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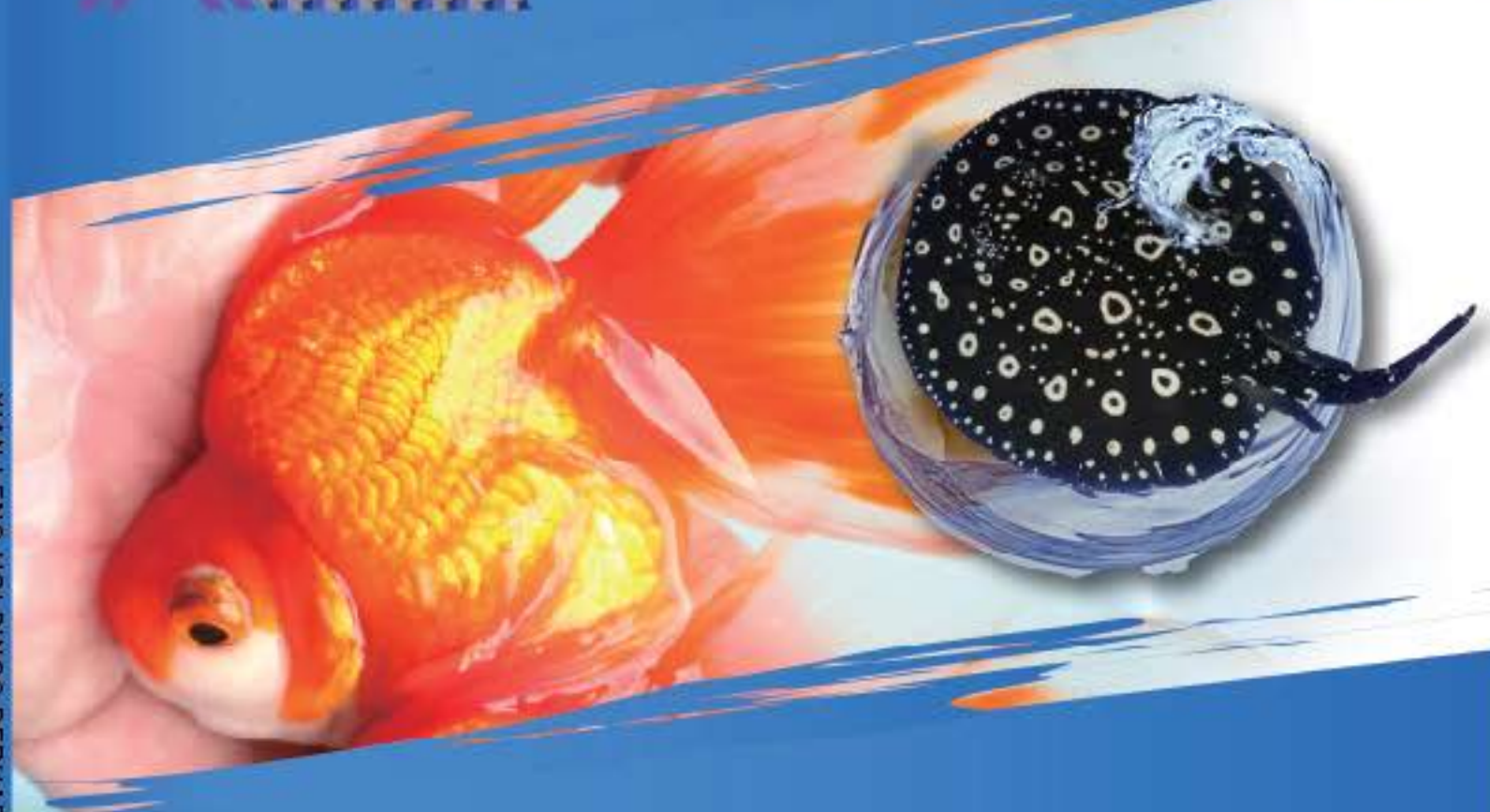


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Annual Report 2018



**XIAN
HOLDINGS**

**LENG
BERHAD**

(468142-U)



XIAN LENG HOLDINGS BERHAD

ANNUAL REPORT 2018

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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)
Dato' Ng Jet Heong
(Executive Director)
Lee Kian Hu
(Senior Independent Non-Executive Director)
Tay Hui - Hui
(Independent Non-Executive Director)
Tay Seng Chew (Appointed w.e.f 4 May 2018)
(Independent Non-Executive Director)

Audit and Risk Management Committee:

Lee Kian Hu (Chairman)
Augustine A/L T.K. James
Tay Hui - Hui

Nominating Committee:

Lee Kian Hu (Chairman)
Augustine A/L T.K. James
Tay Hui - Hui

Remuneration Committee:

Lee Kian Hu (Chairman)
Augustine A/L T.K. James
Tay Hui - Hui
(Appointed w.e.f 28 June 2017)
Kuan Kai Seng
(Resigned w.e.f 28 June 2017)

Employees' Share Option Scheme Committee:

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

Secretary:

Laang Jhe How (MIA 25193)
Tan Kah Koon (MAICSA 7066666)

Auditors:

CAS Malaysia PLT
39-02, 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: 607-4330313 Fax: 607-4313697

Principal Bankers:

Malayan Banking Berhad
Alliance Islamic Bank Berhad

Stock Exchange Listing:

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

Website:

www.xianleng.com.my



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	61	44
Gender	Male	Male
Nationality	Malaysian	Malaysian
Qualification field	Chartered Accountant	Chartered Accountant
Working experience & Occupation	<p>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.</p> <p>In 1983, he joined Messrs Aljeffri & Co. Chartered Accountants (M) also 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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>Mr Kuan joined Ernst & Young from March 1999 to September 2002, carrying out statutory audit on private limited and public limited companies.</p> <p>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.</p> <p>Currently, Mr Kuan is oversees the planning, development and overall management of the Group. He has more than 6 years experience in the management of ornamental fish trades and operation of the fish farms.</p>
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 & Risk Management Committee Member of Nominating Committee Member of Remuneration Committee Member of Employees' Share Option Scheme 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 5	No. of meetings held 5
	No. of meetings attended 5	No. of meetings attended 5

Note:

* Retiring by rotation and does not wish to seek re-election at forthcoming Annual General Meeting.

PROFILE OF DIRECTORS

	Lee Kian Hu		Tay Hui - Hui	
Position	Senior Independent Non-Executive Director		Independent Non-Executive Director	
Age	44		32	
Gender	Male		Female	
Nationality	Malaysian		Malaysian	
Qualification field	Chartered Accountant		Chartered Company Secretary	
Working experience & Occupation	<p>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.</p> <p>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.</p>		<p>Ms Tay Hui - Hui obtained a Diploma in Business from Kolej Aman in October 2009. Subsequently, she gained working experience from a local trading company and was responsible for handling accounting work and system documentation.</p> <p>After that, she joined with a local professional firm, Best Ventures Consultancy Services. She was responsible for carrying out audit work and tax computation on private limited companies. Meanwhile, she also assisted in secretarial works such as help clients prepare company resolutions, minutes and other statutory documents.</p> <p>After passed the qualifying examinations of the Malaysian Association of Company Secretaries (MACS) and accumulated 3 years of relevant company secretarial working experience, she successfully obtained the MACS member and become a Certified Company Secretary. On January 2017, she obtained the Malaysian Institute of Chartered Company Secretaries (MICCS) member and become a Chartered Company Secretary.</p> <p>Subsequently, she started develop her own business in Batu Pahat. Her business services include providing company secretarial, audit and tax services to clients.</p>	
Date of Appointment	15 June 2012		1 March 2017	
Date of Resignation	N/A		N/A	
Other directorships of public companies	Nil		Karyon Industries Berhad	
Membership of Board Committees	Chairman of Audit & Risk Management Committee Chairman of Remuneration Committee Chairman of Nominating Committee Member of Employees' Share Option Scheme Committee		Member of Audit & Risk Management Committee Member of Nominating Committee Member of Remuneration 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	No. of meetings attended	No. of meetings held	No. of meetings attended
	5	5	5	5

PROFILE OF DIRECTORS

Dato' Ng Jet Heong

Position	Executive Director	
Age	53	
Gender	Male	
Nationality	Malaysian	
Qualification field	Business & Corporate Management	
Working experience & Occupation	<p>Dato' Ng Jet Heong holds a Bachelor Degree in Economics from University of Malaya. He started his career as a Finance Officer of Arab-Malaysian Finance Berhad. Subsequently, he joined Standard Chartered Bank Malaysia Berhad in 1990 as Business Development Manager.</p> <p>Dato' Ng became a Commission Dealer Representative with JB Securities Sdn. Bhd. in 1993 where he was responsible in dealing and trading for institutions and retail high net worth clients. He left the company in 2004 and joined PM Securities Sdn. Bhd. as an Associate Director.</p> <p>In 2008, he joined MIMB Investment Bank as Branch Head of Dealing, where he was in charge of growing and expanding retail businesses and managing a team of remisiers and dealers.</p> <p>He joined M & A Securities Sdn. Bhd. as Head of Dealing in year 2011. His responsibilities included leading and managing remisiers and dealers, growing business contacts and expanding new branches across Malaysia. With a period of three (3) years later, he was promoted as an Independent Non Executive Director, a position he held till to date.</p> <p>Dato' Ng has also served as Executive Director of Yongtai Berhad, a company listed on Bursa Malaysia Securities Berhad since August 2014 until March 2016.</p>	
Date of Appointment	25 May 2017	
Date of Resignation	N/A	
Other directorships of public companies	Nil	
Membership of Board Committees	Nil	
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 3	No. of meetings attended 3



PROFILE OF DIRECTORS

Tay Seng Chew

Position	Independent Non-Executive Director	
Age	53	
Gender	Male	
Nationality	Malaysian	
Qualification field	Business Management	
Working experience & Occupation	<p>Mr Tay Seng Chew obtained a Bachelor of Management (majoring in Finance & Accounting) from University Sains Malaysia in year 1989. He started his career with a local bank as a bank officer upon graduation. From the low ranking officer, he was given the opportunity to be involved in the banking operations, and has been extensively exposed to the development of various banking products and harmonization of the bank's system and procedures.</p> <p>After 2 years on the job, he moved on to join another local bank which has given the new task of credit evaluation and relationship management. In 1992, he joined a renowned foreign bank & garnered knowledge in structuring sophisticated banking deals, networking and international banking exposure. He was rapidly rise in his banking career and was promoted to the Senior Officer level with them.</p> <p>With his engagement in the banking arena for 7 years, he resigned at the peak of his career with the foreign bank to be the Finance Director with a private corporate group in 1996. He was tasked to advice, structure and execute the listing plan of the private corporate group. Subsequent to the aftermath of economic crisis in 1997, the planned listing was shelved. However, the volatile market with many corporate failures then given him the opportunity to undertake some major fire sales assets whereby the subsequent sales of these assets undertaken opened up window of wealth when the assets were disposed off during the market upturned in 1999.</p> <p>Contented but needing the sense of keeping the knowledge with the market, he joined United Overseas Bank (Malaysia) Berhad ("UOBM") as Vice President in July 2000. He was given the mandate to head the Corporate & Commercial Banking for the Northern Region covering Perak, Penang and Kedah states. He resigned as Senior Vice President with UOBM in August 2016 after 16 years of service.</p>	
Date of Appointment	4 May 2018	
Date of Resignation	N/A	
Other directorships of public companies	Nil	
Membership of Board Committees	Nil	
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 N/A	No. of meetings attended N/A



PROFILE OF KEY MANAGEMENT

Mr Kuan Kai Seng, aged 44, male, is an Executive Director and Group Chief Executive Officer. He oversees overall business operation and development of the Group.

Further details of his profile are set out in the Profile of Directors appearing on Page 2 of the Annual Report 2018.

Dato' Ng Jet Heong, aged 53, male, currently is the Executive Director of the Group. He is responsible for the Group's business expansion.

Please refer to Profile of Directors appearing on Page 4 of the Annual Report 2018.

Mr Ong Boon Sheng, aged 42, male, is appointed as the Executive Director of subsidiary companies of the Group since March 2015. He holds a Bachelor's Degree in Finance & Accountancy from University of Abertay Dundee.

He has over 15 years working experience including 6 years as an Administrative & Finance Manager for a multinational overseas company.

Back in Malaysia, he started his own business in trading and production of aqua products eg arowana, flowerhorn, betta and guppy;

In year 2000, he moved on to the marketing jobs for a few local companies and also led the ISO project implementation and internal audit for those companies.

He provides independent advisory services on the inventory control system for Xian Leng Trading Sdn. Bhd. ("XLT") since year 2012 before his appointment with the Group.

Mr Lim Cheng Poh, aged 48, male, is currently the Farm Manager of XLT.

He is involved in ornamental fish industry since 2003. He started working as Marketing Executive in Xian Leng retail outlet mainly the trading of ornamental fishes, aquarium accessories, feed and medication.

In year 2009, he was transferred to the ornamental fish farm of XLT taking charge of the farm development, operation and production of Arowanas and Stingrays.

He has more than 9 years experience in the management and operation of the farm. He is familiar with Arowana's & Stingray's environmental and ecology requirements, feeding dispositions and breeding pattern.

Ms Lim Choon Hong, aged 42, female, is currently the Sales Manager of Xian Leng that involved in the ornamental fish industry.

Over the last 20 years, she has been actively involved in the trading of ornamental fishes and aquarium accessories including feed and medication. Currently, she is leading on the marketing and sales functions, handling day to day retail and wholesale operation.

She started as a Sales and Marketing trainee in Batu Pahat ornamental fish centre where she was responsible for the marketing of aquarium accessories distribution throughout Peninsular Malaysia.

In year 2003, she was designated to supervise and handle the expansion of accessories' sales and marketing especially in Southern Region of Malaysia.

Ms Ho Wei Ying, aged 33, female, holds a Bachelor Degree in Accountancy from University of Bolton, United Kingdom.

Her career with Xian Leng began in 2004, where she held various positions in the areas of inventory, accounting and assisting the team of information technology of the Xian Leng Group.

In 2010, she was appointed as the Senior Finance Officer and subsequently further promoted to the post of Account and Finance Manager responsible for the account/financial analysis, reporting and controlling of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Xian Leng Holdings Berhad (XLH) was incorporated in Malaysia under the Companies Act, 1965 on 28 August 1998 as a private limited company and was converted into a public company with its present name on 26 September 2000. XLH was successfully listed on the Second Board of the the Bursa Malaysia Securities Berhad (Bursa Securities) on 5 December 2001, subsequently transfer to the Main Board of Bursa Securities on 4 September 2003, having the distinction of being the first company to do so in the fisheries sector.

The company's principal activities are investment holding and provision of management services. It is principally involved in the commercial captive breeding of the Asian Arowana, Stingray and other ornamental fish as well as trade in related items such as aquarium tanks and accessories, fish feed and medication. XLH has four (4) subsidiaries namely Xian Leng Trading Sdn. Bhd. ("XLT"), Xian Leng Aquatic Merchant Sdn. Bhd. (XLAM), Xian Leng Aquatic (Kluang) Sdn. Bhd. ("XLAK") and Xian Leng Aquatic (Shah Alam) Sdn. Bhd. ("XLASA")

OUR MISSION

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.

OVERVIEW OF BUSINESS OPERATION

XLH is principally an investment holding and a provision of management services company with four (4) subsidiaries as stated below:

1. Xian Leng Trading Sdn. Bhd. ("XLT")

XLT was established in 1989 which is engaged in commercial captive breeding of the Asian Arowana, Stingray and other aquatic animals and property holding. Currently, XLT has three fish farms occupying approximately 70-acres of land. The captive-breeding of the Asian Arowana and Stingray are carried out in Xian Leng's farms which are located on a gentle slope of hill flush with green vegetation and next to a protected forest reserve in Parit Sulong and Kangkar Senangar, Johor Darul Takzim, Malaysia. While the other one located in Sungai Suluh is principally for the breeding and holding of the other popular ornamental fishes such as Japanese Carps, Cichlids, Anabantids and Goldfish.

2. Xian Leng Aquatic Merchant Sdn. Bhd. ("XLAM")

The principal activities of XLAM are trading of ornamental fishes and aquarium accessories and property holding. XLAM was established in 1995 and this subsidiary trades in tropical fishes such as Goldfish, Japanese Carps, Barbs, Chihlids and Anabantids. The Company positions itself as a one-stop centre offering a wide range of ornamental fish and related facilities at competitive prices. The ornamental fish trading centre situated in Batu Pahat town is engaged in the retailing of both local and exotic aquarium fishes as well as the related paraphernalia such as aquarium and accessories, fish feed and medication.

3. Xian Leng Aquatic (Shah Alam) Sdn. Bhd. ("XLASA")

XLASA was established in 2002 which is engaged in the supplying and installation of aquarium as well as trading of ornamental fishes and aquarium accessories. Nonetheless, it had ceased its operation and remained dormant during the financial year.

4. Xian Leng Aquatic (Kluang) Sdn. Bhd. ("XLAK")

XLAK has undertaken to develop a fish farm in the town of Kluang, Johor. This subsidiary was established in 2003 which is involved in the development of fish farming activities and engaged in the breeding and rearing of other tropical fishes such as Anabantid, Catfish, Angel Fish and trading of aquaculture products.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS OPERATION (CONT'D)**RESEARCH & DEVELOPMENT**

The success of Xian Leng in maintaining its leading edge over competitors in the business is largely due to strong commitment given to Research and Technology Development (RT&D), which have resulted in a number of breakthroughs. This has enabled the Company to improve its production efficiency with increased productivity and product quality. The technological breakthroughs achieved include the following:

- Improving the quality of the Malaysian Golden variety, which ranks No. 1 among Asian Arowana species and fetches the highest price.
- Creating "new" variants of the major varieties through genetic selection and cross-breeding.
- Enhancing the colour of the fish's scales with intense hues and brilliance to improve its attractiveness.
- Improving the physical appearance and robustness of the fish through proper priming and careful nurturing of the fry.
- Perfecting environmental and fish farm management practices.
- Improving feed quality and culture systems.

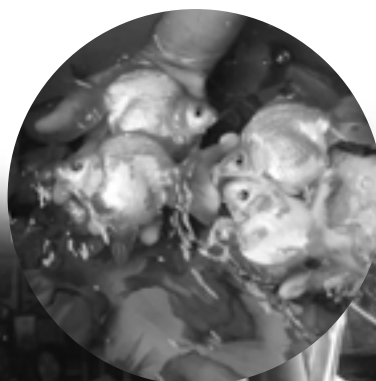
OUR COMPETITIVE STRENGTH

The competitive advantage of Xian Leng lies in the head-start the company has over its competitors by being the first fishery company in Malaysia to register its name under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) for the international trade of Asian Arowana. Xian Leng has successfully taken advantage of this lead to broaden and establish an extensive customer base through active market promotion; undertake Research & Development (R&D) to produce more attractive products and timely expansion of farm facilities to increase production in order to meet rising demands. In addition, the status of Xian Leng as a public listed company has further enhanced its image in the corporate world.

OUR APPROACH & MANAGEMENT

The company adopts a strong pro-environmental bias in the establishment of its fish farm. This bias is inherent in every aspect of the farm's location, design and operation. The major features of this holistic environmental approach include:

- A location adjacent to a forest reserve that promises stability in terms of water supply and quality, microenvironment and meteorology.
- A farm design that maximizes land use without degradation. Extensive landscaping and planting of trees and ornamental plants are undertaken throughout the farm.
- Pond designs that enable effective scavenging of wastewater.
- Good water quality management to ensure a conducive aquatic environment for the farming and breeding of the fish as well as minimizing the risks associated with the discharge of effluents.
- The main mechanisms by which these quality standards are maintained are by low stocking densities and the extensive use of live feeds, which obviates from increased nutrient loads as well as avoidance in the use of hazardous chemicals and antibiotics, which will have an adverse effect on the natural ecosystem over the long term.



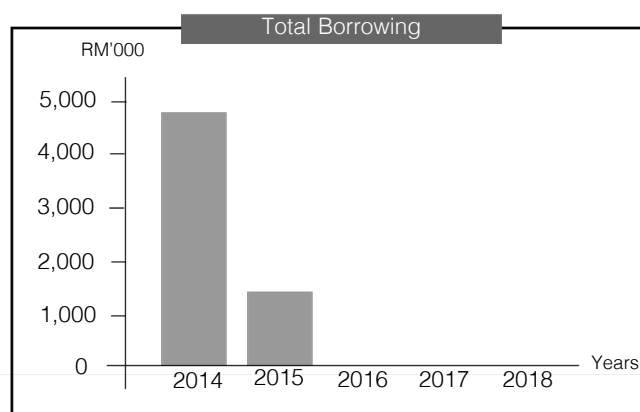
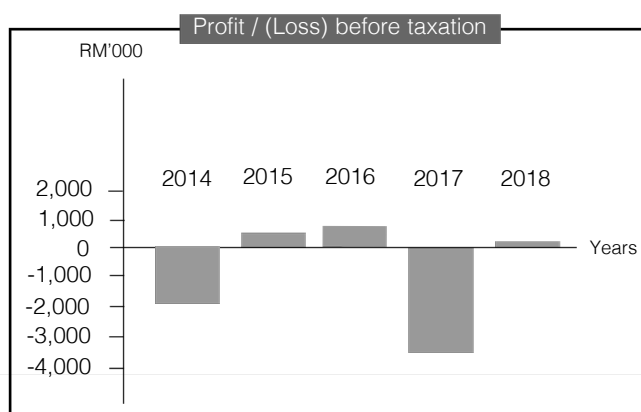
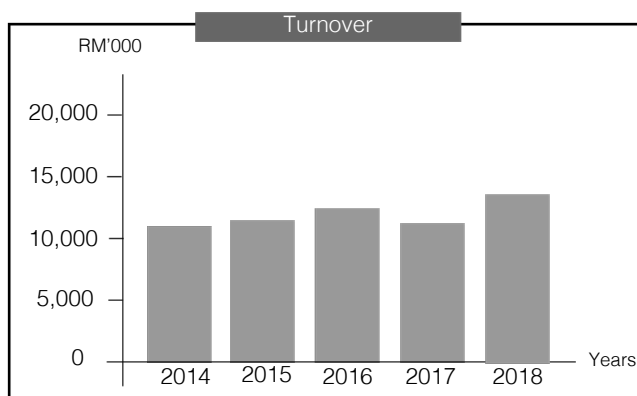
MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS STRATEGY

The Company intends to ride on its existing success as a leading breeder of top quality Asian Arowana, Stingray and other tropical fish to expand and capture the world market to increase its market share; and diversify into other high value ornamental fishes to meet the increasing local demand and for export. Broadly, the approach is to produce high quality ornamental fishes through research and development for the high-end market niche.

GROUP FINANCIAL HIGHLIGHTS

The financial results of Xian Leng Group for the past five (5) financial years ended 31 January 2018 are set out below:



Description	Year Ended 31 Jan 2014 RM'000	Year Ended 31 Jan 2015 RM'000	Year Ended 31 Jan 2016 RM'000	Year Ended 31 Jan 2017 RM'000	Year Ended 31 Jan 2018 RM'000
Turnover	10,854	12,707	12,900	10,933	13,204
Profit / (Loss) before taxation	(1,982)	646	763	(3,831)	114
Total Borrowing	4,926	1,480	-	-	-



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For financial year ended 31 January 2018, the Group achieved revenue of RM13.204 million for the 12 months period ended as compared with RM10.933 million in the corresponding period last year. Turnover was increase about 20.77% mainly due to the increase of sales volume of Arowana and Stingray fishes compared to the previous corresponding period, despite of price decrease of Stingray.

The Group registered a profit before tax of RM0.114 million as compared with loss before tax of RM3.831 million in the corresponding period last year. Other than due to increase of sales volume of fishes in current financial period, it is also because of provision of impairment loss on property, plant and equipment which amounting to RM1.585 million was provided in the previous corresponding period.

The Group's gearing ratio continuing maintain at zero. In long run this will be a good foundation in balance sheet for company future growth. Although, never ending challenges was pour down upon us and our team continue to take up the challenges with great attitude to improve our income statement as well as balance sheet.

During the financial year, the Group completes a private placement exercise which helped the Group generate proceeds about RM3.761 million. Major of the proceeds is still unutilised as at year end. The Board will continuing look for new future investment/project which can help to improve the performance of the Group

OPERATING PERFORMANCE AND OUTLOOK

Riding on the tide from last year, demand for our goldfish is still in demand in overseas market, especially Japan where Japan's Act on the Protection of Fishery Resources is still in place. Our marketing team sees this opportunity and further enhances our corporation with Japan counter party. As most of our fisheries are well certified and product quality guarantee, buyers in overseas has increase their confidence with us, thus orders has been on the uptrend and we are confident that this trend will continue to upcoming financial years.

The sales of our stingray has drop considerably because overall market price drop significantly as supply of stingray has flooded the market after the new farms in China start to supply the stingray. To add salt to the wound; cheaper cost and low quality from backyard breeder in overseas has lower our export of stingray as end buyers presume our product has no differences compared to those cheap stingray. To overcome this, we continue to educate our buyers on the differences and hopefully consumer will change their perception on our stingray. In last financial year, our counter measure to the market perception; we switch our focus to local market and our stingray segment is still sustainable under the market pressure.

With the overseas economy see the light of recovery, our arowana sales rocketed in last financial year. Please note that the price of arowana has been consistent over the years and our marketing effort on arowana was never slow down. The sale for arowana was slow over the past years was mainly on external factors.

Internally, our farm production team faces many challenges of which include our mother fish productivity. Technically, our mother fish production in current years has increase substantially in terms of numbers of "fries". The more fries from each birth by the mother fish will increase our end product after selection. Our Research and Development team noted that the mother fish has less stress from external factor such as weather and temperature has increases the production of fries.

Our breeder and researcher were excited and much effort was given to the arowana production in terms of quality and quantity. This include to secure the fries mortality rate and this important measure will determine our revenue with the quantity of arowana fish to be make available for the sales team. Our team further enhances our knowledge and experience in breeding technique and control in fish farm management in the last financial year and hopefully this will assist us in our journey to improve our company performance.

With the effort and sacrifice over the last couple of years, we again turn black for our P&L in last financial year with net profit before tax of around RM114,000.00 (group level). We are looking forward to this financial year to continue present a better report card to our shareholders for their confidence with us. To achieve this, continuity in research, development, control, marketing, workforce and seeking out new investment opportunity are essential. The management will prudently and vigilantly continue to monitor closely on the expenses in each segment.

SUSTAINABILITY REPORT

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 in its fish farming operations. A strong pro-environmental bias will continued be adopted in the establishment of its fish farm as evidenced in every aspect starting from the farms' location to design, construction, management and operations.

The Group's farm is located at the foothill of a forest reserve with good water supply. Such an environment is conducive for the farming and breeding of Asian Arowana and other tropical fish. In addition regular monitoring of water quality by the management is carried out at the farm to ensure it is within the required standards. The Group has been careful in avoiding the use of hazards chemical and antibiotics in its farm operation.

The Group also implement reduce, reuse and recycle program in the office. Reducing paper usage, reusing and recycling paper will not only result in business savings but will also reduce the business' carbon footprint. The steps taken to save trees and reducing carbon footprints by the Group includes reuse paper usage by encouraging single sided printing, changing printing settings for double-sided outputs and setting up a recycling bins and section bins in the office where possible. In addition, the Group's fish farm is widely used of LED lights which can reduce carbon emmissions and provides many environmental advantages.

SOCIAL

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, The Group currently employs a number of retirees and senior citizens for its operations. Meanwhile, the Group also ensures a healthy workplace, by providing a clean and safe working environment for all employees.

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. Throughout the year under review, training and development activities had been undertaken to improve efficiency within the Group.

To ensure the business will continue to run smoothly, the Group has in place succession planning program to identifying and training high potential workers for advancement into key roles within the Group.

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.



SUSTAINABILITY REPORT

The Group also provides internships trainings from time to time to various local institutions. The internship programme is an education platform for hands-on experience and on-the-job training. Through this internships programme, students will have the opportunity to gain practical experience. The initiative also give student a head start in their career as suitable trainees are offered job opportunities upon completion of their tertiary studies.

The Group also seeks to support disadvantaged group and underprivileged sections of the society by way of offering donation and assistance.

GOVERNANCE

The Group firmly believes that strong sustainability governance is the foundation for delivering positive performance by integrating sustainability process into business strategy. A good governance practice is the fundamental for an effective and transparent operation of a company. They are essential to a company's ability to attract investment and protect the rights and interests of its stakeholders.

As stewards of the Group, the Board of Directors plays an essential role in determining strategic priorities. The Board, the highest governance body of the Group, has ultimate responsibilities on directing growth strategies, supervising executive management and ensuring corporate governance policies and practices are implemented within the Group.

The Group's internal control and risk management system also plays an important part in the business management. This framework is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness and safe guarding of assets, ensuring compliance with legal and regulatory requirements as well as the integrity of the Group's financial reporting and its related disclosures. These controls are vital to keep the business on track towards our sustainability goals as they provide Management and the stakeholder important feedback and red flags to address potential and alarming sustainability issues.

The Group has established the Code of Ethics and Conduct Policy that set the standards of conduct expected of the Board and employees of the Group to engender good corporate behavior. A Whistle Blowing mechanism is also established to augment the Code of Conduct and to aid in the deterrence and reporting of corporate misconduct. This policy outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breaches of conduct involving employees, management or Directors in the Group.



STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("Board") of XLH are committed to the high standards of corporate governance, prescribed in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

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 2017 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 2017 and it is to be read with the Corporate Governance Report (CG Report) which is available on Xian Leng's website <http://xianleng.com.my/newenglish/investor-update/corporate-governance/cg-report>

The CG Report provides the details how the Company has applied each Practice as set out in the MCCG during the financial year 2018.

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 six (6) members comprising of two (2) Executive Director, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

Recommendation 3.1 of the MCCG 2017 states that the Board should undertake an assessment of its Independent Directors annually. The Board 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 six (6) 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, expertise and gender. Furthermore, the Board is of the view that with the current Board size, the power and authority of Executive Director and Independent Directors are balance. 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. Five (5) Board Meetings were held during the financial year ended 31 January 2018 and the attendance for each Director is as follows:-

Name of Directors	Number of meeting attended	Percentage (%)
Augustine A/L T.K. James	5/5	100%
Kuan Kai Seng	5/5	100%
Dato' Ng Jet Heong (Appointed w.e.f. 25 May 2017)	3/3	100%
Lee Kian Hu	5/5	100%
Tay Hui - Hui (Appointed w.e.f. 1 March 2017)	5/5	100%
Tay Seng Chew (Appointed w.e.f. 4 May 2018)	N/A	N/A

STATEMENT OF CORPORATE GOVERNANCE

A. DIRECTORS (CONT'D)**c) Time Commitment**

All Directors had confirmed that they were not holding directorship more than five (5) public listed companies as prescribed in Paragraph 15.06 of the Main Market Listing Requirement.

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 organized site visits to the fish farms and offices. All Directors have attended the Mandatory Accreditation Program ("MAP") as required by Bursa Securities except the newly appointed director, Mr Tay Seng Chew who will attend the MAP on 4 September 2018.

g) Board Charter

The Board has revised and 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 at 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 and Risk Management Committee, the Nominating Committee and the Remuneration Committee. All the Board Committees report to the Board. The Terms of Reference of all the Board Committees are also available on the Company's website at www.xianleng.com.my.

i) Audit & Risk Management Committee

The Audit & Risk Management Committee is to assist the Board of Directors in discharging its responsibilities relating to accounting and reporting practices of the Group; provides independent review of the Company's financial results and internal control system to ensure compliance with the statutory and accounting policy requirements.

Further details on the composition and summary of activities of the Audit & Risk Management Committee together with its report are presented on pages 18 to 19 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.

The details on the duties and activities of the Nominating Committee is set out in the Nominating Committee Report of this Annual Report.

iii) Remuneration Committee

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.

The composition and the summary of activities of the Remuneration Committee is set out on page 21 of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

A. DIRECTORS (CONT'D)

h) Board Committee (Cont'd)

iv) Employee Share Option Committee

The functions of the ESOS Committee is to administer the implementation of the ESOS in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deemed fit and with such powers and duties as are conferred upon it by the Board.

Currently, the Company does not have any ESOS. However, the ESOS Committee is maintained for future ESOS proposal (if any).

B. DIRECTORS' TRAINING

Directors' training is an ongoing process as Directors recognise the need to 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 2018, the Directors have attended the following training programmes:-

Directors	Seminars and briefings attended
Augustine A/L T.K. James	<ul style="list-style-type: none"> Disciplinary Committee Functions Personal Data Protection Act-Implementation Insolvency Conference
Kuan Kai Seng	<ul style="list-style-type: none"> Latest Development MFRS 15 and MFRS 16 Impact of the New Companies Act 2016 on Directors and Shareholders
Dato' Ng Jet Heong	<ul style="list-style-type: none"> National Tax Seminar 2017
Lee Kian Hu	<ul style="list-style-type: none"> Big Data Analytics for Comparative Business Advantage Super Interview System, Performance Based Super Salary & Commission System. Business Systems Blueprint
Tay Hui - Hui	<ul style="list-style-type: none"> National Tax Seminar 2017 Malaysian Code on Corporate Governance (MCCG) The New Companies Act, 2016 – Addressing the Transitional Issues A Two-Day Workshop on Companies Act 2016

C. 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 Annual General Meeting ("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 28 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.

STATEMENT OF CORPORATE GOVERNANCE

D. 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.

E. CODE OF CONDUCT

The Company has in place a Code of Conduct Policy and procedure. The Code of Conduct Policy and procedure is also available on the Company's website at www.xianleng.com.my

F. WHISTLE BLOWING

The Company has in place a Whistle Blowing Policy and procedure. The email address is cilipadiXL@gmail.com. A full Whistle Blowing Policy enumerating its objective and reporting procedure are available on the Company's website at www.xianleng.com.my

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 and Risk Management 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 27 to 64 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") and Enterprise Risk Management ("ERM") functions were outsourced to an independent professional consulting firm. The person-in-charge of the Group Internal Audit function during the financial year is Ms. Joeuena Chow Mann Hwa, who is the member of Institut of Internal Audit Malaysia ("IIA"). In this financial year, the Board has increased cycle time of IA to further enhance the Group's internal controls. The cost incurred for the IA & ERM functions in respect of the financial year ended 31 January 2018 is approximately RM40,000.00.

The Statement on Risk Management and Internal Control set out on pages 23 to 24 of this Annual Report provides an overview of the state of internal controls within the Group.

c) Relation with the External Auditors

The Board, through the Audit and Risk Management Committee, 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 and Risk Management Committee with the External Auditors are included in the Audit and Risk Management Committee Report as detailed in this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

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, 2016 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 2018, 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 16 May 2018.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The formal role of the Audit & Risk Management Committee ("A&RMC" or "the Committee") is set out in its term of reference of Xian Leng Holdings Berhad's ("XLH") Board Charter, which are available on the Company's website at www.xianleng.com.my

A. MEMBERS AND MEETINGS ATTENDANCES

The A&RMC comprises the following members. Five (5) A&RMC Meetings were held for the financial year ended 31 January 2018 and details of attendance of each member at the A&RMC 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)	5/5	100%
Augustine A/L T.K. James (Member/Independent Non-Executive Director – Member of the MIA)	5/5	100%
Tay Hui - Hui (Member/ Independent Non-Executive Director)	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 2018, the A&RMC held a total of five (5) meetings. The principal activities undertaken by the A&RMC were summarised as follows:-

- a) A&RMC had reviewed the financial reportings and the quarterly unaudited financial results for the 4th quarter of 2017 and 1st, 2nd, 3rd quarters of 2018 at its meeting held on 28 March 2017, 23 June 2017, 26 September 2017, and 21 December 2017 respectively before recommending them for the Board's consideration and approval for announcement to the public;
- b) On 28 March 2017 the A&RMC had reviewed, with the External Auditors, the audited financial statements of the Group for the financial year ended 31 January 2017 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 2016 and applicable Financial Reporting Standards ("FRS") in Malaysia.
- c) On 21 December 2017, the A&RMC 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 2018 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 2018 to the A&RMC.
- d) Reviewed the External Auditors' management letter and management's response;
- e) In the current financial year, the board has increased cycle time of internal audit to further enhance the Group's internal controls. The Internal Auditor had presented the Internal Audit Review Report to the A&RMC on 21 December 2017 and 22 March 2018. Internal auditor also presented the Enterprise Risk Management Review Report to the A&RMC on 22 March 2018.
- f) The A&RMC 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

AUDIT COMMITTEE REPORT



B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

- g) The A&RMC had reviewed the Enterprise Risk Management Review Report, which highlighted the significant risks faced by the Group. The on-going process for identifying and managing significant risks faced within the Group are reviewed by way of collect questionnaires from Head of department from all location in the Group. Appropriate controls to mitigate these risks are implemented.
- h) The A&RMC had also conducted meetings with the External Auditors without the presence of the Executive Directors and employees of the Company on 28 March 2017, 22 May 2017 and 21 December 2017.

This report is made in accordance with the resolution of the Board dated 16 May 2018.

NOMINATION COMMITTEE REPORT

The formal role of the Nomination Committee ("NC" or "the Committee") is set out in its term of reference of Xian Leng Holdings Berhad's ("XLH") Board Charter, which are available on the Company's website at www.xianleng.com.my

A. MEMBERS

The NC comprises the following members.

Composition of Committee	Number of meeting attended	Percentage (%)
Lee Kian Hu (Chairman/ Senior Independent Non-Executive Director)	3/3	100%
Augustine A/L T.K. James (Member/Independent Non-Executive Director)	3/3	100%
Tay Hui - Hui (Member/ Independent Non-Executive Director)	3/3	100%

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The NC held a meeting during the financial year ended 31 January 2018. The principal activities undertaken by the NC were summarised as follows:-

- a) carry out an annual review for assessing the effectiveness of the Board as a whole, the board committee, each individual director, key management positions as well as external auditor, internal auditor and company secretary.

The assessment criteria of the board and board committees include an evaluation of the size and composition of the board and board committees, access to the information, accountability, processes, board and board committees' performances in relation to discharging its responsibilities, communication to management and standard of conduct by the directors and committee members.

The assessment criteria of the individual director include contribution to interaction, role and duties, knowledge, expertise, integrity, and time commitment.

- b) continue to identify training needed by individual director. Directors are encouraged to attend at least one training in each financial year. During this financial year, the directors have attended various training programmes which are outline in Page 13 of the Statement of Corporate Governance ("CG").
- c) reviewed and recommended the appointment of new director, Dato' Ng Jet Heong to the board. The profile of Dato' Ng Jet Heong is set out in the Directors' profile section of the Annual Report. A formal of one to two days induction program is given by the Company which include, but not limited to;
 - i) furnishing a copy of organization chart, last year annual report and at least the past 6 months previous board and committee minutes.
 - ii) Visit to key sites.
 - iii) Introduction of key management staffs.
- d) reviewed the evaluation of the retiring Directors and recommended to the board for re-election. Directors standing for re-election at the forthcoming AGM are:
 - i) Kuan Kai Seng (pursuant to Article 84 of the Company's Constitution)
 - ii) Augustine A/L T.K. James (pursuant to Article 84 of the Company's Constitution)
(Mr. Augustine A/L T.K. James had decided not to seek re-election as Director of the Company and therefore he will retire at the forthcoming AGM)
 - iii) Tay Seng Chew (pursuant to Article 91 of the Company's Constitution)
- e) carried out an assessment on independency of the Independent Director.
- f) reviewed the Succession Planning for the Board and Key Management Personnels.

REMUNERATION COMMITTEE REPORT

The formal role of the Remuneration Committee ("RC" or "the Committee") is set out in its term of reference of Xian Leng Holdings Berhad's ("XLH") Board Charter, which are available on the Company's website at www.xianleng.com.my

A. MEMBERS

The RC comprises the following members.

Composition of Committee	Number of meeting attended	Percentage (%)
Lee Kian Hu (Chairman/ Senior Independent Non-Executive Director)	1/1	100%
Augustine A/L T.K. James (Member/Independent Non-Executive Director)	1/1	100%
Tay Hui - Hui (Appointed w.e.f. 28 June 2017) (Member/Independent Non-Executive Director)	N/A	N/A
Kuan Kai Seng (Resigned w.e.f. 28 June 2017) (Member/ Non-Independent Executive Director)	1/1	100%

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The RC held a meeting during the financial year ended 31 January 2018. The principal activities undertaken by the RC were summarised as follows:-

- carry out an annual review for assessing the remuneration policy will enable the company to attract and retain directors with the relevant experience and expertise needed to run the Group successfully.
- reviewed and recommended the remuneration of executive Director and key management personnels for the board's approval.
- reviewed and recommended the director fee, to be determined by the Board with the approval from shareholders at the AGM.

C. DIRECTOR REMUNERATION

The breakdown of the total remuneration paid or payable or otherwise made available to all Directors of the Company and the Group who served during the financial year is as follows:

Name of Director	Fees RM	Salaries RM	Other Emoluments RM	Defined Contribution RM	Total RM
Augustine A/L T.K. James	66,000	-	9,500	-	75,500
Lee Kian Hu	54,000	-	10,500	-	64,500
Tay Hui – Hui (Appointed w.e.f 1 March 2017)	39,500	-	4,500	-	44,000
Kuan Kai Seng	6,000	192,000	15,182	24,778	237,960
Dato' Ng Jet Heong (Appointed w.e.f 25 May 2017)	1,000	28,500	3,000	3,705	36,205
Tay Seng Chew (Appointed w.e.f 4 May 2018)	-	-	-	-	-
Ong Boon Sheng (Director of subsidiaries company)	-	48,000	2,710	6,565	57,275

REMUNERATION COMMITTEE REPORT

D. KEY MANAGEMENT PERSONNEL REMUNERATION

The key management of the Company who served during the financial year is listed out in the profile of key managements appearing on page 6 of the Annual Report and their total remuneration fall within the following bands:

Range of remuneration (RM)	No. of Key Management	
	Directors	Managers
50,000 and below	1	1
50,001 - 100,000	1	2
100,001 - 150,000	-	-
150,001 - 200,000	-	-
200,001 - 250,000	1	-

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 & Risk Management Committee.
- Financial results are reviewed quarterly by the Audit & Risk Management 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 & Risk Management Committee and the Board for review.
- The Board continuously assesses significant risks with the assistance of Audit & Risk Management Committee.

The components of Risk Management processes have put in place by the Group inclusive of:

- Sets the view by defining the focus for Risk Management process
- Identification of risks that threatening and exploit opportunities to enhance achievement of set objectives
- Systematic investigation to analyse on the nature of risk identified and the main factors lead to the risks arise.
- Comprehensively analysis the risk in relation to its probability of occurrence and the impact that likely to arise.
- Following the evaluation the risks can be prioritized in relation to their severity.
- Risk response measures include risk avoidance, risk control, risk sharing, and risk acceptance.
- Risk reported in the organization on regular basis.
- Risks are monitored on a regular basis to ensure company understand the risk portfolio and risk capacity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

C. KEY FEATURES OF RISK MANAGEMENT (CONT'D)

The following are the significant risks identified by the Group:

- Market risk
- Product risk
- Water Quality and Water Supply Management risk
- Disease Outbreak risk
- Fire, Flood Hazards and Power Outages risk
- Burglary risk
- Human Resource risk
- Credit risk
- Cash Management risk
- Information Technology System risk
- Compliance risk
- Sustainability risk
- Research and Development risk

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 and Account/Finance Manager 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 16 May 2018

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

The status of the utilisation of proceeds from Private Placement exercise is as below:

Purpose	Proposed Utilisation RM'000	Utilisation of Balance During the Financial Year RM'000	Remaining Balance RM'000	Intended Timeframe for Utilisation
Staff salaries	377	(377)	-	N/A
Future Business Projects/Investments for Xian Leng and its Subsidiaries (Group)	3,284	-	3,284	31/08/2018
Defrayment of the expenses incidental to the private Placement	100	(100)	-	N/A
Total	3,761	(477)	3,284	

SHARE BUY-BACK

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

As at 31 January 2018, a total of 380,000 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

There were no non-audit fees paid to the external auditors by the Group and by the Company for the financial year ended 31 January 2018.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 January 2018 and the unaudited results previously announced.

PROFIT GUARANTEE

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

Financial Statement

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 2018.

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 11 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	79,015	(76,872)

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 other than as disclosed in the financial statements.

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

SHARES AND DEBENTURES

During the financial year:-

- (a) the Company issued 7,232,400 new ordinary share at RM0.52 each via a private placement for the purpose of working capital. The shares were issued for cash consideration. All the new ordinary shares issued rank pari passu in all respect of the distribution of dividends and repayment of capital with the existing shares; and
- (b) there were no issues of debentures by the Company.

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.

DIRECTORS

The directors of the Company in office at any time during the year or since the end of the financial year are:

Augustine A/L T.K James
 Dato' Ng Jet Heong (Appointed on 25 May 2017)
 Kuan Kai Seng
 Lee Kian Hu
 Tay Hui - Hui (Appointed on 1 March 2017)
 Tay Seng Chew (Appointed on 4 May 2018)

DIRECTORS' REPORT

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 directors' report 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 except as disclosed in Note 18 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 01.02.2017	Bought	Sold	At 31.01.2018
Direct Interests in the Company:				
Dato' Ng Jet Heong	-	9,332,600	-	9,332,600

Other than as disclosed, the other directors holding office at the end of the financial year had no interest in shares and options over shares of the Company or its related corporations during the financial year.

TREASURY SHARES

Repurchased shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016. No treasury shares were repurchased during the financial year.

As at 31 January 2018, a total of 380,000 out of 79,936,900 issued ordinary shares are held as treasury shares. Further relevant details are disclosed in Note 17 to the financial statements.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the financial year are as follows:

	Group 2018 RM	Company 2018 RM
Fees	166,500	166,500
Remunerations	313,892	86,500
Contribution to defined contribution plan	35,048	7,184
	515,440	260,184

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiaries during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiaries by the directors or past directors of the Company during the financial year.

Indemnifying directors, officers or auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company, except for an indemnity given to the Chief Executive Officer pursuant to Indemnification Agreement date 03 April 2012.

DIRECTORS' REPORT

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 the 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.
- (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' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors from the Company and its subsidiaries are as follows:

	Group 2018 RM	Company 2018 RM
Statutory audit	108,000	46,000

AUDITORS

The auditors, CAS Malaysia PLT, will be retiring at the forthcoming annual general meeting and will not be seeking re-appointment as auditors of the Company.

On behalf of the Board of Directors

Kuan Kai Seng
Director

Dato' Ng Jet Heong
Director

Johor Bahru
Date: 18 May 2018

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

We, Kuan Kai Seng and Dato' Ng Jet Heong, 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 35 to 64 are drawn up in accordance with the provisions of the Companies Act, 2016 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 2018 and of their financial performance and cash flows for the year then ended.

On behalf of the Board of Directors

Kuan Kai Seng
Director

Dato' Ng Jet Heong
Director

Johor Bahru
Date: 18 May 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1) (B) OF THE COMPANIES ACT, 2016

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 35 to 64 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 18 May 2018)

Kuan Kai Seng

Before me,

Lau Lay Sung
No. J246
Commissioner for Oaths

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF XIAN LENG HOLDINGS BERHAD

Opinion

We have audited the financial statements of Xian Leng Holdings Berhad, which comprise the statement of financial position as at 31 January 2018 of the Group and of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2018 and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

Basis of opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of fish farms

The risk

The Group's fish farms recoverable amount stood at RM38,000,000 as disclosed in Note 10.1 to the financial statements.

The Group is required to performed an impairment test annually by comparing the carrying amount to the recoverable amount of assets as disclosed in Note 10.1 and Note 10.2 to the financial statements.

The key associated risk is the carrying amount may be higher than recoverable amount.

Our response

Our audit procedures included:

- (i) evaluating the compliance and adequacy of disclosures as required by FRS 136 Impairment of Assets and FRS 13 Fair Value Measurement.
- (ii) assessment of the competence, capabilities and objectivity of the professioner value, and verification of their qualifications.
- (iii) reviewing the appropriateness of sales comparison approach used to estimate the fair value for fish farms.
- (iv) enquiry and obtaining an understanding for all the pertinent factors and forces influencing value including recent transacted price of similar property within the vicinity, location, surrounding development, improvement on land and fish pond structure.
- (v) reviewing the update valuation report to ensure the methodology adopted by the same valuer is consistent with last year.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF XIAN LENG HOLDINGS BERHAD

Key audit matters (Cont'd)

Valuation and accuracy of inventories

The risk

The balance of inventories are significant to the Group as it represents approximately 30% of the total current assets. The key associated risks with it are as follows:

- i) Livestocks disclosed in Note 12 to financial statements may not be valued appropriately.
- ii) Recorded quantity of livestock may not be accurate.

Our response

Our audit procedures included:

- (i) examining that the value of inventories stated in the financial position whether it is consistent with the accounting policy as disclosed in Note 2.13 to financial statements.
- (ii) reviewing the valuation of livestock whether the computation has included appropriate feeding cost, direct labour charge and production overhead cost.
- (iii) understanding the inventory control system and performed the relevant tests of controls to ascertain the employees of the fish farms complying with the procedures set up by the management.
- (iv) observing physical stock count to ensure that the counting procedures were properly carried out, test count some of the items on random basis, trace the respected counts to the quantity recorded in final stock lists, and verify that all inventory count tags were in placed.

Information other than the financial statements and auditors' report thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBER OF XIAN LENG HOLDINGS BERHAD

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we 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 material to the consolidated financial statements and did not include any comment required to be made under Section 266 of the Act.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBER OF XIAN LENG HOLDINGS BERHAD

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CAS Malaysia PLT (LLP0009918-LCA) & AF: 1476
Chartered Accountants

Lye Ghee Kang
No. 2710/02/19(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 18 May 2018

STATEMENTS OF PROFITS OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	3	13,204,033	10,933,179	480,000	432,000
Other income	4	185,339	191,719	38,494	660
Employee benefits expense	5	(1,893,728)	(1,831,396)	(261,145)	(221,159)
Changes in inventories		135,859	(1,110,535)	-	-
Purchases of inventories		(7,895,992)	(6,041,318)	-	-
Depreciation	10	(712,956)	(1,541,540)	-	-
Impairment loss on investment in subsidiaries	11	-	-	-	(2,793,895)
Impairment loss on property, plant and equipment	10	-	(1,585,448)	-	-
Other expenses		(2,908,969)	(2,845,207)	(325,022)	(221,364)
Operating profit/(loss)	7	113,586	(3,830,546)	(67,673)	(2,803,758)
Finance costs		-	-	-	-
Profit/(Loss) before tax		113,586	(3,830,546)	(67,673)	(2,803,758)
Income tax expense	8	(34,571)	(46,435)	(9,199)	(158)
Profit/(Loss) net of tax and total comprehensive profit/(loss) for the year		79,015	(3,876,981)	(76,872)	(2,803,916)
Profit/(Loss) per share attributable to equity holders of the Company (sen) :					
Basic and diluted	9	0.1	(5.4)		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2018

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Assets					
Non-current assets					
Property, plant and equipment	10	37,519,497	37,879,029	-	-
Investments in subsidiaries	11	-	-	27,029,545	27,029,545
		37,519,497	37,879,029	27,029,545	27,029,545
Current assets					
Inventories	12	3,500,561	3,667,728	-	-
Trade and other receivables	13	1,655,317	1,455,658	7,766,477	7,521,377
Prepayments		47,479	43,073	18,819	20,303
Tax recoverable		13,273	44,173	-	-
Fixed deposits with licensed banks	14	3,018,998	-	3,018,998	-
Cash and bank balances		3,392,373	2,409,014	477,212	46,190
		11,628,001	7,619,646	11,281,506	7,587,870
Total assets		49,147,498	45,498,675	38,311,051	34,617,415
Equity and liabilities					
Current liabilities					
Trade and other payables	15	1,352,630	1,535,325	280,486	274,281
Provision for taxation		3,613	158	3,613	158
		1,356,243	1,535,483	284,099	274,439
Non-current liabilities					
Deferred tax liabilities	16	12,200	24,000	-	-
Total liabilities		1,368,443	1,559,483	284,099	274,439
Equity attributable to equity holders of the Company					
Share capital	17	76,465,348	72,704,500	76,465,348	72,704,500
Reserves		(28,686,293)	(28,765,308)	(38,438,396)	(38,361,524)
Total equity		47,779,055	43,939,192	38,026,952	34,342,976
Total equity and liabilities		49,147,498	45,498,675	38,311,051	34,617,415
Net current assets		10,271,758	6,084,163	10,997,407	7,313,431
Net assets		47,779,055	43,939,192	38,026,952	34,342,976

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 2018

	Share capital (Note 17)	Non-Distributable Share premium (Note 17)	Treasury shares (Note 17)	Accumulated losses	Total equity
	RM	RM	RM	RM	RM
Group					
At 31 January 2016	72,704,500	135,660	(275,197)	(24,744,541)	47,820,422
Total comprehensive loss	-	-	(4,249)	(3,876,981)	(3,881,230)
At 31 January 2017	72,704,500	135,660	(279,446)	(28,621,522)	43,939,192
Issuance of shares	3,760,848	-	-	-	3,760,848
Total comprehensive income	-	-	-	79,015	79,015
At 31 January 2018	76,465,348	135,660	(279,446)	(28,542,507)	47,779,055
Company					
At 31 January 2016	72,704,500	135,660	(275,197)	(35,413,822)	37,151,141
Total comprehensive loss	-	-	(4,249)	(2,803,916)	(2,808,165)
At 31 January 2017	72,704,500	135,660	(279,446)	(38,217,738)	34,342,976
Issuance of shares	3,760,848	-	-	-	3,760,848
Total comprehensive loss	-	-	-	(76,872)	(76,872)
At 31 January 2018	76,465,348	135,660	(279,446)	(38,294,610)	38,026,952

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 2018

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities				
Profit/(Loss) before tax	113,586	(3,830,546)	(67,673)	(2,803,758)
Adjustments for:				
Allowance for impairment loss on:				
- Inventories	8,184	6,756	-	-
- Investment in subsidiaries	-	-	-	2,793,895
- Property, plant and equipment	-	1,585,448	-	-
- Trade receivables	-	2,219	-	-
Bad debts	-	6,850	-	-
Depreciation of property, plant and equipment	712,956	1,541,540	-	-
Gain on disposal of property, plant and equipment	-	(33,484)	-	-
Gain on foreign exchange				
- unrealised	(305)	(8,574)	-	-
Interest income	18,998	-	18,998	-
Inventories written off	2,333	7,011	-	-
Loss on foreign exchange				
- unrealised	22,661	996	-	-
Property, plant and equipment written off	198,962	301,337	-	-
Reversal of impairment loss of trade receivables	(1,945)	(6,850)	-	-
Operating profit/(loss) before changes in working capital	1,075,430	(427,297)	(48,675)	(9,863)
Receivables	(223,984)	(26,028)	(243,616)	21,529
Inventories	156,650	1,096,768	-	-
Payables	(183,187)	679,998	(6,205)	(19,052)
Cash generated from/(used in) operations	824,909	1,323,441	(286,086)	(7,386)
Interest received	(18,998)	-	(18,998)	-
Taxes (paid)/refund	(12,016)	18,271	(5,744)	-
Net cash generated from/(used in) operating activities	793,895	1,341,712	(310,828)	(7,386)
Cash flows from investing activities				
Purchase of property, plant and equipment	(552,386)	(440,960)	-	-
Proceeds from disposal of property, plant and equipment	-	34,000	-	-
Net cash used in investing activities	(552,386)	(406,960)	-	-
Cash flows from financing activities				
Proceeds from issuance of shares	3,760,848	-	3,760,848	-
Purchase of treasury shares	-	(4,249)	-	(4,249)
Net cash generated from/(used in) financing activities	3,760,848	(4,249)	3,760,848	(4,249)
Net increase/(decrease) in cash and cash equivalents	4,002,357	930,503	3,450,020	(11,635)
Cash and cash equivalents at beginning of year	2,409,014	1,478,511	46,190	57,825
Cash and cash equivalents at end of year	6,411,371	2,409,014	3,496,210	46,190
Cash and cash equivalents comprises of:-				
Cash and bank balances	3,392,373	2,409,014	477,212	46,190
Fixed deposits with licensed banks:				
Not more than three months	3,018,998	-	3,018,998	-
More than three months	-	-	-	-
	6,411,371	2,409,014	3,496,210	46,190
Less: Deposits with licensed banks (more than three months)	-	-	-	-
	6,411,371	2,409,014	3,496,210	46,190

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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 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 11. 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 2018 were authorised for issue in accordance with a resolution of the directors on 18 May 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Accounting framework

These financial statements comply with the provisions of the Companies Act, 2016 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 2017, 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 2018:

FRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2017

Amendments to FRS 12 Disclosure of Interests In Other Entities (Annual Improvements to FRS 2014 - 2016 Cycle)
Amendments to FRS 107 Statement of Cash Flows – Disclosure Initiative
Amendments to FRS 112 Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses

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.

FRSs effective for annual periods beginning on or after 1 January 2018

FRS 9 Financial Instruments

Effective date to be determined by Malaysian Accounting Standards Board

Amendments to FRS 10 and FRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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 MFRS 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

2.4 Basis of consolidation (Cont'd)

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 acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: 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 re-assesses 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 carrying 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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.6 Foreign currency (Cont'd)****(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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 derivatives).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.11 Impairment of financial assets (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 livestock and consumables and are stated at the lower of cost (determined on the weighted average basis) and net realisable value. The cost of purchased livestock 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 livestock, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.15 Financial liabilities (Cont'd)****(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 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.

2.17 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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

2.18 Revenue (Cont'd)

(c) Dividend income

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

2.19 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.20 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.

2.21 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.

2.22 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.

2.23 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 associate 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.

Closed 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

2.24 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.

2.25 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.

2.26 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 Company has carried out an impairment test by estimating the recoverable amount of broodstocks, fish ponds, land development expenditure, roads and drainage, and tools and equipment dedicated to the breeding of arowana and stingrays ("Fish Farm"). Further details of impairment tests are disclosed in Note 10.

(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 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.26 Significant accounting judgements and estimates (Cont'd)****(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 13.

(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.

The Group has not recognised deferred tax assets on approximately RM59 million (2017: RM60 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 decreased by RM14 million. Further details on taxes are disclosed in Notes 8 and 16.

3. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of goods	13,204,033	10,933,179	-	-
Management fees from subsidiaries	-	-	480,000	432,000
	13,204,033	10,933,179	480,000	432,000

4. OTHER INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Reversal for impairment loss of receivables	1,945	6,850	-	-
Gain on disposal of property, plant and equipment	-	33,484	-	-
Gain on foreign exchange:				
- realised	51,936	93,883	-	-
- unrealised	305	8,574	-	-
Interest income	49,533	5,142	38,494	660
Other income	39,620	1,786	-	-
Rental received	42,000	42,000	-	-
	185,339	191,719	38,494	660

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages and salaries	1,691,460	1,648,027	253,000	214,885
Defined contribution plan	142,888	127,777	7,184	5,752
Social security contributions	17,659	16,186	961	522
Other benefits	41,721	39,406	-	-
	1,893,728	1,831,396	261,145	221,159

Included in staff costs are salaries and other emoluments paid to executive directors amounting to RM331,440 (2017: RM281,211) and RM76,184 (2017: RM52,024) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Group				
Executive directors - salaries and other emoluments (Note 5)	331,440	281,211	76,184	52,024
Non-executive directors - fees and allowance	184,000	169,135	184,000	169,135
Total directors' remuneration	515,440	450,346	260,184	221,159
Directors of the Company				
Executive:				
Fees	7,000	-	7,000	-
Salaries and other emoluments	289,392	250,859	62,000	46,272
Defined contribution plan	35,048	30,352	7,184	5,752
	331,440	281,211	76,184	52,024
Non-executive:				
Fees	159,500	147,385	159,500	147,385
Allowance	24,500	21,750	24,500	21,750
	184,000	169,135	184,000	169,135
	515,440	450,346	260,184	221,159

	Number of Directors	
	2018	2017
Executive directors:		
Below RM50,000	2	-
RM50,001 - RM100,000	-	1
Non-executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

7. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging :

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration	108,000	108,000	46,000	46,000
Bad debts	-	6,850	-	-
Non-executive: directors' fees	146,500	147,385	146,500	147,385
Allowance for impairment loss on trade receivables	-	2,219	-	-
Depreciation of property, plant and equipment	712,956	1,541,540	-	-
Impairment loss on investment in subsidiaries	-	-	-	2,793,895
Impairment loss on property, plant and equipment	-	1,585,448	-	-
Loss on foreign exchange:				
- realised	87,223	40,311	-	-
- unrealised	22,661	996	-	-
Property, plant and equipment written off	198,962	301,337	-	-
Inventories written off	2,333	7,011	-	-
Rental expense:				
- farm	36,000	36,000	-	-
- premises	168,000	168,000	-	-
- land	20,000	20,000	-	-

8. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current income tax:				
Malaysian income tax	52,317	35,158	9,238	158
Overprovision in prior year	(5,946)	(4,778)	(39)	-
	46,371	30,380	9,199	158
Deferred tax :				
Relating to origination and reversal of temporary differences	(11,800)	16,055	-	-
	(11,800)	16,055	-	-
Income tax expense recognised in profit and loss	34,571	46,435	9,199	158

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 January 2018 and 2017 is as follows:

	2018 RM	2017 RM
Group		
Profit/(Loss) before tax	113,586	(3,830,546)
Taxation at Malaysian statutory tax rate of 24%	32,060	(919,331)
Expenses not deductible for tax purposes	84,480	75,199
Income not subject to taxation	(5,043)	(4,169)
Deferred tax assets not recognised during the year	-	927,903
Utilization from previously unrecognised tax credit	(271,819)	(38,344)
Qualifying capital expenditure	200,839	9,955
Overprovision of tax expense in prior years	(5,946)	(4,778)
Income tax expense recognised in profit or loss	34,571	46,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

8. INCOME TAX EXPENSE (CONT'D)

	2018 RM	2017 RM
Company		
Loss before tax	(67,673)	(2,803,758)
Taxation at Malaysian statutory tax rate of 24%	(11,442)	(672,902)
Expenses not deductible for tax purposes	62,816	708,816
Utilization of previously unrecognised tax credit	(42,136)	(35,756)
Overprovision of tax expense in prior years	(39)	-
Income tax expense recognised in profit or loss	9,199	158

Current income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit/(loss) for the year.

9. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per share is calculated by dividing the profit/(loss) 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/(loss) per share is equal to the basic earning/(loss) per share.

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

	2018	Group 2017
Profit/(Loss) for the year (RM)	79,015	(3,876,981)
Weighted average number of ordinary shares, excluding treasury shares, in issue	79,556,900	72,324,500
Basic and diluted earning/(loss) per share (sen)	0.1	(5.4)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

10. 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 2018					
Cost					
At 1 February 2017	17,754,053	62,845,154	149,142,516	2,056,802	231,798,525
Additions	-	508,426	43,960	-	552,386
Disposals	-	-	-	-	-
Write off	-	(323,035)	-	-	(323,035)
At 31 January 2018	17,754,053	63,030,545	149,186,476	2,056,802	232,027,876
Accumulated depreciation					
At 1 February 2017	1,478,066	20,551,661	74,614,033	1,910,482	98,554,242
Depreciation charge for the year	43,310	61,208	577,150	31,288	712,956
Disposals	-	-	-	-	-
Write off	-	(124,073)	-	-	(124,073)
At 31 January 2018	1,521,376	20,488,796	75,191,183	1,941,770	99,143,125
Accumulated impairment losses					
At 1 February 2017	384,173	41,589,446	53,361,086	30,549	95,365,254
Impairment loss recognised in profit or loss	-	-	-	-	-
At 31 January 2018	384,173	41,589,446	53,361,086	30,549	95,365,254
Net carrying amount	15,848,504	952,303	20,634,207	84,483	37,519,497
Group					
At 31 January 2017					
Cost					
At 1 February 2016	17,754,053	63,545,817	148,885,459	2,011,047	232,196,376
Additions	-	64,700	257,057	119,203	440,960
Disposal	-	-	-	(1,549)	(1,549)
Write off	-	(765,363)	-	(71,899)	(837,262)
At 31 January 2017	17,754,053	62,845,154	149,142,516	2,056,802	231,798,525
Accumulated depreciation					
At 1 February 2016	1,431,080	20,781,333	73,382,447	1,954,800	97,549,660
Depreciation charge for the year	46,986	234,354	1,231,586	28,614	1,541,540
Disposal	-	-	-	(1,033)	(1,033)
Write off	-	(464,026)	-	(71,899)	(535,925)
At 31 January 2017	1,478,066	20,551,661	74,614,033	1,910,482	98,554,242
Accumulated impairment losses					
At 1 February 2016	384,173	40,003,998	53,361,086	30,549	93,779,806
Impairment loss recognised in profit or loss	-	1,585,448	-	-	1,585,448
At 31 January 2017	384,173	41,589,446	53,361,086	30,549	95,365,254
Net carrying amount	15,891,814	704,047	21,167,397	115,771	37,879,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

10. 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 2018				
Cost				
At 1 February 2017	14,361,028	1,392,114	2,000,911	17,754,053
Additions / (Disposals)	-	-	-	-
At 31 January 2018	14,361,028	1,392,114	2,000,911	17,754,053
Accumulated depreciation				
At 1 February 2017	-	490,328	987,738	1,478,066
Depreciation charge for the year	-	27,767	15,543	43,310
Additions / (Disposals)	-	-	-	-
At 31 January 2018	-	518,095	1,003,281	1,521,376
Accumulated impairment losses				
At 1 February 2017/31 January 2018	-	379,640	4,533	384,173
Net carrying amount	14,361,028	494,379	993,097	15,848,504
Group				
At 31 January 2017				
Cost				
At 1 February 2016	14,361,028	1,392,114	2,000,911	17,754,053
Additions / (Disposals)	-	-	-	-
At 31 January 2017	14,361,028	1,392,114	2,000,911	17,754,053
Accumulated depreciation				
At 1 February 2016	-	462,561	968,519	1,431,080
Depreciation charge for the year	-	27,767	19,219	46,986
Additions / (Disposals)	-	-	-	-
At 31 January 2017	-	490,328	987,738	1,478,066
Accumulated impairment losses				
At 1 February 2016/31 January 2017	-	379,640	4,533	384,173
Net carrying amount	14,361,028	522,146	1,008,640	15,891,814

10.1 Impairment loss of property, plant and equipment

There was no impairment loss during the current financial year as the recoverable amount estimated by the professional valuer is higher than the carrying amount.

On 03 May 2018, the value of the fish farm has been updated by VPC Alliance (JB) Sdn Bhd, an independent professional valuer. There has been no changes to the value of the fish farm.

During the previous financial year, the management had carried out impairment tests by engaging professional valuer to estimate the recoverable amount of the fish farm and no further impairment was required. The management had carried out impairment tests on the broodstock by assessing its value-in-use and an impairment loss of RM1,585,448 was recognised in the previous financial year.

The market value of fish farm consists of freehold land and improvement costs was valued at RM38 million on 06 December 2016 by VPC Alliance (JB) Sdn Bhd, an independent professional valuer, registered with the Board of Valuers, Appraisers and Estate Agents, based on the Comparison Method.

The estimate of fair value of the fish farm was determined by using the Comparison Method. Sales price of assets in close proximity are adjusted for differences in key attributes such as location, surrounding development, improvement on land and fish pond structure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**10.1 Impairment loss of property, plant and equipment (Cont'd)**

The impairment loss recognised during the previous financial year has been allocated to individual assets constituting the fish farms as follows:

Group	Impairment loss in 2018 RM	Impairment loss in 2017 RM
Broodstocks:	-	1,585,448

Impairment loss was solely allocated to Broodstocks as the sales of Arowana has been deteriorating for the past 3 years and the management forecasts that production of arowana fish fries would reduce by 30% in the following year and remain the same production output from FY2018.

10.2 Fair value information

Fair value of fish farms are categorised as follows:

Group	2018 Level 3 RM	2017 Level 3 RM
Fish farms	38,000,000	38,000,000

Level 3 fair value

Level 3 fair values of fish farms have been generally derived using the sales comparison approach. Sales price of assets in close proximity are adjusted for differences in key attributes such as location, surrounding development, improvement on land and fish pond structure. The most significant input into this valuation approach is price per square acre of comparable assets. The price used per square acre is within the range of RM250,000 - RM500,000.

Valuation processes applied by the Group for Level 3 fair value

The fair value of fish farms is determined by external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Highest and best use

The Group's fish farm is currently broodstocks, fish ponds, land development expenditure, roads and drainage and tools and equipment. The highest and best use of the fish farms should be breeding of ornamental fish. The fish farms have been properly maintained for continuing its existing business activities.

10.3 Property, plant and equipment written off

During the current financial year, the Group wrote off a net carrying amount of approximately RM198,962 (2017: RM301,337) in respect of broodstocks.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM	2017 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	31,970,455	29,176,560
Allowance for impairment losses	-	2,793,895
At end of the year	31,970,455	31,970,455
Net carrying amount	27,029,545	27,029,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Effective Interest Held		Principal Activities
	2018 %	2017 %	
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 Malaysia PLT.

12. INVENTORIES

	Group	
	2018 RM	2017 RM
At cost:		
Livestocks	1,068,431	1,251,509
Consumables and aquarium accessories	1,785,318	1,616,516
	2,853,749	2,868,025
At net realisable value:		
Livestocks	661,752	806,459
	3,515,501	3,674,484
Less:		
Provision for slow moving stock	(14,940)	(6,756)
	3,500,561	3,667,728

The cost of inventories of the Group recognised as an expense during the financial year amounted to RM7,760,133 (2017 : RM7,151,853).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables	1,444,574	1,262,601	-	-
Less: Allowance for impairment	(13,569)	(2,219)	-	-
Trade receivables, net	1,431,005	1,260,382	-	-
Other receivables:				
Due from subsidiaries	-	-	12,839,481	12,578,481
Less: Allowance for impairment	-	-	(5,074,004)	(5,074,004)
Due from subsidiaries, net	-	-	7,765,477	7,504,477
Deposits	126,143	122,300	1,000	16,900
Sundry receivables	98,169	72,976	-	-
	224,312	195,276	7,766,477	7,521,377
Total trade and other receivables	1,655,317	1,455,658	7,766,477	7,521,377

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

13. TRADE AND OTHER RECEIVABLES (CONT'D)**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2017: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Aging analysis of trade receivables

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

	2018 RM	Group 2017 RM
Neither past due nor impaired	1,427,894	1,195,383
1 to 30 days past due not impaired	912	4,835
31 to 60 days past due not impaired	-	3,485
61 to 90 days past due not impaired	-	-
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	2,199	56,679
	3,111	64,999
Impaired	13,569	2,219
	1,444,574	1,262,601

Receivables that are neither past due nor 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 RM3,111 (2017: RM64,999) 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

These balances are generally unsecured and non-interest bearing.

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:

	2018 RM	2017 RM
At beginning/end of the financial year	5,074,004	5,074,004

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and the Company at the end of the reporting period bore effective interest rates of 3.15 to 3.90% and 3.15 to 3.90% (2017: Nil) per annum. The fixed deposits have an average maturity periods ranging from 1 to 3 (2017: Nil) months.

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FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	329,378	374,648	-	-
Other payables:				
Accruals	621,909	571,044	249,163	223,664
Deposits received	100,897	270,210	-	-
Sundry payables	280,161	287,780	26,466	47,022
Amount due to directors	20,285	31,643	4,857	3,595
	1,023,252	1,160,677	280,486	274,281
Total trade and other payables	1,352,630	1,535,325	280,486	274,281

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2017: 30 to 90 days) terms.

(b) Other payables

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

16. DEFERRED TAXATION

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unused tax losses	7,814,481	7,987,959	941,070	1,092,242
Unabsorbed capital allowances	51,426,607	52,093,198	-	-

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.

17. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2018	2017	2018 RM	2017 RM
Issued and fully paid				
At 01 February 2017/2016	72,704,500	72,704,500	72,704,500	72,704,500
Issued during the year	7,232,400	-	3,760,848	-
At 01 February 2018/2017	79,936,900	72,704,500	76,465,348	72,704,500

Pursuant to Section 74 of the Companies Act 2016, all shares issued before or upon commencement of the Act shall have no par or nominal value.

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.

During the financial year, the Company increased its issued and paid-up share capital from RM72,704,500 to RM76,465,348 by issuance of 7,232,400 new ordinary shares at RM0.52 per share for cash via private placement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

17. SHARE CAPITAL (CONT'D)**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 previous financial year ended 31 January 2017, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM0.42 per share. The total consideration paid for the repurchase was RM4,249, comprising consideration paid of RM4,200 and transaction costs of RM49. The repurchase transactions were financed by internally generated funds.

All shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016. There had been no resale or cancellation of treasury shares during the financial year.

Of the total 79,936,900 (2017: 72,704,500) issued and fully paid ordinary shares as at 31 January 2018, 380,000 (2017: 380,000) are held as treasury shares by the Company. As at 31 January 2018, the number of outstanding ordinary shares in issue after the set off is therefore 79,556,900 (2017 : 72,324,500) ordinary shares.

Share premium

Companies Act 2016 ("CA2016") has come into effect on 31 January 2017. Following the adoption of CA2016 the share premium account will now be merged with the Company's share capital. Notwithstanding that, Section 618 of CA2016 provides a transitional period of twenty four (24) months to utilise the amounts in the share premium account. Therefore, the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) Information regarding outstanding balances due from subsidiaries as at 31 January 2018 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.

19. 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 payments recognised in profit or loss for the financial year ended 31 January 2018 amounted to RM20,000 (2017: RM20,000).

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

	Group	
	2018 RM	2017 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	20,000	40,000
	140,000	160,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

20. 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's 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.

Credit risk concentration profile

At the reporting date, approximately 10% (2017: 8%) 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 13

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 13.

(b) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's 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 2018				
Group				
Financial liabilities:				
Trade and other payables	1,352,630	-	-	1,352,630
Company				
Financial liabilities:				
Trade and other payables	280,486	-	-	280,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

(b) Liquidity risk (Cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 31 January 2017				
Group				
Financial liabilities:				
Trade and other payables	1,535,325	-	-	1,535,325
Company				
Financial liabilities:				
Trade and other payables	274,281	-	-	274,281

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in Japanese Yen (JPY), Renminbi (RMB), Indonesian Rupiah (IDR) and United States Dollar (USD). Other than the above, there are no significant foreign exchange exposures. Approximately 24% (2017 : 23%) of the Group's sale is denominated in USD and; approximately 81% (2017: 60%) of the Group's purchases are denominated in JPY, USD, RMB and IDR respectively.

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

	2018 RM	2017 RM
(Net liabilities)/assets		
USD	451,253	541,272
JPY	59,295	59,338
RMB	-	(19,993)
IDR	(16,076)	-

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the USD, JPY, RMB and IDR exchange rates against the functional currency of the respective Group entities, with all other variables held constant.

	2018 RM	2017 RM
USD/RM		
- Strengthened 5% (2017: 5%)	22,563	27,064
- Weakened 5% (2017: 5%)	(22,563)	(27,064)
JPY/RM		
- Strengthened 5% (2017: 5%)	2,965	2,967
- Weakened 5% (2017: 5%)	(2,965)	(2,967)
RMB/RM		
- Strengthened 5% (2017: 5%)	-	(1,000)
- Weakened 5% (2017: 5%)	-	1,000
IDR/RM		
- Strengthened 5% (2017: 5%)	(804)	-
- Weakened 5% (2017: 5%)	804	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

(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.

21. 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 2018 and 31 January 2017.

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.

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Trade and other payables	15	1,352,630	1,535,325	280,486	274,281
Less: Fixed deposits with licensed banks	14	(3,018,998)	-	(3,018,998)	-
Less: Cash and bank balances		(3,392,373)	(2,409,014)	(477,212)	(46,190)
Net (asset) / debt		(5,058,741)	(873,689)	(3,215,724)	228,091
Equity attributable to the owners of the parent, representing total capital		47,779,055	43,939,192	38,026,952	34,342,976
Capital and net debt		42,720,314	43,065,503	34,811,228	34,571,067
Gearing ratio		-	-	-	1%

22. FINANCIAL INSTRUMENTS

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

	Note	2018 RM	2017 RM
Group			
(a) Loans and receivables			
Trade and other receivables	13	1,655,317	1,455,658
Fixed deposits with licensed banks	14	3,018,998	-
Cash and bank balances		3,392,373	2,409,014
		8,066,688	3,864,672
(b) Financial liabilities measured at amortised cost			
Trade and other payables	15	1,352,630	1,535,325

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

22. FINANCIAL INSTRUMENTS (CONT'D)

	Note	2018 RM	2017 RM
Company			
(a) Loans and receivables			
Trade and other receivables	13	7,766,477	7,521,377
Fixed deposits with licensed banks	14	3,018,998	-
Cash and bank balances		477,212	46,190
		<u>11,262,687</u>	<u>7,567,567</u>
(b) Financial liabilities measured at amortised cost			
Trade and other payables	15	280,486	274,281

23. 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 was major customer with revenue equal to or more than 10% of Group Revenue:-

	Revenue	
	2018 RM	2017 RM
Customer A	1,614,348	1,550,593

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 31.1.2018 (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 (20 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 (21 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 building (17 years old)	328,842	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 14 MAY 2018

Class of Shares	:	Ordinary Shares	
Share Capital	:	Issued & Fully Paid Up	RM76,465,348
Voting Rights	:	1 Vote Per Share	
Number of Holders	:	1,265	

Distribution of Shareholdings

No. of Holders	Size of Holdings	No. of Shares	Percentage (%)
13	1 - 99	600	0.00
410	100 - 1,000	182,950	0.23
503	1,001 - 10,000	2,397,550	3.01
262	10,001 - 100,000	10,159,300	12.77
75	100,001 - 3,977,844(*)	52,348,600	65.80
2	3,977,845 and above (**)	14,467,900	18.19
1,265		79,556,900 ¹	100.00

Remark : * Less than 5% of issued shares

** 5% and above of issued shares

1. Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 14 May 2018.

List of 30 Largest Shareholdings

No.	Name	No. of shares held	Percentage (%) of issued capital*
1	Dato' Ng Jet Heong	9,332,600	11.73
2	The Best Source Holdings Pte Ltd	5,135,300	6.45
3	Low Yong Heng	3,383,000	4.25
4	Mok Lye Huan	3,380,000	4.25
5	Standout Achievement Sdn Bhd	3,100,000	3.90
6	Sim Shiau Tyng	3,000,000	3.77
7	Tay Seng Chew	3,000,000	3.77
8	Khoo Hai Chew	2,488,000	3.13
9	BT Capital Sdn Bhd	2,353,300	2.96
10	Yung Hok Leung	2,035,200	2.56
11	Kenanga Nominees (Tempatan) Sdn Bhd	1,955,000	2.46
	Pledged Securities Account for Kam Chan Seng		
12	Keh Chuan Seng	1,909,000	2.40
13	Yap Siang Ming	1,326,800	1.67
14	Yoh Say Tien	1,212,400	1.52
15	Lin ZhongPeng	1,162,700	1.46
16	Jong Nyong Po @ Yang Liangbao	1,013,700	1.27
17	Public Invest Nominees (Asing) Sdn Bhd	1,007,000	1.27
	Exempt An For Phillip Securities Pte Ltd (Clients)		
18	Wong Wah Ping	1,006,500	1.27
19	Lai Keng Chong	1,000,000	1.26
20	M & A Nominee (Tempatan) Sdn Bhd	1,000,000	1.26
	Pledged Securities Account For Tan Chuan Chong (JB)		
21	Kenanga Nominees (Tempatan) Sdn Bhd	920,000	1.16
	Pledged Securities Account for Low Pheng		
22	Kenanga Nominees (Asing) Sdn.Bhd.	900,000	1.13
	Kuroko Company Limited (04KU108-004)		
23	N Sivagurunathan A/L V Narayanasamy	800,000	1.01
24	Hoe Wai Kian	692,300	0.87
25	Amsec Nominees (Tempatan) Sdn Bhd	662,900	0.83
	Pledged Securities Account For Tey Rose		
26	Amsec Nominees (Tempatan) Sdn Bhd	513,900	0.65
	Pledged Securities Account – AmBank (M) Berhad for Wee Teck Peng(Smart)		
27	Koay Keat Chye	500,000	0.63
28	Lai Wai Peng	500,000	0.63
29	Yip Fook Khim	500,000	0.63
30	Lim Ah Tee	488,400	0.61

Note :

* Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 14 May 2018.

ANALYSIS OF SHAREHOLDINGS

AS AT 14 MAY 2018

List of Substantial Shareholders

	No. of shares held	Direct Interest % of Issued capital *	No. of shares held	Indirect Interest % of Issued capital *
Dato' Ng Jet Heong	9,332,600	11.73	0	0.00
The Best Source Holdings Pte Ltd	5,135,300	6.45	0	0.00

Note :

* Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 14 May 2018.

List of Directors' Shareholdings in the Company

Name of Director	No. of shares held	Direct Interest % of Issued capital *	No. of shares held	Indirect Interest % 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
Tay Hui - Hui	Nil	0.00	Nil	0.00
Dato' Ng Jet Heong	9,332,600	11.73	Nil	0.00
Tay Seng Chew	3,000,000	3.77	Nil	0.00

Note :

* Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 14 May 2018



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of Xian Leng Holdings Berhad will be held at The Katerina Hotel, Opal Room, Level M, No. 8, Jalan Zabadah, 83000 Batu Pahat, Johor, Malaysia on Wednesday, 4 July 2018 at 9:30 a.m to transact the following businesses:-

AGENDA**AS ORDINARY BUSINESS:**

- | | Resolution on
Proxy Form |
|--|-----------------------------------|
| 1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2018 and the Reports of the Directors and Auditors thereon. | (Please refer Explanatory Note 1) |
| 2. To approve the Directors' fees and benefits amounting to RM203,000.00 for the financial year ended 31 January 2018. | (Resolution 1) |
| 3. To approve the Directors' fees and benefits amounting to RM203,000.00 for the financial year ending 31 January 2019. | (Resolution 2) |
| 4. To re-elect Mr. Kuan Kai Seng, who retires pursuant to Article 84 of the Company's Constitution. | (Resolution 3) |
| 5. To re-elect Mr. Tay Seng Chew, who retires pursuant to Article 91 of the Company's Constitution. | (Resolution 4) |
| 6. To appoint Messrs Ecovis AHL PLT (AF 001825), as Auditors of the Company in place of the retiring Auditors, Messrs CAS Malaysia PLT (AF 1476) and to hold office until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration. | (Resolution 5) |

AS SPECIAL BUSINESS:

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

- | | |
|--|----------------|
| 7. ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES | (Resolution 6) |
| <p>"THAT, subject always to the Companies Act 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issue shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company"</p> | |
| 8. 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 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 27 June 2018 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/ her behalf.
2. A member of the Company who is entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to attend, speak and vote in its stead.
3. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor, Malaysia, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

EXPLANATORY NOTES

1. Item 1 of the Agenda

The item is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward for voting.

2. Resolution 2 – Directors' Fees and Benefits

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits. In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and its Committees held for the period commencing from 1 February 2018 until the next Annual General Meeting for the Company.

3. Resolutions 3 & 4 - To re-elect Kuan Kai Seng & Tay Seng Chew as Directors of the Company.

Article 84 of the Constitution provides that one-third or the number nearest to one-third of the Directors of the Company for the time being shall retire by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three years but shall be eligible for re-election.

Kuan Kai Seng being eligible, have offered himself for re-election at the 19th AGM.

Augustine A/L T.K. James has informed the Board in writing of his intention to retire as an Independent Non-Executive Director of the Company and therefore, will not seek re-election at the AGM. Hence, he will retain office until the conclusion of the AGM in accordance with Article 84 of the Company's Constitution.

Article 91 provides that any Director appointed shall hold office only until the next AGM and shall be eligible for re-election. Tay Seng Chew who was appointed on 4 May 2018, is standing for re-election as Directors and being eligible, have offered himself for re-election.

4. Resolution 5 – To appoint Messrs Ecovis AHL PLT (AF 001825), as Auditors of the Company

The retiring Auditors, CAS Malaysia PLT had indicated their intention for not seeking re-appointment as auditors of the Company at the 19th Annual General Meeting. The Board of Directors of the Company has proposed for the appointment of Ecovis AHL PLT, as the new auditors of the Company for the ensuing year.

5. Ordinary Resolution 6 – Proposed Authority to issue shares

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 75 of the Companies Act 2016 at the 19th Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 18th Annual General Meeting of the Company held on 26 July 2017 (hereinafter referred to as the "Previous Mandate").

As at the date of this notice, 7,232,400 new ordinary shares of the Company were issued pursuant to the Previous Mandate by way of placement of new shares which raised total proceeds amounting to RM3,760,848, to be utilised for the general working capital of the Group and venture for future business projects. The new ordinary shares were listed on the Main Market of Bursa Malaysia Securities Berhad on 30 August 2017.

The General Mandate will enable the Directors of the Company to issue shares any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

STATEMENT ACCOMPANYING

NOTICE OF ANNUAL GENERAL MEETING

1. Details of individuals who are standing for election as Directors

No individual is standing for election as Director at this Annual General Meeting.

2. Statement relating to the general mandate for issue of securities in accordance with Rule 6.03(3) of the MAIN Market Listing Requirements of Bursa Malaysia Securities Berhad

Detail of the General Mandate for the Authority to issue shares pursuant to Section 75 of the Companies Act 2016 are set out in Explanatory Notes (5) of the Notice of 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 Katerina Hotel, Opal Room, Level M, No. 8, Jalan Zabedah, 83000 Batu Pahat, Johor, Malaysia on Wednesday, 4 July 2018 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 and Reports for the financial year ended 31 January 2018.			
		RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS:-				
2.	To approve the Directors' fees and benefits amounting to RM203,000.00 for the financial year ended 31 January 2018.	1		
3.	To approve the Directors' fees and benefits amounting to RM203,000.00 for the financial year ending 31 January 2019.	2		
4.	To re-elect Mr. Kuan Kai Seng, who retires pursuant to Article 84 of the Company's Constitution.	3		
5.	To re-elect Mr. Tay Seng Chew, who retires pursuant to Article 91 of the Company's Constitution.	4		
6.	To appoint Messrs Ecovis AHL PLT (AF 001825) as the Company's Auditors and to authorise the Board of Directors to fix their remuneration.	5		
SPECIAL BUSINESS :-				
7.	Authority to issue shares	6		

(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 this.....day of.....2018

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

* Strike out whichever is inapplicable

CDS Account No.	
No. of shares held	

NOTES:-

- In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 27 June 2018 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, speak and vote on his/ her behalf.
- A member of the Company who is entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to attend, speak and vote in its stead.
- A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
- The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at 35, Jalan Penaja 3, 83000 Batu Pahat, Johor, Malaysia, not less than forty-eight (48) hours before the time set for holding this meeting or at any adjournment thereof.

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

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