.

When read in conjunction with our financial statements and other sections in this Annual Report, this Sustainability Statement provides our stakeholders with a comprehensive picture of how the Group balances financial objectives with Environmental, Social and Governance (“ESG”) initiatives. We, the management of ZHULIAN CORPORATION BERHAD, hereby provide assurance that the information presented in our sustainability statement was compiled and verified with care to ensure accuracy and in accordance with our internal sustainability reporting processes and criteria. We have exercised due diligence to ensure the data’s reliability and adherence to best practices in sustainability reporting.

Since the last financial year, the Group has taken significant initiatives towards enhancing our sustainability disclosures to comply with the Bursa Malaysia requirements on ESG with focus on risk management. We believe that ZHULIAN Group continues to positively impact our community and the environment by incorporating sustainability practices throughout our value chain.



We believe that ZHULIAN Group continues to positively impact our community and the environment by incorporating sustainability practices throughout our value chain.

SCOPE OF OUR SUSTAINABILITY STATEMENT

The Group adopted a structured approach in 2023 to establish and formalise a sustainability framework as part of our ongoing efforts to improve our sustainability practices. This Sustainability Statement (the “Statement”) represents our journey towards value creation, demonstrating the Group’s contributions to the economy,

unwavering efforts to improve society’s well-being and measures taken to minimise negative environmental impacts arising from our operations.

The table below illustrates the coverage of entities included in the Statement regarding the environmental sustainability matters.

The entities indicated are the subsidiaries participating in the Group’s key business operations. Our multi-level marketing business division and food and beverage production processes are considered as the key areas contributing to overall sustainability performance.

This Sustainability Statement (the “Statement”) represents our journey towards value creation, demonstrating the Group’s contributions to the economy, unwavering efforts to improve society’s well-being and measures taken to minimise negative environmental impacts arising from our operations.

Scope and boundaries

Business Segment	Business Activity	Entities
Manufacturing	<ul style="list-style-type: none"> F&B Manufacturing Facilities Traditional Health Supplements Manufacturing Facilities Jewellery Manufacturing Facility Home Technology Products Manufacturing Facilities Home Care Products Manufacturing Facilities 	Zhulian Industries Sdn. Bhd. Zhulian Nutraceutical Sdn. Bhd. Zhulian Jewellery Manufacturing Sdn. Bhd. Beyond Products Technology Sdn. Bhd. Zhulian Manufacturing Sdn. Bhd. Amazing Vestrax Sdn. Bhd.
Multi-level Marketing	<ul style="list-style-type: none"> Direct Selling Business Operation 	Zhulian Marketing (M) Sdn. Bhd.
Printing	<ul style="list-style-type: none"> Printing of packaging and marketing support materials 	Zhulian Printing Industries Sdn. Bhd.
Overseas Multi-level Marketing	<ul style="list-style-type: none"> Direct Selling Business Operation in Thailand and Cambodia 	Zhulian (Thailand) Ltd. Zhulian Network (Cambodia) Co., Ltd.

COMMITMENT IN SUSTAINABILITY

At our Group, we embrace a holistic approach to sustainability that goes beyond just being eco-conscious. It's about fostering a work environment where social responsibility and ethical considerations are integral to our day-to-day operations. From ensuring a safe and conducive workplace, our commitment to sustainability extends across the social and economic dimensions.

It's a philosophy and principle that shapes our decision-making processes, promoting a harmonious balance between people, planet and profit. In every aspect of our business, we aim to leave a positive impact to our stakeholders, the community and environment where we operate our business that can contribute to a sustainable future.

...beyond just being eco-conscious. It's about fostering a work environment where social responsibility and ethical considerations are integral to our day-to-day operations.

Dedicated to Socio-economic Development

We're committed to fostering socio-economic development by providing equal opportunities for entrepreneurship across diverse backgrounds through our Multi-level Marketing business model. Our mission is to empower individuals from various income groups, ethnicities and educational backgrounds to become independent entrepreneurs, driving economic growth and improved livelihoods in their communities.

Enhance Operational Efficiency while Minimising Environmental Impact

We prioritise operational efficiency to reduce costs and environmental impact, maintaining cleanliness, safety, and sustainability throughout our operations. By optimising resource usage, we not only focus on cost-effectiveness but also reduce our environment footprint, aligning our business practices with a greener, more sustainable future.

Continued Improvement on Product Quality

Our unyielding commitment to quality is upheld through internationally recognised standards, such as GMP, HACCP, ISO 22000, and ISO 9001, ensuring the highest product quality for our customers. These best manufacturing practices and quality management systems not only guarantee the safety and quality of our products but also reflect our dedication to minimise environmental footprint while meeting customer expectations that leads to building trust in our brand.

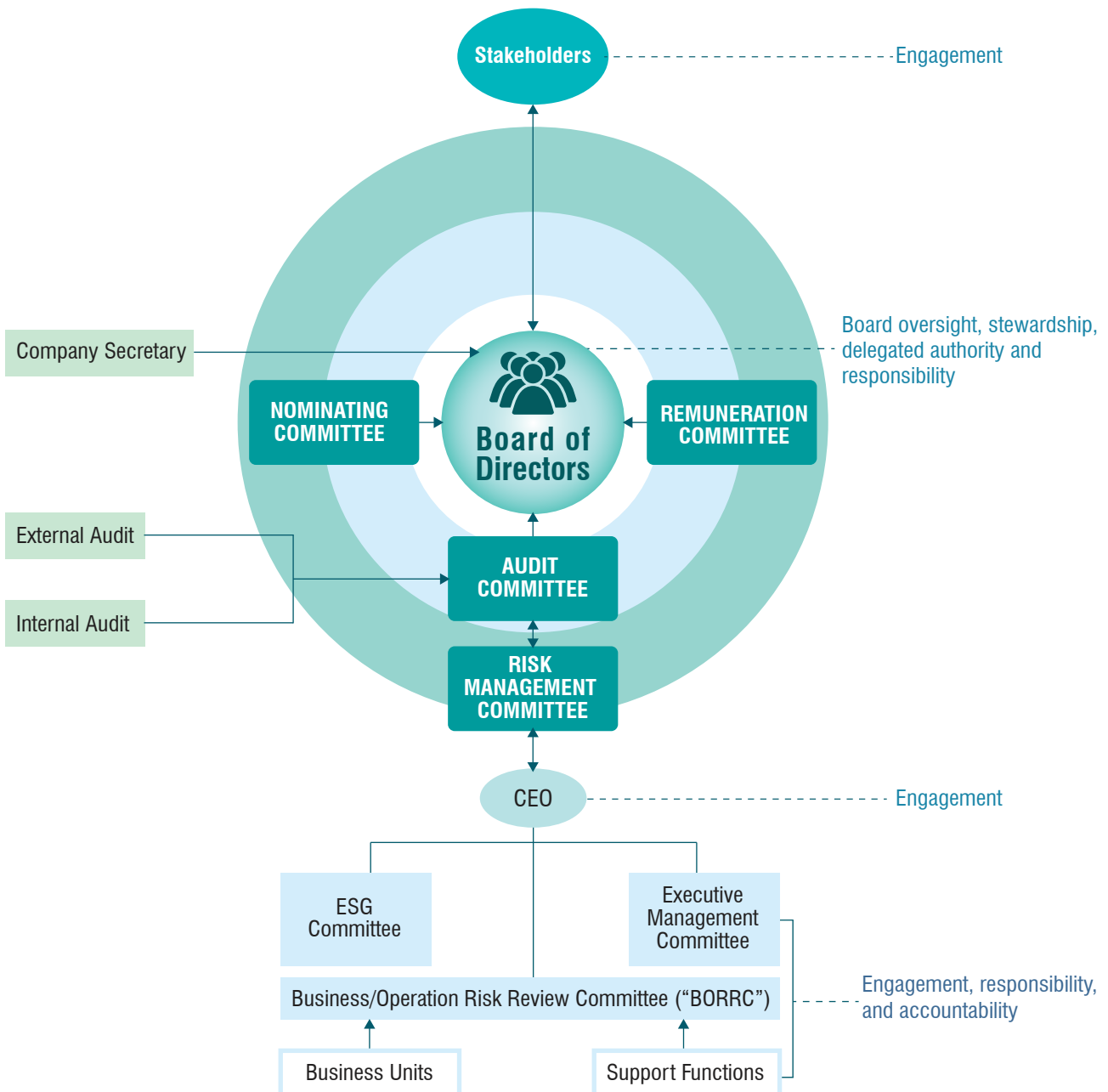


SUSTAINABILITY LEADERSHIP AND GOVERNANCE

The Group recognises that a well-governed company involves putting in place good corporate governance practices that will ensure the long-term success. We have established a framework which sets out roles, responsibilities, and methods of decision making. The collective efforts between Board and Management with the stakeholders continually strengthen processes, procedures and control systems. The framework promotes the principles of good governance and helps the Group respond appropriately through crisis and cushions it from the effects and impact of economic crisis while enhancing the overall sustainability and resilience of a business by incorporating risk management practices into the Group’s ESG sustainability frameworks.

The framework promotes the principles of good governance and helps the Group respond appropriately through crisis and cushions it from the effects and impact of economic crisis while enhancing the overall sustainability and resilience of a business




THE GROUP’S GOVERNANCE FRAMEWORK



STAKEHOLDER ENGAGEMENT

The Group has been upholding the commitment of building and nurturing relationships with various stakeholders with a shared focus on sustainability. The Group is committed to foster sustainable partnerships with our stakeholders in initiatives like ethical sourcing, fair labour practices, reducing environmental footprint, and community engagement as part of our corporate social responsibility.

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

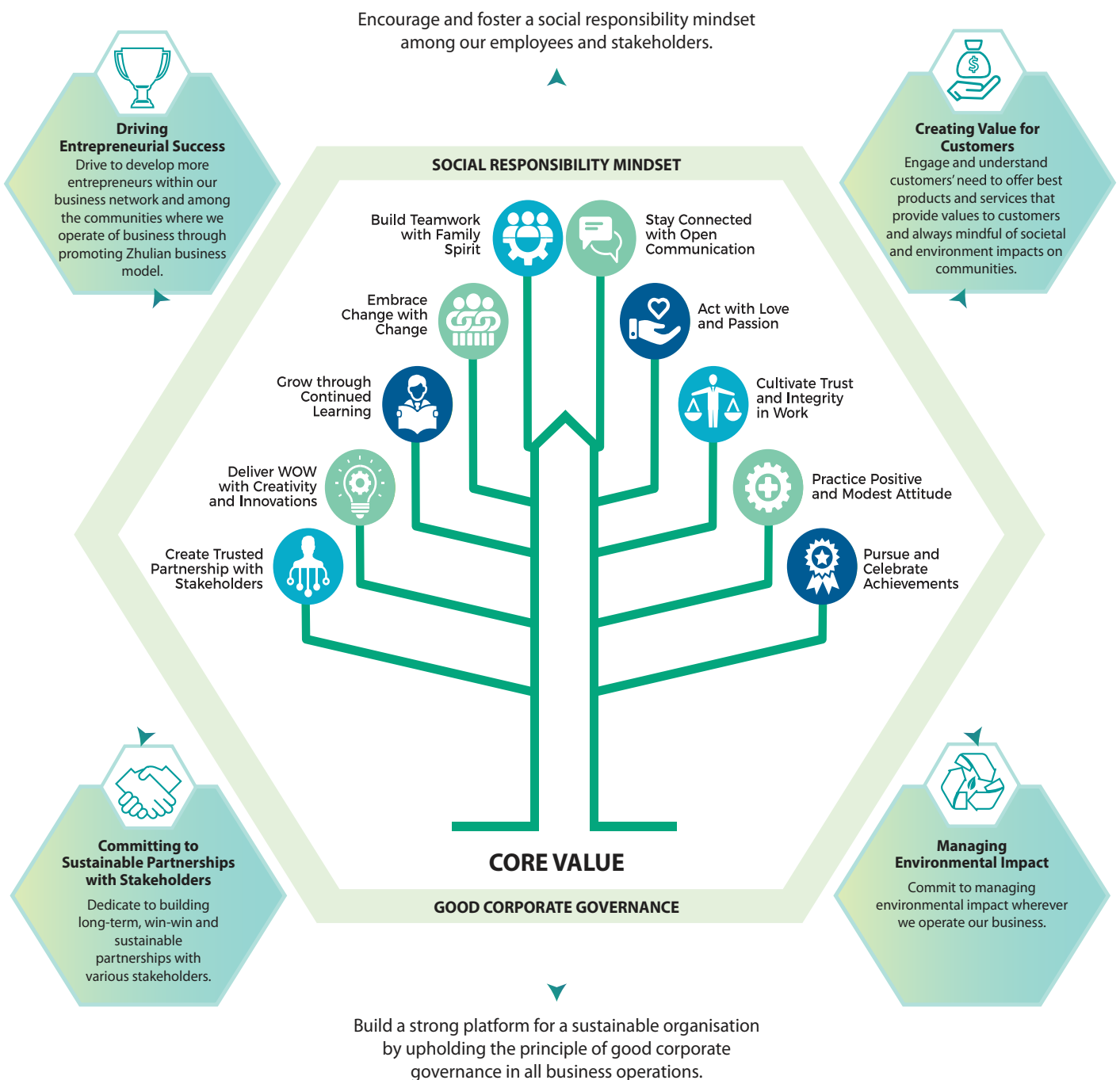
STAKEHOLDER GROUP	ENGAGEMENT METHOD
 <p>Distributors and Customers We strive to provide quality products and services to meet the customers' expectation and at the same time support Distributors in growing their business.</p>	<ul style="list-style-type: none"> • Customer Service Hotline • Social media and website • Online and offline training and development programmes • Promotion Campaigns • Marketing Activities –conventions, seminars, meetings. • Plant Tours
 <p>Authorised Agents 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 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 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 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 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 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

The Group is committed to foster sustainable partnerships with our stakeholders in initiatives like ethical sourcing, fair labour practices, reducing environmental footprint, and community engagement as part of our corporate social responsibility.

OUR SUSTAINABILITY FRAMEWORK

The Group continued to adhere to the sustainability framework as a structured approach that guides the entire Group in addressing environmental, social, and economic challenges while striving for long-term viability and responsible resource management. This framework encompasses our Core Values and 4 sustainability drivers. It involves the integration of sustainable practices into decision-making processes, emphasising the need to balance present needs with the preservation of resources.

The sustainability drivers were established as the key priorities and forces that motivate each and every one under the umbrella of ZHULIAN Group to prioritise and pursue sustainable practices. Overall, these sustainability drivers collectively guide our actions towards a more harmonious balance between good governance and social responsibility mindset that includes environmental stewardship, social responsibility, and economic prosperity.



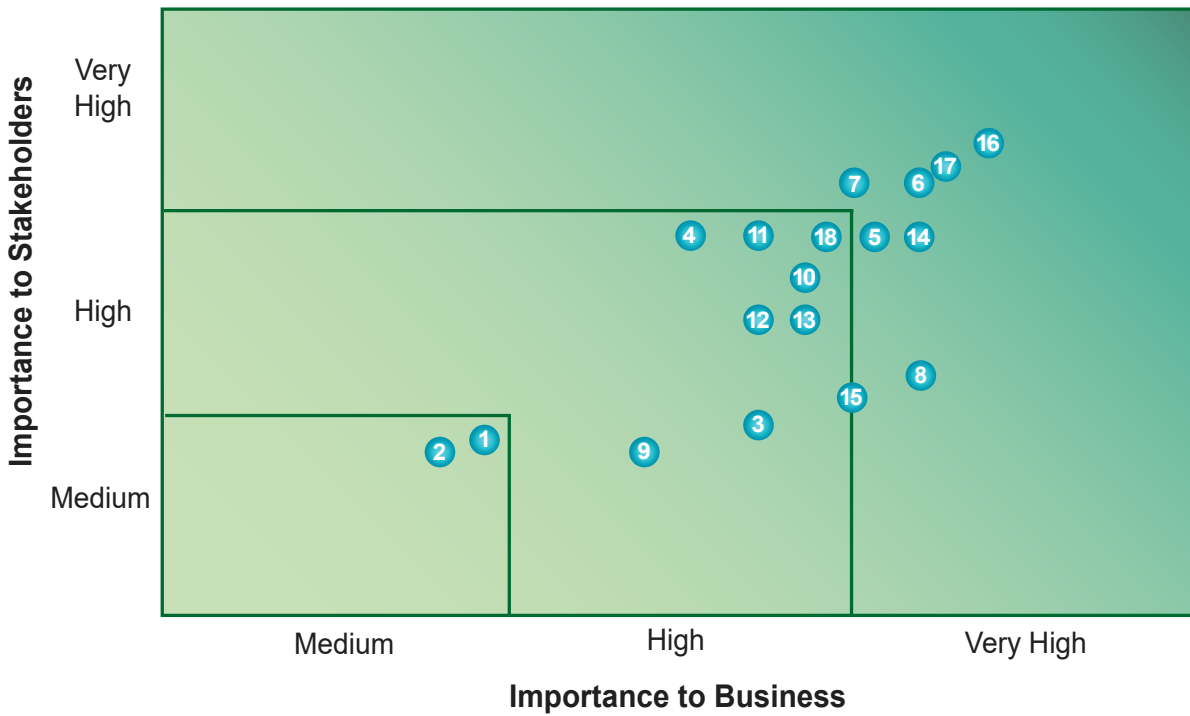
Stepping up ESG initiatives for risk mitigation

In alignment with our commitment to sustainable business practices, we had established our Sustainability Materiality Matrix. This comprehensive analysis identifies and prioritises key environmental, social, and governance (ESG) and economic factors that are integral to our operations and resonate with our stakeholders. This strategic tool reflects our dedication to transparency and responsible decision-making, enabling us to focus on the most significant sustainability issues. This dynamic framework will guide our efforts in addressing material concerns, fostering resilience, and contributing to our

long-term success as a socially and environmentally responsible corporate entity.

With this materiality matrix as the basis of our sustainability initiatives, the Group is committed to intensifying ESG efforts and will gradually integrate sustainability into our core business strategies and quality management systems across our business processes with the objective to further enhance resilience and overall risk management capabilities besides ensuring economic sustainability.

Zhulian Group's Materiality Matrix








Environmental	1 Water Usage and Energy Consumption	Governance	13 Corporate Governance
	2 Waste Management and Pollution Control		15 Regulatory Compliance
	8 Research and Development		16 Financial Performance
Social	3 Workplace Health and Safety	Social	17 Empowering Entrepreneurial Success
	4 Respecting Diversity and Equality		18 Responsible Procurement Practices
	5 Ensuring Employees' Overall Welfare		
	6 Product Quality and Safety		
	7 Customer Responsibility		
	9 Community Engagement		
	10 Employee Training		
	11 Talent Management & Succession Planning		
	12 Intellectual Properties, Safeguarding Data Confidentiality & Privacy		
	14 Ethical Business Practices		





Note: Due to resources limitation, the Group has yet to implement any system to manage the Group's business impact on climate change in the aspect of carbon footprint.

...our Sustainability Materiality Matrix identifies and prioritises key environmental, social, and governance (ESG) and economic factors that are integral to our operations and resonate with our stakeholders.

United Nations Sustainable Development Goals (“SDG”)

The Group has identified 9 SDGs which the Group believes having the most impact as a business through the Group’s operations and sustainability initiatives.

	The Group’s Perspectives	The Group’s Efforts and Initiatives	Reference	
	<p>Goal 1 : No Poverty End poverty in all its forms everywhere.</p>	<p>The Group is committed to ending poverty everywhere. We focus on strategies and initiatives that help and provide opportunities to those in need.</p>	<p>Eradicate Poverty: The Group is dedicated to eliminating poverty in all forms worldwide. We support initiatives that offer vital resources, education, and economic chances to improve communities. Our goal is to build lasting solutions for a secure and thriving life for all.</p>	<p>Page 44, 47, 50</p>
	<p>Goal 3: Good health and well-being Ensure healthy lives and promote well-being for all at all ages.</p>	<p>The Group is deeply committed to ensuring a safe and healthy workplace as well as promoting healthy living through the products we offer.</p>	<p>Health and Safety at the Workplace: The Group ensures a secure work environment for its employees, maintaining a focus on their well-being. We prioritise the well-being of our employees by actively promoting health and safety measures. Any potential risks to workplace safety are taken very seriously and addressed promptly. Healthy Living: We have a host of health-promoting products that help enhance overall wellness among consumers.</p>	<p>Page 39, 43, 46-47</p>
	<p>Goal 4: Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>The Group is committed to fostering the growth, advancement, and integration of its employees, Distributors and the broader community by endorsing educational and skill-building initiatives.</p>	<p>Employee Training and Development: The Group is dedicated to investing in the continuous learning and development of our employees, aligning with the Group’s strategic vision for the future. Additionally, through our direct selling business model, we are committed to supporting educational initiatives via a host of training programmes conducted and within the community through health seminars.</p>	<p>Page 45</p>
	<p>Goal 5: Gender Equality Achieve gender equality and empower all women and girls.</p>	<p>The Group is focused on achieving gender equality and empowering women and girls. We are committed to creating opportunities and promoting equal rights for all.</p>	<p>Empowering Equality: The Group supports initiatives and programmes aimed at promoting gender equality and empowering women and girls organised by NGOs as well as through our direct selling business model. Our efforts are directed towards ensuring equal opportunities and fostering an inclusive environment.</p>	<p>Page 41-42</p>
	<p>Goal 8: Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>The Group is dedicated to creating a dynamic and energetic work environment for its employees.</p>	<p>Equal Opportunities to earn a living: The Group is steadfast in providing equal employment opportunities, ensuring that career advancement is free from discrimination. We uphold a strict zero-tolerance policy against sexual harassment. We also provide opportunities for individuals from diverse socio-economic backgrounds to engage in entrepreneurial activities and earn income through direct selling business, thus help in promoting economic growth.</p>	<p>Page 41, 43-44, 50</p>

	The Group's Perspectives	The Group's Efforts and Initiatives	Reference
 <p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>	<p>Goal 9: Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>	<p>The Group places a high priority on innovation, considering it essential for developing future solutions across various business sectors.</p>	<p>Research and Development: The Group continues to foster innovation and improve our current products' efficiency, with the goal of more effectively fulfilling customer requirements.</p> <p>Page 39, 46</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Goal 10: Reduced Inequalities Reduce inequality within and among countries.</p>	<p>The Group is dedicated to ensuring equal opportunities for all to join the Group's workforce as well as the direct selling business network.</p>	<p>Equal Opportunities: The Group provides equal chances for employment and advancement to all employees across every level. We are committed to a non-discriminatory approach, recognising and valuing contributions based on merit, skills, experience, and commitment. In addition, we also provide individuals, regardless of their background or socio-economic status, with an equal opportunity to participate in entrepreneurial ventures to generate income through the direct selling model.</p> <p>Page 41, 50</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Goal 12: Responsible Consumption and Production Ensure sustainable consumption and production patterns.</p>	<p>The Group closely oversees resource optimisation and waste management processes as an integral component of its business operations.</p>	<p>Sustainable Waste Management and Responsible Procurement: We adopt sustainable practices throughout its supply chain. This includes implementing efficient and environmental conscious manufacturing processes, reducing waste, and ensuring the responsible sourcing of raw materials to minimise environmental footprint and encourages sustainable consumption patterns. We also educate our consumers via social media and printed media, fostering a culture of mindful consumption.</p> <p>Page 38, 46, 50</p>
 <p>13 CLIMATE ACTION</p>	<p>Goal 13: Climate Action Take urgent actions to combat climate change and its impact.</p>	<p>The Group is dedicated to reducing our environmental impact in all our business activities.</p>	<p>Green Practices: The Group is dedicated to reducing the environmental footprint. We have plans in place to lower emissions, promote green practices, utilise renewable energy to protect our environment. Our goal is to make a positive impact, ensuring a sustainable future.</p> <p>Page 38-39</p>

ENVIRONMENTAL SUSTAINABILITY

In line with our objective to reduce the environmental impact of our business, we have implemented strategies that ensure optimisation of resources and energy usage while minimising waste, and we constantly seek greener alternatives in what we do. In addition, we also prioritise sustainable and responsible sourcing in acquiring raw material, selecting of vendors and managing supply chain.

We are committed to complying with all applicable legal environmental requirements of Department of Environment and aspire to continuously improve our environmental performance and maintain transparent reporting. In the year of review, the Group has not incurred any significant fine for noncompliance with environmental laws and regulations.

...ensure optimisation of resources and energy usage while minimising waste, and we constantly seek greener alternatives in what we do.



Water Usage & Energy Consumption

In year 2023, total volume of water used by the Group was 51.9 ML and total energy consumed was 6,309.2 MWh. Comparing the data from the previous year, we have successfully decreased our water consumption by 2.1% and electricity usage by 0.3%.



Water Consumption (ML)

51.9ML

2022: 53.0 ML
*ML = mega litre



Electricity Consumption

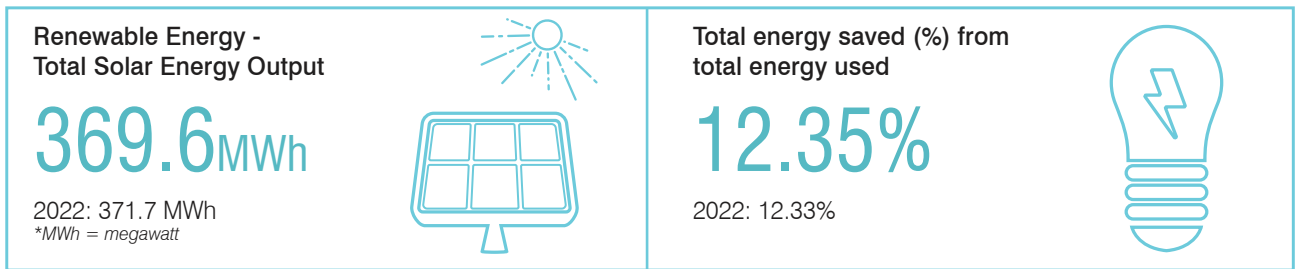
6309.2MWh

2022: 6327.9 MWh
*MWh = megawatt



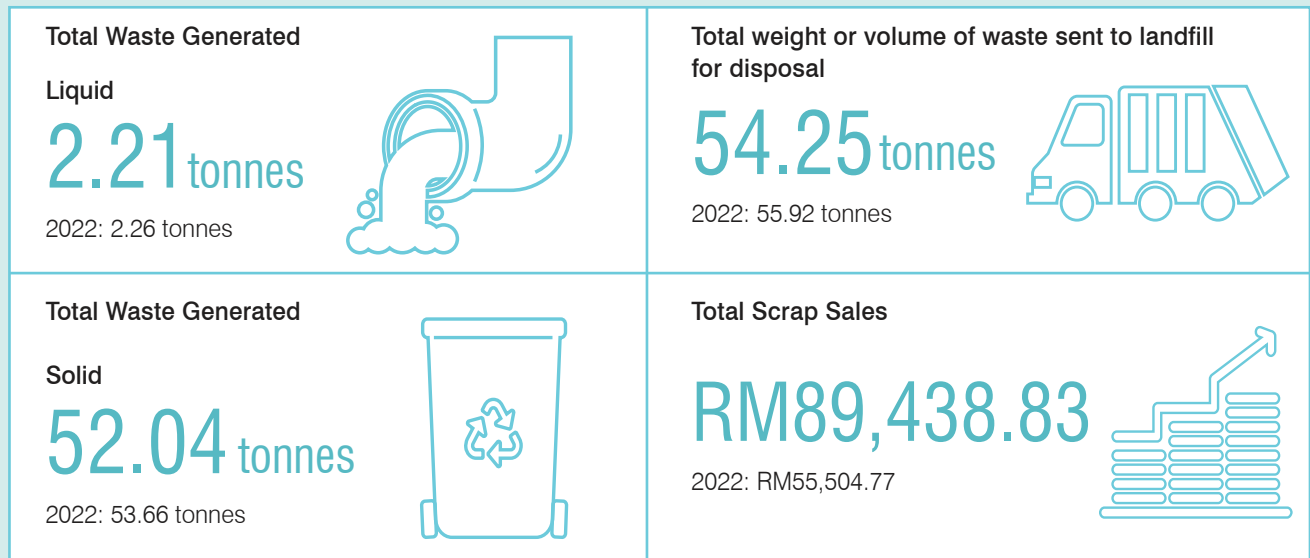
The Group has undertaken a transformative step towards a greener future through the integration of renewable energy sources, particularly solar energy by installing solar panel of one of our premises that houses the manufacturing facilities of our food and beverage products and traditional health supplements.

By harnessing the power of the sun, we aim to not only reducing our carbon footprint but also contributing to a cleaner and more sustainable environment. In the year, by investing in solar panel to generate renewable energy, the Group achieved a 12.35% reduction in power consumption of the manufacturing facilities.



Waste Management and Pollution Control

We continue to find ways to optimise resource use while reducing waste sent to landfills by reusing, recycling and renewing materials wherever possible. This includes careful inventory management and utilising materials efficiently in production processes. In addition, the Group has taken initiative to implement a waste segregation system to separate recyclable materials from general waste. We have scheduled waste management system in place for proper handling of recyclable and non-recyclable waste and in accordance to regulatory requirement, from identification and segregation to handling, storage of recyclable waste or scrap materials. The disposal method of non-recyclable waste also complies with environmental regulations. Only licensed scrap disposal vendors are engaged to handle such disposal.



*The Group produces 3% less hazardous waste this year compared to year 2022, demonstrating a commitment to efficient waste management practices.



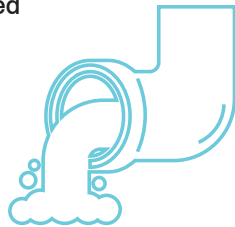
In the aspect of water pollution control, environmental-friendly wastewater treatment systems are installed at our jewellery, food and beverage, and traditional health supplement manufacturing plants to treat wastewater of production process to remove toxic or chemical waste prior to the discharge of 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.

Total Wastewater Discharged

6.07 ML

2022: 8.08 ML
*ML = megalitre



Total fine/penalties for non-compliance with waste management laws or regulations

0

2022: 0



Research and Development

We are committed to make strategic choices at every stage of product research and development process as well as production process in order to minimise excess inventory and reduce wastage of disposal. We strive to develop products that are more resource-efficient and environmentally friendly. In line with our environmental sustainability goals, we integrated our innovation into our sustainability efforts by developing energy-efficient air

purifiers, water purifiers, and food detoxifiers that adopted ozone theory with the primary goal of improving environmental quality and human health. These products contribute to environmental protection by improving the quality of air and water, promoting sustainable water management, and adopting eco-friendly cleaning practices to improve well-being of humankind.



Others Go Green Initiatives

Year	Go Green Activities
Since 2022	Conversion of printed material like the Annual Report, catalogues, and Distributors' commission statements into easily accessible electronic versions.
Since 2022	Replacement of Plastic Authority Card to E-Authority Cards, allowing Distributors to conveniently print them through their member accounts on our official website.
At all times	Encourage all employees to print or photocopy only when necessary and use recycle paper for printing and constant reminder to all employees to recycle, reuse and conserve water and electricity with posters on notice board.
Since 2023	Adopt Microsoft 365 Team to share documents electronically among key department heads and management team members.

SOCIAL SUSTAINABILITY

At the core of our mission is a deep commitment to fostering healthier and more vibrant communities. We recognise that our actions in every business activity influence the lives of our Distributors, employees, customers, and the community at large with our unique business model. Our dedication to social responsibility primarily focuses on economic empowerment through

entrepreneurship, ensuring the health, safety, and well-being of those connected to our business network. Beyond that, we continue to provide our ZBOs with the support they need to not only succeed in their businesses but also contribute to the growth and well-being of the communities they serve.



Our dedication to social responsibility primarily focuses on economic empowerment through entrepreneurship, ensuring the health, safety, and well-being of those connected to our business network.

Respecting Diversity & Equality

We affirm our dedication to treating every individual with dignity and respect within our Group by fostering a positive work culture that embraces diversity without discrimination. Our stringent policies explicitly prohibit any form of harsh or inhumane treatment towards our employees and other stakeholders. We continue to uphold the principles of equity, diversity, inclusion, and belonging, ensuring that equal opportunities for career advancement are extended to each and every individual under the Group irrespective of their age, gender, religion and race.

Furthermore, we staunchly reject the employment of individuals below the local legal age requirement. Our business model is designed with the purpose of creating a positive impact on people's lives, safeguarding fundamental human rights, and adhering rigorously to all applicable laws to prevent any form of abuse. In year 2023, 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.

We affirm our dedication to treating every individual with dignity and respect within our Group by fostering a positive work culture that embraces diversity without discrimination.

Number of substantiated complaints concerning human rights violations / discriminations

0

2022: 0



During the closing of FY2023, the Group had 541 employees consisting of 421 Non-Executive and 120 Executives, among which only 6 were contract employees who were employed on contractual basis after their retiring age. The following are the breakdowns according to the diversity, age composition and gender composition of the Group's work force.

EMPLOYEE ETHNICITY DISTRIBUTION (excluding sub-contract employees)



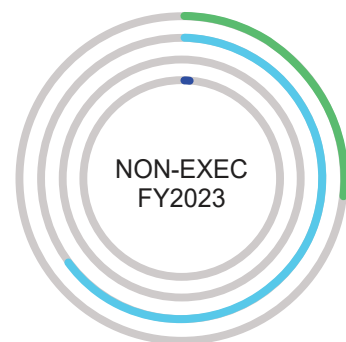
- Bumiputra 29.02%
- Chinese 70.24%
- Indian 0.37%
- Others 0.37%

FY2022:
 Bumiputra 29.33%
 Chinese 69.76%
 Indian 0.36%
 Others 0.55%



- Bumiputra 10.0%
- Chinese 88.3%
- Indian 1.7%
- Others 0%

FY2022:
 Bumiputra 34.4%
 Chinese 65.1%
 Indian 0%
 Others 0.5%



- Bumiputra 34.4%
- Chinese 65.1%
- Indian 0%
- Others 0.5%

FY2022:
 Bumiputra 34.5%
 Chinese 64.6%
 Indian 0.2%
 Others 0.7%

*EXEC = EXECUTIVE NON-EXEC = NON-EXECUTIVE

EMPLOYEE AGE DISTRIBUTION (excluding sub-contract employees)



● 18-29 11.1% ● 40-49 38.6%
● 30-39 20.7% ● 50-59 28.5%
● ≥60 1.1%

FY2022:

18-29 12.5% 40-49 38.8%
30-39 24.8% 50-59 23.0%
≥60 0.9%



● 18-29 11.7% ● 40-49 23.3%
● 30-39 12.5% ● 50-59 49.2%
● ≥60 3.3%

FY2022:

18-29 6.5% 40-49 28.7%
30-39 15.7% 50-59 47.2%
≥60 1.9%



● 18-29 10.9% ● 40-49 43.0%
● 30-39 23.0% ● 50-59 22.6%
● ≥60 0.5%

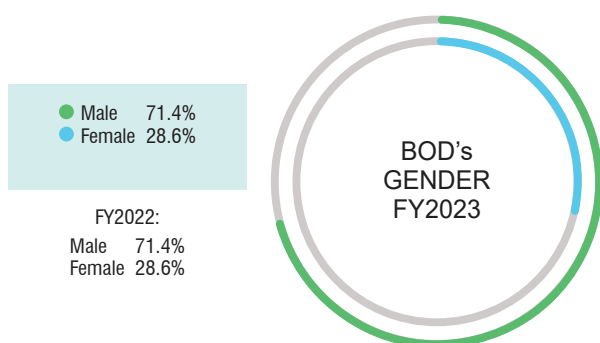
FY2022:

18-29 14.0% 40-49 41.3%
30-39 27.0% 50-59 17.0%
≥60 0.7%

EMPLOYEE GENDER DISTRIBUTION (excluding sub-contract employees)

	Male	Female
TOTAL EMPLOYEES	47.32% 2022: 46.63%	52.68% 2022: 53.37%
EXEC	44.17% 2022: 44.44%	55.83% 2022: 55.56%
NON-EXEC	48.22% 2022: 47.17%	51.78% 2022: 52.83%

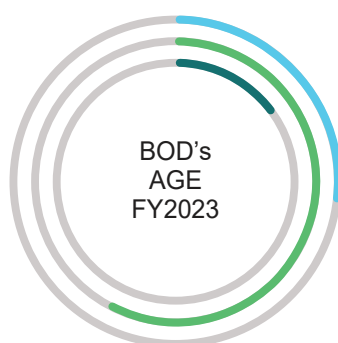
BOARD OF DIRECTORS' GENDER AND AGE DISTRIBUTION



● Male 71.4%
● Female 28.6%

FY2022:

Male 71.4%
Female 28.6%



● 40-49 26.6%
● 50-59 57.1%
● ≥60 14.3%

FY2022:

40-49 26.6%
50-59 57.1%
≥60 14.3%

*EXEC = EXECUTIVE NON-EXEC = NON-EXECUTIVE BOD = BOARD OF DIRECTORS

Workplace Health and Safety

Through the rigorous adherence to industry-leading standards such as ISO 9001, ISO 22000, GMP, and HACCP, we ensure best practices in cleanliness, safety, and health across all our operations. To proactively address potential issues and concerns, we have instituted an Occupational Safety and Health (“OSH”) Committee. Meeting regularly every three months, the committee identifies key risks in health and safety concern, and formulates effective solutions to ensure the well-being of employees under the Group.

In the year, an internal audit was conducted on the safety and health management of the Group to ensure compliance to the Occupational Safety and Health Regulation 1996 and the guidelines on Occupational Safety and Health 1994 (Act 514) and the result was satisfactory.

Even though all of us have entered into endemic phase since last year, the Group encourage employees who have flu or fever symptoms to wear facial masks as health protection measures to other employees. The Management continue to adhere to the latest

standard operating procedures (SOPs) issued by the relevant authorities in our regional operations to curb the spread of COVID-19 as precaution measures. Internal audit is also conducted regularly to ensure proper control on this risk. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company’s premises. Furthermore, signages for escape routes and exits are placed clearly to ensure that employees are able to evacuate from the premise orderly and safely in the event of emergency.

The following is the statistics of the Group’s health and safety related trainings:

	FY2023	FY2022
Number of external health & safety trainings attended	11	6
Number of employees trained externally on health & safety standards	87	36
Number of health & safety awareness trainings conducted internally	44	33
Number of employees involved	253	287
Total number of employees trained on health & safety standards	340	323
Total hours of external & internal training	3116.5 hours	2096.5 hours

Here are the indicators of the health and safety standards of the Group:

	FY2023	FY2022
Total Reported Industrial Accident	4	4
Total Reported Road Accident	6	6
Number of work-related fatalities	0	0
Lost Time Incident Rate	0.44%	0.22%



Ensuring Employees' Overall Welfare

We are committed to create a workplace culture that values and supports employees, ultimately enhancing productivity, and retention. We offer our employees wages and benefits better than what are required by the Employment Act 1955. All our employees are provided with staff uniform, company transport, meal allowance, in-house and panel clinics medical facilities; and insured with Group Hospitalisation insurance.

During FY ending 30 November 2023, a total of 22 employees were recruited and 32 employees left the Group, out of whom 2 had retired. As at the end of FY2023 we had a total of 541 employees in our Group. The turnover rate for permanent employees was 6% and the recruitment rate was 4%.



We are committed to create a workplace culture that values and supports employees, ultimately enhancing productivity, and retention.

Employees' Recruitment/Turnover Rate

	FY2023				FY2022			
	IN		OUT		IN		OUT	
	Exec	Non-Exec	Exec	Non-Exec	Exec	Non-Exec	Exec	Non-Exec
Total number of employee turnover by employee category	6	16	5	27	2	25	11	64
Recruitment Rate / Turnover Rate (%)	5%	3.8%	4.2%	6.4%	1.9%	5.7%	10.2%	14.5%

Employee Training

The Group is committed to offer equal personal growth opportunity to our employees through learning and development programs, including internal and external training to upgrade their respective skillset.

Staff Training & Development

	FY2023		FY2022	
	Exec	Non-Exec	Exec	Non-Exec
External Training				
Total employees involved	99	27	30	42
Total hours of training	3015	917.5	628	799
% trained	82.5%	6.4%	27.8%	9.5%
Average hours per employee	7.3 hours		2.6 hours	

	FY2023		FY2022	
	Exec	Non-Exec	Exec	Non-Exec
Internal Training				
Total employees involved	67	382	59	383
Total hours of training	372.9	2894.3	469.2	3137.1
% trained	55.8%	86.6%	54.6%	86.8%
Average hours per employee	6.0 hours		6.6 hours	

Talent Management & Succession Planning

In the Group, we place importance in nurturing key talents within our workforce. The Group fosters a culture of continuous learning, providing opportunities for employees to acquire new skills and experiences while continue to identify and groom individuals within the Group to fill key leadership positions in the future.

The Management maintains good communication and interaction with the employees to ensure clarity of vision and better alignment to the organisational goals. Apart from this, we also foster a sense of community within the workplace through team-building activities. In the year we organised a team-building workshop namely "Let's Be Great Together" involving 101 employees ranking Assistant Officer and above.

The Group fosters a culture of continuous learning, providing opportunities for employees to acquire new skills and experiences.



Product Quality & Safety

We place the highest priority in our product quality and safety especially for our consumable range of products. Particularly, the Group’s Food and Manufacturing Division and Tradition Health Supplement Manufacturing Division have ingrained in their day-to-day operation the Quality Management System (“QMS”) established in conformity with ISO 9001 and ISO 22000 criteria. On top of that, our Homecare Products Manufacturing Division also adhere to the ISO 9001 International Quality Management System.

Being a Malaysian company, we are dedicated to obtaining Halal certification for every product according to strictest hygiene and sanitary standards stipulated under Halal regulatory requirements set by the Department of Islamic Development Malaysia (JAKIM).

The scope encompasses ingredient selection, facility separation, staff training, proper labelling, and packaging. We believe Halal certification is necessary for maintaining consumer trust, and it can significantly impact market access and international trade, particularly in regions with substantial Muslim populations. Our winning of The BrandLaureate World Halal Best Brands E-Branding Awards 2021 for The Consumer General Health Supplement Category is a testament of our steadfast commitment to ensure strong market positioning in Halal market.



	FY2023	FY2022
Product Recall	0	0

...the Group’s Food and Manufacturing Division and Tradition Health Supplement Manufacturing Division have ingrained in their day-to-day operation the Quality Management System (“QMS”) established in conformity with ISO 9001 and ISO 22000 criteria.



Customer Responsibility

The Group remains unwaveringly dedicated to ethical, transparent and customer-centric practices. Our foremost commitment lies in creating value for customers by continuously innovating to enhance product quality and offering good customer service and fair pricing. To ensure customer satisfaction, the Group encourages employees at all levels to cultivate positive relationships and effective communication with Distributors and Customers while persistently improving service quality.

Simultaneously, the marketing team plays a crucial role in educating and training Distributors on responsible, ethical and professional customer engagement.

Furthermore, we uphold responsible labelling standards, ensuring that all product labels obtain approval from relevant authorities. In terms of advertising and promotions, we diligently avoid overclaims or misrepresentation of product benefits, and none of our advertisements include offensive

material targeting religious, political, ethnic, gender, cultural or social groups.

Addressing customers' queries and concerns promptly is a key aspect of our commitment, and we take proper measures to rectify any issues that may arise. Notably, in the years 2022 and 2023, the majority of customer complaints pertained to packaging materials, with no reported concerns regarding product quality or safety issues.

Our foremost commitment lies in creating value for customers by continuously innovating to enhance product quality and offering good customer service and fair pricing

No. of Customer Complaints on products

11

2022: 14

Community Engagement

The Group's core business involves offering business opportunities for local community members that helps in reducing poverty rates and contributes to the economic development of the community. The Group stands resolute in its dedication to enhance the well-being of individuals and society at large. Our business model provides a platform for like-minded individuals to earn a secondary income by marketing our products, thereby improving standard of living. Central to our mission is the development, manufacturing, and distribution of products designed to make a positive impact on humanity in the aspect of enhancing beauty and health.

Apart from that, we also continue to play our role as a responsible corporate citizen by contributing to local charity body through financial donations for a noble course. In 2023, the Group's subsidiary Zhulian Marketing (M) Sdn Bhd demonstrated corporate philanthropy by contributing with a cutting-edge defibrillator unit valued at RM80,000 to the Penang Red Crescent Society and donating RM10,000 for their fund-raising dinner. This generous contribution reinforces the Group's commitment to community well-being and significantly bolsters the Red Crescent Society's ability to respond effectively to cardiac emergencies. This benevolent gesture

underscores the Group's dedication to humanitarian causes and its role in fortifying societies.

Besides, the Group also supported the Women's Centre for Change and Penang Women Chamber of Commerce by being a sponsor for their respective event by contributing RM10,000 and RM5,000 respectively. On top of that, the Group contributed RM50,000 to the Penang Chinese Assembly Hall 95th Charity and Education Fund while being a co-sponsor of 'Accessible Travel 2.0' by sponsoring goodie bags and a cordial lunch for 14 disable and physically challenged individuals from Beautiful Gate Foundation.



Our business model provides a platform for like-minded individuals to earn a secondary income by marketing our products, thereby improving standard of living.

Total amount contributed to the community in the forms of donations and contribution in kind

RM158,090.86

2022: RM96,000.00



Intellectual Properties, Safeguarding Data Confidentiality and Privacy

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 are 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 Handbook of 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 to breaches of Distributor or customer privacy or losses of

data. To enhance the protection of the Group's intellectual properties, we intensified our initiatives in the recent years to formally register trademarks for the Group's products and brands. Concurrently, we implemented secure data storage systems and conducted training programs, aimed at safeguarding trade secrets and proprietary information. These multifaceted strategies reflect our commitment to ensuring the utmost security and confidentiality of our valuable intellectual assets, reinforcing our position in the marketplace.

	FY2023	FY2022
Number of substantiated complaints concerning breaches of customer privacy or data loss	0	0

Enhancing Ethical Business Practices

Business ethics is imperative in our direct selling business model, as it establishes trust between Distributors and customers, ensuring accurate and truthful information, customer satisfaction and long-term relationships. Since the Group's establishment in year 1989, we have placed importance on ethical conducts and business practices and these align with our role as a socially responsible corporate entity. Ensuring the highest ethical standards across our Distributor network is integral to our initiatives, which include furnishing precise and truthful product information, adhering to regulations, and promoting fair competition through compliance with the Zhulian Royal Business Plan and Rules of Conduct.

In the year of review, the direct selling business division launched the new Rules of Conduct to enhance the ethical standards and compliance with local regulations on direct selling business. Memos and circulars were also issued as means of regular reminder to our Authorised Agencies and ZBOs on ethical selling practices and the Company's commitment to responsible business.



ECONOMIC SUSTAINABILITY

At ZHULIAN, we aim to balance business profitability through contributing to the well-being of our Entrepreneurs and the community while minimising the adverse impact on the environment. We place importance on our impacts on the economic conditions of our stakeholders and on economic systems at local and regional levels.



Cultivating a Culture of Integrity and Transparency

We adopt a zero-tolerance approach against all forms of bribery and corruption across the Board and all levels of employees. We are strongly dedicated to ethical business practices, integrity, and compliance with anti-corruption laws. All the new employees are briefed on the Group's policy on corruption and bribery incident during orientation. A memo was issued to all employees to stress the Management's stern standpoint on integrity

issue and ensure all employees are aware of the stipulated Anti-bribery, Anti-corruption and Whistle-blower policies. During the year of review, a total of 16 Managers (equivalent to 13.3% of total employees ranking executive and above) were trained and accessed on the Group's policies regarding the bribery and corruption incidents. So far, there is no corruption or bribery cases in the Group.

	FY2023	FY2022
Number of corruption or bribery incidents	0	0



Financial Performance

The financial performance of the Group stands as a paramount indicator of economic sustainability, offering invaluable insights into the holistic health and resilience of our business. Three key components that function as benchmarks for assessing our financial standing are Revenue, Profit Before Taxation ("PBT"), and Profit After Taxation ("PAT"). Despite an overall downtrend in our performance, we persevered in showcasing profitability across our diversified business portfolio. This serves as a clear testament to the Group's enduring business viability over the long term. Even in the face of challenges, our ability to maintain profitability underscores the strategic strength and adaptability embedded within the Group's operations, reinforcing our commitment to sustained success in a dynamic economic landscape. Please refer to the Group Financial Highlights for the details of the Group's financial performance.

Even in the face of challenges, our ability to maintain profitability underscores the strategic strength and adaptability embedded within the Group's operations, reinforcing our commitment to sustained success in a dynamic economic landscape.

Empowering Entrepreneurship Success

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. This is our way to help develop the regional economy and generate new sources of income for population at large towards financial independence, and ultimately make a positive contribution towards sustainable socioeconomic development.



Our marketing team also regularly engages ZBOs, seek feedback to drive continuous improvement through conducting marketing activities such as online and offline seminars and meetings. Our bi-monthly newsletter and regular postings through social-media platform also include educational and motivational content that further enhances the value proposition. Nevertheless, the pandemic threat, keen competition and challenging market condition in the recent years exerted an ongoing impact on the sustainability of our network. This is evident in the reduced number of total Distributors during the year under review, as illustrated below:

	FY2023	FY2022
No. of Distributors	210,453	223,347
No. of Authorised Agencies	204	226

...help develop the regional economy and generate new sources of income for population at large towards financial independence, and ultimately make a positive contribution towards sustainable socioeconomic development.

Responsible Procurement Practices

We adopt strategic procurement and responsible sourcing with quality, costs and scalability as the key consideration factors which has become the Group's bottom line to ensure profitability. Adopting the sustainability mindset, we prioritise local suppliers that can ensure sustainable sources, quality and timely deliveries with lesser environmental impact. Such procurement practice has helped to stimulate the nation's economic activities through creating jobs opportunity for local communities, supporting SMEs' businesses, and contribute to infrastructure development such as logistic and transportation sector. We also consider the risks that may arise in our supplier selection process and continue find ways to mitigate risks in the supply chain in order to avoid disruptions in production for timely fulfilment.



	FY2023	FY2022
Percentage of spending on local suppliers	77.8%	*80.0%

**The basis applied in the above statistic varied from previous year – no longer taking inter-company's purchases into account.*

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 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**

Securities Services (Holdings) Sdn Bhd

Suite 18.05, MWE Plaza, No. 8,

Lebuhr Farquhar, 10200 Penang

Telephone No.: 04-2631966 (General)

Fax No.: 04-2628544

Email: info@sshshb.com.my**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 75, was appointed to our Board as Independent Non-Executive Chairman on 30 October 2006.

An economics graduate from the University of Malaya, he had begun his illustrious career with the Malaysian Administrative and Diplomatic Service in various departments and ministries including public services department, Malaysian student departments in Washington D.C. and the Implementation Coordination Unit and Economic Planning Unit in the Prime Minister's Department. He has 33 years of experience in public service. In his last posting, he was appointed the Director of Consumer Affairs in the Ministry of Domestic Trade and Consumer Affairs. Over the years, he has actively participated in many seminars and training courses both locally and overseas, including a Master of Business and Public Administration course

at the Southeastern University in Washington D.C. in 1983; a Certificate in Industrial Cooperation and Small and Medium Industries organised by the Ministry of Science and Technology Korea in 1985, a Seminar by the Overseas Economics Cooperation Fund Japan in 1986 and the RVB Executive Programme in Management, Netherland Specialisation on Small Entrepreneurship Promotion and Industrial Assistance in 1988.

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

TEOH MENG KEAT *Chief Executive Officer*

TEOH MENG KEAT, a Malaysian male aged 57, 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 54, 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 54, 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 56, 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 54, 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 42, 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 52 and 53 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 57, 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 56, 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 Multimedia & Visual Design Manager

Lim Kien Hock, a Malaysian male aged 61, is the Senior Multimedia & Visual Design 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 IT Manager

Yew Guat Hoon, a Malaysian female aged 58, is the Senior IT 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 IT Assistant Manager in 2000, subsequently became the IT Manager in 2010 and assumed the current position in 2013.

WONG KENG MENG Senior Operation Manager

Wong Keng Meng, a Malaysian male aged 60, 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 55, 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 49, 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).

CHEAH CHING HEE Senior Marketing Manager

Cheah Ching Hee, a Malaysian male aged 53, is the Senior Marketing Manager of Zhulian Marketing (M) Sdn. Bhd. (ZMMSB). Mr. Cheah's career with ZHULIAN Group began in 1993 as he joined Zhulian Jewellery Manufacturing Sdn. Bhd. Recognising his leadership qualities, he was promoted to General Supervisor position in the year 1997 and become an Assistant Manager in 2002. Building on his operational experience, Mr. Cheah took on the role of Production Manager in the Zhulian Printing Industries Sdn. Bhd. in 2006. A strategic move saw Mr. Cheah transition to the Zhulian Marketing (M) Sdn. Bhd. in 2007 and he was then promoted to the position of Assistant Marketing Manager in 2013, subsequently promoted to the Manager position in 2016. In 2023, Mr. Cheah assumed his current position as the Senior Marketing Manager.

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 2023.

The comprehensive Corporate Governance Report ("CG Report") 2023 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

The Board consists of seven (7) members, three (3) of whom are Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

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

The Chairman of the Board, Tuan Haji Wan Mansoor bin Wan Omar is a Non-Independent Non-Executive Chairman of the Board who provides a strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.

The functions of Executive and Independent Non-Executive Directors are separate. The Executive Directors are responsible for implementing operational and corporate decisions and managing the Group's daily operations.

The Independent Non-Executive Directors provide the Company with unbiased, independent views and decisions. They do not participate in the day-to-day management and daily business of the Group. This serves to ensure that they handle any conflict of interests 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
Ms Rosaline Heah Gaik See	Chairman
Ms Tan Gim May	Member
Mr Oon Hock Chye	Member

- (ii) The Nominating Committee which comprises exclusively Non-Executive Directors has been empowered by the Board and through its terms of reference, to bring to the Board as well as Board Committees for the Board's consideration, recommendations on the selection and appointment of new Directors.

- (iii) During the financial year, the Nominating Committee met once and the meeting was attended by all its members.

The Nominating Committee deliberated on the following matters:

- recommendation to the Board of Directors based on the assessment conducted for the re-election of the Directors who were retiring by rotation and seeking for re-election at the forthcoming Annual General Meeting ("AGM") of the Company to be held on 15 May 2024;
- 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; and
- reviewed and assessed the effectiveness of the Audit Committee in carrying out its duties as set out in the terms of reference.

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

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

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

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

b. Appointment, Re-election and Assessment of Directors

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

Potential candidates for new directorship are considered on the basis of their character, experience, competency, integrity, 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, the Board comprises two independent women Directors.

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 performs an annual review of 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 15 May 2024 are detailed in the Notice of the Twenty-Seventh 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
Ms Rosaline Heah Gaik See	Chairman
Ms Tan Gim May	Member
Mr Oon Hock Chye	Member

During the financial year, the Remuneration Committee met once to review the basis and quantum of the Executive Directors' remuneration package and to recommend to the Board for approval. The meeting was attended by all its members.

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

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

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

None of the Executive Directors participated in any way in determining their own remuneration. Similarly, whilst the Board, as a whole, determines the remuneration of Executive Directors, the individual Director concerned abstains from the decision in respect of his own remuneration.

Directors' fees are set within a framework comprising responsibility fees and meeting allowance. The Company pays each of its Independent Non-Executive Directors an annual fee, which is approved by the shareholders at the AGM of the Company.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group for the financial year ended 30 November 2023, 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	—	186	4	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 Oon Hock Chye	50	—	—	4	—	—	54
Ms Rosaline Heah Gaik See	50	—	—	4	—	—	54
Ms Tan Gim May	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 2023, 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
Non-Executive Directors	
Tuan Haji Wan Mansoor Bin Wan Omar	4/4
Mr Oon Hock Chye	4/4
Ms Rosaline Heah Gaik See	4/4
Ms Tan Gim May	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:-

- Team Building: Let's Be Great Together
- Seminar Orang Yang Berwibawa Siri 1/2023: Ke Arah Pematuhan Yang Berterusan
- MS 1514:2022 Good Manufacturing Practice (GMP) For Food Awareness Training
- Pematuhan Peraturan-peraturan Kualiti Alam Sekeliling (Udara Bersih) 2014
- Seminar pendekatan "Circular Economy" Salam Pengurusan Buangan Terjadual Yang Mampan Peringkat Negeri Pulau Pinang
- Exploring Business Opportunities In Africa
- Journey Towards Sustainability: ESG Initial Steps For Business
- Real Property Gains Tax
- Seminar Percukaian Antarabangsa 2023
- Budget 2023 – Latest Business Approach And Substantial Tax Changes For The New Economic Cycle
- Corporate Tax Strategies
- Members' Dialogue – An Exclusive Event For CTIM Members
- Latest Updates In 2023 On Employers' Tax Statutory Obligations – Including Tax Implications On Employee Related Expenses
- Top Cross-Border Tax Issues To Watch Out For In 2023
- Audit Quality Enhancement Programme For SMPs
- Budget 2024: Key Updates And Changes For Corporate Accountants

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 2023, 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

All three (3) Independent Directors comply with the tenure as stipulated in Practice 5.3 of the MCCG and Practice Note 13 of MMLR of Bursa Securities.

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 providing and presenting 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
Ms Rosaline Heah Gaik See	Member
Ms Tan Gim May	Member
Mr Oon Hock Chye	Member

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

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

d. Assessing Suitability and Independence of External Auditors

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

The Audit Committee 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 2023, 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 11 March 2024.

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
Ms Rosaline Heah Gaik See	Member
Ms Tan Gim May	Member

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

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

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

Terms of Reference

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

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

Attendance for Meetings

The Audit Committee had convened four (4) meetings during the financial year ended 30 November 2023. The meetings were structured through the use of agendas, which were distributed to members with sufficient notification.

The details of attendance of each member are as follows:

Name of Members	Attendance
Mr Oon Hock Chye	4/4
Ms Rosaline Heah Gaik See	4/4
Ms Tan Gim May	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 once 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 2023, 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 2023 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 2023;
- 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 2023; and
- Met once 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 2023 amounted to approximately RM318,000.

This Report is made in accordance with the resolution of the Board dated 11 March 2024.

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. Safety and health management | 6. Trademarks, licenses and certifications |
| 2. Scrap management | 7. Marketing campaigns |
| 3. Payroll management | 8. IT systems |
| 4. Indirect tax compliance - custom and sales tax | 9. Standard operating procedures for direct selling operations |
| 5. Slow moving products - jewellery (direct selling operations) | 10. Product launches |

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 2023 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 2023 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 11 March 2024.

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 2023.

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 2023 are as follows:

	Group RM'000	Company RM'000
Fees paid or payable to the External Auditors:		
Audit fees	320	68
Non-audit fees paid or payable to the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm	301	10
Total	621	78

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 2023 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 2023.

DIRECTORS' REPORT

for the year ended 30 November 2023

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 2023.

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	29,236	59,363

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 2022:
 - a fourth interim dividend of 3 sen and a special dividend of 5 sen per ordinary share totalling RM36.8 million declared on 18 January 2023 and paid on 8 March 2023.
- ii) In respect of the financial year ended 30 November 2023:
 - a first interim dividend of 3 sen per ordinary share totalling RM13.8 million declared on 12 April 2023 and paid on 7 June 2023;
 - a second interim dividend of 3 sen per ordinary share totalling RM13.8 million declared on 12 July 2023 and paid on 6 September 2023;
 - a third interim dividend of 3 sen per ordinary share totalling RM13.8 million declared on 11 October 2023 and paid on 6 December 2023; and
 - a fourth interim dividend of 3 sen and a special dividend of 1 sen per ordinary share totalling RM18.4 million declared on 24 January 2024 and payable on 13 March 2024.

The Directors do not recommend any other dividends to be paid for the financial year ended 30 November 2023.

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
Teoh Meng Lee	Rosaline Heah Gaik See
Haji Wan Mansoor Bin Wan Omar	

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 30.11.2023
	At 1.12.2022	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
Oon Hock Chye:				
Interest in the Company:				
- own	10,000	–	–	10,000
Rosaline Heah Gaik See:				
Interest in the Company:				
- own	69,800	–	–	69,800
- others #	20,000	–	–	20,000

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 27 to the financial statements.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 November 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	200	–
Remuneration	16	4,059
	216	4,059

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 2023 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 RM320,000 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 : 11 March 2024

STATEMENTS OF FINANCIAL POSITION

as at 30 November 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	73,126	76,632	—	—
Right-of-use assets	4	9,510	9,846	—	—
Investment properties	5	31,318	31,475	—	—
Investments in subsidiaries	6	—	—	189,423	189,341
Investment in an associate	7	168,923	162,117	—	—
Deferred tax assets	8	5,946	7,086	—	—
Total non-current assets		288,823	287,156	189,423	189,341
Inventories	9	34,854	36,134	—	—
Trade and other receivables	10	23,878	24,206	32,718	39,971
Current tax assets		475	1,566	—	—
Cash and cash equivalents	11	155,245	200,607	40,951	52,510
Total current assets		214,452	262,513	73,669	92,481
Total assets		503,275	549,669	263,092	281,822
Equity					
Share capital	12	230,000	230,000	230,000	230,000
Reserves	13	231,993	274,547	18,940	37,777
Total equity attributable to owners of the Company		461,993	504,547	248,940	267,777
Liabilities					
Lease liabilities		163	203	—	—
Deferred tax liabilities	8	3,690	4,758	—	—
Total non-current liabilities		3,853	4,961	—	—
Lease liabilities		130	78	—	—
Trade and other payables	14	36,345	38,463	14,106	14,030
Contract liabilities	15	227	83	—	—
Current tax liabilities		727	1,537	46	15
Total current liabilities		37,429	40,161	14,152	14,045
Total liabilities		41,282	45,122	14,152	14,045
Total equity and liabilities		503,275	549,669	263,092	281,822

The notes on pages 87 to 135 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 November 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	16	132,368	136,167	59,900	65,120
Net (loss)/gain on impairment of financial instruments	17	(89)	10	—	—
Changes in manufactured inventories and work-in-progress		147	(2,688)	—	—
Raw materials, consumables and trading goods used/sold		(58,811)	(61,646)	—	—
Employee benefits expenses		(29,241)	(29,679)	—	—
Depreciation		(6,271)	(7,948)	—	—
Other operating expenses		(18,822)	(17,797)	(1,493)	(457)
Other operating income		4,529	20,821	—	10,509
Results from operating activities	17	23,810	37,240	58,407	75,172
Finance income	18	4,575	4,070	1,256	1,115
Finance costs	19	(8)	(8)	—	—
Net finance income		4,567	4,062	1,256	1,115
Share of profit of equity-accounted associate, net of tax		8,653	12,585	—	—
Profit before tax		37,030	53,887	59,663	76,287
Tax expense	21	(7,794)	(15,574)	(300)	(266)
Profit for the year attributable to owners of the Company		29,236	38,313	59,363	76,021
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(306)	851	—	—
Share of other comprehensive income of equity-accounted associate		6,716	1,826	—	—
		6,410	2,677	—	—
Total comprehensive income for the year attributable to owners of the Company		35,646	40,990	59,363	76,021
Basic/Diluted earnings per ordinary share (sen)	22	6.36	8.33	—	—

The notes on pages 87 to 135 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 November 2023

	Attributable to owners of the Company		Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Distributable			
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 income for the year	—	2,677	—	38,313	40,990
<i>Distributions to owners of the Company</i>	—	—	—	(78,200)	(78,200)
- Dividends to owners of the Company (Note 23)	—	—	—	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 November 2023 (continued)

	Attributable to owners of the Company		Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000			
Group					
At 1 December 2022	230,000	46,791	2,000	225,756	504,547
Foreign currency translation differences for foreign operations	—	(306)	—	—	(306)
Share of other comprehensive income of equity-accounted associate	—	6,716	—	—	6,716
Total other comprehensive income for the year	—	6,410	—	—	6,410
Profit for the year	—	—	—	29,236	29,236
Total comprehensive income for the year	—	6,410	—	29,236	35,646
<i>Distribution to owners of the Company</i>					
- Dividends to owners of the Company (Note 23)	—	—	—	(78,200)	(78,200)
Total transaction with owners of the Company	—	—	—	(78,200)	(78,200)
At 30 November 2023	230,000	53,201	2,000	176,792	461,993

The notes on pages 87 to 135 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 November 2023

	← 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 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 23)	—	(78,200)	(78,200)
At 30 November 2022/1 December 2022	230,000	37,777	267,777
Profit for the year representing total comprehensive income for the year	—	59,363	59,363
<i>Distributions to owners of the Company</i>			
- Dividends to owners of the Company (Note 23)	—	(78,200)	(78,200)
At 30 November 2023	230,000	18,940	248,940

The notes on pages 87 to 135 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30 November 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		37,030	53,887	59,663	76,287
Adjustments for:					
Depreciation of:					
- property, plant and equipment	3	5,067	6,793	—	—
- right-of-use assets	4	478	593	—	—
- investment properties	5	726	562	—	—
Impairment loss/(Reversal of impairment loss)					
- property, plant and equipment	17	—	1,840	—	—
- investments in subsidiaries	17	—	—	918	(10,509)
Plant and equipment written off	17	2	8	—	—
Dividend income from subsidiaries	17	—	—	(59,900)	(65,120)
Finance income	18	(4,575)	(4,070)	(1,256)	(1,115)
Finance costs	19	8	8	—	—
Gain on disposals of plant and equipment	17	(11)	(10)	—	—
Gain on disposal of assets classified as held for sale	17	—	(14,424)	—	—
Share of profit of equity-accounted associate, net of tax		(8,653)	(12,585)	—	—
Others		(1,742)	1,598	—	—
Net impairment loss/(gain) on financial assets	17	89	(10)	—	—
Operating profit/(loss) before changes in working capital		28,419	34,190	(575)	(457)
Change in inventories		1,280	6,235	—	—
Change in trade and other receivables		239	(6,451)	53	(32)
Change in trade and other payables		(2,118)	1,181	76	—
Change in contract liabilities		144	(106)	—	—
Cash generated from/(used in) operations		27,964	35,049	(446)	(489)
Dividends received from:					
- an associate	7	10,305	—	—	—
- subsidiaries		—	—	67,100	63,920
Interest paid		(8)	(8)	—	—
Tax paid		(7,441)	(9,642)	(269)	(236)
Net cash from operating activities		30,820	25,399	66,385	63,195
Cash flows from investing activities					
Additional investment in subsidiaries		—	—	(1,000)	(2,000)
Interest received		4,575	4,070	1,256	1,115
Purchase of plant and equipment	3	(1,523)	(576)	—	—
Purchase of investment property	5	—	(501)	—	—
Proceeds from disposals of plant and equipment		11	10	—	—
Proceeds from assets classified as held for sale		—	15,894	—	—
Withdrawal/(Placement) of fixed deposits		—	120	—	—
Net cash from/(used in) investing activities		3,063	19,017	256	(885)
Cash flows from financing activities					
Dividends paid to owners of the Company	23	(78,200)	(78,200)	(78,200)	(78,200)
Payment of lease liabilities	A	(130)	(127)	—	—
Net cash used in financing activities		(78,330)	(78,327)	(78,200)	(78,200)
Net decrease in cash and cash equivalents		(44,447)	(33,911)	(11,559)	15,890
Effect of exchange rate fluctuations on cash held		(915)	18	—	—
Cash and cash equivalents at 1 December 2022/2021		200,607	234,500	52,510	68,400
Cash and cash equivalents at 30 November	11	155,245	200,607	40,951	52,510

The notes on pages 87 to 135 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 30 November 2023 (continued)

Notes

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

Group	At 1.12.2021 RM'000	Remeasurement of existing lease RM'000	Net changes from financing cash flows RM'000	At 30.11.2022/ 1.12.2022 RM'000	Addition RM'000	Net changes from financing cash flows RM'000	At 30.11.2023 RM'000
Total lease liabilities from financing activities	232	176	(127)	281	142	(130)	293

Cash outflows for leases as a lessee

	Group	
	2023 RM'000	2022 RM'000
Included in net cash from operating activities		
Payment relating to short-term leases	3	28
Interest paid in relation to lease liabilities	8	8
Included in net cash used in financing activities		
Payment of lease liabilities	130	127
Total cash outflows for leases	141	163

The notes on pages 87 to 135 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 2023 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 2023 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 11 March 2024.

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 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 and International Tax Reform – Pillar Two Model Rules*

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*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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) 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 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/ 1 December 2022	94,810	1,612	1,221	45,318	54,715	1,799	169	199,644
Additions	—	—	—	98	1,425	—	—	1,523
Written off	—	—	—	(62)	(308)	—	—	(370)
Disposal	—	—	—	(3)	(136)	—	—	(139)
Effect of movements in exchange rate	74	—	—	—	—	—	—	74
At 30 November 2023	94,884	1,612	1,221	45,351	55,696	1,799	169	200,732

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 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
Depreciation for the year								
Written off	2,256	32	119	2,537	1,769	80	–	6,793
Disposal	–	–	–	(397)	(168)	–	–	(565)
Impairment loss	–	–	–	(12)	(250)	–	–	(262)
Transfer to investment properties	(220)	–	–	1,836	4	–	–	1,840
Effect of movements in exchange rate	(17)	–	–	–	–	–	–	(220)
	(17)	–	–	–	–	–	–	(17)
At 30 November 2022								
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

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	2,237	32	103	1,262	1,412	21	-	5,067
Written off	-	-	-	(62)	(306)	-	-	(368)
Disposal	-	-	-	(3)	(136)	-	-	(139)
Effect of movements in exchange rate	34	-	-	-	-	-	-	34
At 30 November 2023								
Accumulated depreciation	29,552	295	474	40,482	52,372	1,796	-	124,971
Accumulated impairment loss	499	-	-	1,894	73	-	169	2,635
	30,051	295	474	42,376	52,445	1,796	169	127,606
Carrying amounts								
At 1 December 2021	70,188	1,381	969	7,248	4,778	104	931	85,599
At 30 November 2022/1 December 2022	67,030	1,349	850	4,139	3,240	24	-	76,632
At 30 November 2023	64,833	1,317	747	2,975	3,251	3	-	73,126

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

3.1 Impairment loss

As at 30 November 2023, 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.

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 the similar property of a subsidiary within the same locality of which the fair value is determined by external independent property valuer, having appropriate recognised professional qualifications and recent experience in the location. The properties' fair value 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 RM135 to RM153 which would increase/(decrease) the estimated fair value if the price per square feet is higher/(lower).

Value in use was determined by discounting the future cash flows generated from the continuing use of the cash-generating unit and the projected cash flows were prepared based on a 5-year financial budget and projections provided by the management and approved by Board of Directors and were based on the following key assumptions:-

- The revenue growth and gross profit margin represent management's assessment of future trends of the business and are based on past business performance and management's expectations on market development.
- A pre-tax discount rate of 13% (2022 : 13%) was applied to the cash flow projections.

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.

4. Right-of-use assets - Group

	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 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 2022/1 December 2022	9,574	272	9,846
Addition	–	142	142
Depreciation	(352)	(126)	(478)
At 30 November 2023	9,222	288	9,510

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 %
2023			
Buildings	177	141	100
2022			
Buildings	177	200	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 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 2022/1 December 2022		23,822	1,212	12,483	2,569	40,086
Effect of movements in exchange rates		–	–	835	–	835
At 30 November 2023		23,822	1,212	13,318	2,569	40,921
Accumulated depreciation						
At 1 December 2021		2,460	–	3,668	–	6,128
Depreciation for the year	17	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 2022/1 December 2022		4,275	232	4,104	–	8,611
Depreciation for the year	17	420	39	267	–	726
Effect of movements in exchange rates		–	–	266	–	266
At 30 November 2023		4,695	271	4,637	–	9,603
Carrying amounts						
At 1 December 2021		14,205	–	8,192	2,177	24,574
At 30 November 2022/1 December 2022		19,547	980	8,379	2,569	31,475
At 30 November 2023		19,127	941	8,681	2,569	31,318

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 previous financial year, a property was 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 RM13,037,079 (2022 : RM13,456,997) 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	2023 RM'000	2022 RM'000
Less than one year	1,146	2,025
One to five years	199	350
Total undiscounted lease payments	1,345	2,375

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 RM105,992,000 (2022 : RM88,872,000).

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:

	2023 RM'000	2022 RM'000
Lease income	3,349	2,086
Direct operating expenses:		
- Income generating investment properties	1,179	889
- Non-income generating investment properties	38	37

6. Investments in subsidiaries - Company

	2023 RM'000	2022 RM'000
Cost of investment	231,811	230,811
Less : Impairment loss	(42,388)	(41,470)
	<u>189,423</u>	<u>189,341</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
	2023	2022		
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
	2023	2022		
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, impairment indicators existed as a result of the current business sentiment and weak demand in certain markets which caused certain subsidiaries to make losses. 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 of RM12.9 million (2022 : RM12.8 million) determined using value in use ("VIU") and fair value less cost of disposal methods. Accordingly, RM0.9 million (2022 : RM8.5 million) was recognised as an impairment loss.

On the other hand, in the previous financial year, the marketing division's carrying amount of RM11 million was determined to be lower than their recoverable amounts of RM30 million determined using VIU method, resulting in a reversal of impairment loss amounting to RM19.0 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 were discounted using a pre-tax discount rate of 13% 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 was recognised and included in other operating income in the previous financial year.

See Note 3.1 for details on VIU and 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

	2023 RM'000	2022 RM'000
Investment in shares	5,292	14,650
Share of post-acquisition profits	163,631	147,467
	<u>168,923</u>	<u>162,117</u>

The financial year end of the associate is 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
	2023	2022		
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.

	2023 RM'000	2022 RM'000
Zhulian Holdings (Thailand) Co., Ltd., its subsidiaries and an associate		
Summarised financial information		
As at 30 November		
Non-current assets	214,243	208,084
Current assets	219,414	217,412
Non-current liabilities	(31,733)	(31,614)
Current liabilities	(45,976)	(48,270)
Net assets	355,948	345,612
Year ended 30 November		
Profit for the year	17,660	25,684
Other comprehensive income	13,706	3,728
Total comprehensive income	31,366	29,412
Included in the total comprehensive income is:		
Revenue	292,044	282,125
Reconciliation of net assets to carrying amount as at 30 November		
Group's share of net assets	174,414	169,350
Elimination of unrealised profits	(5,491)	(7,233)
Carrying amount in the statement of financial position	168,923	162,117
Group's share of results for the year ended 30 November		
Group's share of profit for the year, net of tax	8,653	12,585
Share of other comprehensive income of equity-accounted associate	6,716	1,826
Total	15,369	14,411
Other information		
Dividends received by the Group (net of withholding tax)	10,305	-

8. Deferred tax assets/(liabilities) - Group

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment - capital allowances	461	488	(2,067)	(2,240)	(1,606)	(1,752)	(1,606)	(1,752)
Tax loss carry-forwards	2,290	2,871	—	—	2,290	2,871	2,290	2,871
Others	1,572	1,209	—	—	1,572	1,209	1,572	1,209
Set off of tax	4,323	4,568	(2,067)	(2,240)	2,256	2,328	2,256	2,328
Net deferred tax assets/(liabilities)	1,623	2,518	(1,623)	(2,518)	—	—	—	—
	5,946	7,086	(3,690)	(4,758)	2,256	2,328	2,256	2,328

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

	At 1.12.2021 RM'000		Recognised in profit or loss (Note 21) RM'000		At 30.11.2022/ 1.12.2022 RM'000		Recognised in profit or loss (Note 21) RM'000		At 30.11.2023 RM'000	
	1.12.2021 RM'000	30.11.2022/ 1.12.2022 RM'000	Recognised in profit or loss (Note 21) RM'000	At 30.11.2022/ 1.12.2022 RM'000	Recognised in profit or loss (Note 21) RM'000	At 30.11.2023 RM'000	Recognised in profit or loss (Note 21) RM'000	At 30.11.2023 RM'000		
Property, plant and equipment - capital allowances	(1,530)	(1,752)	(222)	(1,752)	146	(1,606)	146	(1,606)		
Tax loss carry-forwards	3,357	2,871	(486)	2,871	(581)	2,290	(581)	2,290		
Others	4,855	1,209	(3,646)	1,209	363	1,572	363	1,572		
Net deferred tax assets	6,682	2,328	(4,354)	2,328	(72)	2,256	(72)	2,256		

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):

	2023 RM'000	2022 RM'000
Tax loss carry-forwards		
- Expiring not more than 5 years (Note (a))	3,292	4,522
- Expiring not more than 10 years (Note (b))	26,148	20,952
- No expiry period (Note (c))	5,209	5,237
	34,649	30,711
Property, plant and equipment		
- capital allowances (Note (d))	7,124	6,116
Others	15,670	15,551
	<u>57,443</u>	<u>52,378</u>

(a) Tax losses carry-forwards of the Indonesian subsidiary are subject to a 5-year time limit under the tax legislations of Indonesia.

The tax losses carry-forwards will expire in the following years of assessment under the tax legislations of Indonesia.

	2023 RM'000	2022 RM'000
Expire in YA2023	—	1,456
Expire in YA2024	370	345
Expire in YA2025	941	876
Expire in YA2026	715	666
Expire in YA2027	1,266	1,179
	<u>3,292</u>	<u>4,522</u>

(b) Tax losses carry-forwards of the Malaysian subsidiaries are subject to a 10-year time limit under the tax legislations of Malaysia.

The tax losses carry-forwards will expire in the following years of assessment under the tax legislations of Malaysia.

	2023 RM'000	2022 RM'000
Expire in YA2028	8,844	8,844
Expire in YA2029	2,348	2,348
Expire in YA2030	1,155	1,155
Expire in YA2031	2,896	2,896
Expire in YA2032	5,709	5,709
Expire in YA2033	5,196	—
	<u>26,148</u>	<u>20,952</u>

(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

	2023 RM'000	2022 RM'000
Raw materials	21,599	23,430
Work-in-progress	4,787	4,694
Manufactured inventories	4,587	4,533
Consumables	2,982	3,427
Trading inventories	899	50
	<u>34,854</u>	<u>36,134</u>

10. Trade and other receivables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Amount due from an associate	10.1	18,280	16,904	—	—
Others		2,097	2,800	—	—
		20,377	19,704	—	—
Non-trade					
Other receivables		198	249	109	135
Deposits		332	285	4	4
Prepayments	10.2	2,971	3,968	5	32
Dividends receivable		—	—	32,600	39,800
		3,501	4,502	32,718	39,971
		<u>23,878</u>	<u>24,206</u>	<u>32,718</u>	<u>39,971</u>

10.1 Amount due from an associate

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

10.2 Prepayments

Included in prepayments are advances paid to suppliers amounting to RM1,866,714 (2022 : RM2,896,406) for the purchase of raw materials.

11. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term deposits with licensed banks	63,527	119,677	31,500	46,500
Cash and bank balances	91,718	80,930	9,451	6,010
	<u>155,245</u>	<u>200,607</u>	<u>40,951</u>	<u>52,510</u>

12. Share capital - Group/Company

	2023		2022	
	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

12.1 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.

13. Reserves

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable					
Translation reserve	13.1	53,201	46,791	—	—
Capital reserve	13.2	2,000	2,000	—	—
Distributable					
Retained earnings		176,792	225,756	18,940	37,777
		<u>231,993</u>	<u>274,547</u>	<u>18,940</u>	<u>37,777</u>

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

13.1 Translation reserve

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

13.2 Capital reserve

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

14. Trade and other payables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	5,075	5,242	—	—
Non-trade				
Other payables	2,244	1,642	16	1
Security deposits received from agents	6,303	7,282	—	—
Accrued expenses	8,923	10,497	290	229
Dividend payable	13,800	13,800	13,800	13,800
	31,270	33,221	14,106	14,030
	<u>36,345</u>	<u>38,463</u>	<u>14,106</u>	<u>14,030</u>

15. Contract liabilities - Group

	2023 RM'000	2022 RM'000
Contract liabilities	<u>227</u>	<u>83</u>

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

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

	2023 RM'000	2022 RM'000
At the beginning of the year	83	189
Contract liabilities balance at the beginning of the year recognised as revenue	(83)	(189)
Increases due to cash received, excluding amounts recognised as revenue during the year	227	83
At the end of the year	<u>227</u>	<u>83</u>

16. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
<i>Recognised at point in time</i>				
- Sale of goods - wholesale	96,202	99,386	—	—
- Sale of goods - direct sales	29,052	30,529	—	—
<i>Recognised over time</i>				
- Direct sales distributorship subscription fee	329	322	—	—
- Management services rendered	4,036	4,043	—	—
Other revenue				
- Rental income	2,749	1,887	—	—
- Dividend income	—	—	59,900	65,120
Total revenue	132,368	136,167	59,900	65,120

16.1 Disaggregation of revenue

	Group	
	2023 RM'000	2022 RM'000
Primary geographical markets		
Thailand	91,947	90,867
Malaysia	30,835	31,651
Cambodia	8,139	11,445
Myanmar	—	960
Others	1,447	1,244
	132,368	136,167

16. Revenue (continued)

16.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration
Sale of goods - wholesale	Revenue is recognised at 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.

16.3 Transaction price allocated to the remaining obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 and does not disclose the transaction price allocated to unsatisfied (or partially satisfied) performance obligations where the contract has original expected duration of 1 year or less.

17. Results from operating activities

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration				
- Audit fees				
KPMG PLT Malaysia	311	311	68	68
Other auditors	9	8	—	—
- Non audit fees				
KPMG PLT Malaysia	6	6	6	6
Local affiliates of KPMG PLT Malaysia	295	123	4	9
Other auditors	3	3	—	—

17. Results from operating activities (continued)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Material expenses/(income)				
Inventories written off	135	89	—	—
Inventories written down	944	296	—	—
Personnel expenses (including key management personnel)				
- Wages, salaries and others	26,167	26,533	—	—
- Contributions to state plans	3,074	3,146	—	—
Depreciation of:				
- Property, plant and equipment (Note 3)	5,067	6,793	—	—
- Right-of-use assets (Note 4)	478	593	—	—
- Investment properties (Note 5)	726	562	—	—
Impairment loss/ (Reversal of impairment loss)				
- Property, plant and equipment	—	1,840	—	—
- Investment in subsidiaries	—	—	918	(10,509)
Plant and equipment written off	2	8	—	—
Research and development expenditure	23	26	—	—
Dividend income from subsidiaries	—	—	(59,900)	(65,120)
Net foreign exchange (gain)/loss				
- Realised	(2,229)	(4,093)	—	—
- Unrealised	(210)	1,548	—	—
Gain on disposal of:				
- plant and equipment	(11)	(10)	—	—
- assets classified as held for sale	—	(14,424)	—	—
Government grants (Note a)	—	(227)	—	—
Net loss/(gain) on impairment of financial instruments				
Impairment loss/(Reversal of impairment loss) on trade receivables	89	(10)	—	—
Expenses/(Income) arising from leases:				
Expenses relating to short-term leases (Note b)	3	28	—	—
Lease income from properties (Note 5.3)	(3,349)	(2,086)	—	—

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.

18. Finance income

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	4,575	4,070	1,256	1,115

19. Finance costs - Group

	Group	
	2023 RM'000	2022 RM'000
Interest expense on lease liabilities	8	8

20. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
- Fees	200	150	200	150
- Remuneration	2,939	2,935	16	12
Other Directors				
- Remuneration	1,136	1,135	—	—
	4,275	4,220	216	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.

21. Tax expense

Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense	7,794	15,574	300	266
Share of tax of equity-accounted associate	4,859	4,007	—	—
Total income tax expense	12,653	19,581	300	266

21. Tax expense (continued)

Major components of income tax expense include:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
- Current year	7,730	9,163	300	266
- Prior year	(8)	2,057	—	—
Total current tax recognised in profit or loss	7,722	11,220	300	266
Deferred tax expense/(income)				
- Current year	2,592	4,402	—	—
- Prior year	(2,520)	(48)	—	—
Total deferred tax recognised in profit or loss	72	4,354	—	—
Share of tax of equity - accounted associate	4,859	4,007	—	—
Total income tax expense	12,653	19,581	300	266

Reconciliation of tax expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	29,236	38,313	59,363	76,021
Total income tax expense	12,653	19,581	300	266
Profit excluding tax	41,889	57,894	59,663	76,287
Income tax calculated at Malaysian tax rate of 24%	10,053	13,895	14,319	18,309
Effect of tax rates in foreign jurisdictions*	(504)	(921)	—	—
Effect of tax on foreign source income	1,704	3,021	—	—
Effect of withholding tax on equity - accounted associate	8	—	—	—
Non-deductible expenses	2,712	1,813	357	107
Income not subject to tax	(8)	(3,626)	(14,376)	(18,150)
Tax incentives	—	(1)	—	—
Changes in unrecognised temporary differences	1,216	(3,391)	—	—
(Under)/Over provision in prior year	(2,528)	2,009	—	—
Income tax expense	12,653	19,581	300	266

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

22. 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 RM29,236,000 (2022 : RM38,313,000) and a weighted average number of ordinary shares outstanding during the financial year of 460,000,000 (2022 : 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.

23. Dividends - Group/Company

Dividends recognised in the current year by the Company are:

	sen per share	Amount RM'000	Date of payment
2023			
Fourth interim 2022 ordinary	3	13,800	8 March 2023
Special 2022 ordinary	5	23,000	8 March 2023
First interim 2023 ordinary	3	13,800	7 June 2023
Second interim 2023 ordinary	3	13,800	6 September 2023
Third interim 2023 ordinary	3	13,800	6 December 2023
		78,200	
2022			
Fourth interim 2021 ordinary	3	13,800	10 March 2021
Special 2021 ordinary	5	23,000	10 March 2021
First interim 2022 ordinary	3	13,800	8 June 2022
Second interim 2022 ordinary	3	13,800	7 September 2022
Third interim 2022 ordinary	3	13,800	7 December 2022
		78,200	

The Directors declared a fourth interim dividend of 3 sen and a special dividend of 1 sen per ordinary share, totalling RM18.4 million in respect of the year ended 30 November 2023 on 24 January 2024 and payable on 13 March 2024.

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

24. Commitments - Group

Capital commitments

	2023 RM'000	2022 RM'000
Property, plant and equipment Contracted but not provided for	979	—

25. 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 2023.

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

26. 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.

26. Operating segments (continued)

Geographical information (continued)

	Malaysia RM'000	Thailand RM'000	Cambodia RM'000	Other countries RM'000	Consolidated RM'000
2023					
Revenue	30,835	91,947	8,139	1,447	132,368
Non-current assets	104,982	–	–	8,972	113,954
2022					
Revenue	31,651	90,867	11,445	2,204	136,167
Non-current assets	109,281	–	–	8,672	117,953

Major customers

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

	Revenue	
	2023 RM'000	2022 RM'000
Customer A	100,086	102,312

27. 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.

27. 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 20), are shown below:

	Amount transacted for the year ended 30 November	
	2023 RM'000	2022 RM'000
Group		
Associate		
Sales	96,050	98,269
Management fee income	4,036	4,043
Dividend income	11,450	–
	<u>111,536</u>	<u>102,312</u>
Company		
Subsidiaries		
Dividend income	59,900	65,120
Increase in investment in subsidiaries	1,000	2,000
	<u>60,900</u>	<u>67,120</u>

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

28. Financial instruments

28.1 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
2023		
Financial assets		
Group		
Trade and other receivables, excluding prepayments	20,907	20,907
Cash and cash equivalents	155,245	155,245
	<u>176,152</u>	<u>176,152</u>
Company		
Other receivables, excluding prepayments	32,713	32,713
Cash and cash equivalents	40,951	40,951
	<u>73,664</u>	<u>73,664</u>

28. Financial instruments (continued)

28.1 Categories of financial instruments (continued)

	Carrying amount RM'000	Amortised cost RM'000
Financial liabilities		
Group		
Trade and other payables	(36,345)	(36,345)
Company		
Other payables	(14,106)	(14,106)
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
Financial liabilities		
Group		
Trade and other payables	(38,463)	(38,463)
Company		
Other payables	(14,030)	(14,030)

28.2 Net gains arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains arising on:				
Financial assets measured at amortised cost	6,833	6,427	1,256	1,115
Financial liabilities measured at amortised cost	92	198	—	—
	6,925	6,625	1,256	1,115

28. Financial instruments (continued)

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

28.4 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:

	2023 RM'000	2022 RM'000
Thailand	17,566	12,951
Malaysia	2,081	1,874
Cambodia	714	3,953
Myanmar	—	926
Others	16	—
	<u>20,377</u>	<u>19,704</u>

28. Financial instruments (continued)

28.4 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			
2023			
Not past due	20,363	—	20,363
Past due 1 - 30 days	12	—	12
More than 30 days past due	2	—	2
	20,377	—	20,377
Credit impaired			
More than 30 days past due	231	(231)	—
	20,608	(231)	20,377
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

28. Financial instruments (continued)

28.4 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 2021	152
Reversal of impairment loss	(10)
Balance at 30 November 2022/1 December 2022	142
Impairment loss	89
Balance at 30 November 2023	231

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.

28. Financial instruments (continued)

28.4 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 RM1.19 million (2022: 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.

28.5 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
Group						
<i>Non-derivative financial liabilities</i>						
2023						
Lease liabilities	293	5.0	310	138	82	90
Trade and other payables	36,345	—	36,345	36,345	—	—
	<u>36,638</u>		<u>36,655</u>	<u>36,483</u>	<u>82</u>	<u>90</u>
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>

28. Financial instruments (continued)

28.5 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
Company						
<i>Non-derivative financial liabilities</i>						
2023						
Other payables	14,106	—	14,106	14,106	—	—
Financial guarantee	—	—	1,188	1,188	—	—
	<u>14,106</u>		<u>15,294</u>	<u>15,294</u>	<u>—</u>	<u>—</u>
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>

28.6 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.

28.6.1 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	
2023	
Trade and other receivable	18,298
Cash and cash equivalents	4,045
Trade and other payables	(2)
Net exposure	<u>22,341</u>
2022	
Trade and other receivable	17,830
Cash and cash equivalents	4,879
Trade and other payables	(35)
Net exposure	<u>22,674</u>

28. Financial instruments (continued)

28.6 Market risk (continued)

28.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2022 : 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		
2023		
USD	1,698	—
2022		
USD	1,723	—

A 10% (2022 : 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.

28.6.2 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets				
- Short term deposits	63,527	119,677	31,500	46,500
- Cash at banks	86,232	78,457	6,430	6,006
	149,759	198,134	37,930	52,506
Financial liabilities				
- Lease liabilities	(293)	(281)	—	—

28. Financial instruments (continued)**28.6 Market risk (continued)****28.6.2 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.

28.7 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 (2022 : 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 80 to 135 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 2023 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: 11 March 2024

STATUTORY DECLARATION

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

I, **Teoh Meng Keat**, the Director primarily responsible for the financial management of Zhulian Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 135 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 11 March 2024.

.....
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 2023 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 80 to 135.

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 2023, 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 investments in subsidiaries 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: 11 March 2024

Lee Yee Keng
Approval Number: 02880/04/2025 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 2023 (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) / 25 years	13,491	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) / 27 years	16,284	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 / 30 years	226	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) / 16 years	35,012	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 / 28 years	6,199	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 / 28 years	2,255	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)	7,634	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 2023 (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) / 12 years	265	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) / 12 years	254	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) / 29 years	6,343	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 / 11 years	659	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 / 11 years	659	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) / 26 years	9,496	20 Oct 2015

^(a) These properties are currently vacant.

REGIONAL OFFICES, DISTRIBUTION CENTRES & DISTRICT AGENTS

(as at 29 February 2024)

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
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 (MYM)	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
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

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 012-4210690	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	
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.	012-3582039 012-5039889	
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	
TANJUNG MALIM (TJA)	CHE'MAH BT ADAM RAMLAH BT ADAM FATIMAH NOOR BT ZAINAL ABIDIN	No. 18, (Atas), Jalan Wangsa Jaya, Taman Wangsa Jaya, 35900 Tanjung Malim, Perak Darul Ridzuan.	05-4583303 019-4466355 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	05-6227454

WILAYAH PERSEKUTUAN				
Location	Authorised Agent(s)	Address	Tel	Fax
SETAPAK (SPA)	ROSLINA BT SAMAT	No. 6A-1, Jalan 46/26, Taman Sri Rampai, 53300 Setapak, 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. 8A, Tingkat 1, Jalan Diplomatik, Nadi 15, Presint 5, 62050 Wilayah Persekutuan, Putrajaya.	03-88618914 012-3139203	

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 (SBC)	AZURA BT HAMIDIN	No. 6, PT 1476, Jalan SBBC 4, Sungai Besar Business Centre, 45300 Selangor Darul Ehsan.	03-32243413 011-14336508	03-32245958
SHAH ALAM (SAC)	SHAIDA NAFISHA BT AZIZAN AIMAN SHAFIQ BIN AZIZAN	No. 5-1, Ken Rimba Commercial Centre, Jalan Lengkuas B16/B, Ken Rimba, 40200 Shah Alam, Selangor Darul Ehsan.	03-55242244 03-55238722 019-3338848	
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 017-7362207	
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	
RAWANG (RWC)	NURUL ASHIKIN BT SAHRI	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 (BGR)	AMIR REDZA BIN ROSLAN	No. 2-1-1, Jalan Medan Pusat Bandar 4A, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.	03-89201594 012-3668474 013-3661505	03-89222214
BANDAR TASIK SELATAN (BTS)	TUAN LIZA BT TUAN DAUD	59G, Metro Centre, Jalan Tasik Selatan 8 (Jalan 8/146), Bandar Tasik Selatan, Sungai Besi, 57000 Kuala Lumpur.	019-6641975	

NEGERI SEMBILAN

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

District Agents

MELAKA				
Location	Authorised Agent(s)	Address	Tel	Fax
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)	ROснаh BT IBRAHIM	No. 24, Jalan Desa Molek 2, Taman Desa Molek, Ayer Molek, 75460 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 016-7102257	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.	07-5203976 019-7788848 019-7521771	
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 HABSAAH 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 MUHAMMAD HANNAN FATHAN BIN RASDI RASDI BIN MAMAT	PT 6329 Taman Kota Harmoni, Jalan Chempaka Merah, 17500 Tanah Merah, Kelantan Darul Naim.	09-9552752 010-5550461 019-9390173	09-9552752

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 (KTG)	ZAWIAH @ ZAHARAH BT SHAFIE	PT35436, Dataran Austin Jalan Gong Badak, Kampung Wakaf Tembusu, 21300 Kuala Terengganu, Terengganu Darul Iman.	09-6673919 013-5434094 013-2482825	09-6673919
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
KEMAMAN (KTC)	FARIDAH BT MD ISA	Lot 30, Kedai PMINT, Bandar Baru Kerteh, 24300 Kerteh, Kemaman, Terengganu Darul Iman.	09-8266831 011-12165922 011-63030311	
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	

SABAH				
Location	Authorised Agent(s)	Address	Tel	Fax
SANDAKAN (SNA)	NORMIA BT MANSUI @ MANSOR	Blok B, Lot B, 1st Floor, Bandar Melrose, 90000 Sandakan, Sabah.	016-3226245 012-8616245	

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	

ANALYSIS OF SHAREHOLDINGS as at 20 February 2024

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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

No. of Holders	Size of Holdings	Total Holdings	%
248	less than 100 shares	9,200	0.00
1,379	100 to 1,000 shares	929,318	0.20
3,932	1,001 to 10,000 shares	18,041,570	3.92
1,429	10,001 to 100,000 shares	41,385,351	9.00
136	100,001 to less than 5% of issued shares	97,500,226	21.20
4	5% and above of issued shares	302,134,335	65.68
7,128		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	20,000	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	227,364,455 ^(b)	49.43
2	Teoh Meng Keat	26,869,600	5.84	2,666,666 ^(e)	0.58
3	The Best Source Holdings Pte. Ltd.	72,317,789 ^(c)	15.72	–	–
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.

THIRTY (30) LARGEST SHAREHOLDERS as at 20 February 2024

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.	72,317,789	15.72
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	3,101,900	0.67
9	Yayasan Terengganu	2,679,478	0.58
10	Khoo Lay Boon	2,666,666	0.58
11	Chia Kim Lan	2,368,140	0.51
12	Sin Poh Seah	1,938,366	0.42
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	1,267,353	0.28
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	TC Holdings Sendirian Berhad	1,030,000	0.22
24	Perbadanan Kemajuan Negeri Kedah	1,007,593	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	Ong Yoke Chee	800,000	0.17
28	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Khong Shoong (E-IMO/JSI)	750,000	0.16
29	Idayu Binti Achek @ Bachik	710,300	0.15
30	Teoh Meng Lee	709,333	0.15
		374,655,524	81.45

ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh 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, 15 May 2024 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 2023 and Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Constitution, and who, being eligible, offered themselves for re-election: -
 - a) Haji Wan Mansoor Bin Wan Omar Resolution 1
 - b) Teoh Meng Lee Resolution 2
3. To approve the payment of Directors' fees and benefits payable up to an aggregate amount of RM216,000 for the financial year ending 30 November 2024. Resolution 3
4. To re-appoint Messrs KPMG PLT, the retiring Auditors, as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 4

AS SPECIAL BUSINESS:

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

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 76 OF THE COMPANIES ACT 2016** Resolution 5

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

6. 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-Seventh AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 8 May 2024. Only a depositor whose name appears on the Record of Depositors as at 8 May 2024 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

29 March 2024

**ZHULIAN CORPORATION BERHAD 199701000031 (415527-P)
NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING****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-Seventh AGM will be put to vote on a poll.

2. Audited Financial Statements for financial year ended 30 November 2023

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

3. Explanatory Notes:**On Ordinary Business**

Under the proposed Ordinary Resolution 3, the Directors' fees and benefits payable to the Directors have been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the Directors' fees and benefits payable is in the best interest of the Company. The benefits comprised solely of meeting allowance. In determining the estimated total amount of Directors' fees and benefits, the Board considered various factors including the number of scheduled meetings as well as the number of Directors involved in these meetings.

On Special Business

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at the Twenty-Sixth AGM held on 17 May 2023. 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-SEVENTH 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-Seventh AGM of the Company.

The proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors of the Company at last AGM held on 17 May 2023.

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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-Seventh 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, 15 May 2024 at 2.30 p.m.** and at any adjournment thereof in the manner indicated below:

Resolutions	For	Against
1. Re-election of Wan Mansoor Bin Wan Omar as Director		
2. Re-election of Teoh Meng Lee as Director		
3. Approval of Directors' Fees & Other Benefits for the financial year ending 30 November 2024		
4. Re-appointment of Auditors		
5. 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 2024

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)

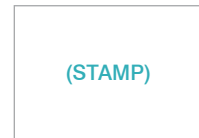
Notes:

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 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 8 May 2024. Only a depositor whose name appears on the Record of Depositors as at 8 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Personal Data Privacy:

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

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

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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