Head Office :

No 35, Jalan Penjaja 3, 83000
Batu Pahat, Johor, Malaysia.
Tel : 607-4330313
Fax : 607-4313697

Bp Showroom :

No 1, Jalan Zahir, Taman Jenang,
83000 Batu Pahat,Johor, Malaysia.
Tel : 607-4324109
Fax: 607-4310313

www.xianleng.com.my www.xianleng.org

XIAN LENG HOLDINGS BERHAD (468142-U) ANNUAL REPORT 2016

祥龍控股有限公司 (468142-U)

XIAN LENG HOLDINGS BERHAD

Annual Report 2016

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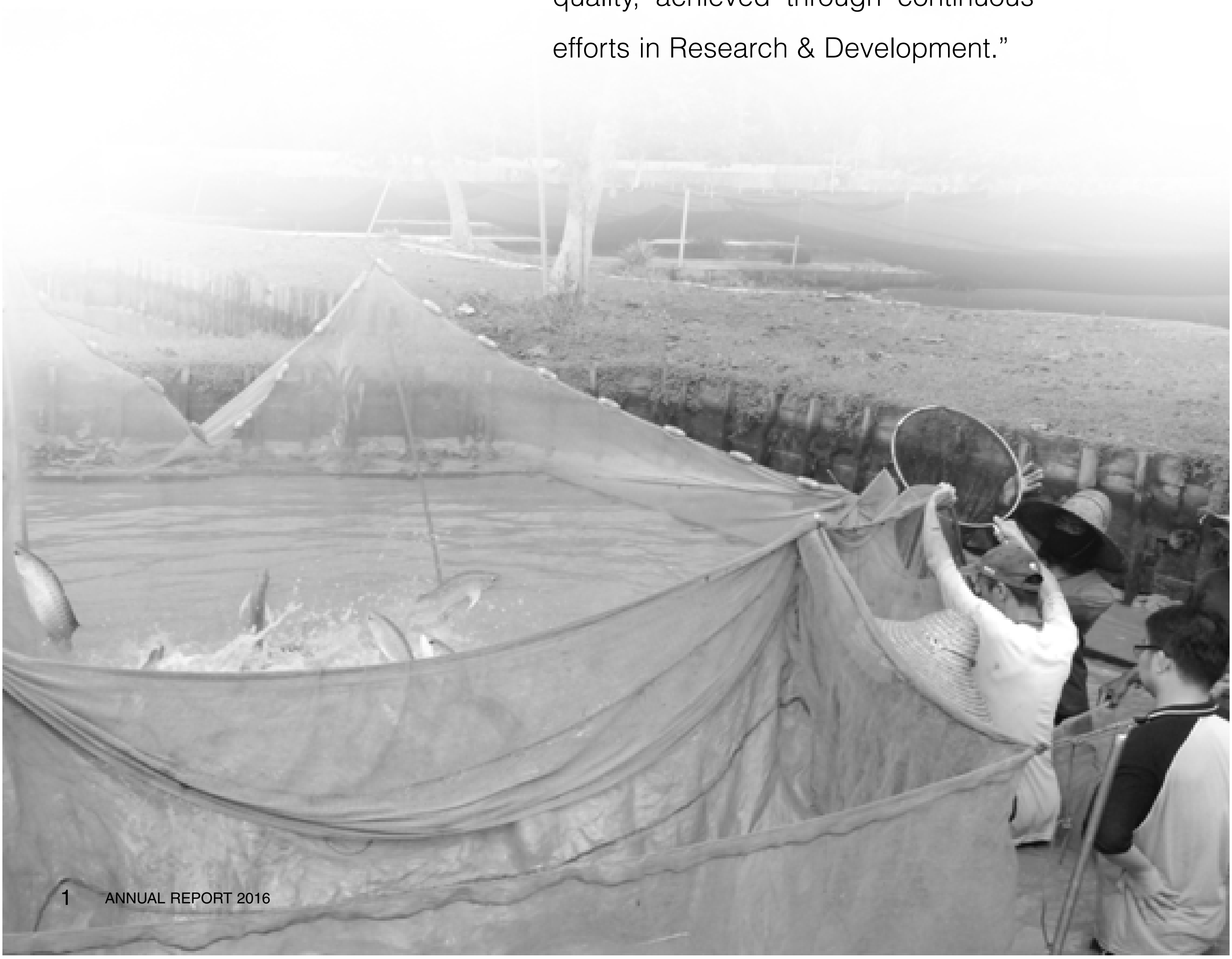
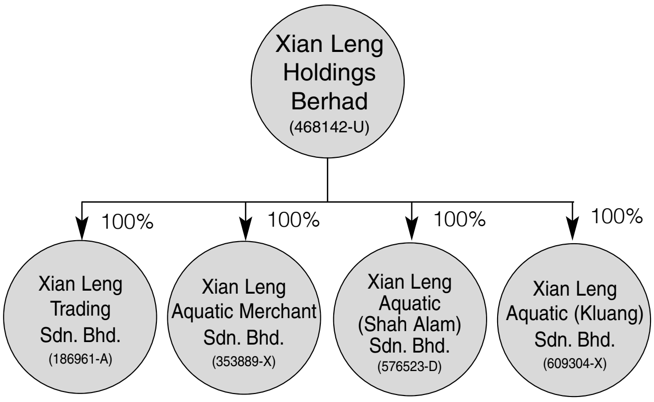
Mission Statement

" We strive to be a first class breeder and supplier of high value Asian Arowana, Stingray and other ornamental fishes with unmatched quality, achieved through continuous efforts in Research & Development."



CORPORATE PROFILE

Xian Leng Holdings Berhad (XLH) was incorporated in Malaysia on 28 August 1998 under the Companies Act, 1965 as a private limited company. XLH was converted into a public company followed the successful listing of the Company on the Second Board of the Bursa Malaysia Securities Berhad (Bursa Securities) on 5 December 2001 and transferred listing to the Main Board of Bursa Securities on 4 September 2003.



The Company's principal activities are investment holding and provision of management services. Presently, XLH has four wholly owned subsidiaries, namely Xian Leng Trading Sdn. Bhd. (XLT), Xian Leng Aquatic Merchant Sdn. Bhd. (XLAM), Xian Leng Aquatic (Shah Alam) Sdn. Bhd. (XLASA) and Xian Leng Aquatic (Kluang) Sdn. Bhd. (XLAK) (collectively known as "XLH Group" or the "Group"). The principal activities of XLT are commercial captive breeding of the Asian Arowana, Stingray and other ornamental fishes and property holding. XLAM is engaged in the trading of ornamental fishes and aquarium accessories as well as property holding. XLASA is engaged in the supplying and operating aquarium as well as trading of ornamental fishes and aquarium accessories, nonetheless, the retail outlet had ceased its operation and XLASA remained inactive during the financial year. XLAK is engaged in the breeding and rearing of fishes and trading of aquaculture products.

XLH Group has four fish farms and one ornamental fish trading centre. Two fish farms located in Parit Sulong and Kangkar Senangar, Batu Pahat respectively are dedicated to the commercial captive breeding of Asian Arowana and Stingray. The modern farm, designed and built to conform to the norms of efficient aquafarming enables the application of sophisticated husbandry practices. The fish farm located in Sungai Suluh, Batu Pahat is for the purpose breeding of other popular ornamental fishes such as Japanese Koi, Anabantids and Gold Fish. The fourth fish farm located in Kluang is for the breeding of other tropical fishes, such as Guorami, Pleco and Gold fishes.

The ornamental fish trading centre situated in Batu Pahat is engaged in the retailing of both local and imported exotic aquarium fishes as well as the related paraphernalia such as aquarium tanks and accessories, fish feed and medication. With its wide range of ornamental fishes and aquarium accessories displayed in an attractive manner, the centre has become a model of its kind and a tourist draw for both hobbyists and visitors to the cities.

RESEARCH & DEVELOPMENT

XLH maintains its leading edge over competitors through a strong commitment to research and technology development (RTD) that has enabled the Group to continuously improve its production efficiency and product quality.

Technological breakthroughs achieved include the following:

1. Improving the quality of the Malaysian Golden variety, which ranks No 1, among Asian Arowana species;
2. Creating "new" variants of the major varieties through genetic selective breeding;
3. Improving the quality of the stingray fish;
4. Improving the physical appearance and robustness of the fish through proper priming and careful nurturing of the fry;
5. Perfecting environmental and fish management practices; and
6. Improving feed quality and culture systems.

CORPORATE SOCIAL RESPONSIBILITY

The Group practices good Corporate Social Responsibility (CSR) and commits to uphold the interest of our stakeholders in the work place, community and the environment.

Workplace
The Group recognizes the importance of having a conducive working environment for the employees. It emphasizes fair promotional and remuneration scheme for all employees regardless of age and gender. Accordingly, XLH currently employs a number of retirees and senior citizens for its operations.

It also recognizes the importance of employee's welfare and strives to improve on the quality of life for all, by putting in place various educational and career advancement programs.

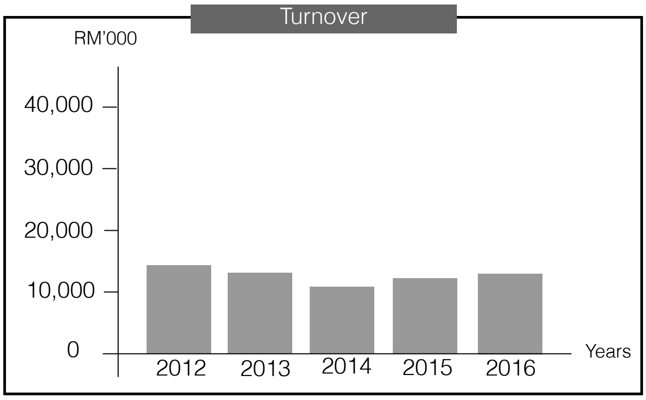
In addition, social and recreational activities are frequently organized to encourage employees' interaction, as well as to cultivate team spirit among the employees. Meanwhile, the Group also ensures a healthy workplace, by providing a clean and safe working environment for all employees.

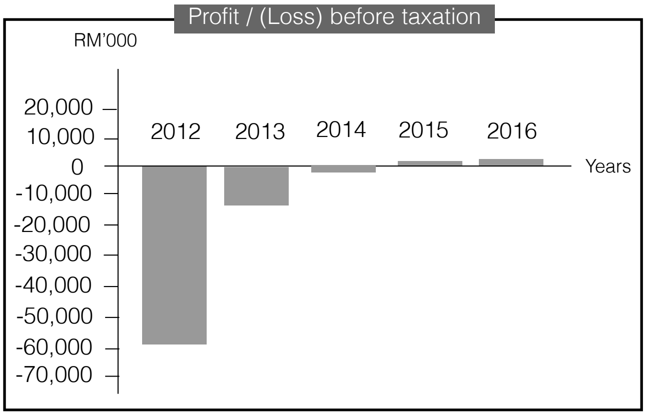
Community
The Group actively supports aquarium-visit-programmes organized by different educational institutions in the country. During these visits, the Group actively promotes and educates the participants with useful information on fishery and aquarium care tips to enhance their knowledge in this field. Through its subsidiary, Xian Leng Aquatic Merchant Sdn Bhd in Batu Pahat, the Group donates aquatic accessories and fish to school in order to build the interest of rearing fishes among the school children rather than indulging themselves with new digitals gadgets excessively.

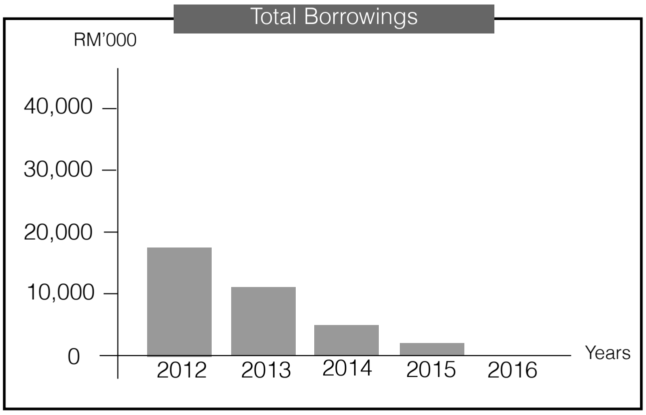
Environment
The Group is committed to ensure that its activities will not have a significant negative impact on the environment. It strongly adopts pollution free breeding methods for its fish farming operations. A strong pro-environmental bias is adopted in the establishment of its fish farm as evidenced in every aspect starting from the farms location to design, construction, management and operations.

Promotion of Agro-Tourism Industry
In line with the country's effort to promote agro-tourism industry, the Group is committed to the promotion of such activities by opening to the public its impressive collection of fishes at its aquariums in Batu Pahat showroom.

GROUP FINANCIAL DATA







Group Financial Summary

Description	Year Ended 31 Jan 2012 RM'000	Year Ended 31 Jan 2013 RM'000	Year Ended 31 Jan 2014 RM'000	Year Ended 31 Jan 2015 RM'000	Year Ended 31 Jan 2016 RM'000
Turnover	14,898	12,994	10,854	12,707	12,900
Profit / (Loss) before taxation	(59,187)	(12,965)	(1,982)	646	763
Total Borrowings	18,348	11,585	4,926	1,480	-

CORPORATE INFORMATION

Board of Directors:

Augustine A/L T.K. James
(Chairman and Independent Non-Executive Director)
Kuan Kai Seng
(Executive Director/ Chief Executive Officer)
Lee Kian Hu
(Senior Independent Non-Executive Director)
Wong Koon Wai
(Independent Non-Executive Director)

Gan Chong Shyan (Resigned w.e.f. 1 December 2015)
(Independent Non-Executive Director)

Audit Committee:

Lee Kian Hu (Chairman)
Augustine A/L T.K. James
Wong Koon Wai
(Appointed w.e.f. 28 December 2015)

Gan Chong Shyan
(Resigned w.e.f. 1 December 2015)

Nominating Committee:

Lee Kian Hu (Chairman)
Augustine A/L T.K. James
Wong Koon Wai
(Appointed w.e.f. 28 December 2015)

Gan Chong Shyan
(Resigned w.e.f. 1 December 2015)

Remuneration Committee:

Lee Kian Hu (Chairman)
Kuan Kai Seng
Augustine A/L T.K. James

Employees' Share Option Scheme Committee:

Kuan Kai Seng (Chairman)
Lee Kian Hu
Augustine A/L T.K. James

Secretary:

Laang Jhe How (MIA25193)
(Appointed w.e.f. 2 October 2015)
Tan Kah Koon (MAICSA 7066666)
(Appointed w.e.f. 28 March 2016)

Yong May Li (LS 0000295)
(Resigned w.e.f. 2 October 2015)

Auditors:

CAS & Associates
39-01, Jalan Permas 10/5
Bandar Baru Permas Jaya
81750 Masai, Johor Bahru
Johor Darul Takzim, Malaysia
Tel: 607- 386 9069 Fax: 607-387 9069

Share Registrar:

Insurban Corporate Services Sdn. Bhd.
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia
Tel: 603-7729 5529 Fax: 603-7728 5948

Registered Office:

35, Jalan Penjaja 3
83000 Batu Pahat
Johor Darul Takzim, Malaysia
Tel: 607-433 0313 Fax: 607-431 3697

Principal Banker:

Malayan Banking Berhad
Alliance Islamic Bank Berhad

Stock Exchange Listing:

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

Website:
www.xianleng.com.my

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the 2016 Annual Report and Financial Statements of Xian Leng Holdings Berhad for the financial year ended 31 January 2016.

Operating Environment and Future Directions

Year 2015 has been a challenging year for Xian Leng Holdings Berhad. The efforts to improve the quality and quantity of fresh water stingray still remain the main objectives of the company. However this development was greatly hindered last year when the forest fires in our neighboring country had resulted in major air pollution in our country. The bad weather conditions and extreme high air pollution had an enormous effect on the reproduction activities of the fishes which greatly reduced the production of fishes.

Export market was promising in year 2015 due to the depreciation of “Ringgit”; however China and Japan both suffered the effects of economic slowdown causing consumers to be cautious in their spending. It was the major contributor for sluggish sales in the international market.

The minimum wages of foreign labour that was implemented in 2014, not only had increased the production costs but also made it difficult to hire foreign workers. Most of the workers prefer more comfortable working conditions than laboring in the fish farms.

Domestic markets are still adjusting itself with the new tax imposed known as Goods and Services Tax in short known as GST. Great efforts were taken by our company to educate our local customers. Efforts were not wasted by both our government and our company as our consumers are coming back and we are engaging our marketing team to ride on the tide.

Wave after wave of challenges did not hamper the management’s determination to grow our company. The determination is proven with the slightly increased profit before tax compared to the previous financial year. And, the Group has successfully achieved a debt free position as at the Financial Year Ended 2016.

Export market will continue to be in our major pipeline and the exploration for new markets has never ceased. China market is expected to be more stable and the higher Chinese Yuan against Ringgit will play a major role to allow us to improve our market share in China with our historical reputation and determination.

Financial Performance

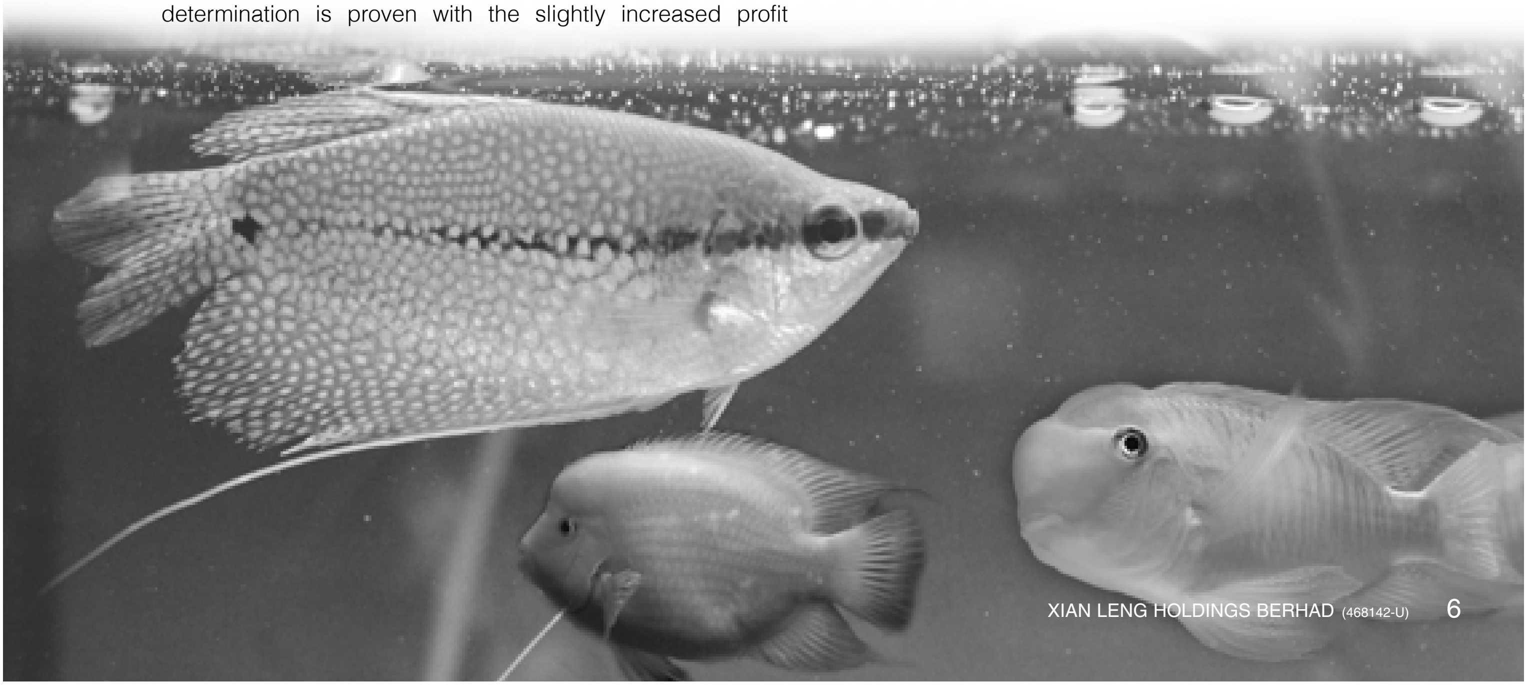
For financial year ended 31 January 2016, the Group has recorded a total revenue of RM12.9 million as compared to last financial year of RM12.7 million. At the same time the Group registered a profit before tax of RM0.763 million as compared with profit before tax of RM0.646 million in the corresponding period last year. The Board of Directors will continue to be vigilant in its approach to further enhance the overall Profit and Loss and Balance Sheet of the Group.

Acknowledgements

I would like to express my heartfelt appreciation to my fellow Directors and all employees, who have been instrumental in addressing the challenges faced by the Group. I would also like to express my gratitude to our investors for their confidence in our abilities to further improve shareholders’ value. Lastly, I would like to thank the various Government departments, statutory bodies, our business partners, suppliers, customers and financiers for their continued support and co-operation extended to the Group.

Thank you.

Augustine A/L T.K. James
31 May 2016



PROFILE OF DIRECTORS

	Augustine A/L T.K. James	**Kuan Kai Seng**
Position	Chairman and Independent Non-Executive Director	Chief Executive Officer and Executive Director
Age	59	42
Nationality	Malaysian	Malaysian
Qualification field	Chartered Accountant	Chartered Accountant
Working experience & Occupation	Mr Augustine James was articled with the firm of Messrs. Goonting & Chew, Public Accountants (M) based in Kuala Lumpur in mid 1977. Whilst being articled, he sat for the Malaysian Association of Certified Public Accountants exams. In 1983, he joined Messrs Aljeffri & Co. Chartered Accountants (M) based in Kuala Lumpur. Messrs Aljeffri & Co, also a medium sized audit firm with six branches. He was later appointed a salaried partner of the firm. He was put in charge of the Insolvency division and managed the division for six years. He was also put in charge of the branches. One of the major tasks undertaken was to manage and supervise on behalf of the court appointed receiver, the operations of Lori Malaysia Berhad., which had more than two hundred prime movers and trailers for more than four years. In addition he was appointed the Receiver's Authorised Representative to undertake receivership assignments initiated by various financial institutions. He left Messrs Aljeffri & Co. on his own accord in early 1995 to manage his own firm styled under Messrs James & Co. Presently, Mr Augustine James is the named liquidator (appointed by court) in more than 30 companies mostly involved in property development and property holding mostly in the Klang valley. Messrs. James & Co. Chartered accountants (M), has been in existence since early 1995. As the Managing partner of the firm he brings together 39 years of exposure in varied professional services rendered in the public practice. He has been exposed to a wide range of professional services including auditing, accounting, secretarial, taxation, receivership, business finance, business consultancy and etc.	Mr Kuan Kai Seng holds a Bachelor degree in Accountancy from Nelson Polytechnic, New Zealand in December 1999 and Chartered Accountancy of the Institute Chartered Accountant of New Zealand in 2002. He is a member of New Zealand Institute of Chartered Accountants, Malaysian Institute of Chartered Accountants and Chartered Tax Institute of Malaysia. Mr Kuan joined Ernst & Young from March 1999 to September 2002, carrying out statutory audit on private limited and public limited companies. Subsequently, Mr Kuan was a Group Accountant in a local group of companies. His employment with the group of companies included three years overseas posting as an Assistant General Manager cum Head of Finance for the group's subsidiary in China. After that, he was in public practice as a chartered accountant in a member firm of MIA. Currently, Mr Kuan is oversees the planning, development and overall management of the Group. He has more than 4 years experience in the management of ornamental fish trades and operation of the fish farms.
Date of Appointment	17 August 2012	3 April 2012
Date of Resignation	N/A	N/A
Other directorships of public companies	Nil	Karyon Industries Berhad Evergreen Fibreboard Berhad
Membership of Board Committees	Member of Audit Committee Member of Nomination Committee Member of Remuneration Committee Member of Employees' Share Option Scheme Committee	Member of Remuneration Committee Chairman of Employees' Share Option Scheme Committee
Family relationship with any director and / or major shareholder of XLH	Nil	Nil
Conflict of interest with XLH, if any	Nil	Nil
Convictions for offences within the past 10 years other than traffic offences	Nil	Nil
Attendance at Board Meetings held during the financial year	No. of meetings held: 6 No. of meetings attended: 6	No. of meetings held: 6 No. of meetings attended: 6

	Lee Kian Hu	**Wong Koon Wai**
Position	Senior Independent Non-Executive Director	Independent Non-Executive Director
Age	42	41
Nationality	Malaysian	Malaysian
Qualification field	Chartered Accountant	Chartered Accountant
Working experience & Occupation	Mr Lee Kian Hu holds a Bachelor Degree in Economics and Accounting from the University of Western Australia and is a member of the Certified Practicing Accountant of Australia and a member of the Malaysian Institute of Accountants. After graduation, he gained experience working for a local accounting firm and moved on to an international accounting firm and was responsible for handling full set of audit job, corporate tax computation and leading the audit teams, system documentation and reviews, advisory on business law and companies act, rules and regulations, commercial and financial data analysis. Currently, Mr Lee is a Sole-proprietor of Hu & Co., Chartered Accountants in Johor Bahru, the Director of Hu & Co. Consultants Sdn. Bhd. and CH Management Consultants Sdn. Bhd. which are secretarial and management consulting firm, mainly providing various level of professional advisory services.	Mr Wong Koon Wai graduated with a Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology in 1999. He started his career in the audit and assurance profession in June 2000 and joined Crowe Horwath in May 2003. He was promoted to the position of Senior Manager before he left the firm 8 years later in 2011. Throughout his audit and assurance profession tenure, he has gained knowledge in external audit and corporate transactions locally and overseas. Mr Wong joined Oriental Castle Sdn Bhd in 2011 as its Financial Controller where he was responsible to oversee the finance and accounting functions of the company and its group of companies in Malaysia, Singapore, China, Vietnam and Indonesia. He left the company in 2012 and joined the Malaysian Institute of Accountants as its Director of the Professional Standards & Practices Division, where he was responsible for the overall leaderships, direction and coordination of all activities of the said division. In 2014, Wong Koon Wai left the Malaysian Institute of Accountants and joined Poh & Tan as an Audit Principal where he was involved in liquidation, audit, GST and corporate advisory services. In 2015, he left Poh & Tan for Global Line Network Sdn Bhd, where he joined as its Chief Operating Officer and is responsible on planning, directing and coordinating the company's operational policies, rules, initiatives and goals.
Date of Appointment	15 June 2012	27 March 2015
Date of Resignation	N/A	N/A
Other directorships of public companies	Nil	Nil
Membership of Board Committees	Chairman of Audit Committee Chairman of Remuneration Committee Chairman of Nominating Committee Member of Employees' Share Option Scheme Committee	Member of Audit Committee Member of Nominating Committee
Family relationship with any director and / or major shareholder of XLH	Nil	Nil
Conflict of interest with XLH, if any	Nil	Nil
Convictions for offences within the past 10 years other than traffic offences	Nil	Nil

	Lee Kian Hu: No. of meetings held	Lee Kian Hu: No. of meetings attended	Wong Koon Wai: No. of meetings held	Wong Koon Wai: No. of meetings attended
Attendance at Board Meetings held during the financial year	6	6	5	5

PROFILE OF DIRECTORS

Gan Chong Shyan

Position: Independent Non-Executive Director

Age: 58

Nationality: Malaysian

Qualification field: Chartered Accountant

Working experience & Occupation:

Mr Gan Chong Shyan is a Member of the Malaysian Institute of Certified Public Accountant, the Malaysian Institute of Accountants and a Fellow Member of the Malaysian Institute of Taxation. He was attached with Pricewaterhousecoopers from 1980 to 1988 and was in charge of the Statutory Audit and Tax review of wide spectrum of companies from various industries such as construction, trading, banking, manufacturing, petroleum, energy, and specialized industry such as Korperasi, Felda, Bursa Malaysia. Some of the companies audited by Mr Gan during his tenure with Pricewaterhousecoopers are Sime Darby, Tractors, Chase Manhattan Bank, Bank of America, Bank Rakyat, UMBC, Sterling Drugs, CIMA, Tenaga and Shell. Mr Gan has also performed Due Diligence Review, Profit Forecast Review and Special Audits of Matsushita, Shell, UMBC.

Mr Gan later joined Fung Keong Rubber Manufactory (M) Sdn. Bhd. (“Fung Keong”) as Group Chief Accountant from 1988 to 2001. Mr Gan was responsible for Financial, Treasury, Taxation, Human Resource, Warehousing, Administration, EDP and Legal Affairs Management of Fung Keong. Provide timely reporting to General Corporation Berhad (Fung Keong’s Holding Company) on financial reports. Mr Gan was also a member of the Board of Directors of Fung Keong and joint venture companies with Japan, Netherland, Vietnam, Management committee of the joint venture company in Vietnam (Hanoi) with overall responsibility in the financial matters, overall supervision in the subsidiary manufacturing operation in Melbourne Australia and a member of Board of Directors in China trading operation (Footwear).

Mr Gan joined Latexx Partners Berhad (“Latexx Partners”) and Gunung Capital Berhad (“Gunung Capital”) as Director from 2001 to 2008. Mr Gan was responsible for overseeing the Group’s Corporate and Operation Finance, Taxation, Legal, Sales, Human Resource, Secretarial and Administrative Matters, dealing with the Merchant Bank, Securities Commission on capital fund raising and debt restructuring exercise, acted as key player in the Due Diligence Team which includes preparation of Profit Forecast and Projections/Long Form and Short Form Accountant Reports, review of operation in USA, Thailand and completed restructuring work to turn around Latexx Partners.

After the restructuring of Latexx Partners, Mr Gan was responsible for overseeing the Group’s Finance, Sales, Human Resource, Legal Affairs, Corporate Governance, Risk Management, Audit, Cost Accounting and Secretarial Matters; Secure Financing for Working Capital and Expansion Plans with Bankers; Maintain Healthy Cash flow by strict regime of Debtors Collections; Chart Expansion Plan for the growth of the company; Review and regular meeting on KPIs achievement with all Unit Heads to ensure achievement of Latexx Partners objectives and dealing with Bursa Malaysia on all announcement and financial results.

Mr Gan later joined UE Development India PVT. Ltd. (“UE Development”) as Head of Finance from 2008 to 2012. Mr Gan was responsible and was overall in-charge of the Finance, Legal, HR and Admin., and IT divisions of UE Development; Review, provide financials review on all prospective projects via tenders and joint venture partners; Review and secure the financing needs of the projects secured; Provide timely reporting to UEM Builders Bhd. (UE Development’s Holding Company) on financial reports and a Member of the Board of the Joint Venture companies and Management Committees of the Joint Venture Projects.

Mr Gan subsequently joint UE Development India PVT. Ltd./ UEM Essar JV as Chief Executive Officer from 2012 to 2013 before his retirement. During his tenure with UE Development India PVT. Ltd./ UEM Essar JV, Mr Gan was responsible for helping the Board of Directors to achieve Company values, mission, vision and short and long term goals; monitor and evaluate Company’s relevancy to community, its effectiveness, and its results; Provides general oversight of all Company’s activities, manage the day-to-day operations and assures a smoothly functioning, efficient organization; Assures program quality and organization stability through development and implementation of standards and controls systems and procedures for regular evaluation; Assures a work environment that recruits, retains and supports quality staff; Specifies accountabilities of management personnel and evaluates performance regularly; Oversees the fiscal activities of the organization including budgeting, reporting and audit; Works with the Board to ensure financing to support short and long term goals; Serves as chief spokesperson for the Company, assuring proper representation of the Company to the community and works with legislators, regulatory agencies to promote legislative and regulatory policies.

Mr Gan retired in 2013 and manage own investments.

Gan Chong Shyan (Cont'd)

Date of Appointment	27 January 2015	
Date of Resignation	01 December 2015	
Other directorships of public companies	Nil	
Membership of Board Committees	Member of Audit Committee Member of Nominating Committee	
Family relationship with any director and / or major shareholder of XLH	Nil	
Conflict of interest with XLH, if any	Nil	
Convictions for offences within the past 10 years other than traffic offences	Nil	
Attendance at Board Meetings held during the financial year	No. of meetings held 5	No. of meetings attended 5

AUDIT COMMITTEE REPORT

The Audit Committee ("AC" or "the Committee") is pleased to present the report of the AC for the financial year ended 31 January 2016.

A. MEMBERS AND MEETINGS ATTENDANCES

The AC comprises the following members. Six (6) AC Meetings were held for the financial year ended 31 January 2016 and details of attendance of each member at the AC Meetings are as follows:-

Composition of Committee	Number of meeting attended	Percentage
Lee Kian Hu (Chairman/ Senior Independent Non-Executive Director – Member of the MIA)	6/6	100%
Augustine A/L T.K. James (Member/Independent Non-Executive Director – Member of the MIA)	6/6	100%
Wong Koon Wai (Appointed w.e.f. 28 December 2015) (Member/ Independent Non Executive Director – Member of the MIA)	1/1	100%
Gan Chong Shyan (Resigned w.e.f. 1 December 2015 (Member/Independent Non-Executive Director – Member of the MIA)	5/5	100%

The meetings were appropriately structured through the use of agendas, which were distributed to the members with sufficient notification.

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year ended 31 January 2016, the AC held a total of six (6) meetings. The principal activities undertaken by the AC were summarised as follows:-

a) AC had reviewed the financial reportings and the quarterly unaudited financial results for the 4th quarter of 2015, 1st, 2nd, 3rd quarters of 2016 at its meeting held on 26 March 2015, 26 May 2015, 24 June 2015, 28 September 2015, 3 November 2015 and 28 December 2015 respectively before recommending them for the Board's consideration and approval for announcement to the public;

b) On 26 March 2015, the AC had reviewed and discussed with the External Auditors on the audited financial statements of the Group for the financial year ended 31 January 2015. On 28 March 2016 the AC had reviewed, with the External Auditors, the audited financial statements of the Group for the financial year ended 31 January 2016 prior to submission to the Board for their consideration and approval respectively. The review was to ensure that the audited financial statements were drawn up in accordance with the provision of the Companies Act 1965 and applicable Malaysian Financial Reporting Standards ("MFRS") in Malaysia. The AC met with the External Auditors without the presence of the Executive Director and the management on 28 March 2016;

c) On 28 December 2015, the AC reviewed the External Auditors' scope of work and the audit planning memorandum in respect of the financial statements of the XLH and its subsidiaries for the financial year ending 31 January 2016 prior to the commencement of audit. The External Auditors had also declared their independence in relation to their audit for the financial year ended 31 January 2016 to the AC.

d) Reviewed the External Auditors' management letter and management's response;

e) The Internal Auditors had presented the Internal Audit Review Report and Enterprise Risk Management Review Report to the AC on 28 March 2016.

f) The AC had reviewed the internal audit review reports, which highlighted the risk profiles and assessments, recommendations and management response. The following identified business processes/ areas were covered by the Internal Auditors:-

- Production and Inventory Management and Control System;
- Sales and Collection System
- Purchases and Payment System

g) The AC had also conducted meetings with the External Auditors without the presence of the Executive Directors and employees of the Company.

C. MEMBERSHIP

The AC shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members all of whom shall be non-executive directors with a majority of them being independent directors. The quorum for AC shall be two members.

The committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

A Chairman shall be appointed by the AC from amongst the members who shall be an independent director.

D. SECRETARY

The Secretary to the AC is the Company Secretary.

E. FREQUENCY OF MEETINGS

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary.

The AC may convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary, but at least twice a year.

F. TERMS OF REFERENCE

(a) Authority :-

The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

(b) The Duties of the Committee shall be :-

- to consider the appointment of the external auditors, any questions of resignation or dismissal to discuss with the external auditors before the audit commences, the nature and scope of the audit, and the assistance given by the Company's officers to the auditors and ensure coordination where more than one audit firm is involved;

- to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

- to review the internal audit functions and programmes, consider the major findings of internal audit investigation and management's response (in the absence of Management where necessary), and ensure coordination between the internal and external auditors and the internal auditors to report directly to the Committee and shall have access to the Chairman of the Committee;

- to review the adequacy of the competency and the relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;

- to keep under review the effectiveness of internal control system, and in particular review the external and internal auditors' management letters and management's responses;

- to review the quarterly and annual financial statements before submission to the Board, focusing particularly on:

    - any changes in accounting policies and practices
    - major judgmental areas
    - significant adjustments resulting from the audit
    - the going concern assumption compliance with accounting standards
    - compliance with stock exchange and legal requirements
    - any related party transactions that may arise within the Company or Group

- to undertake additional duties, as may be agreed to by the Audit Committee and the Board of Directors

G. REPORTING PROCEDURES

The Audit Committee shall report to the Board of Directors.

H. RIGHTS OF THE AUDIT COMMITTEE

The Board authorised that wherever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company :-

- Have authority to investigate any activities within its terms of reference.
- Have authority to request any information relevant to its activities from any employee of the Company or the Group and all employees are directed to cooperate with any request made by the Committee.
- Have the ability to consult independent experts where they consider it necessary to carry out their duties.

I. INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Group has outsourced its internal audit and risk management functions to a professional services firm, which is tasked with the aim of providing assurance and assisting the AC and the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems in the Company.

The internal audit function also acts as a source to assist the AC and the Board to strengthen and improve current management and operating style in pursuit of best practices.

The total cost incurred for the internal audit and risk management functions in respect of the financial year ended 31 January 2016 is approximately RM30,000.00.

This report is made in accordance with the resolution of the Board dated 25 May 2016.

The Board of Directors (“Board”) of XLH are committed to the high standards of corporate governance, prescribed in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

The Board is cognizant that it is accountable to its investors and shareholders for good corporate governance and continuously reviews and enhances the Company’s process, practices and policies to ensure its business operations are in accordance to the principles of integrity, transparency, accountability and responsible business conduct, thereby reducing any potential untoward incidences. The Board is committed and strives to apply the recommendations of the MCCG 2012 to ensure that good corporate governance is practiced throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders’ value.

This statement describes the Company’s application of the principles and the extent of compliances with the best practices of the MCCG 2012.

A. DIRECTORS

a) The Board

The Board is led and managed by an experienced and dynamic team who is responsible for the stewardship of the business and affairs of the Group with a view of enhancing shareholders’ value.

The Board is responsible for establishing corporate goals and providing the strategic direction for the Group. The Board also plays the critical role in ensuring that sound and prudent policies and practices are in place and performs the oversight role on the management of the Company's business towards achieving its long term goals.

The Board has an effective working partnership with the Management in establishing the strategic direction and implementation of its goals. There is a clear division of responsibility between the Chairman and the Executive Directors to ensure that there is a balance of power and authority.

Presently, the Board has four (4) members comprising of one (1) Executive Director, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors.

Recommendation 3.1 of the MCCG 2012 states that the Board should undertake an assessment of its independent Directors annually. The Board through the Nomination Committee has conducted an assessment of independence of the Independent Non-Executive Directors and have determined that all the three (3) Independent Non-Executive Directors remain objective and independent.

The four (4) members of the Board are persons of high integrity and are responsible for overall governance of the Group by ensuring that the Group’s internal control, risk management and reporting procedures are well in place. The current size and composition of the Board are considered adequate to provide mix of skills, experience and expertise. Furthermore, the Board is of the view that with the current Board size, the power and authority of Executive Director and Independent Directors are balanced. The Board will continue to monitor and review the Board size and composition as may be needed.

The Board is of the view that while it is important to promote gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge should remain a priority.

b) Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Six (6) Board Meetings were held during the financial year ended 31 January 2016 and the attendance for each Director is as follows:-

Name of Directors	Number of meeting attended	Percentage (%)
Augustine A/L T.K. James	6/6	100%
Kuan Kai Seng	6/6	100%
Lee Kian Hu	6/6	100%
Wong Koon Wai	5/5	100%
Gan Chong Shyan (Resigned w.e.f. 1 December 2015)	5/5	100%

A. DIRECTORS (CONT'D)

c) Time Commitment

Recommendation 4.1 of the Code, the Board should set out expectations on time commitment for its members and protocols for accepting new directorship. As a result, all Directors are required to notify the Chairman of the Board before accepting any new directorship. This is to show the time commitment from the Directors in carrying out their responsibilities.

d) Supply of information

The Directors have full and unrestricted access to all information and can also seek independent professional advice whenever such services are needed to assist them in carrying out their duties. All Directors are provided with the agenda together with the Board papers prior to the Board Meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and to obtain further information and explanations to facilitate informed decision making. All Directors have access to the advice and services of the Company Secretary.

e) Re-election

All directors are required to submit themselves for re-election every three (3) years. Full information is disclosed through the notice of meeting regarding directors who are retiring and who are willing to serve if re-elected.

f) Induction to Board Members and Members

All new Directors are required to undergo an orientation program to provide them with necessary information to enable them to contribute effectively from the date of their appointment. This includes internal briefings on the Group's operations and financial performance and site visits to the fish farms and offices. All Directors have attended the Mandatory Accreditation Program as required by Bursa Securities.

g) Board Charter

The Board has adopted a Board Charter to promote the standards of Corporate Governance and defines among others the roles and responsibilities of the Board. The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's objectives and responsibilities. The Board Charter is also available on the Company's website www.xianleng.com.my

h) Board Committee

The Board has a number of standing committees, all of which have written Terms of Reference clearly setting out their authority and duties, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. All Board Committees report to the Board.

i) Audit Committee

The composition and Terms of Reference of the Audit Committee together with its report are presented on pages 11 to 13 of this Annual Report.

ii) Nominating Committee

The Committee's key functions are to make recommendations on all new appointments to the Board and membership of Board Committees. Its other responsibilities include the review of the structure, size and composition of the Board, including the ongoing effectiveness of the Board as a whole and the committees of the Board, and the contribution of each Director towards the effective functioning of the Board.

The Nominating Committee comprised the following Independent Non-Executive Directors during the financial year:

Name of Directors	Number of meeting attended	Percentage (%)
Lee Kian Hu (Chairman/ Senior Independent Non-Executive Director)	4/4	100%
Augustine A/L T.K. James (Member/ Independent Non-Executive Director)	4/4	100%
Wong Koon Wai (Appointed w.e.f. 28 December 2015) (Member/ Independent Non-Executive Director)	1/1	100%
Gan Chong Shyan (Resigned w.e.f. 1 December 2015) (Member/ Independent Non-Executive Director)	3/3	100%

A. DIRECTORS (CONT'D)

h) Board Committee (Cont'd)

The duties and responsibilities of the Nominating Committee are as follows:-

i. Assess the suitability and recommend to the Board, candidates for directorship and members for the Board's committees. Consider in making its recommendation candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.

ii. Assist the Board to review annually the required mix of skills and experience and other qualities of directors

iii. Assist the Board to assess annually:
- effectiveness of the Board as a whole and the Board's Committees
- contribution of each director

The following nomination process was adopted by the Nominating Committee:-
i. To identify the candidate(s);
ii. Evaluation on suitability of candidate(s);
iii. Meeting up with candidate(s);
iv. Final deliberation by Nominating Committee; and
v. Recommendation to Board.

iii) Remuneration Committee

The Remuneration Committee consists of a majority of Non-Executive Directors during the financial year:

Name of Directors	Number of meeting attended	Percentage (%)
Lee Kian Hu (Chairman/ Senior Independent Non-Executive Director)	2/2	100%
Kuan Kai Seng (Member/ Chief Executive Officer/ Executive Director)	2/2	100%
Augustine A/L T.K. James (Member/ Independent Non-Executive Director)	2/2	100%

The Remuneration Committee is responsible to determine a procedure for developing a remuneration policy which will enable the Company to attract and retain directors with the relevant experience and expertise needed to run the Group successfully.

B. DIRECTORS' REMUNERATION

The fees of Directors, including Non-Executive Directors, are determined by the Board, taking into account the recommendation of the Remuneration Committee with the approval from shareholders at the AGM.

The objective of the Company's policy on Directors' remuneration is to attract and retain the Directors needed to run the Group successfully.

In the case of Executive Directors, the remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set by the Group. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

B. DIRECTORS' REMUNERATION (CONT'D)

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Group who served during the financial year is as follows:

Category	Fees RM	Salaries RM	Other Emoluments RM	Allowance RM	Total RM
Executive Directors	-	142,000	18,763	7,750	168,513
Non-Executive Directors	194,717	-	-	24,000	218,717

The number of directors of the Company who served during the financial year and their total remuneration fall within the following bands:

Range of remuneration (RM)	No. of Directors	
	Executive	Non-Executive
50,000 and below	1	4
50,001 - 100,000	-	1
100,001 - 150,000	1	-

C. DIRECTORS' TRAINING

Directors' training is an ongoing process as Directors recognise the need to the continually develop and to update themselves on developments to keep them abreast with the current developments of the industry as well as the new statutory and regulatory requirements to enable them to discharge their duties effectively.

During the financial year ended 31 January 2016, the Directors have attended the following training programmes:-

Directors	Seminars and briefings attended
Augustine A/L T.K. James	• Tax Planning, Tax Issues and GST Accounting for Property Developers on 14 December 2015 • GST Post-Implementation Issues on 10 December 2015 • GST Procurement and Account Payable on 7 December 2015 • Real Property Gains Tax, Rental Income and GST Implications for Property Investors on 18 November 2015
Kuan Kai Seng	• Sustainability Symposium: Responsible Business. Responsible Investing on 8 October 2015 • Corporate Governance Breakfast Series: Future of Auditor Reporting – The Game Changer for Boardroom on 21 September 2015 • Advocacy Session on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers on 3 September 2015
Lee Kian Hu	• Withholding Taxes – Law and Implications on Cross Border on 7 December 2015
Wong Koon Wai	• Presentation of Financial Statements and Disclosure Requirement of Auditing Standard
Gan Chong Shyan	• Sustainability Symposium: Responsible Business. Responsible Investing on 8 October 2015 • Advocacy Session on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers on 3 September 2015

D. RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board recognises the importance of good communication with all shareholders and endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Shareholders and investors are kept informed of all major developments within the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the XLH Group's financial and operational performance.

The AGM of the Company represents the principal forum for dialogue and interaction with all shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. The Board encourages shareholders to participate in the question and answer session. Members of the Board as well as Auditors of the company are available to answer and provide explanations on queries raised during the meetings.

Notice of AGM and Annual Report are sent out to shareholders at least 21 days before the date of the meeting. In the case of re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

In line with the best practice of Corporate Governance, shareholders were notified of their rights to demand for poll voting during last AGM and the Board has passed the substantive Resolutions by way of poll voting.

XLH has also appointed a Senior Independent Non-Executive Director, Mr Lee Kian Hu, to whom the concerns by the public and shareholders can be addressed.

E. CORPORATE DISCLOSURE POLICY

The Board is aware of the importance of timely and accurate material disclosure to the public and in compliance with Main Market Listing Requirements of Bursa Securities. This is to avoid confusion to the market and undermine the principle of orderly and fair market if the disclosures are incomplete or inaccurate.

The Board had delegated the authority to the Chief Executive Officer to approve all the announcements for release to Bursa Securities.

F. WHISTLE BLOWING

The Company has in place a Whistle Blowing Policy and procedure. The email address is cilipadiXL@gmail.com.

G. STRATEGIES PROMOTING SUSTAINABILITY

The Group is committed to build a sustainable business by taking into consideration the impact on the environment, social and governance aspect of business operations.

H. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

In presenting the annual financial statements and quarterly announcement of its results, the Board aim to present a fair assessment of the Company's position and prospects. The annual financial statements and quarterly results are reviewed by the Audit Committee and recommended to the Board for approval before releasing to the public via the Bursalink.

The details of the financial statement of the Group and the Company are set out on pages 23 to 60 of this Annual Report.

b) Risk Management and Internal Controls

The Board acknowledges their responsibilities for the Group's to maintain a sound system of internal controls which covers financial control, operational and compliance controls as well as risk management to safeguard shareholders' investment and the Group's assets. As such, the Internal Audit ("IA") function was outsourced to an independent professional consulting firm. The cost incurred for the IA and Risk Management functions in respect of the financial year ended 31 January 2016 is approximately RM30,000.00.

The Statement on Risk Management and Internal Control set out on page 20 of this Annual Report provides an overview of the state of internal controls within the Group.

H. ACCOUNTABILITY AND AUDIT (CONT'D)

c) Relation with the External Auditors

The Board, through the AC, maintains a formal and transparent relationship with the External Auditors in seeking their professional advice and ensuring compliances with the applicable accounting standards.

The key features underlying the relationship of the Audit Committee with the External Auditors are included in the Audit Committee Report as detailed in this Annual Report.

I. DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year.

In preparation of the financial statements for the year ended 31 January 2016, the Board is also responsible for the adoption of appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgements and estimates. The Board is also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

The Directors also have a general responsibility for taking such reasonable steps to preserve the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with the resolution of the Board dated 25 May 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. RESPONSIBILITIES

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Group's system of internal control includes operational and compliance controls. The system is designed to identify and manage rather than eliminate the risk of failure to achieve business objectives. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement or loss.

B. KEY FEATURES OF INTERNAL CONTROL SYSTEM

The key elements of the Group's existing system of internal controls are described below:

- A clearly defined organisational structure with the lines of responsibility and delegated authority to the management and operating units.
- Written communication of company values, expected code of conduct and discipline to which employees have acknowledged at the time of employment.
- The Board continuously assesses key business risks with the assistance of Audit Committee.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
- The Board has outsourced its internal audit function to an independent professional service firm to assess the adequacy and integrity of the Group's system of internal controls and to monitor compliance with procedures.
- Effective reporting system to ensure timely generation of financial information for management review.

C. KEY FEATURES OF RISK MANAGEMENT

The key elements of the Group's risk management are described below:

- The Board has appointed an independent professional service firm to assist in identify, evaluate and managed the significant risks that faced by the Group.
- The risks identified and control information are compiled in the risks registers.
- Risk management report is presented to the Audit Committee and the Board for review.
- The Board continuously assesses significant risks with the assistance of Audit Committee.

D. REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing requirements, the external auditor has reviewed this statement on Risk Management & Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants.

E. ASSURANCE MECHANISM

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been deemed to be present throughout the financial year under review and up to the date of approval of the annual report and financial statements.

The Board, with the assistance of the internal audit and risk management functions, continuously reviews the adequacy and integrity of the Group's system of internal control and risk management, compliance with laws, regulations, rules, directives and guidelines. Control deficiencies and issues are highlighted and rectified by the management. Internal control procedures and security measures are introduced where necessary.

The Board has received assurance from the Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the current risk management and internal control of the Company.

The Board is of the view that the adequacy and effectiveness of the Group's Risk Management and Internal Control Systems are in place to provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Group.

Statement made in accordance with the resolution of the Board of Directors dated 25 May 2016

ADDITIONAL COMPLIANCE INFORMATION

MATERIAL CONTRACT

There were no material contracts involving directors or major shareholders other than those entered in the ordinary course of business by the Company disclosed in the financial statements.

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company during the financial year ended 31 January 2016.

SHARE BUY-BACK

During the financial year, there was no share buy-back by the Company.

As at 31 January 2016, a total of 370,000 shares bought back are being held as treasury shares with none of the shares being cancelled or distributed during the financial year.

OPTIONS AND CONVERTIBLE SECURITIES

During the financial year under review, the Company has not issued any options and convertible securities.

DEPOSITORY RECEIPT PROGRAM

During the financial year, the Company did not sponsor any Depository Receipt program.

SANCTIONS AND PENALTIES

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year ended 31 January 2016 amounted to RM15,500.00

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 January 2016 and the unaudited results previously announced.

PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year attributable to equity holders of the parent	764,792	(235,595)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in notes to the financial statements.

DIVIDENDS

The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Augustine A/L T.K James
Kuan Kai Seng
Lee Kian Hu
Wong Koon Wai
Gan Chong Shyan - resigned on 01 December 2015

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1 February 2015	Acquired	Sold	31 January 2016
The Company				
Direct Interest				
Datuk Idris bin Abdullah @ Das Murthy	5,835,000	-	(5,835,000)	-

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

TREASURY SHARES

Repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. No treasury shares were repurchased during the financial year.

As at 31 January 2016, a total of 370,000 out of 72,704,500 issued ordinary shares are held as treasury shares. Further relevant details are disclosed in Note 19 to the financial statements.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

(I) As at the end of the financial year

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(II) From the end of the financial year to the date of this report

(b) The directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of allowance for doubtful debts in respect of these financial statements inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) The directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONT'D)

(II) From the end of the financial year to the date of this report (Cont'd)

(d) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

(III) As at the date of this report

(e) The directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(f) There does not exist:

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

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

AUDITORS

The auditors, CAS & Associates, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 May 2016.

Augustine A/L T.K James

Kuan Kai Seng

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Augustine A/L T.K James and Kuan Kai Seng, being two of the directors of Xian Leng Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 59 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 26 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 May 2016.

Augustine A/L T.K James

Kuan Kai Seng

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Kuan Kai Seng, being the director primarily responsible for the financial management of Xian Leng Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 60 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Kuan Kai Seng at Johor Bahru)
in the State of Johor on 25 May 2016)

Kuan Kai Seng

Before me,

Lau Lay Sung
No. J246
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF XIAN LENG HOLDINGS BERHAD

Report on the financial statements

We have audited the financial statements of Xian Leng Holdings Berhad, which comprise the statements of financial position as at 31 January 2016 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 a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 59.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2016 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 26 of the financial statements on page 60 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants ('MIA Guidance'') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters (Cont'd)

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CAS & Associates
AF 1476
Chartered Accountants

Lye Ghee Kang
2710/02/17(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 25 May 2016

STATEMENTS OF PROFITS OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	3	12,900,410	12,707,298	384,000	336,000
Other income	4	21,137,052	704,748	1,129	500,000
Employee benefits expense	5	(2,254,832)	(2,272,982)	(387,230)	(470,790)
Changes in inventories		(517,592)	499,737	-	-
Purchases of inventories		(5,033,791)	(6,014,043)	-	-
Depreciation	11	(2,022,780)	(2,131,612)	-	-
Impairment loss of property, plant and equipment	11	(21,060,000)	-	-	-
Other expenses		(2,350,994)	(2,605,040)	(312,148)	(188,169)
Operating profit/(loss)	7	797,473	888,106	(314,249)	177,041
Finance costs	8	(34,597)	(241,951)	-	-
Profit/(Loss) before tax		762,876	646,155	(314,249)	177,041
Income tax expense	9	1,916	(142,690)	78,654	(78,654)
Profit/(Loss) net of tax and total comprehensive profit/(loss) for the year		764,792	503,465	(235,595)	98,387
Profit per share attributable to equity holders of the Company (sen) :					
Basic and diluted	10	1.1	0.7		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	11	40,866,910	43,090,308	-	-
Investments in subsidiaries	12	-	-	29,823,440	29,823,440
		40,866,910	43,090,308	29,823,440	29,823,440
Current assets					
Inventories	13	4,778,263	5,295,855	-	-
Trade and other receivables	14	1,426,384	1,447,377	7,543,277	7,976,639
Prepayments		41,757	77,531	19,932	21,603
Tax recoverable		92,666	113,124	-	-
Cash and bank balances	15	1,478,511	96,518	57,825	3,642
		7,817,581	7,030,405	7,621,034	8,001,884
Total assets		48,684,491	50,120,713	37,444,474	37,825,324
Equity and liabilities					
Current liabilities					
Borrowings	16	-	1,480,035	-	-
Trade and other payables	17	856,124	1,499,557	293,333	359,934
Provision for taxation		-	78,654	-	78,654
		856,124	3,058,246	293,333	438,588
Non-current liabilities					
Deferred tax liabilities	18	7,945	6,837	-	-
Total liabilities		864,069	3,065,083	293,333	438,588
Equity attributable to equity holders of the Company					
Share capital	19	72,704,500	72,704,500	72,704,500	72,704,500
Reserves		(24,884,078)	(25,648,870)	(35,553,359)	(35,317,764)
Total equity		47,820,422	47,055,630	37,151,141	37,386,736
Total equity and liabilities		48,684,491	50,120,713	37,444,474	37,825,324
Net current assets		6,961,457	3,972,159	7,327,701	7,563,296
Net assets		47,820,422	47,055,630	37,151,141	37,386,736

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

	Non-Distributable			Distributable	
	Share capital (Note 19)	Share premium	Treasury shares (Note 19)	Retained earnings/ (Accumulated losses)	Total equity
	RM	RM	RM	RM	RM
Group					
At 31 January 2014	72,704,500	135,660	(275,197)	(26,012,798)	46,552,165
Total comprehensive income	-	-	-	503,465	503,465
At 31 January 2015	72,704,500	135,660	(275,197)	(25,509,333)	47,055,630
Total comprehensive income	-	-	-	764,792	764,792
At 31 January 2016	72,704,500	135,660	(275,197)	(24,744,541)	47,820,422
Company					
At 31 January 2014	72,704,500	135,660	(275,197)	(35,276,614)	37,288,349
Total comprehensive income	-	-	-	98,387	98,387
At 31 January 2015	72,704,500	135,660	(275,197)	(35,178,227)	37,386,736
Total comprehensive loss	-	-	-	(235,595)	(235,595)
At 31 January 2016	72,704,500	135,660	(275,197)	(35,413,822)	37,151,141

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from operating activities				
Profit/(Loss) before tax	762,876	646,155	(314,249)	177,041
Adjustments for:				
Allowance for impairment loss on:				
- Property, plant and equipment	21,060,000	-	-	-
- Trade receivables	15,922	-	-	-
Bad debts	4,008	5,435	-	-
Depreciation of property, plant and equipment	2,022,780	2,131,612	-	-
Gain on foreign exchange - realised	(32,315)	(26,308)	-	-
Interest expense	34,597	241,951	-	-
Inventories written off	-	4,842	-	-
Loss on foreign exchange				
- realised	22,019	-	-	-
- unrealised	-	16,196	-	-
Property, plant and equipment written off	231,242	444,719	-	-
Reversal of impairment loss of:				
- Property, plant and equipment	(21,060,000)	-	-	-
- Trade receivables	(4,008)	-	-	-
Operating profit/(loss) before changes in working capital	3,057,121	3,464,602	(314,249)	177,041
Receivables	56,964	370,187	435,033	(212,139)
Inventories	517,592	(504,579)	-	-
Payables	(649,256)	659,827	(66,601)	25,437
Cash generated from/(used in) operations	2,982,421	3,990,037	54,183	(9,661)
Taxes refund/(paid)	(55,172)	(86,112)	-	-
Interest paid	(34,597)	(241,951)	-	-
Net cash generated from/(used in) operating activities	2,892,652	3,661,974	54,183	(9,661)
Cash flows from investing activities				
Investment in a subsidiary	-	-	-	-
Purchase of property, plant and equipment	(30,624)	(308,803)	-	-
Net cash used in investing activity	(30,624)	(308,803)	-	-
Cash flows from financing activities				
Repayment of finance lease obligations	-	(11,842)	-	-
Repayment of term loans	-	(1,360,832)	-	-
Net cash used in financing activities	-	(1,372,674)	-	-
Net increase/(decrease) in cash and cash equivalents	2,862,028	1,980,497	54,183	(9,661)
Cash and cash equivalents at beginning of year	(1,383,517)	(3,364,014)	3,642	13,303
Cash and cash equivalents at end of year (Note 15)	1,478,511	(1,383,517)	57,825	3,642

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at No. 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements for the year ended 31 January 2016 were authorised for issue in accordance with a resolution of the directors on 25 May 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

Accounting framework

These financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards (''FRSs'') in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (''RM'').

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2015, the Group and the Company adopted the following new and amended FRS which are relevant to the operations of the Group and of the Company for financial year ended 31 January 2016:

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 July 2014
Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124, FRS 138: (Annual Improvements to FRSs 2010 - 2012 cycle)
Amendments to FRS 3, FRS 13, FRS 140: (Annual Improvements to FRSs 2011 - 2013 cycle)
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions

Adoption of the above standards did not have any significant effect on the financial performance and position of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 5, FRS 7, FRS 119, FRS 134 (Annual Improvements to FRSs 2012 - 2014 cycle)	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 116, FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

The directors are of opinion that the standards above will have no material impact on the financial statement in the year of initial adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework was applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities were initially allowed to defer adoption of the new MFRS Framework for an additional two year. i.e, be mandatory for annual periods beginning on or after 1 January 2014. However, on 7 August 2013, MASB further extends transitional period for another year, i.e, the adoption of the MRFS Framework by all entities for annual periods beginning on or after 1 January 2015. Further to 7 August 2013, on 2 September 2014, MASB again further extends the transition period, i.e, the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2017.

However, on 22 July 2015, the IASB announced to further defer the effective date by one year to 1 January 2018. As a result, the effective date for Transitioning Entities to apply the Malaysian Financial Reporting Standards will also be deferred to annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 January 2019 could be different if prepared under the MFRS Framework.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except when there are indications of impairment, unrealised losses are not eliminated.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Business combination and goodwill

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

All other business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisiton date. Contingent consideration classified as an asset or liability that is a financial instrucment and within the scope of FRS 139 Financial Instrucments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carring amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of arowana broodstocks consist of the original purchase price of Asian Arowana. Landscaping expenditure including cost incurred on land clearing and upkeep of trees to maturity are capitalised under planting expenditure and are amortised over 25 years upon maturity of the trees.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Broodstocks	40 years
Fish ponds	40 years
Planting expenditure, workers' quarters, shop houses and renovation	10 to 50 years
Land development expenditure, roads and drainage, tools and equipment	10 years
Motor vehicles	5 years
Office equipment, furniture and fittings	10 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.9 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset is recognised initially, at its fair value plus, in the case of a financial instrument not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset.

The Group and the Company determine the classification of financial assets upon initial recognition. The categories include financial assets at Fair Value Through Profit or Loss ("FVTPL"), loans and receivables, Held-To-Maturity ("HTM") investments and Available-For-Sale ("AFS") financial assets.

(a) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL, if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded deriatives).

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other income or other losses.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current, whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company do not have any financial assets at FVTPL at the current and previous financial year ends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (Cont'd)

(b) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

The Group and the Company do not have any HTM investments at the current and previous financial year ends.

(c) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the loans and receivables are impaired or derecognised.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year end; these are classified as non-current.

(d) AFS financial assets

AFS financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

AFS financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (Cont'd)

Trade and other receivables and other financial assets carried at amortised cost (Cont'd)

The carrying amount of trade and other receivables is reduced by the impairment loss through the use of an allowance account. When the receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Inventories

Inventories represent livestocks and consumables and are stated at the lower of cost (determined on the weighted average basis) and net realisable value. The cost of purchased livestocks and consumables include the original purchase price and the costs of bringing these inventories to their present location and condition. In the case of internally bred livestocks, costs include cost of feeding, direct labour, other direct costs and an appropriate share of breeding overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial liabilities (Cont'd)

The measurement of financial liabilities depends on their classification as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 139 are satisfied. The Group and the Company do not have any financial liabilities at FVTPL in the current and previous financial years.

(b) Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Group and the Company make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Management fees

Management fees are recognised when services are rendered.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

2.22 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.23 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.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial year ends.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Related parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associated of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a closed member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity.

2.25 Fair value measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

2.26 Earnings per ordinary share

The Group presents basic and diluted 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment

During the current financial year, the Group has carried out impairment tests by estimating the value-in-use of certain cash-generating units ("CGUs") to which the broodstocks, fish ponds, land development expenditure, roads and drainage, and tools and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the respective CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of impairment tests are disclosed in Note 11.

(b) Depreciation of broodstocks

The cost of arowana broodstocks is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these broodstocks to be approximately 40 years based on the expected reproductive life span of the Asian Arowana. Changes in the expected reproductive life span could result in the revision of future depreciation charges.

(c) Useful lives of plant and equipment

The cost of fish ponds and other related assets used in the breeding of ornamental fishes are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these assets to be within 5 to 40 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 11.

(d) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that its receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar risk characteristics. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 14.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the tax authorities.

Deferred tax assets are recognised for unused tax losses and allowances to the extent that it is probable that taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Significant accounting judgements and estimates (Cont'd)

(e) Taxes (Cont'd)

The Group has not recognised deferred tax assets on approximately RM59.5 million (2015: RM61.8 million) of tax losses and allowances carried forward. These losses relate to subsidiaries that have a history of losses, which do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no additional taxable temporary differences nor any tax planning opportunities available that could support the recognition of these losses and allowances as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses and allowances carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by RM14.3 million. Further details on taxes are disclosed in Notes 9 and 18.

3. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	12,900,410	12,707,298	-	-
Management fees from subsidiaries	-	-	384,000	336,000
	12,900,410	12,707,298	384,000	336,000

4. OTHER INCOME

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Reversal for impairment loss of				
- Property, plant & equipment	21,060,000	-	-	-
- Receivables	4,008	2,196	950	-
Compensation from suit case	-	500,000	-	500,000
Deposit forfeited	-	10,866	-	-
Gain on disposal of property, plant and equipment	-	4,094	-	-
Gain on foreign exchange				
- realised	32,315	26,308	-	-
Other income	(1,271)	8,103	179	-
Rebate from supplier	-	111,181	-	-
Rental received	42,000	42,000	-	-
	21,137,052	704,748	1,129	500,000

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Wages and salaries	2,053,545	1,958,903	368,467	441,500
Defined contribution plan	148,029	148,917	18,040	28,050
Social security contributions	17,362	17,655	723	1,240
Other benefits	35,896	147,507	-	-
	2,254,832	2,272,982	387,230	470,790

Included in staff costs are salaries and other emoluments paid to executive directors amounting to RM317,471 (2015: RM399,949) and RM168,513 (2015: RM262,290) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Group				
Executive directors - salaries and other emoluments (Note 5)	317,471	399,949	168,513	262,290
Non-executive directors - fees and allowance	218,717	208,500	218,717	208,500
Total directors' remuneration	536,188	608,449	387,230	470,790
Directors of the Company				
Executive:				
Salaries and other emoluments	282,531	356,299	150,473	234,240
Defined contribution plan	34,940	43,650	18,040	28,050
	317,471	399,949	168,513	262,290
Non-executive:				
Fees	186,717	200,000	186,717	200,000
Allowance	32,000	8,500	32,000	8,500
	218,717	208,500	218,717	208,500
	536,188	608,449	387,230	470,790

	Number of Directors	
	2016	2015
Executive directors:		
Below RM50,000	1	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	2
Non-executive directors:		
Below RM50,000	3	3
RM50,001 - RM100,000	2	2

7. OPERATING PROFIT / (LOSS)

Operating profit/(loss) is stated after charging/(crediting) :

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration	103,000	103,000	45,000	45,000
Bad debts	4,008	5,435	-	-
Non-executive: directors' fees	186,717	200,000	186,717	200,000
Allowance for impairment loss on trade receivables	15,922	-	-	-
Depreciation of property, plant equipment	2,022,780	2,131,612	-	-
Impairment loss on amount due from subsidiaries	-	-	-	950
Impairment loss on property, plant and equipment	21,060,000	19,766	-	-
Loss on foreign exchange				
- realised	22,019	-	-	-
- unrealised	-	16,196	-	-
Property, plant and equipment written off	231,242	424,953	-	-
Inventories written off	-	4,842	-	-
Rental expense:				
- farm	36,000	36,000	-	-
- premises	168,000	168,000	-	-
- land	20,000	20,000	-	-

8. FINANCE COSTS

	Group	
	2016	2015
	RM	RM
Interest expense on:		
- bank overdrafts	34,597	183,262
- term loans	-	58,505
- finance lease obligations	-	184
	34,597	241,951

9. INCOME TAX EXPENSE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	77,000	144,295	-	78,654
Overprovision in prior year	(80,024)	(4,440)	(78,654)	-
	(3,024)	139,855	(78,654)	78,654
Deferred tax :				
Relating to origination and reversal of temporary differences	1,108	2,835	-	-
	1,108	2,835	-	-
Income tax expense recognised in profit and loss	(1,916)	142,690	(78,654)	78,654

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 : 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 January 2016 has reflected these changes.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 January 2016 and 2015 is as follows:

	2016	2015
	RM	RM
Group		
Profit before tax	762,876	646,155
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	183,090	161,539
Expenses not deductible for tax purposes	90,922	66,129
Effect of changes in tax rate on balance of deferred tax	(17,040)	-
Income not subject to taxation	(1,190)	(3,740)
Deferred tax assets not recognised during the year	19,456	529,036
Utilization from previously unrecognised tax credit	(197,130)	(605,834)
Overprovision of tax expense in prior years	(80,024)	(4,440)
Income tax expense recognised in profit or loss	(1,916)	142,690
Company		
(Loss)/Profit before tax	(314,249)	177,041
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(75,420)	44,260
Expenses not deductible for tax purposes	58,642	34,394
Deferred tax assets not recognised during the year	17,006	-
Income not subject to tax	(228)	-
Overprovision of tax expense in prior years	(78,654)	-
Income tax expense recognised in profit or loss	(78,654)	78,654

10. EARNING PER SHARE

Basic earning per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As the conversions of all potential ordinary shares from options are not dilutive, the diluted earning per share is equal to the basic earning per share.

The following tables reflect the profit and share data used in the computation of basic and diluted earning per share for the years ended 31 January:

	Group 2016	Group 2015
Profit for the year (RM)	764,792	503,465
Weighted average number of ordinary shares, excluding treasury shares, in issue	72,334,500	72,334,500
Basic and diluted earning per share (sen)	1.1	0.7

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

	* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation RM	Broodstocks RM	Land development expenditure, fish ponds, roads and drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Total RM
Group					
At 31 January 2016					
Cost					
At 1 February 2015	17,754,053	63,902,253	148,951,135	2,008,747	232,616,188
Additions	-	-	28,324	2,300	30,624
Disposals	-	-	-	-	-
Write off	-	(356,436)	(94,000)	-	(450,436)
At 31 January 2016	17,754,053	63,545,817	148,885,459	2,011,047	232,196,376
Accumulated depreciation					
At 1 February 2015	1,383,109	19,938,952	72,487,626	1,936,387	95,746,074
Depreciation charge for the year	47,971	967,575	988,821	18,413	2,022,780
Disposals	-	-	-	-	-
Write off	-	(125,194)	(94,000)	-	(219,194)
At 31 January 2016	1,431,080	20,781,333	73,382,447	1,954,800	97,549,660
Accumulated impairment losses					
At 1 February 2015	384,173	18,943,998	74,421,086	30,549	93,779,806
Impairment loss recognised in profit or loss	-	21,060,000	-	-	21,060,000
Reversal of impairment loss recognised in profit or loss	-	-	(21,060,000)	-	(21,060,000)
At 31 January 2016	384,173	40,003,998	53,361,086	30,549	93,779,806
Net carrying amount	15,938,800	2,760,486	22,141,926	25,698	40,866,910

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation RM	Broodstocks RM	Land development expenditure, fish ponds, roads and drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Total RM
At 31 January 2015					
Cost					
At 1 February 2014	17,754,053	64,538,644	148,656,669	1,994,410	232,943,776
Additions	-	-	294,466	14,337	308,803
Disposals	-	-	-	-	-
Write off	-	(636,391)	-	-	(636,391)
At 31 January 2015	17,754,053	63,902,253	148,951,135	2,008,747	232,616,188
Accumulated depreciation					
At 1 February 2014	1,329,411	19,166,580	71,437,441	1,892,468	93,825,900
Depreciation charge for the year	53,698	983,810	1,050,185	43,919	2,131,612
Disposals	-	-	-	-	-
Write off	-	(211,438)	-	-	(211,438)
At 31 January 2015	1,383,109	19,938,952	72,487,626	1,936,387	95,746,074
Accumulated impairment losses					
At 1 February 2014	384,173	18,943,998	74,401,320	30,549	93,760,040
Impairment loss recognised in profit or loss	-	-	19,766	-	19,766
At 31 January 2015	384,173	18,943,998	74,421,086	30,549	93,779,806
Net carrying amount	15,986,771	25,019,303	2,042,423	41,811	43,090,308

* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation comprise the following:

Group	Freehold land RM	Workers' quarters RM	Buildings, shop houses and renovation RM	Total RM
At 31 January 2016				
Cost				
At 1 February 2015	14,361,028	1,392,114	2,000,911	17,754,053
Additions/(Disposals)	-	-	-	-
At 31 January 2016	14,361,028	1,392,114	2,000,911	17,754,053
Accumulated depreciation				
At 1 February 2015	-	434,794	948,315	1,383,109
Depreciation charge for the year	-	27,767	20,204	47,971
Additions/(Disposals)	-	-	-	-
At 31 January 2016	-	462,561	968,519	1,431,080
Accumulated impairment losses				
At 1 February 2015/31 January 2016	-	379,640	4,533	384,173
Net carrying amount	14,361,028	549,913	1,027,859	15,938,800

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation comprise the following:

Group	Freehold land RM	Workers' quarters RM	Buildings, shop houses and renovation RM	Total RM
At 31 January 2015				
Cost				
At 1 February 2014	14,361,028	1,392,114	2,000,911	17,754,053
Additions/(Disposals)	-	-	-	-
At 31 January 2015	14,361,028	1,392,114	2,000,911	17,754,053
Accumulated depreciation				
At 1 February 2014	-	407,027	922,384	1,329,411
Depreciation charge for the year	-	27,767	25,931	53,698
Additions/(Disposals)	-	-	-	-
At 31 January 2015	-	434,794	948,315	1,383,109
Accumulated impairment losses				
At 1 February 2014/31 January 2015	-	379,640	4,533	384,173
Net carrying amount	14,361,028	577,680	1,048,063	15,986,771

Assets held under finance leases

The cash outflow on acquisition of property, plant and equipment amounted to RM30,624 (2015: RM308,803).

Impairment of property, plant and equipment

During the financial year, the Group carried out impairment tests by estimating the value-in-use of the CGUs to which broodstocks, fish ponds, land development expenditure, roads and drainage, and tools and equipment are allocated. These CGUs relate to the farms located in the vicinity of Yong Peng dedicated to the breeding of arowana and stingrays ("Arowana Farms").

For the Arowana Farms, the recoverable amount was determined based on value-in-use calculations using cash flow projections approved by management covering a five-year period from FY2017 to FY2021. The principal assumptions used in the cash flow projections were as follows:

- Selling price of arowanas and stingrays forecasted to stay constant as current average selling price from FY2017 onwards respectively for the duration of the cash flow projection;

- The management forecasts that production of arowana fish fries will reduce by 35% per annum thoughout the cash flow projection and stingray production will increase by 50% in FY 2017 and thereafter remain constant from FY2018.

- Sales of lower grade arowanas and other tropical fish forecasted to stay constant over the remaining year.

- Variable costs expected to remain by 2.8% per annum for the duration of the cash flow projection.

- Discount rate of 12%;

During the financial year, the Company carried out a review of the recoverable amounts for Arowana Farms and Fish Ponds. Its noted that the sales of Stingray has increased significantly over the past three years. Therefore, the management is in view that the Fish Ponds can be used for production of fish other than Arowana to generate income in the future. The review has led to the recognition of reversal of impairment of Fish Ponds amounting to RM21,060,000 and further impairment of Arowana fishes amounting to RM21,060,000. The previously impaired of Fish Ponds was reversed to extend of the foreseeable future cash generated by Stingray and other fishes if it would be any.

The value-in-use analysis is most sensitive to the assumptions on the growth rates of the selling price of the fishes and the discount rate applied.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment of property, plant and equipment (Cont'd)

If arowana and stingray selling prices are assumed to reduce by a further 4% per annum (instead of the above assumption), there will be impairment loss of approximately RM2.4 million.

If the discount rate applied were to be reduced to 11% (instead of 12% as above), the accumulated impairment loss would decrease by approximately RM2.99 million. Similary if the discount rate applied were to be increased to 13%, the accumulated impairment loss would increase by RM2.31 million.

During the previous financial year ended 31 January 2015, there is no impairment loss in respect of Arowana Farms.

Property, plant and equipment written off

During the current financial year, the Group wrote off a net carrying amount of approximately RM231,242 (2015: RM424,953) in respect of arowana and stingray broodstocks.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost		
At beginning and end of the year	59,000,000	59,000,000
Accumulated impairment losses		
At beginning of the year	29,176,560	29,176,560
(Reversal of)/Allowance for impairment losses	-	-
At end of the year	29,176,560	29,176,560
Net carrying amount	29,823,440	29,823,440

Name of Subsidiaries	Effective Interest Held 2016 %	2015 %	Principal Activities
Xian Leng Trading Sdn. Bhd.	100	100	Commercial captive breeding of Asian Arowana and other ornamental fishes and property holding.
Xian Leng Aquatic Merchant Sdn. Bhd.	100	100	Trading of ornamental fishes and aquarium accessories.
Xian Leng Aquatic (Shah Alam) Sdn. Bhd.	100	100	Supplying and operating aquariums and trading of ornamental fishes and aquarium accessories. However, the company had ceased its operation and remained in-active during the financial year.
Xian Leng Aquatic (Kluang) Sdn. Bhd.	100	100	Breeding and rearing of fishes and trading of aquaculture products.

All subsidiaries are audited by CAS & Associates, Malaysia.

13. INVENTORIES

	Group	
	2016 RM	2015 RM
At cost:		
Livestocks	1,725,415	2,056,387
Consumables and aquarium accessories	1,808,752	2,537,028
	3,534,167	4,593,415
At net realisable value:		
Livestocks	1,244,096	702,440
	4,778,263	5,295,855

The cost of inventories of the Group recognised as an expense during the financial year amounted to RM5,554,375 (2015 : RM5,514,306).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables	1,216,325	1,090,859	-	-
Less: Allowance for impairment	(15,922)	-	-	-
Trade receivables, net	1,200,403	1,090,859	-	-
Other receivables:				
Due from subsidiaries	-	-	12,616,281	13,050,593
Less: Allowance for impairment	-	-	(5,074,004)	(5,074,954)
Due from subsidiaries, net	-	-	7,542,277	7,975,639
Deposits	111,402	292,399	1,000	1,000
Sundry receivables	114,579	64,119	-	-
	225,981	356,518	7,543,277	7,976,639
Total trade and other receivables	1,426,384	1,447,377	7,543,277	7,976,639

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2015: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM	2015 RM
Neither past due nor impaired	1,164,244	1,060,645
1 to 30 days past due not impaired	10,374	9,870
31 to 60 days past due not impaired	22,152	640
61 to 90 days past due not impaired	439	4,377
91 to 120 days past due not impaired	183	-
More than 121 days past due not impaired	3,011	15,327
	36,159	30,214
Impaired	15,922	-
	1,216,325	1,090,859

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are neither past due not impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired
The Group has trade receivables amounting to RM36,159 (2015: RM30,214) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature.

(b) Other receivables

Included in sundry receivables is an amount of RMNil (2015: RM10,866) arising from the sale of certain properties of the Group.

Other receivables are unsecured, non-interest bearing and collectible on demand. At the reporting date, the Company provided an allowance of RMNil (2015: RM950) for impairment on the unsecured loan to a subsidiary with the same nominal amount. This subsidiary has been suffering financial losses for the current and the past few years.

The movement of the allowance accounts used to record the impairment on the Company's non-trade receivables are as follows:

Movement in allowance accounts:

	2016 RM	2015 RM
At beginning of the financial year	5,074,954	5,074,004
Less: Allowance for impairment - written back (Note 5)	(950)	-
Add: Allowance for impairment (Note 7)	-	950
At the end of the financial year	5,074,004	5,074,954

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	1,478,511	96,518	57,825	3,642
Bank overdrafts (Note 16)	-	(1,480,035)	-	-
Cash and cash equivalents	1,478,511	(1,383,517)	57,825	3,642

16. BORROWINGS

	Group	
	2016 RM	2015 RM
Secured:		
Short Term Borrowings		
Bank overdrafts (Note 15)	-	1,480,035
Total borrowings		
Bank overdrafts (Note 15)	-	1,480,035

16. BORROWINGS (CONT'D)

The borrowings bear interest at the following rates:

	Group	
	2016 %	2015 %
Bank overdrafts	-	8.85

The remaining maturities of the loans and borrowings as at the reporting date were:

	Group	
	2016 RM	2015 RM
Within one year	-	1,480,035
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	-	-
More than 5 years	-	-
	-	1,480,035

The borrowings are secured by the Corporate guarantees by the Company and a subsidiary.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables	190,641	448,073	-	-
Other payables:				
Accruals	523,411	565,236	252,152	257,657
Deposits	24,000	300,000	-	-
Due from subsidiaries	-	-	33,200	30,000
Sundry payables	101,240	105,120	-	-
Amount due to directors	16,832	81,128	7,981	72,277
	665,483	1,051,484	293,333	359,934
Total trade and other payables	856,124	1,499,557	293,333	359,934

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2015: 30 to 90 day) terms.

(b) Other payables

These amounts are typically unsecured, non-interest bearing and repayable on demand.

18. DEFERRED TAXATION

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	7,867,246	7,572,475	1,450,082	1,177,667
Unabsorbed capital allowances	51,666,326	54,273,730	-	-

The unused tax losses and unabsorbed capital allowances of the Group and the Company are available indefinitely for offsetting against future taxable profits of the respective entities, subject to guidelines issued by the tax authority.

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2016	2015	2016 RM	2015 RM
At beginning/end of year:				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	72,704,500	72,704,500	72,704,500	72,704,500

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. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year 31 January 2012, the Company repurchased 15,000 of its issued ordinary shares from the open market at an average price of RM0.41 per share. The total consideration paid for the repurchase was RM6,164, comprising consideration paid of RM6,100 and transaction costs of RM64. The repurchase transactions were financed by internally generated funds. There was no share repurchase during the current financial year and previous financial year.

All shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There had been no resale or cancellation of treasury shares during the financial year.

Of the total 72,704,500 (2015: 72,704,500) issued and fully paid ordinary shares as at 31 January 2016, 370,000 (2015: 370,000) are held as treasury shares by the Company. As at 31 January 2016, the number of outstanding ordinary shares in issue after the setoff is therefore 72,334,500 (2015 : 72,334,500) ordinary shares of RM1 each.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Information regarding outstanding balances due from subsidiaries as at 31 January 2016 are disclosed in the respective notes.

(b) Compensation of key management personnel
The key management personnel of the Group are the directors and their remuneration are disclosed in Note 6.

21. COMMITMENTS

Operating lease commitments – as lessee

The Group has entered into a lease of land with a tenure of 20 years. The contract includes a renewal option. The Group is restricted from subleasing the leased land to third parties.

The lease payment recognised in profit or loss for the financial year ended 31 January 2016 amounted to RM20,000 (2015 : RM20,000)

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2016 RM	2015 RM
Not later than 1 year	20,000	20,000
Later than 1 year but not later than 5 years	100,000	100,000
Later than 5 years	60,000	80,000
	180,000	200,000

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign exchange risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team.

It is, and has been throughout the current and previous financial year, the Group’s policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group’s and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (primarily cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit exposure. The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk
At the reporting date, the Group and the Company’s maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statement of financial position; and
- an amount of RMNil (2015 : RM1,480,035) relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to its subsidiaries.

Credit risk concentration profile
At the reporting date, approximately 6% (2015: 34%) of the Group's trade and other receivables were due from a major customer.

Financial assets that are neither past due nor impaired
Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14.

Financial assets that are either past due or impaired
Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 14.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's and the Company’s operations and mitigate the effects of fluctuations in cash flows. Short-term funding is obtained from overdraft facilities.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 January 2016				
Group				
Financial liabilities:				
Trade and other payables	856,124	-	-	856,124
Company				
Financial liabilities:				
Trade and other payables	293,333	-	-	293,333
At 31 January 2015				
Group				
Financial liabilities:				
Trade and other payables	1,499,557	-	-	1,499,557
Loans and borrowings	1,480,035	-	-	1,480,035
Total undiscounted financial liabilities	2,979,592	-	-	2,979,592
Company				
Financial liabilities:				
Trade and other payables	359,934	-	-	359,934

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in Japanese Yen (JPY), Chinese Renminbi (RMB), Indonesian Rupiah (IDR), United States Dollar (USD), Hong Kong Dollars (HKD). Other than the above, there are no significant foreign exchange exposures. Approximately 32% (2015 : 26%) of the Group's sale is denominated in USD and; approximately 54% (2015: 49%) of the Group's purchases are denominated in JPY, USD, RMB, IDR and HKD respectively.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in the functional currency are as follows:

	2016 RM	2015 RM
(Net liabilities)/assets		
USD	59,954	236,066
JPY	33,989	185,697
RMB	(20,790)	-
HKD	-	(265,374)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY (CONT'D)

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, JPY, RMB & HKD exchange rates against the functional currency of the respective Group entities, with all other variables held constant.

	2016 RM	2015 RM
USD/RM		
- Strengthened 1% (2015: 1%)	600	2,361
- Weakened 1% (2015: 1%)	(600)	(2,361)
JPY/RM		
- Strengthened 1% (2015: 1%)	340	1,857
- Weakened 1% (2015: 1%)	(340)	(1,857)
RMB/RM		
- Strengthened 1% (2015: 1%)	(208)	-
- Weakened 1% (2015: 1%)	208	-
HKD/RM		
- Strengthened 1% (2015: 1%)	-	(2,654)
- Weakened 1% (2015: 1%)	-	2,654

(d) Fair values

None of the Group's or the Company's financial assets or liabilities are carried at fair value. The carrying amounts of these financial assets and liabilities are measure at Level 3 fair value hierarchy and are reasonable approximations of fair values due primarily to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

23. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2016 and 31 January 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

		Group		Company	
	Note	2016 RM	2015 RM	2016 RM	2015 RM
Borrowings	16	-	1,480,035	-	-
Trade and other payables	17	856,124	1,499,557	293,333	359,934
Less: Cash and bank balances	15	(1,478,511)	(96,518)	(57,825)	(3,642)
Net (assets) / debt		(622,387)	2,883,074	235,508	356,292
Equity attributable to the owners of the parent, representing total capital		47,820,422	47,055,630	37,151,141	37,386,736
Capital and net debt		47,198,035	49,938,704	37,386,649	37,743,028
Gearing ratio		-	6%	1%	1%

24. FINANCIAL INSTRUMENTS

The financial instruments of the Group and the Company as at the reporting date are categorised into the following classes:

	Note	2016 RM	2015 RM
Group			
(a) Loans and receivables			
Trade and other receivables	14	1,426,384	1,447,377
Cash and bank balances	15	1,478,511	96,518
		2,904,895	1,543,895
(b) Financial liabilities measured at amortised cost			
Borrowings	16	-	1,480,035
Trade and other payables	17	856,124	1,499,557
		856,124	2,979,592
Company			
(a) Loans and receivables			
Trade and other receivables	14	7,543,277	7,976,639
Cash and bank balances	15	57,825	3,642
		7,601,102	7,980,281
(b) Financial liabilities measured at amortised cost			
Trade and other payables	17	293,333	359,934

25. SEGMENT INFORMATION

No segment information is presented as the Group's activities are predominantly in the breeding and trading of ornamental fishes and are conducted in Malaysia.

Major customer

The following is major customer with revenue equal to or more than 10% of Group Revenue:-

	Revenue 2016 RM	Revenue 2015 RM
Customer A	3,799,000	3,118,000

26. SUPPLEMENTARY INFORMATION - BREAKDOWN OF (ACCUMULATED LOSSES)/RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the (accumulated losses)/retained earnings of the Group and of the Company as at 31 January 2016 into realised and unrealised (losses)/earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total accumulated losses of the Company and its subsidiaries:				
- Realised losses	(24,674,494)	(23,627,796)	(35,413,822)	(35,178,227)
- Unrealised losses	(7,945)	(6,837)	-	-
	(24,682,439)	(23,634,633)	(35,413,822)	(35,178,227)
Less: Consolidation adjustments	(62,102)	(1,874,700)	-	-
Accumulated losses per financial statements	(24,744,541)	(25,509,333)	(35,413,822)	(35,178,227)

DESCRIPTION OF PROPERTIES

The Top 10 land and buildings in terms of highest net book value owned by XLH Group are as follows:

	Location	Tenure	Land area/ built-up area Acre.Rood. Pole	Description/ existing use	Net Book value as at 31.1.2016 (RM)	Date of Acquisition
1.	GM 1037, Lot No. 7902 (Preceding Title No. EMR 2963) Parit Sabak, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	6.3.08 6.80 ac.	Agriculture land & Building (18 years old)	3,769,080	09.09.1999
2.	GM 1039, Lot No. 7896 (Preceding Title No. EMR 3801) Parit Sabak, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	8.3.38 8.99 ac.	Agriculture land	3,366,060	07.09.1999
3.	HSM 877, HSM 22 (Preceding Title No. QT(M) 22) Lot No. 5918 and MLO 1184, Sungai Suloh, Mukim Minyak Beku Daerah Batu Pahat Johor Darul Takzim	Freehold	4.3.10 4.81 ac.	Agriculture land & Building (19 years old)	2,055,937	23.12.1989
4.	GM 309, GM 1085 (Preceding Title No. EMR 309, EMR 3704) Lot No. 7895 and Lot No.6368, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	11.1.21 11.38 ac.	Agriculture land	1,520,400	04.07.1994
5.	GM 1038, Lot No. 7903 (Preceding Title No. EMR 4040) Parit Jakap, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	1.3.27 1.92 ac.	Agriculture land	945,530	09.09.1999
6.	GRN 87142 Lot No.864 (Preceding Title No. C.T 8769) Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	10.0.00 10.00 ac.	Agriculture land	388,000	30.09.2003
7.	GRN 87145 Lot No. 865 (Preceding Title No. C.T 8770) Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	10.0.00 10.00 ac.	Agriculture land	388,000	30.09.2003
8.	GRN 410778 Lot No. 5248 (Preceding Title No. HSD 38342 PTB No.4543) Bandar Penggaram Daerah Batu Pahat, Johor Darul Takzim	Freehold	1,650 sq.ft.	3-Storey Shop office builing (15 years old)	348,772	15.06.2001
9.	GRN 87148 Lot No. 866 (Preceding Title No. C.T 8771) Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	9.0.21 9.13 ac.	Agriculture land	354,290	30.09.2003
10.	GRN 87138 Lot No. 863 (Preceding Title No. C.T 8768) Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	9.0.00 9.00 ac.	Agriculture land	349,200	30.09.2003

ANALYSIS OF SHAREHOLDINGS
AS AT 16 MAY 2016

Class of Shares	:	Ordinary Shares of RM1.00 each	
Share Capital	:	Authorised	RM100,000,000
		Issued & Fully Paid Up	RM72,704,500
Voting Rights	:	1 Vote Per Share	
Number of Holders	:	1,187	

Distribution of Shareholdings

No. of Holders	Size of Holdings	No. of Shares	Percentage (%)
11	1 - 99	500	0.00
423	100 - 1,000	195,150	0.27
511	1,001 - 10,000	2,242,650	3.10
174	10,001 - 100,000	5,744,100	7.94
67	100,001 - 3,616,724(*)	59,016,800	81.59
1	3,616,725 and above (**)	5,135,300	7.10
1,187		72,334,500[1]	100.00

Remark : * Less than 5% of issued shares
** 5% and above of issued shares

1. Excluding a total of 370,000 XLH shares bought-back by XLH and retained as treasury shares as at 16 May 2016.

List of 30 Largest Shareholdings

No.	Name	No. of shares held	Percentage (%) of issued capital*
1	The Best Source Holdings Pte Ltd	5,135,300	7.10
2	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Low Pheng (Smart)	3,093,200	4.28
3	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Pte Ltd (Client A/C-NR)	3,071,500	4.25
4	Khoo Hai Chew	3,068,000	4.24
5	Lim Kim Kang	2,356,000	3.26
6	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for BT Capital Sdn Bhd	2,353,300	3.25
7	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Wee Teck Peng(Smart)	2,135,800	2.95
8	Kam Chan Seng	2,100,000	2.90
9	Teo Chin Leng	2,045,500	2.83
10	Yung Hok Leung	2,035,200	2.81
11	Lim Wan Hong	1,881,400	2.60
12	Chua Choong Kiat @ Chua Ong Choong Kiat	1,849,100	2.56
13	Goh Bee Huey	1,711,000	2.37
14	Teo Kwee Hock	1,646,900	2.28
15	Chiew Kian Chai	1,560,000	2.16
16	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kelvin Lim Teck Kwang	1,479,000	2.04
17	Ong Jia Ling	1,330,100	1.84
18	Koh Lay Chern	1,297,500	1.79
19	Khoo So Kim	1,266,000	1.75
20	Ng Huan Tong	1,244,800	1.72
21	Lin ZhongPeng	1,162,700	1.61
22	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tey Rose	1,124,700	1.55
23	Lian Ah Peng	1,094,000	1.51
24	Public Invest Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (Clients)	1,007,000	1.39
25	Eng Hup Ee	1,006,100	1.39
26	Lai Keng Chong	1,000,000	1.38
27	Tan Ah Pon @ Tan Yee Lan	941,000	1.30
28	Koo Kok Poh	926,200	1.28
29	Ng Han Guan	910,500	1.26
30	Kenanga Nominees (Asing) Sdn.Bhd. Kuroko Company Limited (04KU108-004)	900,000	1.24

Note :
* Excluding a total of 370,000 XLH shares bought-back by XLH and retained as treasury shares as at 16 May 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 16 MAY 2016

List of Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
The Best Source Holdings Pte Ltd	5,135,300	7.10	0	0.00

Note :
* Excluding a total of 370,000 XLH shares bought-back by XLH and retained as treasury shares as at 16 May 2016.

List of Directors' Shareholdings in the Company

Name of Director	Direct Interest		Indirect Interest	
	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
Augustine A/L T.K.James	Nil	0.00	Nil	0.00
Kuan Kai Seng	Nil	0.00	Nil	0.00
Lee Kian Hu	Nil	0.00	Nil	0.00
Wong Koon Wai	Nil	0.00	Nil	0.00

Note :
* Excluding a total of 370,000 XLH shares bought-back by XLH and retained as treasury shares as at 16 May 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 17th Annual General Meeting of Xian Leng Holdings Berhad will be held at The Landmark Hotel, Dynasty Hall, 4th Floor, No. 1, Jalan Omar, 83000 Batu Pahat, Johor, Malaysia on Friday, 24 June 2016 at 9:30 a.m to transact the following businesses:-

AGENDA	Resolution on Proxy Form
AS ORDINARY BUSINESS:	
1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2016 and the Reports of the Directors and Auditors thereon.	(Please refer Explanatory Note 1)
2. To approve the Directors' fees of RM197,000.00 for the financial year ended 31 January 2016.	(Resolution 1)
3. To re-elect Mr. Kuan Kai Seng, who retires pursuant to Article 84 of the Company's Articles of Association.	(Resolution 2)
4. To re-appoint Messrs CAS & Associates as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	(Resolution 3)

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Resolution as Ordinary Resolution:-

5. ORDINARY RESOLUTION (Resolution 4)
   AUTHORITY TO DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT subject always to the Companies Act, 1965 ("Act"), Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Act to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof AND THAT authority be and is hereby given to the Directors to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

6. ORDINARY RESOLUTION (Resolution 5)
   PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

   "THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through Bursa Securities from time to time, upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT:-

   a. The maximum aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any one time;

   b. The maximum amount of funds to be allocated for the purpose of purchasing its own shares shall not exceed the aggregate amount of the share premium and retained profits of the Company;

   c. The authority conferred by this resolution shall commence immediately upon passing of this ordinary resolution and will continue to be in force until

      i. the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

      or

      ii. the expiration of the period within which the next AGM after that date is required to be held;

6. ORDINARY RESOLUTION (CONT'D) (Resolution 5)
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Board of Directors ("Board") be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and other relevant authorities for the time being in force;

AND THAT the Board be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interests of the Company."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD,
XIAN LENG HOLDINGS BERHAD

LAANG JHE HOW (MIA 25193)
TAN KAH KOON (MAICSA 7066666)
Company Secretaries

Kuala Lumpur
31 May 2016

NOTES:-

1. A member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) persons as his/her proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

3. Where a Member of the Company is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointment shall be invalid.

5. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.

6. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under the corporation's common seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.

7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

8. For the purpose of determining a member who shall be entitled to attend the Annual General Meeting of the Company, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 60 of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 17 June 2016 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

EXPLANATORY NOTES

1. **Item 1 of the Agenda**
   The proposed Agenda 1 above is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. **Ordinary Resolution – Item 5 of the Agenda**
   The purpose of this Ordinary Resolution proposed under item 5 of the Agenda, is for the renewal of the mandate obtained from the members at the last Annual General Meeting and if passed, will give flexibility to the Directors to issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expires at the next Annual General Meeting of the Company. As at the date of this Notice, no new shares have been issued pursuant to the mandate obtained at the 16th Annual General Meeting of the Company held on 9 July 2015, and accordingly no proceeds were raised.

3. **Ordinary Resolution – Item 6 of the Agenda**
   The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next AGM of the Company.

   Further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back Authority is set out in the Share Buy-Back Statement to Shareholders of the Company which is dispatched together with the Company's 2016 Annual Report.

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

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

There is no person seeking election as Director of the Company at this Annual General Meeting.

FORM OF PROXY

XIAN LENG HOLDINGS BERHAD (468142-U)

I/We……………………………………………………………NRIC No/Passport No./Company No……………………………….....

of………..............

being a member/members of XIAN LENG HOLDINGS BERHAD, hereby appoint …………………………………………....

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

* and/*or failing him/her (*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at The Landmark Hotel, Dynasty Hall, 4th Floor, No. 1, Jalan Omar, 83000 Batu Pahat, Johor, Malaysia on Friday, 24 June 2016 at 9:30 a.m. or any adjournment thereof and *my/our proxy is to vote as indicated below:-

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2016.			
		RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS:-				
2.	To approve Directors' fees	1		
3.	To re-elect Mr. Kuan Kai Seng, who retires pursuant to Article 84 of the Company's Articles of Association.	2		
4.	To re-appoint Messrs CAS & Associates as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	3		
SPECIAL BUSINESS :-				
5.	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	4		
6.	Proposed Renewal of Authority for Share Buy Back	5		

(Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

Dated on this…………day of…………………2016

………………………………………………………………

Signature(s) / Common Seal of Shareholder(s)

* Strike out whichever is inapplicable

CDS Account No.	
No. of shares held	

NOTES:-

1. A member of the Company entitled to attend and vote at the meeting may appoint not more than two (2) persons as his/her proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointment shall be invalid.
5. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
6. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under the corporation's common seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
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Fold this flap for sealing

AFFIX STAMP

The Company Secretary

XIAN LENG HOLDINGS BERHAD

(468142-U)
35, Jalan Penjaja 3,
83000 Batu Pahat, Johor Darul Takzim,
Malaysia

Then fold here

1st fold here


sale
特价产品除外
exclude special offer product
30% OFF
03/07/2016 - 09/07/2016
进口套缸
Aquarium Set
Size: 30cm-1500cm
Exclude Shipping Charge 运费另计 * Not yet inclusive GST 不包含GST
Terms and Conditions apply 须符合条件 While stocks last 存货售完为止


sale
特价产品除外
exclude special offer product
30% OFF
10/07/2016 - 16/07/2016
水心牌/彩日药水/3D背景板
Aquamagic/Sonne Medicine/3D Background
所有灯饰 All Light
LED Light
T8 Light
OTTO Light
T4 Light
UV Light
Jebo Light
Sonic Light
Lifetech Light
Terms and Conditions apply 须符合条件


sale
特价产品除外
exclude special offer product
30% OFF
17/07/2016 - 23/07/2016
所有书籍 Book
水泵/气泵
Water Pump
Submersible Pump
Air Pump
Blower Pump
Exclude Shipping Charge 运费另计 * Not yet inclusive GST 不包含GST
Terms and Conditions apply 须符合条件 While stocks last 存货售完为止


sale
特价产品除外
exclude special offer product
30% OFF
24/07/2016 - 30/07/2016
热带鱼 Tropical Fish
龙鱼 Arowana
魟鱼 Stingray
Exclude Shipping Charge 运费另计 * Not yet inclusive GST 不包含GST
Terms and Conditions apply 须符合条件 While stocks last 存货售完为止