Head Office :

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

www.xianleng.com.my

Bp Showroom :

No 1, Jalan Zahir, Taman Jenang,
83000 Batu Pahat, Johor, Malaysia.
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XIAN LENG HOLDINGS BERHAD

ANNUAL REPORT 2019

ANNUAL REPORT 2019

XIAN LENG HOLDINGS BERHAD

(Company No.468142-U)

Contents

CORPORATE INFORMATION

Board of Directors:

Lee Kian Hu
(Chairman and Independent Non-Executive Director)
(Redesignated as Chairman on 4 July 2018)
Kuan Kai Seng
(Executive Director/ Chief Executive Officer)
Dato' Ng Jet Heong
(Executive Director)
Tay Hui – Hui
(Senior Independent Non-Executive Director)
(Redesignated as Senior Independent Director on 4 July 2018)
Tay Seng Chew
(Independent Non-Executive Director)

Augustine A/L T.K. James
(Chairman and Independent Non-Executive Director)
(Retired w.e.f 4 July 2018)

Audit and Risk Management Committee:

Tay Seng Chew (Chairman)
(Appointed w.e.f 4 July 2018)
Lee Kian Hu
(Redesignated as Member on 4 July 2018)
Tay Hui - Hui

Augustine A/L T.K. James
(Retired w.e.f 4 July 2018)

Nominating Committee:

Tay Hui - Hui (Chairman)
(Redesignated as Chairman on 4 July 2018)
Lee Kian Hu
(Redesignated as Member on 4 July 2018)
Tay Seng Chew
(Appointed w.e.f 4 July 2018)

Augustine A/L T.K. James
(Retired w.e.f 4 July 2018)

Remuneration Committee:

Tay Hui - Hui (Chairman)
(Redesignated as Chairman on 4 July 2018)
Lee Kian Hu
(Redesignated as Member on 4 July 2018)
Tay Seng Chew
(Appointed w.e.f 4 July 2018)

Augustine A/L T.K. James
(Retired w.e.f 4 July 2018)

Employees' Share Option Scheme Committee:

Kuan Kai Seng (Chairman)
Lee Kian Hu
Tay Hui - Hui
(Appointed w.e.f 4 July 2018)

Augustine A/L T.K. James
(Retired w.e.f 4 July 2018)

Secretary:

Laang Jhe How (MIA 25193)
Tan Kah Koon (MAICSA 7066666)
(Resigned w.e.f 26 September 2018)
Ng Sue Shen (MAICSA 7072288)
(Appointed w.e.f 26 September 2018)
(Resigned w.e.f 27 March 2019)

Auditors:

Ecovis Malaysia PLT
No.54, Jalan Kempas Utama 2/2,
Taman Kempas Utama
81200 Johor Bahru
Johor Darul Takzim, Malaysia
Tel: 607- 562 9000 Fax: 607-562 9090

Share Registrar:

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

Registered Office:

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

Principal Bankers:

Alliance Islamic Bank Berhad
AmBank (M) Berhad
Bank Pertanian Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

Stock Exchange Listing:

Main Market of Bursa Malaysia Securities Berhad
(Bursa Securities)

Website:

www.xianleng.com.my

PROFILE OF DIRECTORS

	Lee Kian Hu	**Kuan Kai Seng**
Position	Chairman and Independent Non-Executive Director	Chief Executive Officer and Executive Director
Age	45	45
Gender	Male	Male
Nationality	Malaysian	Malaysian
Qualification field	Chartered Accountant	Chartered Accountant
Working experience & Occupation	Mr Lee Kian Hu holds a Bachelor Degree in Economics and Accounting from the University of Western Australia and is a member of the Certified Practicing Accountant of Australia and a member of the Malaysian Institute of Accountants. After graduation, he gained his experience by working for a local accounting firm and moved on to an international accounting firm where he was responsible for handling a full set of audit job, corporate tax computation and leading the audit teams, system documentation and reviews, advisory on business law and companies act, rules and regulations, commercial and financial data analysis. Currently, Mr Lee is a Sole-proprietor of Hu & Co., Chartered Accountants in Johor Bahru, the Director of Hu & Co. Consultants Sdn. Bhd. and CH Management Consultants Sdn. Bhd. which are secretarial and management consulting firm, mainly providing various level of professional advisory services.	Mr Kuan Kai Seng holds a Bachelor degree in Accountancy from Nelson Polytechnic, New Zealand in December 1999 and Chartered Accountancy of the Institute Chartered Accountant of New Zealand in 2002. He is a member of New Zealand Institute of Chartered Accountants, Malaysian Institute of Chartered Accountants and Chartered Tax Institute of Malaysia. Mr Kuan joined Ernst & Young from March 1999 to September 2002, carrying out statutory audit on private limited and public limited companies. Subsequently, Mr Kuan was appointed as a Group Accountant in a local group of companies. His employment with the group of companies included three years overseas posting as an Assistant General Manager cum Head of Finance for the group's subsidiary in China. After that, he was in public practice as a chartered accountant in a member firm of MIA. Currently, Mr Kuan is oversees the planning, development and overall management of the Group. He has more than 7 years experience in the management of ornamental fish trades and operation of the fish farms.
Date of Appointment	15 June 2012	3 April 2012
Date of Resignation	N/A	N/A
Other directorships of public companies	Nil	Evergreen Fibreboard Berhad
Membership of Board Committees	Member of Audit & Risk Management Committee Member of Remuneration Committee Member of Nominating 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 attended: 5	No. of meetings held: 5 No. of meetings attended: 5

PROFILE OF DIRECTORS

	Dato' Ng Jet Heong	**Tay Hui - Hui**
Position	Executive Director	Senior Independent Non-Executive Director
Age	54	33
Gender	Male	Female
Nationality	Malaysian	Malaysian
Qualification field	Business & Corporate Management	Chartered Company Secretary
Working experience & Occupation	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. 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. 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. 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. 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.	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. 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 assisting clients to prepare company resolutions, minutes and other statutory documents. After the completion of 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. Subsequently, she started develop her own business in Batu Pahat. Her business services include providing company secretarial, audit and tax services to clients.
Date of Appointment	25 May 2017	1 March 2017
Date of Resignation	N/A	N/A
Other directorships of public companies	Nil	Karyon Industries Berhad
Membership of Board Committees	Nil	Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit & Risk Management Committee Member 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 attended: 5	No. of meetings held: 5 No. of meetings attended: 5

PROFILE OF DIRECTORS

	Tay Seng Chew
Position	Independent Non-Executive Director
Age	54
Gender	Male
Nationality	Malaysian
Qualification field	Business Management
Working experience & Occupation	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 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 the bank's system and procedures. 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 was rapidly rise in his banking career and was promoted to the Senior Officer level with them. 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. 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. Contended but needing the sense of keeping the knowledge with the market, he joined 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. Presently, Mr Tay is giving advisory to some corporate group that aspired to be listed on the Bursa Malaysia via various alternatives (i.e director IPO or Indirect RTO) in his personal capacity
Date of Appointment	4 May 2018
Date of Resignation	N/A
Other directorships of public companies	Nil
Membership of Board Committees	Chairman of Audit & Risk Management Committee Member of Nomination Committee Member of Remuneration Committee
Family relationship with any director and / or major shareholder of XLH	Nil
Conflict of interest with XLH, if any	Nil
Convictions for offences within the past 10 years other than traffic offences	Nil

Attendance at Board Meetings held during the financial year	No. of meetings held	No. of meetings attended
	4	4

PROFILE OF DIRECTORS

	Augustine A/L T.K. James
Position	Chairman and Independent Non-Executive Director
Age	62
Gender	Male
Nationality	Malaysian
Qualification field	Chartered Accountant
Working experience & Occupation	Mr Augustine James was articled with the firm of Messrs. Goonting & Chew, Public Accountants (M) based in Kuala Lumpur in mid 1977. Whilst being articled, he sat for the Malaysian Association of Certified Public Accountants exams. . In 1983, he joined Messrs Aljeffri & Co. Chartered Accountants (M) 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. Presently, Mr Augustine James is the named liquidator (appointed by court) in more than 30 Companies mostly involved in property development and property holding mostly in the Klang valley. Messrs. James & Co. Chartered Accountants (M), has been in existence since early 1995. As the Managing Partner of the firm he brings together 39 years of exposure in varied professional services rendered in the public practice. He has been exposed to a wide range of professional services including auditing, accounting, secretarial, taxation, receivership, business finance, business consultancy and etc.
Date of Appointment	17 August 2012
Date of Resignation	4 July 2018 (Retirement)
Other directorships of public companies	Nil
Membership of Board Committees	Member of Audit & Risk Management Committee Member of Nomination Committee Member of Remuneration Committee Member of Employees' Share Option Scheme Committee
Family relationship with any director and / or major shareholder of XLH	Nil
Conflict of interest with XLH, if any	Nil
Convictions for offences within the past 10 years other than traffic offences	Nil

Attendance at Board Meetings held during the financial year	No. of meetings held	No. of meetings attended
	3	3

PROFILE OF KEY MANAGEMENT

Mr Kuan Kai Seng, aged 45, is one of the Executive Directors and Chief Executive Officer of the Group. 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.

Dato' Ng Jet Heong, aged 54, is currently the Executive Director of the Group. He is responsible for the Group's business expansion.

Please refer to Profile of Directors appearing in page 3 of the Annual Report.

Mr Ong Boon Sheng, aged 43, is appointed as the Executive Director of subsidiary companies of our 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 and Finance manager for a multinational company.

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

In year 2000, he has moved on to the marketing sector and work 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 before his appointment with the Group.

Mr Lim Cheng Poh, aged 49, is currently the Farm Manager of Xian Leng Trading Sdn Bhd ("XLT").

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

In year 2009, he had been 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 10 years of experience in the management and operation of the farm. He is familiar with both Arowana's and Stingray's environmental and ecology requirements, feeding dispositions and breeding pattern.

Ms Lim Choon Hong, aged 43, is the Sales Manager of Xian Leng and has been involved in the ornamental fish industry since year 1998.

Over the past 21 years, she has been actively involved in the trading of ornamental fishes and aquarium accessories including feed and medication. Currently, she is leading the marketing and sales functions, handling day to day retail and wholesales operation.

She started out as a Sales and Marketing trainee in the Batu Pahat ornamental fish showroom 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 the Southern Region of Malaysia.

Ms Ho Wei Ying, aged 34, 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 accounting, inventory, costing and assisting the information technology team of Xian Leng Group.

In 2010, she was promoted to the post of Account and Finance Manager who is responsible for the account/financial analysis, reporting and controlling of the Group. Currently, she is the Group's Chief Financial Officer, who overseas the finance and accounting functions in 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 Bursa Malaysia Securities Berhad (Bursa Securities) on 5 December 2001, subsequently transferred to the Main Board of Bursa Securities on 4 September 2003 and had 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 Arowanas, Stingrays and other ornamental fishes as well as trade in related items such as aquarium tanks and accessories, fish feed and medication. Xian Leng Holdings has five (5) subsidiaries namely Xian Leng Trading Sdn. Bhd. ("XLT"), Xian Leng Aquatic Merchant Sdn. Bhd. (XLAM), Xian Leng Aquatic (Kluang) Sdn. Bhd. ("XLAK"), Xian Leng Aquatic (Shah Alam) Sdn. Bhd.("XLASA") and Global XL Engineering Sdn. Bhd. ("GXLE")

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

XLB is principally an investment holding and a provision of management services company with five (5) subsidiaries as stated below:

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

   XLT was established in 1989 engaging in commercial captive breeding of the Asian Arowana, Stingray and other aquatic animals as well as property holding. Currently, XLT has three fish farms occupying approximately 70-acres of land. The captive-breeding of the Asian Arowana and Stingray is carried out in Xian Leng's farms which are located on a gentle slope of hill flush with green vegetation with close approximation to a forest reserve at Parit Sulong and Kangkar Senangar both located in the state of Johor Darul Takzim, Malaysia. The third farm is located in Sungai Suluh, which mainly used 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 as well as property holding. XLAM was established in 1995 and this subsidiary mainly involved in the trading of tropical fishes such as Goldfish, Japanese Carps, Barbs, Cichlids and Anabantids. The Company positions itself as a one-stop centre offering a wide range of ornamental fishes and related facilities at competitive prices. Apart from dealing in the trading of ornamental fishes, the Batu Pahat showroom also engages in the retailing of both local and exotic aquarium fishes as well as trading of 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 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 under review.

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

   XLAK was established in 2003 involving 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. This subsidiary has undertaken to develop a fish farm located in Kluang, Johor Darul Takzim.

5. Global XL Engineering Sdn. Bhd. (GXLE)

   GXLE is newly incorporated on 10 December 2018 with principal activities in the business of constructing and developing real property and commercial residential, high rise buildings, condominium, flatted factories, gated housing, low, medium and high cost housings. The Company is currently inactive post its establishment to date.

RESEARCH & DEVELOPMENT

The success of Xian Leng in maintaining its leading edge over competitors in the fisheries is largely due to strong commitment given to research and technology development (RT&D), which had resulted in a number of breakthroughs throughout its operations. This had enabled the Company to continuously improve its production efficiency and enhanced end-product quality. The technological breakthroughs and achievement include the following:

- Improved quality of the Malaysian Golden variety, which ranks No. 1 among Asian Arowana species which had recorded the highest price in its group.
- Created "new" variants of the major varieties through genetic selection and cross-breeding on the Asian Arowana.
- Distinct color enhancement of the Asian Arowana's scales with intense hues and brilliance to improve its attractiveness.
- Improved the physical appearance and robustness of the Asian Arowana through proper priming and careful nurturing of the fry post-harvest.
- Perfecting environmental and fish farm management practices.
- Improved feed quality and culture systems to achieve optimum breeding result on the Asian Arowana and ornamental fishes of the farm.

OUR COMPETITIVE STRENGTH

The competitive advantage of Xian Leng lies in the head-start the company has over its competitors by being the first to be registered by CITES for the international trade of Asian Arowana. Xian Leng had successfully taken advantage of this lead to broaden and establish an extensive customer base through active market promotion; undertaken 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 had further enhanced its image and opportunities in the corporate world.

OUR APPROACH & MANAGEMENT

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

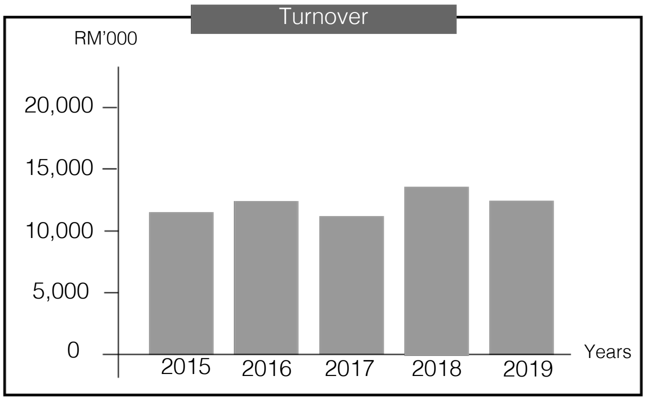
- A location adjacent to a forest reserve that promises stability in terms of water supply and quality, microenvironment and meteorology.
- A farm design that maximizes land use without degradation. Extensive landscaping and planting of trees and ornamental plants were undertaken throughout the farm.
- Pond designs that enabled 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 being maintained were through 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.

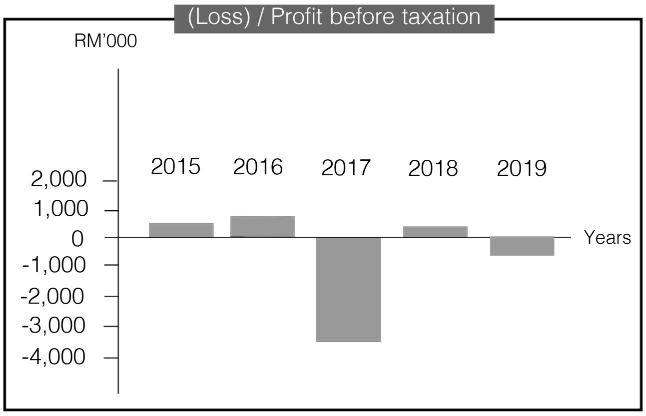
REVIEW OF BUSINESS STRATEGY

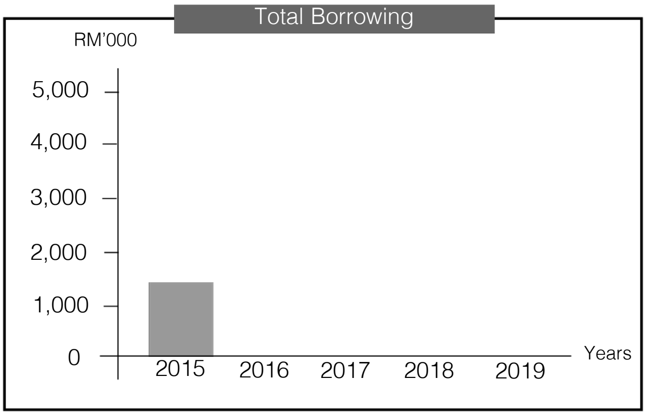
The Company intends to ride on its existing success as a leading breeder of top quality Asian Arowana, Stingray and other tropical fish to expand and capture the world market to increase its market share; and diversifying into other high value ornamental fishes to meet the local demand and for export. 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 2019 are set out below:







Description	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 (Restated)	Year Ended 31 Jan 2019 RM'000
Turnover	12,707	12,900	10,933	13,204	12,967
(Loss) / Profit before taxation	646	763	(3,831)	236	(762)
Total Borrowing	1,480	-	-	-	-

FINANCIAL PERFORMANCE

For the financial year ended 31 January 2019, the Group had achieved revenue of RM12.967 million as compared with RM13.204 million in the previous corresponding financial year. Turnover was decreased by 1.79% mainly due to the decrease in of sales volume and drop in the prices of Arowana fishes as compared to the previous corresponding financial year.

The Group registered a loss before tax of RM0.762 million as compared with profit before tax of RM0.236 million in the previous corresponding financial year. The loss before tax accounted in current financial year was mainly attributed to lower sales volume and productivity of Arowana fish as compared to the previous financial year.

The Group's gearing ratio continued to be remained at zero percent. In the long run, the low gearing ratio will be a good foundation for the Group's future growth. Although there were many challenges that were faced by the Group for the past few years, the management will remain resilient and strive to face the challenges with positive attitude to improve the Group's financial performance.

OPERATIONS REVIEW BY BUSINESS SEGMENT

The Group's business segments are categorized into fish farming segment and merchandise segment.

Fish farming segment

The revenue generated from fish farming segment registered a decline of 31.56% in the financial year 2019 mainly attributable to decreased productivity and sales of Arowana. On 8 October 2018, The Intergovernmental Panel on Climate Change (IPCC) released a special report on global warming which revealed an increase of global warming by 1.5°C in their studies throughout the years. The report also revealed Southeast Asia as one of the regions that will suffer the hardest hit by climate change in the near future. One of the highlights in the report on Malaysia's climate change includes changes in rain patterns, rising sea levels and related coastal flooding as well as more frequent extreme weather events.

In the financial year 2019, Malaysia experienced unpredictable weather such as extremely hot weather and occurrence of a tropical depression that caused heavy rainfall as well as strong winds. The unusual change in climate had directly affected the productivity of Arowana. Due to the extreme weather, the pH water of fish pond varied through the day and with rainfall. These inconsistencies had impacted our mother fishes where the broodstock were infected with bacteria. This is one of the main factors that contributes to the decreased in productivity level of fishes. The farm production team is looking into ways to solve the productivity challenges faced by inconsistence weather pattern. On the other hand, the marketing team's effort to boost the sales on Arowana had never slowed down despite the decrease in the prices of the fishes.

Despite the above, the demand for goldfishes was moving in positive trend as compared with last financial year. Through the relentless effort, the farm production team had managed to produce more variety of goldfish with high quality to satisfy the demand of the market. Meanwhile, the team will continuously exert their effort to produce more high quality varieties and to ensure this positive trend will continue to flourish good results for the upcoming financial year.

Merchandise segment

The Group's merchandise segment achieved an increase of 10.18% in revenue for the financial year 2019. The local business environment was significantly affected by the abolishment of the Goods and Services Tax (GST) in June 2018 and the introduction of the Sales and Services Tax (SST) in September 2018. Buying power had significantly increased within this period as consumers and retailers took advantage of the three month tax holiday period to stock up the merchandise due to the relatively lower price post abolishment of GST by the new Government. The sales of fish accessories had also significantly increased as compared with last year, especially the fish feed product category. Since our products were not subjected to SST, this had encouraged consumers to buy our fish accessories and fish feed. The increase in sales was also attributed by the continuous effort of the marketing team in promoting and participating in the exhibition to create the brand awareness.

BUSINESS OUTLOOK

The next financial year is viewed as a challenging year for the Group underscored by unsettled US and China trade tension, continued weak European and Japan economic growth outlook, which will suppress the growth prospect of Asia Pacific Region. The IMF has once again downgrade world growths for 2019 from 3.6% to 3.3%. Due to the uncertain global and domestic economic prospects, consumers are expected to be more cautious with their spending. Nevertheless, the Group is ready to overcome the difficulties by implementing effective measures to stay competitive. These measures include, but are not limited to, cost optimization, continuality in research, development, control, marketing, workforce and seeking out new investment opportunities. The Group places a great emphasis on the improvement of its operational efficiency, at the same time focusing on the Group's long-term growth plan. The Group is always open to and continues to seek out a potential new business that can enhance the Group's earnings and shareholder value.

SUSTAINABILITY STATEMENT

Sustainability has been one of the key pillars of Xian Leng Holdings Berhad ("XLH" or the "Group") business foundation and it has already been embedded into its culture. XLH's employees are always reminded to practice consistently across all departments of the Group's activities from inbound logistic, procurement, production, sales and marketing activities to financial reporting. We aim to be responsible for shareholders as well as all stakeholders relevant to the Group.

The scope of this Sustainability Statement covers the reporting period from 1 February 2018 to 31 January 2019.

Sustainability Governance

A robust governance structure is crucial to ensure we achieve our sustainability commitments. The Board has appointed an independent professional service firm to assist in identifying, evaluating and managing significant risks that faced by the Group. The risks identified and control information are complied in the risks registers. Whilst the Board is primarily responsible for sustainability performance of the Group by provides oversight and review of sustainability reporting.

Materiality Assessment and Key Sustainability Matters

The Group identified key material sustainability matters through a set of parameters established from the Group's risk management processes to priorities sustainability matters. Further information can be obtained from the Statement of Risk Management and Internal Control.

A detailed explanation for each sustainability areas of economic, environment and social is provided in the next section.

1. Economic and Market Place Sustainability

    - Market Risk

      A risk assessment process was conducted for the aquaculture operation to identify key risk areas which may affect the sustainability of the business. Aggressive competition and uncertain fluctuation of Ringgit Malaysia were identified as key risk areas.

      The Group is continuously developed and maintains good link or relationship with customers by communicating with them regularly and maintaining efficient customer services or after sales service and delivery channel. In addition, the Group is continuously exploring new market and new product to mitigate the risk and uncertainty associated.

    - Product Risk

      The Group's dependency on particular products and shortage or unstable supply of live fish feed is another key risk of the Group. In order to minimize the impact of product risk, the Group has increase competitiveness of products and diversify in products sold. Meanwhile, the Group has put in efforts to improve product quality and explores innovation of the product.

      Fish health management is an important component in aquaculture to ensure high quality and healthy fishes being produced. For this purpose, the Group has invested in the setting up and maintaining the quarantine system located in Xian Leng's fish farm to prevent the outbreak of diseases and avoid high mortality level which may severely affecting the operations of the Group. Best practices such as monitoring of water quality, fishes condition and cleaning of fish ponds and aquariums are being performed on a regular basis by respective personnel.

    - IT System Risk

      Data security has seemed to be more emphasized and played a more significant role in the organization's sustainability in the recent year. The unauthorized divulge or misuse of confidential information could pose a destructive risk to an organization.

      Data, regardless of whether it's related to employee, customer, vendor, operation and financial are crucial and valuable asset in making every success to the organisation. The Group has put in efforts in data protection by enhancing data security. Moreover, the Group has backup of accounting system on a daily basis and placed in secured locations. Whilst, the Group has put in place the controlled access of confidential data by setting the level to access system and set up security code for pricing adjustment.

    - Financial Implications Due to Climate Change

      Environmental risk, climate changes and weather risk were identified as key risk areas which may affect the sustainability of the business.

      The Group is continuously monitoring the environmental parameters to reduce the impact of these key risks. The management has regular maintenance and well planned drainage system to ensure smooth flow of rain waters during monsoon season.

2. Environmental Sustainability

- Water and Energy Management

  Water is vital for our fish farm operation. The Group's farm is located at the foothill of a forest reserve with continuous good water supply. Such 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 is also mindful of energy consumption by tracking and implementing measure to reduce and promote the reduction of energy consumption. In addition, the Group's fish farm is installed with LED lights which can reduce carbon emissions and provides many environmental advantages.

- Waste Management And Recycling

  The Group also implement reduce, reuse and recycle program in the office. Reducing paper usage, reusing and recycling paper will not only result in cost savings but also the carbon footprint. The steps taken to save trees and reducing carbon footprints by the Group includes reusing used paper by encouraging doubled sided printing, changing printing setting for double-sided outputs and setting up a recycling bins and section bins in the office where possible.

- Environmentally Friendly Practise in Site Selection

  The Group adopts an environmentally friendly approach to address environmental concerns by selecting a favourable site for its operation. Research and development activities has been conducted to assess the suitability of the site prior to the establishment of fish farms. This includes site selection, pond design and construction, hatchery set-up, nursery, water supply, electrical and mechanical systems that are appropriate and cost effective for the operation of the fish farms.

3. Human Resource and Workplace Sustainability

- Succession Planning

  To ensure the continuity of business operation, the Group has put in place succession planning program to identify and train high potential workers for advancement into key roles within the Group.

  In order to ensure the Group is well-positioned to continuous growth and performance, minimizing the impact of losing key talents and leaders, the Group has promote employee referral program and recruiting new blood especially young, energetic talents to bring a fresh perspective.

- Occupational Safety, Health and Environment

  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, training and development activities had been undertaken to improve efficiency within the Group.

4. Social and Community Sustainability

- Corporate social responsibilities

  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.

  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.

STATEMENT OF CORPORATE GOVERNANCE

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

The Board is cognizant that they are accountable to its investors and shareholders in practicing good corporate governance to protect and enhance shareholders' value. The Board is also responsible for continuous review and improves the Company's processes, practices and policies to ensure the 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.

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 together with the Corporate Governance Report (CG Report) which is available on Xian Leng's website at http://xianleng.com.my/newenglish/investor-update/corporate-governance/cg-report

The CG Report provides the details on how the Company applied each Practice as set out in the MCCG 2017 during the financial year 2019.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A. Board Responsibilities and Composition

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 made up of (5) members, consisting of
1. One (1) Chairman, Independent Non-Executive Director
2. Two (2) Independent Non-Executive Directors one of which is the Senior Independent Non-Executive Director
3. Two (2) Executive Directors one of which is the Chief Executive Officer

No.	Name	Gender	Designation
1	Lee Kian Hu	Male	Chairman, Independent Non-Executive Director
2	Kuan Kai Seng	Male	Executive Director / Chief Executive Officer
3	Dato' Ng Jet Heong	Male	Executive Director
4	Tay Hui – Hui	Female	Senior Independent Non-Executive Director
5	Tay Seng Chew	Male	Independent Non-Executive Director

The Board is responsible for establishing corporate goals and providing 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 segregation of responsibilities between the Chairman and the Executive Directors to ensure that there is a balance of power and authority.

The Chairman of the Board provides overall leadership to the Board in decision making and to ensure effective conduct and performance of the Board in driving the focus on governance and compliance.

Non-Executive Directors play a key supporting role in contributing their knowledge and experience in the decision making process including providing scrutiny towards weak internal controls and performance by the management, if any.

The Executive Director, Chief Executive Officer and the Senior Management are responsible for the day-to-day management of the Group's business operations and execution of the Board's policies and decision.

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities and Composition (Cont'd)

a) The Board (Cont'd)

The five (5) members of the Board are persons of high integrity and are responsible for overall governance of the Group by ensuring that the Group's internal control, risk management and reporting procedures are well in place. The current size and composition of the Board are considered adequate to provide mix of skills, experience and expertise. Furthermore, the Board is of the view that with the current Board size, the power and authority of Executive Directors and Independent Directors are balanced. The Board will continue to monitor and review the Board size and composition as and when necessary.

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. The Board Diversity Policy is to ensure that the mix and profiles of the Board members, in terms of age, ethnicity and gender, provide the necessary range of perspectives, experiences and expertise required to achieve effective stewardship and management. In line with the above, the Company is committed to promoting diversity and inclusion within the Group. Employment and development of employees are based on individual skills, talent, experience and attributes of a person.

The Board's current composition comprise of one female Director to reflect its commitment towards achieving a more gender diversified Board. The Board will review and consider the appointment of additional female Director, taking into consideration of the combination of skills, experience and diversity necessary to strengthen the composition of the Board.

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 2019 and the attendance for each Director is as follows:-

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

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 deemed necessary 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 advices 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 by Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

A. Board Responsibilities and Composition (Cont'd)

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 periodically 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 & 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 responsible 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 page 19 of the Annual Report.

ii) Nominating Committee

The Committee's key function is 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 are set out in the Nominating Committee Report of the Annual Report.

iii) Remuneration Committee

The Remuneration Committee is responsible to develop 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 directors' remuneration, composition and summary of activities of the Remuneration Committee are set out on page 21 of the Annual Report.

iv) Employee Share Option Committee

The function of the Employee Share Option Scheme ("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. QUALIFIED AND COMPETENT COMPANY SECRETARY

The Company Secretary of the Company is qualified to act as Company Secretary under Section 235 of the Companies Act 2016.

In order to ensure the effective functioning of the Board, the Company Secretary is responsible to give an advisory and assisting the Board in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act 2016, Main Market Listing Requirement of Bursa Securities, the Securities Commission guidelines. The Directors are regularly updated and advised by the Company Secretary on new regulatory guidelines and statutory requirements, including their impact and implications for the Company and the Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

C. DIRECTORS' TRAINING

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

During the financial year ended 31 January 2019, the Directors have attended the following training programmes:-

Directors	Seminars and briefings attended
Lee Kian Hu	• Share Structure Workshop on 16 August 2018 • MFRS 16 Leases – Transforming Assets and Liabilities on 28 September 2018 • Key Amendments to Listing Requirements Arising from Companies Act 2016 on 6 December 2018
Kuan Kai Seng	• National Tax Conference 2018 on 16 & 17 July 2018 • Budget Seminar 2019 on 3 December 2018
Dato' Ng Jet Heong	• Strategic Partner of MAHA 2018 event's briefing on 02 October 2018
Tay Hui - Hui	• Workshop on the Companies Act, 2016 & Secretarial Practice (Part 1) on 31 March 2018 • Seminar on " Introduction to MBRS" on 27 July 2018 • Seminar on "MBRS for Preparers – Financial Statements" on 28 & 29 July 2018 • Budget Seminar 2019 on 03 December 2018
Tay Seng Chew	• Mandatory Accreditation Programme for Directors of Public Listed Companies on 29 & 30 November 2018

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 Financial 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 are 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. Further details are set out in the Sustainability Statement of the Company in the Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ACCOUNTABILITY AND AUDIT

a) Audit and Risk Management Committee

The Board acknowledges its overall responsibilities for maintaining a sound system of risk management and internal control and has delegated its role in the review process to the Audit and Risk Management Committee.

Full details on the composition and summary of activities of the Audit & Risk Management Committee together with its report are presented on page 19 of the Annual Report.

b) Financial Reporting

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

The details of the audited financial statements of the Group and the Company are set out on pages 34 to 67 of the Annual Report.

c) Risk Management and Internal Controls

The Board acknowledges their responsibilities for the Group 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. During the current financial year, the internal audit services had been rotated to a new service provider effective July 2018 to enhance better business efficiency controls. The cost incurred for the IA & ERM functions in respect of the financial year ended 31 January 2019 was approximately RM40,000.00.

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

d) Relation with the External Auditors

The Board, through the Audit & 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.

During the current financial year, the Group had appointed a new external auditor. The new external auditor is required to rotate the engagement partner responsible for audit of the financial statements of the Group every five years.

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS (CONT'D)

RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

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 and as mandated by Bursa Securities, voting at the General Meetings of the Company is by way of poll voting.

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 the preparation of the financial statements for the year ended 31 January 2019, the Board is also responsible for the adoption of appropriate accounting policies and has 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 adopted 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.

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 2019 and details of attendance of each member at the A&RMC meetings are as follows:-

Composition of Committee	Number of meeting attended	Percentage (%)
Tay Seng Chew (Appointed w.e.f 4 July 2018) (Chairman/Independent Non-Executive Director)	2/2	100%
Tay Hui - Hui (Member/ Senior Independent Non-Executive Director)	5/5	100%
Lee Kian Hu (Redesignated as member on 4 July 2018) (Member/Independent Non-Executive Director – Member of the MIA)	5/5	100%
Augustine A/L T.K. James (Retired w.e.f 4 July 2018) (Member/Independent Non-Executive Director – Member of the MIA)	3/3	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 2019, the A&RMC held a total of five (5) meetings. The principal activities under taken 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 2018 and 1st, 2nd, 3rd quarters of 2019 at its meeting held on 22 March 2018, 28 June 2018, 24 September 2018, and 21 December 2018 respectively before recommending them for the Board's consideration and approval for announcement to the public;

b) On 22 March 2018 the A&RMC had reviewed, with the External Auditors, the audited financial statements of the Group for the financial year ended 31 January 2018 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 Malaysian Financial Reporting Standards ("MFRS") in Malaysia.

c) On 21 December 2018, 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 ended 31 January 2019 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 2019 to the A&RMC.

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

e) During the current financial year, the internal auditing service was replaced to a new external service provider in July 2018 to evaluate and assess significant risk and to enhance better business efficiency controls of the Group The Internal Auditor had presented the Internal Audit Review Report to the A&RMC on 24 September 2018 and 27 March 2019 respectively. The Internal auditor also presented the Enterprise Risk Management Review Report to the A&RMC on 27 March 2019.

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:-

- Inventory Management Process;
- Fixed Assets Management

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 22 March 2018 and 21 December 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 (%)
Tay Hui - Hui (Redesignated as Chairman on 4 July 2018) (Chairman/ Senior Independent Non-Executive Director)	1/1	100%
Lee Kian Hu (Redesignated as Member on 4 July 2018) (Member/Independent Non-Executive Director)	1/1	100%
Tay Seng Chew (Appointed w.e.f 4 July 2018) (Member/Independent Non-Executive Director)	N/A	N/A
Augustine A/L T.K. James (Retired w.e.f 4 July 2018) (Member/Independent Non-Executive Director)	1/1	100%

B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The NC held a meeting during the financial year ended 31 January 2019. 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 the current financial year, the Directors have attended various training programmes which are outline in page 16 of the Corporate Governance ("CG") Statement.

c) reviewed and recommended the appointment of new director, Tay Seng Chew to the board. The profile of Tay Seng Chew is set out in the Directors' profile section of the Annual Report. A formal of one to two days induction program was given by the Company which include, but not limited to:

   i) furnishing a copy of organization chart, prior year's 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) Dato' Ng Jet Heong (pursuant to Article 84 of the Company's Constitution)
   ii) Tay Hui - Hui (pursuant to Article 84 of the Company's Constitution)

e) carried out an assessment on independence of the Independent Directors.

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 (%)
Tay Hui - Hui (Redesignated as Chairman on 4 July 2018) (Chairman/Senior Independent Non-Executive Director)	1/1	100%
Lee Kian Hu (Redesignated as Member on 4 July 2018) (Member/Independent Non-Executive Director)	1/1	100%
Tay Seng Chew (Appointed w.e.f. 4 July 2018) (Member/Independent Non-Executive Director)	N/A	N/A
Augustine A/L T.K. James (Retired w.e.f. 4 July 2018) (Member/Independent Non-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 2019. The principal activities undertaken by the RC were summarised as follows:-

a) carry out an annual review for assessing the remuneration policy which enable the Group to attract and retain Directors and key management personnels with the relevant experience and expertise needed to run the Group successfully.

b) reviewed and recommended the remuneration of Executive Directors and key management personnels for the board's approval.

c) 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	Allowance & Benefits RM	Total RM
Lee Kian Hu	57,385	-	-	9,188	66,573
Kuan Kai Seng	2,500	242,000	31,865	8,182	284,547
Dato' Ng Jet Heong	2,500	112,000	15,573	5,870	135,943
Tay Hui – Hui	47,942	-	-	6,812	54,754
Tay Seng Chew (Appointed w.e.f 4 May 2018)	33,731	-	-	4,906	38,637
Ong Boon Sheng (Director of subsidiary companies)	-	50,000	6,500	710	57,210
Augustine A/L T.K. James (Retired w.e.f. 4 July 2018)	25,577	-	-	5,844	31,421

D. KEY MANAGEMENT PERSONNEL REMUNERATION

The key managements of the Company who served during the financial year are 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
50,001 - 100,000	1	1
100,001 - 150,000	1	1
150,001 - 200,000	-	-
200,001 - 250,000	-	-
250,001 - 300,000	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 engaged an independent professional consulting firm for reviewing the Group's risk management. The consulting firm will provide advices or recommendations for finding of any inadequacy to the management, provide independent and objective assurance to the Board that the financial and operational controls designed to manage the Group's risk management are operating in an efficient and effective manner.
- 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.

Risk Management Process

Risk Management process is to establish procedures within the Group and provide assurance that all significant risks are appropriately identified, managed and reported and is an ongoing process. The components of Risk Management processes have put in place by the Group inclusive of:

- Risk Identification and Analysis
- Risk Controls / Mitigation
- Risk Monitoring

Risk Identification and Analysis

- Sets the view by defining the focus for Risk Management process
- Identification of key risks that may obstruct, threatening and exploit opportunities to enhance achievement of business objectives. Risk can also be identified through other business operations including internal and external audits, customer complaints and incident occurred.
- To analyse the nature of risk identified and the main factors leading to the risks.

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

Risk Controls / Mitigation

- Risk response measures include the approach to manage the risk to the desired appetite level. The control action plan taken to mitigate each risk identified will be documented in the Risk Register.

Risk Monitoring

- Risks are monitored by the risk owners on a yearly basis to ensure that the Group understand the risk portfolio and risk capacity. The risk owners will report to the Management on any changes in the risk profile, risk register and control action plans and any risk related matters for appropriate actions to be taken.

- Risks are reported in the organization on yearly basis.

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 Chief Finance Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the current risk management and internal control of the Company.

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

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 Group disclosed in the financial statements.

UTILISATION OF PROCEEDS
The utilisation of proceeds from Private Placement exercise is as below:

Purpose	Proposed Utilisation RM'000	Balance Brought Forward RM'000	Revised of Utilisation RM'000	Utilisation of Balance During the Financial Year RM'000	Remaining Balance RM'000	Intended Timeframe for Utilisation
Staff salaries	377	-	-	-	-	N/A
Future Business Projects/Investments for Xian Leng and its Subsidiaries (Group)	3,284	3,284	(284)	-	3,000*	28/02/2020
Defrayment of the expenses incidental to the private Placement	100	-	-	-	-	N/A
Working capital	-	-	284	(284)	-	N/A
Total	3,761	3,284	-	(284)	3,000	

The Board of Directors has approved a revision in the utilization of part of the said proceeds amounting to RM284,000 allocated from future business project to working capital. An approval also granted for extension of time to 28 February 2019 for the utilization of the remaining proceeds of RM3 million for proposed business project. The business project proposed is to be further extended to 28 February 2020.

*Proposed Business Project
The Company had on 8 October 2018 entered into the Memorandum of Understanding with TH Mestika Sdn Bhd in relation to Xian Leng's participation in the construction of a multi-storey flat of 500 units and related works of the People's Housing Program by the Ministry of Housing and Local Government of Malaysia at Ulu Melaka, Langkawi, Kedah. On 11 December 2018 the Board had announced that the company wholly-owned subsidiary, Global XL Engineering Sdn. Bhd. which was incorporated on 10 December 2018 for the above mentioned proposed business project.

SHARE BUY-BACK
During the financial year, there was no share buy-back exercised by the Company.

As at 31 January 2019, a total of 380,000 shares bought back in previous financial year were 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 Group had not issued any options and convertible securities.

DEPOSITORY RECEIPT PROGRAM
The Group did not sponsor any Depository Receipt program during the financial year.

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
A total amount of RM18,000 incurred being the non-audit fees paid or payable to the external auditors by the Group and by the Company for the financial year ended 31 January 2019.

VARIATION IN RESULTS
There were no variances of 10% or more between the audited results for the financial year ended 31 January 2019 and the unaudited results previously announced.

PROFIT GUARANTEE
During the financial year, there were no profit guarantees given by the Group.

Financial Statement

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the year attributable to owners of the Company	(886,668)	(29,595)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of previous financial year. The directors do not recommend any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issue of shares or debentures by the Company during the financial year.

OPTIONS

No option has been granted during the financial year covered by the Statements of Profit or Loss and Other Comprehensive Income 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 who served during the financial year up to the date of this report are: -

Dato' Ng Jet Heong	
Kuan Kai Seng	
Lee Kian Hu	
Tay Hui - Hui	
Tay Seng Chew	(appointed on 4.5.2018)
Augustine A/L T.K James	(resigned on 4.7.2018)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) is: -

Ong Boon Sheng

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the directors from the Company, or the fixed salary of a full time employee of the Company as disclosed in the financial statements, by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than certain directors who have substantial financial interests in companies which traded with the Company in the ordinary course of business.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests and deemed interests of directors in office at the end of the financial year in the shares of the Company and of its related corporations during the financial year are as follows: -

		Number of Ordinary Shares			
		As at 1.2.2018	Acquired	Disposed	As at 31.1.2019
Company					
Dato' Ng Jet Heong	- direct	9,332,600	-	-	9,332,600
Tay Seng Chew	- direct	-	3,900,000	-	3,900,000

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

TREASURY SHARES

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

As at 31 January 2019, 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 11 to the financial statements.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 16 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 16 to the financial statements.

INDEMNITY AND INSURANCE COST

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year, except for an indemnity given to the Chief Executive Officer of the Company pursuant to Indemnification Agreement dated 3 April 2012.

OTHER STATUTORY INFORMATION

(a) The directors, before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were prepared, 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 have satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts; and

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

(b) The directors are not aware of any circumstances, at the date of this report, which would render: -

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

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

(c) At the date of this report, 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) At the date of this report, 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.

(e) As at the date of this report, 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 of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors: -

(i) no contingent liability 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 substantially affect the ability of the Group and of the Company to meet their obligations as and 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 and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, ECOVIS MALAYSIA PLT (formerly known as ECOVIS AHL PLT), have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

DATO' NG JET HEONG

KUAN KAI SENG

JOHOR BAHRU

Date: 21 May 2019

STATEMENT BY DIRECTORS

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

We, DATO' NG JET HEONG and KUAN KAI SENG, being two of the directors of XIAN LENG HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 34 to 67 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

DATO' NG JET HEONG

KUAN KAI SENG

JOHOR BAHRU

Date: 21 May 2019

STATUTORY DECLARATION

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

I, KUAN KAI SENG (MIA 19969), being the director primarily responsible for the financial management of XIAN LENG HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 34 to 67, are to the best of my knowledge and belief, 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 (MIA 19969) at)
Johor Bahru in the state of Johor Darul Ta'zim)
on 21 May 2019)

KUAN KAI SENG (MIA 19969)

Before me,

HJ Zamani Bin HJ Ahmad
No. J253
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF XIAN LENG HOLDINGS BERHAD

Report on the Financial Statements

Opinion

We have audited the financial statements of XIAN LENG HOLDINGS BERHAD, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 of 31 January 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). 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 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined that there are no key audit matters to be communicated in respect of the audit of the separate financial statements of the Company.

Key audit matter

Valuation of fishery livestocks

Current biological assets comprise broodstocks and fishery livestock of which amounted to RM868,217 and RM1,979,059 respectively.

Previously, the valuation of biological assets is measured at the lower of cost or net realisable value, in which the cost included the original purchase price, cost of feeding, direct labour, other direct costs and an appropriate share of breeding overheads based on normal operating capacity.

Following the adoption of MFRS 141 Agriculture, it requires biological assets to be measured at fair value less costs to sell. The fair value of broodstocks is determined by using a discounted cash flow model based on the expected number of day-old-fish produced and its projected weighted average selling price, together with feed costs, consumption rates and other estimated farming cost that will be incurred throughout the remaining life of the broodstock. The fishery livestocks are fair valued by the management using market price of similar length, species, genetic merit with adjustments. As such, the measurement of fair value is being inherently judgemental.

Additionally, while a physical sighting exercise on the fishery livestocks which are in small size and in large quantity is performed, there is limitation to assess the accuracy on the quantity of fish in each tank. It is not possible to perform an actual count of the livestocks within the fish tank as the only way to successfully perform this is to individually transfer the livestocks from one fish tank to another, the act of which increases the mortality and therefore is not performed. Instead the quantity is calculated by experienced personnel by the control over the inputs and mortality.

How our audit addressed the key audit matter

We have obtained an understanding of the methodology adopted by the management and the valuations of biological assets prepared by the management.

We evaluated the appropriateness of the methodology and key assumptions used.

We have considered the appropriateness of the discounted cash flow projections, by understanding the projection methodologies and bases used by management. We assessed the reasonableness of discount rate used by management.

We compared the key inputs used with the day-old-fish production volume, projected weighted average selling price, operating costs and historical trend.

We have test checked the mortality rate assumption against historical actual mortality rate.

We agreed, on a sample basis, the fair value of market price to supporting documentation such as sales invoice.

We observed the physical sighting of the biological assets at the year end and tested over the recording of inputs, sales and fatalities during the year.

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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 has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 basis of these financial statements.

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

(a) 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

(b) 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's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) 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.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

As stated in Note 2 to the financial statements, XIAN LENG HOLDINGS BERHAD adopted Malaysian Financial Reporting Standards on 1 February 2018 with a transition date of 1 February 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 January 2018, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 January 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 January 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2018 do not contain misstatements that materially affect the financial position as at 31 January 2019 and the financial performance and cash flows for the year then ended.

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.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

KHOR KENG LIEH
02733/07/2019 J
Chartered Accountant

JOHOR BAHRU

Date: 21 May 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2019

		Group		
	Note	31.1.2019 RM	31.1.2018 RM (Restated)	1.2.2017 RM (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3	35,968,498	36,567,180	37,174,968
Biological assets	5	868,217	968,618	1,065,079
		36,836,715	37,535,798	38,240,047
CURRENT ASSETS				
Biological assets	5	1,979,059	2,379,160	2,341,111
Inventories	6	1,815,654	1,871,407	1,609,760
Trade receivables	7	1,383,572	1,431,005	1,260,382
Other receivables	7	286,074	271,791	238,349
Current tax assets		7,628	13,273	44,173
Cash and bank balances	9	6,365,111	6,411,371	2,409,014
		11,837,098	12,378,007	7,902,789
TOTAL ASSETS		48,673,813	49,913,805	46,142,836
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	10	76,601,008	76,465,348	72,704,500
Reserves	11	(279,446)	(143,786)	(143,786)
Accumulated losses		(28,662,868)	(27,776,200)	(27,977,361)
TOTAL EQUITY		47,658,694	48,545,362	44,583,353
NON-CURRENT LIABILITY				
Deferred tax liabilities	12	12,200	12,200	24,000
		12,200	12,200	24,000
CURRENT LIABILITIES				
Trade payables	13	283,119	329,378	374,648
Other payables	13	635,725	1,002,967	1,129,034
Amount due to directors	14	46,563	20,285	31,643
Current tax liabilities		37,512	3,613	158
		1,002,919	1,356,243	1,535,483
TOTAL LIABILITIES		1,015,119	1,368,443	1,559,483
TOTAL EQUITY AND LIABILITIES		48,673,813	49,913,805	46,142,836

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

		Company		
	Note	31.1.2019 RM	31.1.2018 RM	1.2.2017 RM
ASSETS				
NON-CURRENT ASSETS				
Investment in subsidiaries	4	27,029,546	27,029,545	27,029,545
		27,029,546	27,029,545	27,029,545
CURRENT ASSETS				
Other receivables	7	19,819	19,819	37,203
Amount due by subsidiaries	8	7,767,332	7,765,477	7,504,477
Cash and bank balances	9	3,343,800	3,496,210	46,190
		11,130,951	11,281,506	7,587,870
TOTAL ASSETS		38,160,497	38,311,051	34,617,415
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	10	76,601,008	76,465,348	72,704,500
Reserves	11	(279,446)	(143,786)	(143,786)
Accumulated losses		(38,324,205)	(38,294,610)	(38,217,738)
TOTAL EQUITY		37,997,357	38,026,952	34,342,976
CURRENT LIABILITIES				
Other payables	13	142,331	275,629	270,686
Amount due to directors	14	14,029	4,857	3,595
Current tax liabilities		6,780	3,613	158
		163,140	284,099	274,439
TOTAL LIABILITIES		163,140	284,099	274,439
TOTAL EQUITY AND LIABILITIES		38,160,497	38,311,051	34,617,415

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2019

		Group		Company	
	Note	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
REVENUE	15	12,966,699	13,204,033	480,000	480,000
ADD: OTHER INCOME		318,957	185,339	116,650	38,494
LESS: CHANGES IN BIOLOGICAL ASSETS		(500,502)	(263,812)	-	-
LESS: CHANGES IN INVENTORIES		(62,621)	261,647	-	-
LESS: PURCHASE OF INVENTORIES		(7,969,405)	(7,895,992)	-	-
LESS: EMPLOYEE BENEFITS EXPENSES		(1,456,331)	(1,893,728)	(1,750)	(261,145)
LESS: DEPRECIATION AND IMPAIRMENT		(645,340)	(651,748)	-	-
LESS: RENTAL EXPENSES		(224,000)	(224,000)	-	-
LESS: UTILITIES AND MAINTENANCE		(802,455)	(871,688)	-	-
LESS: OTHER EXPENSES		(2,386,628)	(1,614,319)	(596,495)	(325,022)
(LOSS)/PROFIT BEFORE TAX	16	(761,626)	235,732	(1,595)	(67,673)
INCOME TAX EXPENSE	17	(125,042)	(34,571)	(28,000)	(9,199)
(LOSS)/PROFIT FOR THE YEAR		(886,668)	201,161	(29,595)	(76,872)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR		(886,668)	201,161	(29,595)	(76,872)
EARNINGS PER ORDINARY SHARE (SEN): - Basic and diluted	18	(1.11)	0.25		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019

	Share capital (Note 10)	Non-Distributable Share premium (Note 10)	Treasury shares (Note 10)	Accumulated losses	Total
	RM	RM	RM	RM	RM
Group					
At 1 February 2017					
- As previously reported	72,704,500	135,660	(279,446)	(28,621,522)	43,939,192
- Effects of adopting MFRS	-	-	-	644,161	644,161
Restated balance at 1 February 2017	72,704,500	135,660	(279,446)	(27,977,361)	44,583,353
Issue of ordinary shares during the year	3,760,848	-	-	-	3,760,848
Profit/Total comprehensive income for the year	-	-	-	201,161	201,161
At 31 January 2018	76,465,348	135,660	(279,446)	(27,776,200)	48,545,362
At 1 February 2018					
- As previously reported	76,465,348	135,660	(279,446)	(28,542,507)	47,779,055
- Effects of adopting MFRS	-	-	-	766,307	766,307
Restated balance at 1 February 2018	76,465,348	135,660	(279,446)	(27,776,200)	48,545,362
Transition to no par value regime	135,660	(135,660)	-	-	-
Loss/Total comprehensive expense for the year	-	-	-	(886,668)	(886,668)
At 31 January 2019	76,601,008	-	(279,446)	(28,662,868)	47,658,694
Company					
At 1 February 2017	72,704,500	135,660	(279,446)	(38,217,738)	34,342,976
Issue of ordinary shares during the year	3,760,848	-	-	-	3,760,848
Loss/Total comprehensive expense for the year	-	-	-	(76,872)	(76,872)
At 31 January 2018	76,465,348	135,660	(279,446)	(38,294,610)	38,026,952
Transition to no par value regime	135,660	(135,660)	-	-	-
Loss/Total comprehensive expense for the year	-	-	-	(29,595)	(29,595)
At 31 January 2019	76,601,008	-	(279,446)	(38,324,205)	37,997,357

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2019

	Group		Company	
	2019	2018	2019	2018
	RM	RM (Restated)	RM	RM
Cash flows from operating activities				
(Loss)/Profit before tax	(761,626)	235,732	(1,595)	(67,673)
Adjustments for:				
Allowance for impairment loss on inventories	-	8,184	-	-
Reversal for impairment loss on inventories	(285)	-	-	-
Allowance for impairment loss on amount due by third party	2,754	-	-	-
Reversal for impairment loss on amount due by third party	(1,183)	(1,945)	-	-
Depreciation of property, plant and equipment	645,340	651,748	-	-
Written off of inventories	6,868	2,333	-	-
Unrealised loss on foreign exchange	305	22,661	-	-
Property, plant and equipment written off	850	-	-	-
Interest income	(157,273)	(49,553)	(116,650)	(38,494)
Unrealised gain on foreign exchange	(9,239)	(305)	-	-
Operating (loss)/profit before changes in working capital	(273,489)	868,855	(118,245)	(106,167)
Decrease/(Increase) in working capital				
Inventories	49,170	(272,164)	-	-
Biological assets	500,502	263,812	-	-
Trade receivables	55,277	(170,623)	-	-
Other receivables	(14,283)	(53,361)	-	(17,384)
Trade payables	(46,703)	(45,270)	-	-
Other payables	(367,279)	(126,559)	(133,298)	4,943
Amount due by subsidiaries	-	-	(1,855)	(261,000)
Amount due to directors	-	(11,358)	-	1,262
Cash (used in)/generated from operations	(96,805)	453,332	(253,398)	(343,578)
Interest received	157,273	49,553	116,650	38,494
Tax paid	(85,498)	(12,016)	(24,833)	(5,744)
Net cash from/(used in) operating activities	(25,030)	490,869	(161,581)	(310,828)
Cash flows from investing activities				
Purchase of property, plant and equipment	(47,508)	(43,960)	-	-
Purchase of biological assets	-	(205,400)	-	-
Net cash used in investing activities	(47,508)	(249,360)	-	-
Cash flows from financing activities				
Amount due to directors	26,278	-	9,172	-
Proceeds from issuance of ordinary shares	-	3,760,848	-	3,760,848
Investment in subsidiary	-	-	(1)	-
Net cash from financing activities	26,278	3,760,848	(9,171)	3,760,848
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(46,260)	4,002,357	(152,410)	3,450,020
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,411,371	2,409,014	3,496,210	46,190
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,365,111	6,411,371	3,343,800	3,496,210
Cash and cash equivalents comprise the following:-				
Cash and bank balances	6,365,111	6,411,371	3,343,800	3,496,210

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

The consolidated financial statements of the Company as at and for the financial year ended 31 January 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 May 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 January 2019 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards and MFRS 141 – Agriculture. Subject to certain transition elections as disclosed in Note 25, the Group and the Company have consistently applied the same accounting policies in their opening MFRS Statements of Financial Position as at 1 February 2017, being the transition date, and throughout all years presented, as if these policies always been in effect. The impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows, are disclosed in Note 25.

The financial statements are reported in Ringgit Malaysia, which is the Company's functional currency.

(b) Statement of compliance

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16, Leases
IC Interpretation 23, Uncertainty over Income Tax Treatment
Amendments to MFRS 3, Business Combinations (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
Amendments to MFRS 11, Joint Arrangements (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 112, Income Taxes (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123, Borrowing Costs (Annual Improvements 2015 – 2017 Cycle)
Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3, Business Combinations – Definition of Business
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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

(b) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements upon their first adoption.

(c) Foreign currencies

Foreign currency transaction and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entitles at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(d) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from the involvement with the investee; and
- has the ability to affect those returns through its power over investee.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

When the Group has less than a majority of the voting rights but has rights that are sufficient to give it the practical ability to direct the relevant activities unilaterally, the Group considers all facts and circumstances in assessing whether or not the voting rights give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated from the date on which the Group controls, and ceases from the date that control ceases. The financial results of the subsidiary companies are included in the consolidated financial statements from the date that control is obtained until the date that the Group loses control.

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

(d) Basis of consolidation (Cont'd)

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in subsidiaries
Investment in subsidiaries is recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

(e) Financial instruments

(i) Initial recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions for the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivate is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contact is not measured at fair value through profit or loss. The host contract, in the event embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Classification and subsequent measurement

Financial assets: Classification

On initial recognition, a financial asset is classified as measured at:

(a) amortised cost;
(b) fair value through other comprehensive income (FVOCI) – debt investment;
(c) fair value through other comprehensive income (FVOCI) – equity investment; or
(d) fair value through profit or loss (FVTPL).

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

(e) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as at FVTPL.

A debt investment is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at FVTPL.

An equity investment is measured at FVOCI if it is not held for trading and the Group irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

(a) Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(c) Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(d) Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: Classification and subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated as such on initial recognition.

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

(e) Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

(d) Equity investments at FVOCI (Cont'd)

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. For financial liabilities categorised as fair value through profit or loss upon initial recognition, the Group recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liabillity's credit risk would create or enlarge an accounting mismatch.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified terms are substantially different. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount or which a property could be exchanged between knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

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

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

(f) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The annual depreciation rates used for the current and comparative periods are as follows: -

	%
Building	2
Fish ponds and farm	2.5 - 10
Plant and machinery	10
Furniture and equipment	10
Motor vehicles	20
Renovation and fittings	10

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(g) Leased asset

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

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

(h) Biological assets

Biological assets represent broodstocks and fishery livestocks.

(i) Broodstocks

The fair value of broodstocks is determined using a discounted cash flow model based on the expected number of day-old-fish produced and its projected weighted average selling price, together with feed costs, consumption rates and other estimated farming cost that will be incurred throughout the remaining life of the broodstock.

(ii) Fishery livestocks

Fishery livestocks are measured at fair value less costs to sell, based on market prices of livestock of similar length, species, genetic merit with adjustments, where necessary, to reflect the differences. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including fees and commission paid to dealers and estimated costs of transport to market. Changes in fair value of fishery livestock are recognised in profit or loss.

(i) Inventories

Inventories including trading livestocks, consumables and aquarium accessories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method and includes the original purchase price and the costs of bringing these inventories to their present location and condition.

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

(j) Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. Contract asset is recognised when the entity has performed under the contract but has not yet billed the customer. Contract asset is stated at cost less accumulated impairment.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. Contract liability is recognised when the entity has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities also include downpayments received from customers.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the entity performs under the contract.

(k) Cash and cash equivalents

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

(l) Impairment

Financial Assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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

(l) Impairment (Cont'd)

Financial Assets (Cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in the profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the writeoff. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

Other assets

The carrying amounts of the other assets (except for inventories, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purposes of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating unit) on a pro rata basis.

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

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

(m) Equity instruments

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

Cost directly attributable to the issue of instruments classified as equity are recognized as a deduction from equity.

(i) Ordinary shares
Ordinary shares are classified as equity.

(ii) Repurchase, disposal and reissue of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount to the treasury shares is recognised in equity.

(n) Employee benefits

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

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

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

(o) Provision

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

(p) Revenue and other income

Revenue is measured at the fair value of consideration received or receivable in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

The Group recognises revenue from contracts with customers at a point in time unless one of the following over time criteria is met:

(i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date; or
(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

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

(p) Revenue and other income (Cont'd)

(a) Revenue from contracts with customers

(i) Sales of ornamental fishes and aquarium accessories

The Group recognises revenue when customers obtain control of goods when they take possession of the goods. Invoices are generated and revenue is recognised at that point in time. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For contracts that permit the customer to return an item, under MFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific type of goods. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(ii) Management fees

Management fees are recognised as revenue over time during the period in which the services are rendered.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(q) Borrowing costs

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing eligible for capitalisation.

(r) Goods and services tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

(s) Income tax

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

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

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

(s) Income tax (Cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any unutilised portion of a tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(t) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(u) Operating segments

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

(v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or a liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Company recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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

(w) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) 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.

(ii) Fair value of fishery livestocks

Estimates are involved in determining the fair value of fishery livestocks based on relating to similar length, species and mortality rates. There is no effective market for fishery livestocks, so market price is derived from observable market prices (when available), contracted prices or estimated future prices based on historical data. In measuring the fair value of fishery livestocks, various management estimates and judgements are required. Estimates and judgements in determining the fair value of fishery livestocks relate to the market prices, average lenght, quality of the fishery livestocks and mortality rates.

(iii) Fair value of broodstock

The fair value of broodstock is determined using a discounted cash flow model. In measuring the fair value of livestock biological assets, management estimates and judgements are required which includes expected number of day-old-fish produced and its projected weighted average selling price, together with feed costs, consumption rates and other estimated farming cost. Changes to any of the above assumptions would affect the fair value of the biological assets.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2019	As at 1.2.2018 RM (Restated)	Additions RM	Disposal/ Written off RM	As at 31.1.2019 RM
Cost				
Freehold land	14,456,416	-	-	14,456,416
Building	2,571,134	-	-	2,571,134
Fish ponds and farm	122,606,255	-	-	122,606,255
Plant and machinery	18,120,890	26,500	(144,728)	18,002,662
Furniture and equipment	397,282	21,008	(20,358)	397,932
Motor vehicles	1,633,927	-	-	1,633,927
Renovation and fittings	9,211,416	-	(3,210)	9,208,206
	168,997,320	47,508	(168,296)	168,876,532

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

Group 2019	As at 1.2.2018 RM (Restated)	Charge for the year RM	Disposal/ Written off RM	As at 31.1.2019 RM
Accumulated depreciation				
Building	809,185	43,309	-	852,494
Fish ponds and farm	49,056,051	540,333	-	49,596,384
Plant and machinery	17,796,675	16,543	(144,729)	17,668,489
Furniture and equipment	355,862	6,678	(19,507)	343,033
Motor vehicles	1,550,057	23,840	-	1,573,897
Renovation and fittings	9,086,502	14,637	(3,210)	9,097,929
	78,654,332	645,340	(167,446)	79,132,226

Group 2019	As at 1.2.2018 RM (Restated)	Charge for the year RM	Disposal/ Written off RM	As at 31.1.2019 RM
Accumulated impairment				
Building	367,545	-	-	367,545
Fish ponds and farm	53,017,506	-	-	53,017,506
Plant and machinery	264,111	-	-	264,111
Furniture and equipment	22,174	-	-	22,174
Motor vehicles	8,375	-	-	8,375
Renovation and fittings	96,097	-	-	96,097
	53,775,808	-	-	53,775,808

Group 2018	As at 1.2.2017 RM (Restated)	Additions RM	Disposal/ Written off RM	As at 31.1.2018 RM (Restated)
Cost				
Freehold land	14,456,416	-	-	14,456,416
Building	2,571,134	-	-	2,571,134
Fish ponds and farm	122,562,295	43,960	-	122,606,255
Plant and machinery	18,120,890	-	-	18,120,890
Furniture and equipment	397,282	-	-	397,282
Motor vehicles	1,633,927	-	-	1,633,927
Renovation and fittings	9,211,416	-	-	9,211,416
	168,953,360	43,960	-	168,997,320

Group 2018	As at 1.2.2017 RM (Restated)	Charge for the year RM	Disposal/ Written off RM	As at 31.1.2018 RM (Restated)
Accumulated depreciation				
Building	765,875	43,310	-	809,185
Fish ponds and farm	48,515,719	540,332	-	49,056,051
Plant and machinery	17,775,513	21,162	-	17,796,675
Furniture and equipment	348,416	7,446	-	355,862
Motor vehicles	1,526,216	23,841	-	1,550,057
Renovation and fittings	9,070,845	15,657	-	9,086,502
	78,002,584	651,748	-	78,654,332

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

Group 2018	As at 1.2.2017 RM (Restated)	Charge for the year RM	Disposal/ Written off RM	As at 31.1.2018 RM (Restated)
Accumulated impairment				
Building	367,545	-	-	367,545
Fish ponds and farm	53,017,506	-	-	53,017,506
Plant and machinery	264,111	-	-	264,111
Furniture and equipment	22,174	-	-	22,174
Motor vehicles	8,375	-	-	8,375
Renovation and fittings	96,097	-	-	96,097
	53,775,808	-	-	53,775,808

Group	2019 RM	2018 RM (Restated)
Net carrying amount		
Freehold land	14,456,416	14,456,416
Building	1,351,095	1,394,404
Fish ponds and farm	19,992,365	20,532,698
Plant and machinery	70,062	60,104
Furniture and equipment	32,725	19,246
Motor vehicles	51,655	75,495
Renovation and fittings	14,180	28,817
	35,968,498	36,567,180

The Group has identified an indication of impairment in previous years which was due to deterioration in sales and declined in fish production rate as the management did not expect the related cash-generating unit assets to be able to generate economic benefits in the foreseeable future as what it has been anticipated originally.

4. INVESTMENT IN SUBSIDIARIES

	Company 2019 RM	Company 2018 RM
At cost		
Unquoted shares	59,000,001	59,000,000
Less: Accumulated impairment losses	(31,970,455)	(31,970,455)
	27,029,546	27,029,545

Details of the subsidiaries are as follows: -

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2019	Effective ownership interest 2018
Xian Leng Trading Sdn Bhd	Malaysia	Commercial captive breeding of Asian Arowana and other ornamental fishes and property holding	100%	100%
Xian Leng Aquatic Merchant Sdn Bhd	Malaysia	Trading of ornamental fishes and aquarium accessories	100%	100%
Xian Leng Aquatic (Shah Alam) Sdn Bhd	Malaysia	Dormant	100%	100%
Xian Leng Aquatic (Kluang) Sdn Bhd	Malaysia	Breeding and rearing of fishes and trading of aquculture products	100%	100%
Global XL Engineering Sdn Bhd	Malaysia	Inactive posit its establishment on 10 December 2018	100%	-

5. BIOLOGICAL ASSETS

	Group	
	2019 RM	2018 RM (Restated)
Non-current		
At fair value less costs to sell: -		
Broodstocks		
At 1 February	968,618	1,065,079
Addition	-	205,400
Decrease due to mortality	(33,048)	(63,837)
Changes in fair value less costs to sell	(67,353)	(238,024)
At 31 January	868,217	968,618
Current		
At fair value less costs to sells: -		
Fishery livestocks		
At 1 February	2,379,160	2,341,111
Increase due to purchases	12,520	271,158
Changes in fair value less costs to sell	6,853,594	9,097,435
Decrease due to sales	(3,790,676)	(4,899,677)
Decrease due to mortalities/losses	(3,475,539)	(4,430,867)
At 31 January	1,979,059	2,379,160

As at 31 January 2019, the Group has 7,596 (2018:7,800) tails broodstock and 550,742 (2018: 562,030) tails fishery livestocks respectively. The Group is exposed to risks arising from fluctuations in the price and produced volume of fishery livestock. To mitigate the risks, the Group has embarked to broaden its production base by the continuous efforts to breed other new species of fish.

The Group is also exposed to the damage and fatalities from climate changes, disease and other natural forces. The Group's geographic spread of farms allow of mitigation against adverse climatic conditions. The Group has environmental policies and procedures in place to comply with environmental and other laws.

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy as referred to in Note 2(v) to the financial statements. The following table shows the valuation technique and significant unobservable inputs used in the valuation model.

Description of valuation technique and input used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Broodstocks		
Discounted cash flow: The valuation method considers the projected quantity and price of day-old-fish to be produced over the life of the broodstock, taking into account of expected growing cost.	Projected weighted average selling prices of day-old-fish RM175 (2018: RM175)	The higher the projected weighted average selling price, the higher the fair value
	Projected birth rate of day-old-fish of 5,364 (2018 : 5,600)	The higher the birth rate, the higher the fair value
Fishery livestocks:		
Market approach: The valuation method considers the market prices of similar length, species, genetic merit with adjustments.	Price per inch of RM0.50 to RM205 (2018: RM0.03 to RM160)	The higher the price, the higher the fair value
	Mortality rates of 1% to 40% (2018: 1% to 40%)	The higher the mortality rate, the lower the fair value

Sensitivity analysis:

	Effect on fair value of biological assets	
	Increase RM	Decrease RM
Movement of:-		
Projected weighted average selling price by 5%	607,361	(607,361)
Projected birth rate by 5%	607,361	(607,361)
Price per inch by 5%	98,952	(98,952)
Mortality rates by 5%	19,791	(19,791)

6. INVENTORIES

	Group 2019 RM	Group 2018 RM (Restated)
At Cost: -		
Trading livestocks	86,706	101,029
Consumables and aquarium accessories	1,743,603	1,785,318
	1,830,309	1,886,347
Less: Allowance for slow moving inventories	(14,655)	(14,940)
	1,815,654	1,871,407
Recognised in profit or loss:		
Inventories recognised as cost of sales	6,813,068	6,510,310
Written off of inventories	6,868	2,333
Allowance for impairment loss on inventories	-	8,184
Reversal for impairment loss on inventories	(285)	-

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Receivables from contract customers				
- Third parties	1,398,712	1,444,574	-	-
- Allowance for impairment	(15,140)	(13,569)	-	-
	1,383,572	1,431,005	-	-
Other receivables:				
Sundry receivables	116,031	98,169	-	-
Deposits	126,342	126,143	1,000	1,000
Prepayments	43,701	47,479	18,819	18,819
	286,074	271,791	19,819	19,819
	1,669,646	1,702,796	19,819	19,819

Credit terms of trade receivables range from 1 to 3 months (2018: 1 to 3 months).

8. AMOUNT DUE BY SUBSIDIARIES

	Company 2019 RM	Company 2018 RM
Due by subsidiaries	12,841,334	12,839,479
Less: Allowance for impairment	(5,074,002)	(5,074,002)
	7,767,332	7,765,477

The amount due by subsidiaries is unsecured, interest-free and repayable on demand.

9. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits placed with licensed bank	3,127,770	3,018,998	3,127,770	3,018,998
Bank balances and cash	3,237,341	3,392,373	216,030	477,212
	6,365,111	6,411,371	3,343,800	3,496,210

10. SHARE CAPITAL

	Group/Company			
	2019		2018	
	Number	RM	Number	RM
Ordinary shares: -				
At 1 February	79,936,900	76,465,348	72,704,500	72,704,500
Issued and paid up during the year	-	-	7,232,400	3,760,848
Transition to no par value regime	-	135,660	-	-
At 31 January	79,936,900	76,601,008	79,936,900	76,465,348

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.

11. RESERVES

	Group/Company	
	2019 RM	2018 RM
Non-distributable		
Share premium	-	135,660
Treasury shares	(279,446)	(279,446)
	(279,446)	(143,786)

Share premium

Pursuant to the Section 618 of the Companies Act 2016 (the "Act") upon the commencement of Section 74 of the Act, any amount outstanding to the credit of a company's share premium account and capital redemption reserve shall become part of the company's share capital, notwithstanding, a company may, within twenty-four months upon commencement of Section 74 of the Act, use the amount standing to the credit of its share premium account, for certain purposes as prescribed in the Act.

Treasury shares

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

Treasury shares have no rights in voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

At 31 January 2019, the Company held 380,000 of the Company's share. The number of outstanding ordinary share in issue after deducting treasury shares is therefore 79,556,900 (2018: 79,556,900) ordinary shares.

12. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	2018 RM
At beginning of the year	12,200	24,000
Recognised in profit or loss (Note 17)	-	(11,800)
At end of the year	12,200	12,200
Represented by:		
Deferred tax liabilities	12,200	12,200
	12,200	12,200

The components of deferred tax liabilities as at the end of the financial year, prior to offsetting are as follows: -

Group Deferred tax liabilities	Property, plant and equipment RM	Total RM
At 1 February 2017	24,000	24,000
Recognised in profit or loss	(11,800)	(11,800)
At 31 January 2018	12,200	12,200
Recognised in profit or loss	-	-
At 31 January 2019	12,200	12,200

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables:				
Third parties	283,119	329,378	-	-
Other payables:				
Sundry payables	149,625	280,161	19,572	26,466
Accruals	295,325	621,909	122,759	249,163
Contract liabilities: -				
Deposit received	190,775	100,897	-	-
	635,725	1,002,967	142,331	275,629
	918,844	1,332,345	142,331	275,629

Credit terms of trade payables range from 1 to 3 months (2018: 1 to 3 months).

The deposit received primarily from customers, which revenue is recognised at point in time at which the performance obligations are satisfied. The revenue will be recognised within 12 months of the end of the reporting period.

14. AMOUNT DUE TO DIRECTORS

This is unsecured, interest-free and repayable on demand.

15. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers	12,966,699	13,204,033	480,000	480,000
Disaggregation of the revenue from contract with customers:				
Major goods and services				
- Livestock of ornamental fishes	4,906,984	5,964,415	-	-
- Consumables and aquarium accessories	8,044,120	7,239,618	-	-
- Management fee	-	-	480,000	480,000
- Other	15,595	-	-	-
	12,966,699	13,204,033	480,000	480,000

16. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2019 RM	2018 RM (restated)	2019 RM	2018 RM
Profit before tax are stated after charging/(crediting): -				
Auditors' remuneration	107,000	108,000	46,000	46,000
Allowance for impairment loss on amount due by third party	2,754	-	-	-
Reversal for impairment loss on amount due by third party	(1,183)	(1,945)	-	-
Depreciation of property, plant and equipment	645,340	651,748	-	-
Loss on foreign exchange:				
- Realised	28,167	87,223	-	-
- Unrealised	305	22,661	-	-
Gain on foreign exchange:				
- Realised	(78,628)	(51,936)	-	-
- Unrealised	(9,239)	(305)	-	-
Property, plant and equipment written off	850	-	-	-
Interest income	(157,273)	(49,553)	(116,650)	(38,494)
Rental:				
- Farm	36,000	36,000	-	-
- Premises	168,000	168,000	-	-
- Land	20,000	20,000	-	-
Rental income	-	(42,000)	-	-
Non-executive directors' remuneration:				
- fees	164,635	159,500	164,635	159,500
- other emoluments	26,750	24,500	26,750	24,500
Executive directors' remuneration:				
Salaries & other emoluments				
- directors of the Company	420,490	274,165	126,648	76,184
- directors of the subsidiaries	57,210	57,275	-	-
Staff costs (excludes directors' remuneration):				
- wages, salaries and others	1,266,591	1,395,068	-	-
- contribution to state plans	118,873	107,840	-	-
- other personnel costs	70,867	59,380	1,750	961

17. INCOME TAX EXPENSE

	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Recognised in profit or loss: -				
Current tax expense: -				
Malaysian				
- current year	125,000	52,317	28,000	9,238
- under/(over) provision in prior years	42	(5,946)	-	(39)
	125,042	46,371	28,000	9,199
Deferred tax expense: -				
Relating to origination and reversal of temporary differences (Note 12)	-	(11,800)	-	-
Total income tax expense	125,042	34,571	28,000	9,199
Reconciliation of tax expense: -				
(Loss)/Profit before tax	(761,626)	235,732	(1,595)	(67,673)
Income tax calculated using Malaysian tax rate of 24%	(183,000)	56,600	(383)	(11,442)
Income not subject to tax	-	(5,043)	-	-
Non-deductible expenses	122,220	84,480	74,879	62,816
Deferred tax assets not recognised during the year	216,480	-	-	-
Tax savings arising from unutilisation of previously unrecognised unabsorbed capital allowance and tax losses	(30,700)	(70,980)	(46,496)	(42,136)
Under/(Over) provision of income tax expense in prior years	42	(5,946)	-	(39)
Other	-	(24,540)	-	-
Tax expense for the year	125,042	34,571	28,000	9,199

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

	Group 2019 RM	Group 2018 RM (Restated)	Company 2019 RM	Company 2018 RM
Tax effects of: -				
Unutilised tax losses	9,945,100	7,814,500	872,900	941,070
Unabsorbed capital allowances	51,703,900	51,416,500	-	-
	61,649,000	59,231,000	872,900	941,070

Under the Malaysia Finance Bill 2018 which was passed on 10 December 2018, the unutilised tax lossess can be carried forward for 7 consecutive years of assessment. The unabsorbed capital allowances do not expire under current tax legislation.

18. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at the end of reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding excluding treasury shares held by the Company, calculated as follows:

	Group 2019 RM	Group 2018 RM
Profit attributable to ordinary shareholders (RM)	(886,668)	201,161
Weighted average number of ordinary shares at 31 January	79,556,900	79,556,900
Basic earnings per ordinary share (sen)	(1.11)	0.25

Diluted earnings per ordinary share

There are no dilutive potential ordinary shares.

19. OPERATING SEGMENTS

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

20. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

31 January 2019
(i) Financial assets measured at amortised cost ('FAAC')
(ii) Financial liabilities measured at amortised cost ('FLAC')

	Group		Company	
	Carrying amount RM	FAAC/ (FLAC) RM	Carrying amount RM	FAAC/ (FLAC) RM
31 January 2019				
Financial assets				
Trade receivables	1,383,572	1,383,572	-	-
Other receivables (exclude prepayment)	242,373	242,373	1,000	1,000
Amount due by subsidiaries	-	-	7,767,332	7,767,332
Cash and bank balances	6,365,111	6,365,111	3,343,800	3,343,800
	7,991,056	7,991,056	11,112,132	11,112,132
Financial liabilities				
Trade payables	(283,119)	(283,119)	-	-
Other payables (exclude contract liabilities)	(444,950)	(444,950)	(142,331)	(142,331)
Amount due to directors	(46,563)	(46,563)	(14,029)	(14,029)
	(774,632)	(774,632)	(156,360)	(156,360)
31 January 2018				
Financial assets				
Trade receivables	1,431,005	1,431,005	-	-
Other receivables (exclude prepayment)	224,312	224,312	1,000	1,000
Amount due by subsidiaries	-	-	7,765,477	7,765,477
Cash and bank balances	6,411,371	6,411,371	3,496,210	3,496,210
	8,066,688	8,066,688	11,262,687	11,262,687
Financial liabilities				
Trade payables	(329,378)	(329,378)	-	-
Other payables (exclude contract liabilities)	(902,070)	(902,070)	(275,629)	(275,629)
Amount due to directors	(20,285)	(20,285)	(4,857)	(4,857)
	(1,251,733)	(1,251,733)	(280,486)	(280,486)

(b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. There are no significant changes as compared to prior periods.

20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

(i) Trade Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally sales limits are established for each customer and any sales exceeding those limits require approval from the management.

At each reporting date, the Group assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

Approximately 14% (2018: 12%) of the Group's product sales was from a customer (Malaysia) and approximately 17% (2018: 8%) of the Group's accounts receivable was from this customer. The Group determines concentration of risk by monitoring its trade receivable individually on an ongoing basis.

Expected credit loss assessment for customers

The Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

The Group provides for lifetime expected loss for all trade receivables. Expected loss rate are incorporated historical credit loss experience and forecast of economic conditions.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables: -

Group	Gross carrying amount RM	Loss allowance RM	Net RM
2019			
Current (Not past due)	1,287,993	-	1,287,993
Past due 1 to 30 days	82,551	-	82,551
Past due 31 to 60 days	28,168	(15,140)	13,028
	1,398,712	(15,140)	1,383,572
Group			
2018			
Current (Not past due)	1,417,950	-	1,417,950
Past due 1 to 30 days	10,856	-	10,856
Past due 31 to 60 days	10,768	(13,569)	(2,801)
	1,439,574	(13,569)	1,426,005

Movements in the allowance for Impairment in respect of trade receivables

	2019 RM	2018 RM
Group		
Balances at 1 February	13,569	15,514
Allowance for impairment loss	2,754	-
Reversal of impairment loss	(1,183)	(1,945)
Balances at 31 January	15,140	13,569

20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Credit risk (Cont'd)

(ii) Cash and cash equivalents
The cash and cash equivalents are mainly held with bank and financial institution counterparties, which are licensed by Bank Negara Malaysia under Financial Services Act 2013. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the creditworthiness of the counterparties.

(iii) Other receivables
Credit risk on other receivables are mainly arising from sundry debtors and deposits receivables. The Group monitors the repayment on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

(iv) Inter-company loans and advances
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The allowance for impairment loss on amount due by subsidiary is disclosed in Note 8.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity analysis
The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group 2019	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Trade payables	283,119		283,119	283,119	-	-
Other payables	444,950		444,950	444,950	-	-
Amount due to directors	46,563		46,563	46,563	-	-
	774,632		774,632	774,632	-	-
2018						
Trade payables	329,378		329,378	329,378	-	-
Other payables	902,070		902,070	902,070	-	-
Amount due to directors	20,285		20,285	20,285	-	-
	1,251,733		1,251,733	1,251,733	-	-

20. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

Liquidity risk (Cont'd)

Company 2019	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1-5 years RM	Over 5 years RM
Non-derivative financial liabilities						
Other payables	142,331		142,331	142,331	-	-
Amount due to directors	14,029		14,029	14,029	-	-
	156,360		156,360	156,360	-	-
2018						
Other payables	275,629		275,629	275,629	-	-
Amount due to directors	4,857		4,857	4,857	-	-
	280,486		280,486	280,486	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates that will affect the Group's financial position or cash flows.

(i) Currency risk
The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk are primarily Indonesian Rupiah ("IDR"), U.S. Dollar ("USD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk
In respect of monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group does not hedge this exposure. However, the Group keeps this policy under review.

Exposure to foreign currency risk
The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in			
	JPY	IDR	USD	Total
In RM				
2019				
Trade and other receivables	-	-	313,818	313,818
Trade and other payables	-	(20,605)	(30,072)	(50,677)
Net exposure	-	(20,605)	283,746	263,141
In RM				
2018				
Trade and other receivables	59,295	-	451,253	510,548
Trade and other payables	-	(16,076)	-	(16,076)
Net exposure	59,295	(16,076)	451,253	494,472

Currency risk sensitivity analysis
A 5% (2018: 5%) strengthening of the Ringgit Malaysia against other related currency at the end of the reporting period would have decreased pre-tax profit or loss by RM13,157 (2018: RM27,724). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

A 5% (2018: 5%) weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

20. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

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

21. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and 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 shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 January 2019.

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.

The gearing ratios were as follows:

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Trade and other payables	918,844	1,332,345	142,331	275,629
Amount due to directors	46,563	20,285	14,029	4,857
Less: Cash and bank balances	(6,365,111)	(6,411,371)	(3,343,800)	(3,496,210)
Net debt	(5,399,704)	(5,058,741)	(3,187,440)	(3,215,724)
Equity	47,658,694	48,545,362	37,997,357	38,026,952
Capital and net debt	42,258,990	43,486,621	34,809,917	34,811,228
Gearing ratio	-	-	-	-

The Group is not subject to any externally imposed capital requirements.

22. CAPITAL 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 2019 amounted to RM20,000 (2018: RM20,000).

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

	Group	
	2019 RM	2018 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
	120,000	140,000

23. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries and directors.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
A. Subsidiary				
Management fee income	-	-	480,000	480,000
B. Key management personnel				
Non-executive directors' remuneration:				
- fees	164,635	159,500	164,635	159,500
- other emoluments	26,750	24,500	26,750	24,500
Executive directors' remuneration:				
Salaries & other emoluments				
- directors of the Company	420,490	274,165	126,648	76,184
- directors of the subsidiary	57,210	57,275	-	-

24. COMPARATIVE FIGURES

The financial statements of previous year which are presented for comparative purposes were examined and reported on by another firm of auditors. Certain comparative figures have been reclassified where necessary to conform to the current year's presentation.

25. EXPLANATION OF TRANSITION OF MFRS

As stated in Note 2.1, this is the first financial statements of the Group and of the Company prepared in accordance with MFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 January 2019, the comparative information presented in this financial statements for the financial year ended 31 January 2018 and in the preparation of the opening MFRS statement of financial position at 1 February 2017 (the date of transition to MFRS).

25. EXPLANATION OF TRANSITION OF MFRS (CONT'D)

An explanation of how the transition from previous FRS to MFRS has affected the Group's financial position, financial performance is set out as follows:

(a) Reconciliation of financial position

An explanation of how the transition from previous FRS to MFRS has affected the Group's financial position, is set out as follows:

Group ASSETS	FRS RM	Effect of transition to MFRS 1 February 2017 RM	MFRS RM	FRS RM	Effect of transition to MFRS 31 January 2018 RM	MFRS RM
NON-CURRENT ASSETS						
Property, plant and equipment	37,879,029	(704,061)	37,174,968	37,519,497	(952,317)	36,567,180
Biological Assets	-	1,065,079	1,065,079	-	968,618	968,618
	37,879,029	361,018	38,240,047	37,519,497	16,301	37,535,798
CURRENT ASSETS						
Biological assets	-	2,341,111	2,341,111	-	2,379,160	2,379,160
Inventories	3,667,728	(2,057,968)	1,609,760	3,500,561	(1,629,154)	1,871,407
Trade receivables	1,260,382	-	1,260,382	1,431,005	-	1,431,005
Other receivables	238,349	-	238,349	271,791	-	271,791
Current tax assets	44,173	-	44,173	13,273	-	13,273
Cash and bank balances	2,409,014	-	2,409,014	6,411,371	-	6,411,371
	7,619,646	283,143	7,902,789	11,628,001	750,006	12,378,007
TOTAL ASSETS	45,498,675	644,161	46,142,836	49,147,498	766,307	49,913,805
EQUITY AND LIABILITIES						
OWNERS OF THE COMPANY						
Share capital	72,704,500	-	72,704,500	76,465,348	-	76,465,348
Reserves	(143,786)	-	(143,786)	(143,786)	-	(143,786)
Retained profits	(28,621,522)	644,161	(27,977,361)	(28,542,507)	766,307	(27,776,200)
TOTAL EQUITY	43,939,192	644,161	44,583,353	47,779,055	766,307	48,545,362
NON-CURRENT LIABILITY						
Deferred tax liabilities	24,000	-	24,000	12,200	-	12,200
	24,000	-	24,000	12,200	-	12,200
CURRENT LIABILITIES						
Trade payables	374,648	-	374,648	329,378	-	329,378
Other payables	1,129,034	-	1,129,034	1,002,967	-	1,002,967
Amount due to directors	31,643	-	31,643	20,285	-	20,285
Current tax liabilities	158	-	158	3,613	-	3,613
	1,535,483	-	1,535,483	1,356,243	-	1,356,243
TOTAL LIABILITIES	1,559,483	-	1,559,483	1,368,443	-	1,368,443
TOTAL EQUITY AND LIABILITIES	45,498,675	644,161	46,142,836	49,147,498	766,307	49,913,805

25. EXPLANATION OF TRANSITION OF MFRS (CONT'D)

(b) Reconciliation of profit or loss and other comprehensive income

An explanation of how the transition from previous FRS to MFRS has affected the Group's profit or loss and other comprehensive income, is set out as follows:

	FRS RM	Effect of transition to MFRS 2018 RM	MFRS RM
Group:			
REVENUE	13,204,033	-	13,204,033
ADD: OTHER INCOME	185,339	-	185,339
LESS: CHANGES IN BIOLOGICAL ASSETS	-	(263,812)	(263,812)
LESS: CHANGES IN INVENTORIES	135,859	125,788	261,647
LESS: PURCHASE OF INVENTORIES	(7,895,992)	-	(7,895,992)
LESS: EMPLOYEE BENEFITS EXPENSES	(1,893,728)	-	(1,893,728)
LESS: DEPRECIATION AND IMPAIRMENT	(712,956)	61,208	(651,748)
LESS: RENTAL EXPENSES	(224,000)	-	(224,000)
LESS: UTILITIES AND MAINTENANCE	(871,688)	-	(871,688)
LESS: OTHER EXPENSES	(1,813,281)	198,962	(1,614,319)
PROFIT BEFORE TAX	113,586	122,146	235,732
INCOME TAX EXPENSE	(34,571)	-	(34,571)
PROFIT FOR THE YEAR	79,015	122,146	201,161
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	79,015	122,146	201,161

25. EXPLANATION OF TRANSITION OF MFRS (CONT'D)

(c) Reconciliation of statement of cash flows

An explanation of how the transition from previous FRS to MFRS has affected the Group's statement of cash flows, is set out as follows:

	Under FRS	Effect of Change 2018	Under MFRS
	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	113,586	122,146	235,732
Adjustments for: -			
Allowance for impairment loss on inventories	8,184	-	8,184
Reversal for impairment loss on amount due by third party	(1,945)	-	(1,945)
Property, plant and equipment written off	198,962	(198,962)	-
Depreciation of property, plant and equipment	712,956	(61,208)	651,748
Written off of inventories	2,333	-	2,333
Unrealised loss on foreign exchange	22,661	-	22,661
Interest income	18,998	(68,551)	(49,553)
Unrealised gain on foreign exchange	(305)	-	(305)
Operating profit before changes in working capital	1,075,430	(206,575)	865,855
Decrease/(Increase) in working capital			
Inventories	156,650	(428,814)	(272,164)
Biological assets	-	(263,812)	263,812
Trade receivables	(170,623)	-	(170,623)
Other receivables	(53,361)	-	(53,361)
Trade payables	(45,270)	-	(45,270)
Other payables	(126,559)	-	(126,559)
Amount due to director	(11,358)	-	(11,358)
Cash generated from operations	824,909	(371,577)	453,332
Interest received	(18,998)	68,551	49,553
Tax paid	(12,016)	-	(12,016)
Net cash from operating activities	793,895	(303,026)	490,869
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(552,386)	508,426	(43,960)
Purchase of biological assets	-	(205,400)	(205,400)
Net cash used in investing activities	(552,386)	303,026	(249,360)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	3,760,848	-	3,760,848
Net cash from financing activities	3,760,848	-	3,760,848
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,002,357	-	4,002,357
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,409,014	-	2,409,014
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,411,371	-	6,411,371

(d) Changes in accounting policies

Adoption of MFRS requires that the Group changes its accounting policies for recognition and measurement of biological assets.

Prior to the adoption of MFRS 141 Agriculture, the broodstocks and fishery livestocks were stated at cost. Following the adoption, these biological assets are measured at fair value less costs to sell. Changes in fair value less cost to sell are recognised in profit or loss.

(e) Upon adoption of MFRSs in current financial year, certain comparatives figures have been reclassified to conform with current period's presentation.

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 31.1.2019 (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 (21 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 (22 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 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
9.	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
10.	GRN 410778 Lot No. 5248 (Preceding Title No. HSD 38342 PTB No.4543) Bandar Penggaram Daerah Batu Pahat, Johor Darul Takzim	Freehold	1,650 sq.ft.	3-Storey Shop office builing (18 years old)	318,877	15.06.2001

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MAY 2019

Class of Shares	:	Ordinary Shares	
Share Capital	:	Issued & Fully Paid Up	RM76,601,008
Voting Rights	:	1 Vote Per Share	
Number of Holders	:	1,206	

Distribution of Shareholdings

No. of Holders	Size of Holdings	No. of Shares	Percentage (%)
13	1 - 99	594	0.00
406	100 - 1,000	179,856	0.23
476	1,001 - 10,000	2,198,850	2.76
242	10,001 - 100,000	9,106,000	11.45
67	100,001 - 3,977,844(*)	43,184,700	54.28
2	3,977,845 and above (**)	24,886,900	31.28
1,206		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 15 May 2019.

List of 30 Largest Shareholdings

No.	Name	No. of shares held	Percentage (%) of issued capital*
1	Dato' Ng Jet Heong	19,751,600	24.83
2	The Best Source Holdings Pte Ltd	5,135,300	6.45
3	Tay Seng Chew	3,900,000	4.90
4	Yoh Say Tien	3,721,000	4.68
5	Low Yong Heng	3,597,600	4.52
6	BT Capital Sdn. Bhd.	2,353,300	2.96
7	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kam Chan Seng	2,312,900	2.91
8	Yung Hok Leung	2,035,200	2.56
9	Khoo Hai Chew	1,888,000	2.37
10	Mok Lye Huan	1,556,400	1.96
11	Yap Siang Ming	1,326,800	1.67
12	Lin ZhongPeng	1,162,700	1.46
13	Jong Nyong Po @ Yang Liangbao	1,013,700	1.27
14	Wong Wah Ping	1,006,500	1.27
15	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Chuan Chong (JB)	1,000,000	1.26
16	Kenanga Nominees (Asing) Sdn. Bhd. Kuroko Company Limited (04KU108-004)	900,000	1.13
17	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Pheng	860,000	1.08
18	N Sivagurunathan A/L V Narayanasamy	800,000	1.01
19	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte Ltd (Clients)	757,000	0.95
20	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Wee Teck Peng (Smart)	623,500	0.78
21	Hoe Wai Kian	592,300	0.74
22	M & A Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Koay Keat Chye (PNG)	500,000	0.63
23	Lai Wai Peng	500,000	0.63
24	Kem Lin @ Chian Kem Lin	480,000	0.60
25	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wee Teck Peng(015)	454,000	0.57
26	Koh Chun Cheuk	450,000	0.57
27	Yip Fook Khim	400,000	0.50
28	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – AmBank (M) Berhad for Low Pheng (Smart)	395,000	0.50
29	Cheong Wei Hong	360,500	0.45
30	Goh Phaik Lim	360,000	0.45

Note :
* Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 15 May 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MAY 2019

List of Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
Dato' Ng Jet Heong	19,751,600	24.83	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 15 May 2019.

List of Directors' Shareholdings in the Company

	Direct Interest		Indirect Interest	
Name of Director	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
Lee Kian Hu	Nil	0.00	Nil	0.00
Kuan Kai Seng	Nil	0.00	Nil	0.00
Tay Hui - Hui	Nil	0.00	Nil	0.00
Dato' Ng Jet Heong	19,751,600	24.83	Nil	0.00
Tay Seng Chew	3,900,000	4.90	Nil	0.00

Note :
* Excluding a total of 380,000 XLH shares bought-back by XLH and retained as treasury shares as at 15 May 2019.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of Xian Leng Holdings Berhad will be held at The Landmark Hotel, Dynasty Hall, 4th Floor, No. 1, Jalan Omar, 83000 Batu Pahat, Johor, Malaysia on Thursday, 27 June 2019 at 9:30 a.m to transact the following businesses:-

AGENDA	Resolution on Proxy Form
AS ORDINARY BUSINESS:	
1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2019 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 ending 31 January 2020.	(Resolution 1)
3. To re-elect Dato' Ng Jet Heong, who retires pursuant to Article 84 of the Company's Constitution.	(Resolution 2)
4. To re-elect Ms. Tay Hui - Hui, who retires pursuant to Article 84 of the Company's Constitution.	(Resolution 3)
5. To re-appoint Messrs Ecovis Malaysia PLT as the Company's Auditors for the ensuing year and to authorize the Board of Directors to fix their remuneration.	(Resolution 4)

AS SPECIAL BUSINESS:

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

6. ORDINARY RESOLUTION (Resolution 5)
   AUTHORITY TO ISSUE SHARES

   "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."

7. SPECIAL RESOLUTION (Special Resolution 1)
   PROPOSED ADOPTION OF NEW COMPANY'S CONSTITUTION

   "THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the "Annexure A" accompanying the Company's Annual Report for the financial year ended 31 January 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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)
Company Secretary

Kuala Lumpur
31 May 2019

NOTES:-

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 21 June 2019 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. Ordinary Resolution 5 – 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 20th 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 19th Annual General Meeting of the Company held on 04 July 2018 (hereinafter referred to as the "Previous Mandate").

   As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

   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 (2) 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 Landmark Hotel, Dynasty Hall, 4th Floor, No. 1, Jalan Omar, 83000 Batu Pahat, Johor, Malaysia on Thursday, 27 June 2019 at 9:30 a.m or any adjournment thereof and *my/our proxy is to vote as indicated below:-

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 January 2019.			
		RESOLUTION	*FOR	*AGAINST
ORDINARY BUSINESS:-				
2.	To approve the Directors' fees and benefits amounting to RM203,000.00 for the financial year ending 31 January 2020.	1		
3.	To re-elect Dato' Ng Jet Heong, who retires pursuant to Article 84 of the Company's Constitution.	2		
4.	To re-elect Ms. Tay Hui - Hui, who retires pursuant to Article 84 of the Company's Constitution.	3		
5.	To re-appoint Messrs Ecovis Malaysia PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	4		
SPECIAL BUSINESS :-				
6.	Authority to issue shares	5		
SPECIAL RESOLUTION :-				
7.	Proposed adoption of new Company's Constitution	1		

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

Dated on this…………day of…………………2019

CDS Account No.	
No. of shares held	

....

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

* Strike out whichever is inapplicable

NOTES:-

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 21 June 2019 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, 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.

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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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