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### *Cover Rationale*

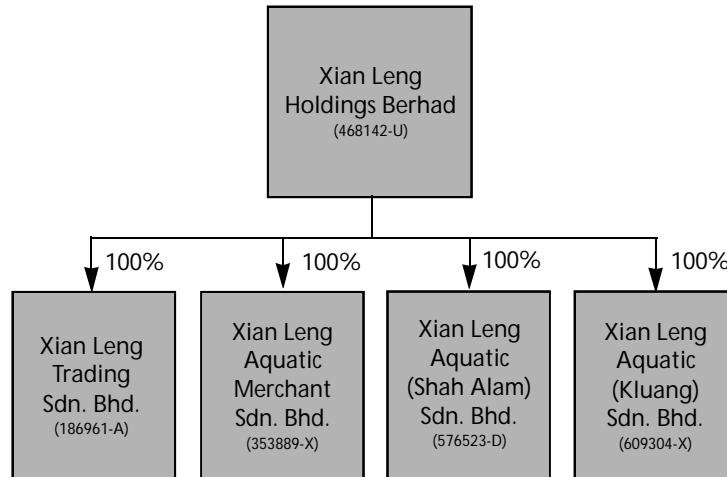
The Asian Arowana is one of the world's most beautiful fishes. Through Xian Leng's continuous efforts in Research and Development, we strive to produce the world's best quality Arowanas and to capture the beauty of Arowana forever.



## Mission Statement

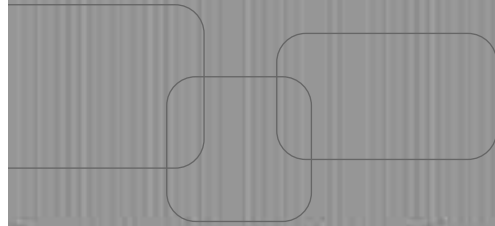
" We strive to be a first class breeder and supplier of high value Asian Arowana and other ornamental fishes with unmatched quality, achieved through continuous efforts in Research & Development."

Xian Leng Holdings Berhad (XLB) 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 followed by the successful listing of the Company on the Second Board of the Bursa Malaysia Securities Berhad (Bursa Securities) on 5 December 2001. The transfer to the Main Board of Bursa Securities was completed on 4 September 2003.



The Company is principally an investment holding and a provision of management services company. Presently, XLB has four wholly owned subsidiaries namely Xian Leng Trading Sdn. Bhd. (XLT), Xian Leng Aquatic Merchant Sdn. Bhd. (XLAM), Xian Leng Aquatic (Shah Alam) Sdn. Bhd. (XLASA) and Xian Leng Aquatic (Kluang) Sdn. Bhd. (XLK). The principal activities of XLT are the commercial captive breeding of the Asian Arowana and other ornamental fishes and property holding. XLAM is engaged in the trading of ornamental fishes and aquarium accessories including property holding. XLASA is engaged in the trading of ornamental fishes and aquarium accessories, targeting customers in the Central and Northern territories of Peninsular Malaysia.





## Corporate Profile

XLK is engaged in the breeding and rearing of fishes and trading of aquaculture products.

XLB Group has three fish farms and two ornamental fish trading centres. One of the fish farms located in Parit Sulong, Batu Pahat is dedicated to the commercial captive breeding of Asian Arowana while the other one located in Sungai Suluh, Batu Pahat is for the breeding of other popular ornamental fishes such as Japanese Koi, Cichlids, Anabantids and the Gold Fish. A portion of the third fish farm is still under construction and is expected to be fully completed in the financial year 2007.

The ornamental fish trading centres situated in Batu Pahat and Shah Alam are engaged in the retailing of more than 200 species of both local and imported exotic aquarium fishes as well as aquarium tanks and accessories, fish feed and medication. With its wide coverage of ornamental fishes and aquarium accessories displayed in an attractive manner, the centres have become a model of its kind and a tourist draw for both hobbyists and visitors to the cities.



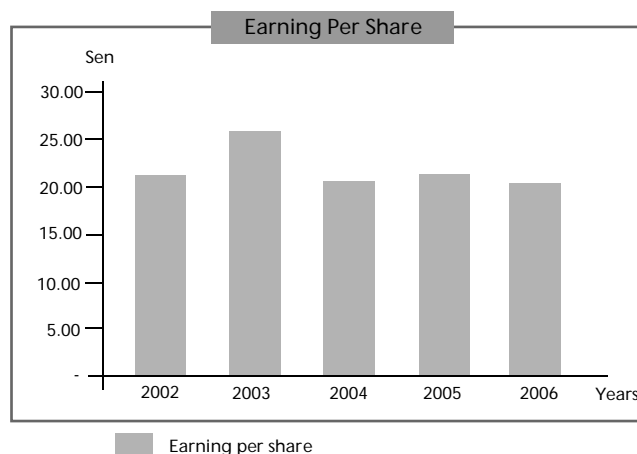
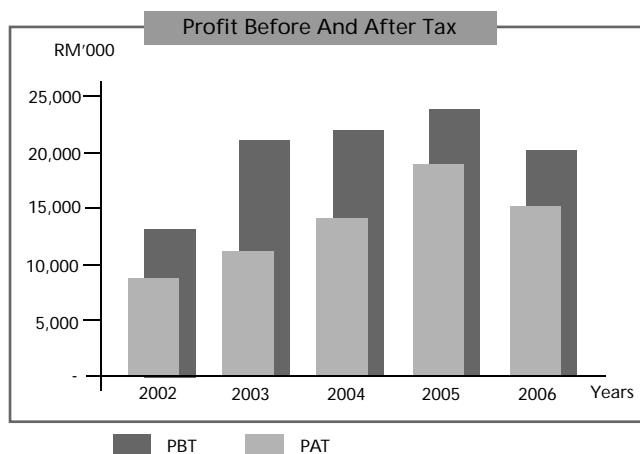
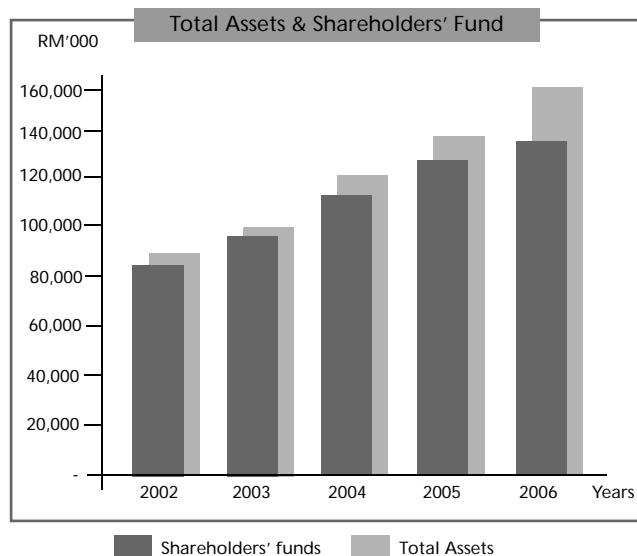
# Corporate Award

Xian Leng Holdings Berhad was the proud recipient of the **2004** KPMG Shareholders' Value Award (Sector - Agriculture and Fisheries)

Awarded by KPMG Malaysia



# Group Financial Data



## Group Financial Summary

Description	Year Ended 31 Jan 2002 RM'000	Year Ended 31 Jan 2003 RM'000	Year Ended 31 Jan 2004 RM'000	Year Ended 31 Jan 2005 RM'000	Year Ended 31 Jan 2006 RM'000
<b>Income Statement</b>					
Turnover	32,092	49,514	47,342	49,167	45,432
Profit before taxation	13,964	21,465	22,268	24,376	20,564
Profit after taxation, extraordinary items and minority interest	10,268	14,087	16,614	17,327	15,126
<b>Balance Sheet</b>					
Non-current Assets	86,877	95,632	119,153	138,857	160,834
Current Assets	9,158	19,595	19,544	16,295	18,387
Current Liabilities	5,225	8,989	14,097	13,242	26,157
Paid-up Capital	48,280	48,280	72,505	72,601	72,705
Shareholders' funds	83,207	95,846	111,097	126,408	138,438
<b>Per Share</b>					
Earning per share (sen)	24.33 <sup>#</sup>	19.45 <sup>#</sup>	22.94 <sup>#</sup>	23.88 <sup>#</sup>	20.81 <sup>#</sup>
Dividend rate (%)	3.00	3.00	3.00	4.50	4.50
<b>Financial Ratio</b>					
Return on shareholders' funds (%)	17.43	23.15	20.91	20.20	16.04
Current ratio	1.75	2.18	1.39	1.23	0.70

<sup>#</sup> The data was constructed based on weighted average share capital.

## Board of Directors:

Tan Sri Dato' Mohd Desa Bin Pachi (Chairman)  
Ng Huan Tong (Managing Director)  
Mohamed Shafie bin Abdul Gaffoor  
Lim Wan Hong  
Tan Cheng Kiat  
Chua Bah Bee @ Chua Chong Seng  
Lim Kim Hock  
Choy Siew Kiong  
Chen Shih Hsie  
Ismail Taufid Bin Md Yusoff

## Executive Committee:

Ng Huan Tong (Managing Director)  
Lim Wan Hong  
Tan Cheng Kiat  
Chua Bah Bee @ Chua Chong Seng  
Lim Kim Hock

## Audit Committee:

Choy Siew Kiong  
(Chairman/Independent Non-Executive Director)  
Lim Kim Hock (Executive Director)  
Chen Shih Hsie (Independent Non-Executive Director)

## Nomination Committee:

Chen Shih Hsie  
(Chairman/Independent Non-Executive Director)  
Choy Siew Kiong (Independent Non-Executive Director)  
Ismail Taufid bin Md Yusoff  
(Independent Non-Executive Director)

## Remuneration Committee:

Ismail Taufid bin Md Yusoff  
(Chairman/Independent Non-Executive Director)  
Choy Siew Kiong (Independent Non-Executive Director)  
Ng Huan Tong (Managing Director)

## Employees' Share Option Scheme Committee:

Ng Huan Tong (Chairman/Managing Director)  
Chua Bah Bee @ Chua Chong Seng (Executive Director)  
Lim Kim Hock (Executive Director)

## Secretaries:

Yong May Li (LS 000295)  
Ng Poh Choo (LS01877)

## Auditors:

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 603-74958000  
Fax : 603-20959076

## Registrars:

PFA Registration Services Sdn. Bhd.  
1301 Level 13, Uptown 1  
No. 1 Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-77254888  
Fax : 03-77222311

## Registered Office:

No. 19 Jalan Tun Abdul Razak,  
Susur 1/1, 80000 Johor Bahru, Johor.  
Tel : 07-2225905/988  
Fax : 07-2217608  
Internet website : xianleng.com

## Principal Bankers:

OCBC Bank (Malaysia) Berhad  
EON Bank Berhad  
UOB Bank Berhad

## Stock Exchange Listing:

Main Board of Bursa Malaysia Securities Berhad  
(Bursa Securities)

# Chairman's Statement



“ On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statement of the Company and the Group for the financial year ended 31 January 2006. ”

## A. Financial Review

I am pleased to be able to report that the Group registered another profitable year. We have targeted the highest segment of the Asian Arowana market and producing higher quality breeds, which in turn, fetched higher prices.

Despite the uncertainties from the global economic conditions and the aggressive price competition, the Group maintains a high profit before tax margin of 45.3% although the profit before taxation dropped to RM20.564 million compared to RM24.376 million for financial year ended 31 January 2005. Profit after tax of RM15.126 million for the financial year under review showed a decrease of 12.70% as compared to RM17.327 million for financial year ended 31 January 2005 arising from aggressive price competition since the 3rd Quarter of the financial year and higher depreciation charge arising from investments in the new farm.

## B. Corporate Developments and Proposals

In the previous financial year, the Group announced its intention to incorporate a company in Hong Kong, China. Based on the risk assessments evaluation, the Group has decided to defer the proposed Joint Venture arrangement indefinitely. Nevertheless, the Group will continue to expand its business activities in China with its partners there to enhance the earnings of the Group.

## C. Dividends

The Board of Directors is recommending the payment of a first and final dividend of 4.5 sen per share less 28% taxation as compared with the first and final tax exempt dividend of 4.5 sen per share declared and paid in the previous financial year.



**D. Future Prospects**

Overall, the Group's financial performance will be dependant on the development of the price competition. Going forward, the operating environment for the industry is expected to remain challenging over the next financial year but measures have been taken to strengthen the Group's business.

**E. Acknowledgements**

I would like to express my heartfelt appreciation to my fellow directors and all employees for their continuing support and contribution. I would also like to express my gratitude to our shareholders for their confidence in our ability to further improve shareholder value.

Lastly, I would like to thank the various Government departments, statutory bodies, business partners, suppliers, customers, financiers and the business community for the co-operation and support they have given to the Group through out the year.

Tan Sri Dato' Mohd Desa Bin Pachi  
Chairman  
6 June 2006



# Profile Of Directors

	<b>Tan Sri Dato' Mohd Desa Bin Pachi</b>	<b>Ng Huan Tong</b>		
Position	Non-Independent Non Executive Director and Chairman	Managing Director		
Age	72	47		
Nationality	Malaysian	Malaysian		
Qualification field	Chartered Accountant	Marketing & Production Planning		
Working experience & Occupation	<ul style="list-style-type: none"> <li>- A fellow member of the Institute of Chartered Accountants Australia, a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Management.</li> <li>- He joined Shell Group of Companies in 1962 and served in various capacities in the Financial Administration. From 1970 to 1976, he was in public practice as a Chartered Accountant and was a partner of Desa Megat &amp; Co and KPMG Peat Marwick. Subsequently, he was appointed as the first CEO of Permodalan Nasional Berhad and later served as the Chairman/CEO of Malaysia Mining Corporation Berhad, Executive Chairman of Fleet Group Sdn. Bhd., Chairman/MD of the New Straits Times Press (Malaysia) Berhad and Chairman of Sistem Televisyen Malaysia Berhad (TV3).</li> <li>- Concurrently serves as the Chairman of Bumiputra-Commerce Holdings Bhd. as well as sits on the Board of several public and private companies.</li> </ul>	<ul style="list-style-type: none"> <li>- More than 22 years experience in the ornamental fish industry</li> <li>- Oversees company planning, development, marketing and overall management.</li> </ul>		
Date of Appointment	1 September 1998	2 October 1998		
Other directorships of public listed companies	Bumiputra-Commerce Holdings Berhad, Petaling Garden Berhad, Leader Steel Holdings Berhad, Saujana Consolidated Berhad, Ya Horng Electronics (M) Berhad, Tracoma Holdings Berhad and Eonmetall Group Berhad.	Nil		
Membership of Board Committees	Nil	Chairman of Employees' Share Option Scheme and Member of Remuneration Committee		
Family relationship with any director and / or major shareholder of XLB	Nil	Husband to Mdm. Lim Wan Hong, Executive Director		
Conflict of interest with XLB, 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 4	No. of meetings attended 4	No. of meetings held 4	No. of meetings attended 4

	<b>Mohamed Shafeii Bin Abdul Gaffoor</b>		<b>Lim Wan Hong</b>	
Position	Non-Independent Non Executive Director		Non-Independent Executive Director	
Age	43		43	
Nationality	Malaysian		Malaysian	
Qualification field	Business Administration		Ornamental Fish Trade	
Working experience & Occupation	<ul style="list-style-type: none"> <li>- Holds a Bachelor of Arts from the University of Waterloo, Canada and a Master Degree in Business Administration from the University of Dundee, UK.</li> <li>- Started his career as an Economist with Bank Negara Malaysia after graduation.</li> <li>- Attached with Ernst and Young prior to joining Shapadu Corporation Sdn. Bhd. as the Manager.</li> <li>- In 1994, he became the Managing Director of DPCSB, a management consultants firm, a position he holds to date.</li> </ul>		<ul style="list-style-type: none"> <li>- More than 15 years of working experience in the ornamental fish trade.</li> <li>- Currently is the Chief Executive Officer of XLA</li> </ul>	
Date of Appointment	1 September 1998		2 October 1998	
Other directorships of public listed companies	Nil		Nil	
Membership of Board Committees	Nil		Nil	
Family relationship with any director and / or major shareholder of XLB	Nil		Wife to Mr Ng Huan Tong, Managing Director	
Conflict of interest with XLB, 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 4	No. of meetings attended 3	No. of meetings held 4	No. of meetings attended 4

## Profile Of Directors

	<b>Tan Cheng Kiat</b>		<b>Chua Bah Bee @ Chua Chong Seng</b>	
Position	Non-Independent Executive Director		Non-Independent Executive Director	
Age	64		61	
Nationality	Malaysian		Malaysian	
Qualification field	Science and Fisheries Management		Chartered Accountant	
Working experience & Occupation	<ul style="list-style-type: none"> <li>- Holds a Master in Science from the University of Singapore and a post-graduate Diploma in Fisheries Management from the Grimbsy College of Technology, UK.</li> <li>- Served in DOFM for over 30 years in various positions, including as Deputy Director General of the organization.</li> <li>- Acted as Consultant to the Food and Agriculture Organisation of the United Nations Development Programme and the Malaysian Institute of Economic Research in the formulation of a comprehensive fisheries development plans.</li> </ul>		<ul style="list-style-type: none"> <li>- Member of the Institute of Chartered Accountants in England and Wales.</li> <li>- Currently a Senior Group Executive Director of XLB, responsible for the strategic planning, growth, overall corporate development and marketing for XLB Group.</li> </ul>	
Date of Appointment	2 October 1998		2 October 1998	
Other directorships of public listed companies	Nil		Nil	
Membership of Board Committees	Nil		Member of Employees' Share Option Scheme Committee	
Family relationship with any director and / or major shareholder of XLB	Nil		Nil	
Conflict of interest with XLB, 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 4	No. of meetings attended 4	No. of meetings held 4	No. of meetings attended 4

	<b>Lim Kim Hock</b>	<b>Choy Siew Kiong</b>		
Position	Non-Independent Executive Director	Independent Non-Executive Director		
Age	40	61		
Nationality	Malaysian	Malaysian		
Qualification field	Chartered Accountant	Fisheries Management		
Working experience & Occupation	<ul style="list-style-type: none"> <li>- Member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation.</li> <li>- Joined PricewaterhouseCoopers Malaysia for 3 years before he left to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad.</li> <li>- Had also served as Director and Head of Finance and Administration for Rashid Hussain Berhad Group's subsidiary in Indonesia.</li> </ul>	<ul style="list-style-type: none"> <li>- Graduated with a Bachelor of Science from the University of British Columbia, Canada in 1968 and a Diploma in Fisheries Management in 1974 from Grimbsy College of Technology in UK</li> <li>- Served as State Director in Terengganu, Johor, Perak and Kedah/Perlis and as the Director of the Extension and Training Division in the Department of Fisheries.</li> </ul>		
Date of Appointment	2 May 2001	1 October 2001		
Other directorships of public listed companies	Nil	Nil		
Membership of Board Committees	Member of Audit Committee and Employees' Share Option Scheme Committee	Chairman of Audit Committee and Member of Nomination Committee and Remuneration Committee		
Family relationship with any director and / or major shareholder of XLB	Nil	Nil		
Conflict of interest with XLB, 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 4	No. of meetings attended 4	No. of meetings held 4	No. of meetings attended 3

## Profile Of Directors

	<b>Chen Shih Hsie</b>		<b>Ismail Taufid Bin Md Yusof</b>	<b>f</b>
Position	Independent Non-Executive Director		Independent Non-Executive Director	
Age	61		60	
Nationality	Malaysian		Malaysian	
Qualification field	Fisheries Management		Fisheries Management	
Working experience & Occupation	<ul style="list-style-type: none"> <li>- Graduated with a Bachelor of Engineering from the University of Malaya.</li> <li>- Began his career as an Officer of the Fisheries Training Institute in Department of Fisheries in 1971.</li> <li>- In 1975, became the Head of the Technology Branch for the Department of Fisheries' Headquarters.</li> <li>- In 1988, acted as Founding Director of the Engineering Division of the Department of Fisheries and later served as Director of the said division until his retirement in 1999.</li> </ul>		<ul style="list-style-type: none"> <li>- Graduated with a Bachelor of Fisheries Science from the Tokyo University of Fisheries, Japan.</li> <li>- Started as an Officer of the Fisheries Research Institute and Fisheries Training Institute.</li> <li>- In 1982, he was promoted to State Director of the Department of Fisheries. Subsequently, he was appointed as the Head of the Resource Management Unit of the Department of Fisheries before being transferred to the Southeast Asian Fisheries Development Centre as Chief of Marine Fishery Resources Development and Management Department.</li> </ul>	
Date of Appointment	1 October 2001		1 October 2001	
Other directorships of public listed companies	Nil		Nil	
Membership of Board Committees	Chairman of Nomination Committee and Member of Audit Committee		Chairman of Remuneration Committee and Member of Nomination Committee	
Family relationship with any director and / or major shareholder of XLB	Nil		Nil	
Conflict of interest with XLB, 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 4	No. of meetings attended 4	No. of meetings held 4	No. of meetings attended 4

# Audit Committee Report

The Audit Committee is pleased to present the report of the Audit Committee for the financial year ended 31 January 2006.

## A. MEMBERS AND MEETINGS ATTENDANCES

The Committee comprises the following members and details of attendance of each member at Committee Meeting held during the year are as follows:-

Composition of Committee	Number of Committee Meetings	
	Held	Attended
Choy Siew Kiong (Chairman / Independent Non-Executive Director)	5	5
Lim Kim Hock (Executive Director - Member of the MIA)	5	5
Chen Shih Hsie (Independent Non-Executive Director)	5	5

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

The main activities undertaken by the Committee during the year are as follow:-

### a) Financial Results:

- Reviewed the audited financial statements. The review was to ensure that the audited financial statements were drawn up in accordance with the provision of the Companies Act 1965 and applicable approved accounting standards by the Malaysian Accounting Standards Board (MASB).
- Reviewed any related party transaction and conflict of interest situation that may arise within the Company and its subsidiaries.
- Reviewed the quarterly unaudited financial results. The review was to ensure compliance with the Listing Requirements of the Bursa Securities.
- Reviewed the quarterly unaudited financial results before recommending them for the Board's approval.
- Review the internal audit plans and reports, discuss the findings and recommendations by the Internal Audit.
- Discussed and reviewed with the external auditors the audit plans and approaches, results of their examinations, auditors' report and management issues highlighted and updates on MASB accounting standards.

### b) Internal Audit Function:

- The Internal Audit department which is independent from the activities of the Company and reports directly to the Committee.
- The principal responsibilities of Internal Audit are to undertake regular and systematic reviews of the system of controls and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guideline, so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.
- The Internal Audit reports on work undertaken and recommended action plans were discussed with Management. Internal Audit then monitored the implementation of the agreed action plans to ensure full compliance. The reports together with the follow-up action plans and implementation status were also presented to the Audit Committee.

## C. MEMBERSHIP

The Audit Committee was appointed by the Board from amongst the Directors and consisted of three (3) members, comprising a majority of Directors independent from management and executive functions ("Independent Directors"). The Audit Committee included one Director who is a member of the Malaysian Institute of Accountants (MIA) that comply with Paragraph 15.10(1) of the Listing Requirements of Bursa Securities. The Chairman of the Committee was an Independent Director elected among the members of Audit Committee.

The Audit Committee has no authority to act on behalf of the Board but shall have authority to examine all the issues at hand and to report back to the Board with recommendations.

## D. FREQUENCY OF MEETINGS

The Audit Committee met five (5) times this year. All members were present for the meetings. Notices of meeting were given to all members of the Committee. Minutes of each meeting were recorded by the Secretary, confirmed by the Chairman and kept by the Secretary.

## E. TERM OF REFERENCE

### a) Authority:

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

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

### b) The Duties of the Committee shall be :

- To consider the appointment of the external auditors, any questions of resignation or dismissal, to discuss with the external auditors before the audit commences, the nature and scope of the audit and the assistance given by the Company's officers to the auditors and ensure coordination where more than one audit firm is involved.
- To review External Auditor's Plan and reports, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
- To review the internal audit reports, consider the major findings of internal audit investigation and management's response (in the absence of Management where necessary) and ensure coordination between the internal and external auditors.
- To keep under review the effectiveness of internal control system, and in particular review the external and internal auditors' management letters and management's response.
- To review adequacy of scope, functions and resources of the Internal Audit Functions and that it has the necessary authority to carry out its work.
- To review the quarterly and annual financial statements before submission to the Board, focusing particularly on :-
  - any changes in accounting policies and practices
  - major judgmental areas
  - significant adjustments resulting from external audit
  - the going concern assumptions compliance with accounting standards
  - compliance with stock exchange and legal requirements
  - any related party transactions that may arise within the Company or Group
  - the main features of the Employee Share Option Scheme "ESOS" as governed by the by-laws
  - to undertake additional duties, as may be agreed to by the Audit Committee and the Board of Directors.

## F. REPORTING PROCEDURES

The Audit Committee shall report to the Board of Directors.

## G. RIGHTS OF THE AUDIT COMMITTEE

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

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

This report is made with the approval of the Board dated 28 April 2006.



# Statement Of Corporate Governance

The Board of Xian Leng Holdings Berhad ("XLB") fully supports the "Code" which sets out the basic principles and best practices on structures and processes that companies may follow in their operations towards achieving the optimal governance framework.

In line with the listing requirements of Bursa Securities, reviews are being taken on a periodic and continuous basis to evaluate the status of the Company's Corporate Governance procedures and its compliance with the Code's best practices provisions.

## A. DIRECTORS

### a) The Board

The Board currently has ten (10) members comprising of five (5) non-executive directors and five (5) executive directors. Three (3) of the five (5) non-executive directors, are independent directors.

A brief description on the profile of each of the Director is presented in pages 9 to 13 of this Annual Report.

The Board has an effective working partnership with management in establishing the strategic direction and there is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Board is led by Tan Sri Dato' Mohd. Desa Bin Pachi, a Non-Independent Non-Executive Director and Chairman, while the executives are led by Mr. Ng Huan Tong, the Managing Director.

### b) Board Meetings

Four (4) Board Meetings were held for the financial year ended 31 January 2006 and status of the directors present at the meeting was as follows:

Name of Directors	Number of meeting attended
Tan Sri Dato' Mohd. Desa Bin Pachi	4
Ng Huan Tong	4
Lim Wan Hong	4
Chua Bah Bee @ Chua Chong Seng	4
Tan Cheng Kiat	4
Mohamed Shafeii Bin Abdul Gaffoor	3
Lim Kim Hock	4
Choy Siew Kiong	3
Chen Shih Hsie	4
Ismail Taufid Bin Md. Yusoff	4

### c) Supply of information

All Directors have access to all information and can also seek external advice to assist them in making Board decisions. All directors have access to the advice and services of the Company Secretary.

### d) 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.

### e) Board Committee

The Board has a number of standing committees, all of which have written terms of reference clearly setting out their authority and duties, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

#### i) Audit Committee

The Audit Committee comprised the following members during the year:

- Choy Siew Kiong (Chairman, Independent Non-Executive Director)
- Lim Kim Hock (member, Executive Director)
- Chen Shih Hsie (member, Independent Non-Executive Director)

The terms of reference of the Audit Committee requires it to meet at least four (4) times a year. The Committee's primary functions include the review of the effectiveness of the internal control system within the Group, reviewing the financial reporting process and the external audit process.

# Statement Of Corporate Governance

## A. DIRECTORS (cont'd)

### e) Board Committee (cont'd)

#### ii) Nomination Committee

The Nomination Committee consists of the following Independent Non-Executive Directors during the year:

- Chen Shih Hsie (Chairman, Independent Non-Executive Director)
- Choy Siew Kiong (member, Independent Non-Executive Director)
- Ismail Taufid Bin Md Yusoff (member, Independent Non-Executive Director)

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

#### iii) Remuneration Committee

The Remuneration Committee consists of a majority of non-executive directors during the year:

- Ismail Taufid Bin Md Yusoff (Chairman, Independent Non-Executive Director)
- Choy Siew Kiong (member, Independent Non-Executive Director)
- Ng Huan Tong (member, Managing Director)

The Remuneration Committee was responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment related to remuneration. Director's remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

## B. DIRECTORS' REMUNERATION

The fees of Directors, including non-executive Directors, are determined by the Board with the approval from shareholders at the Annual General Meeting.

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

In the case of Executive Directors, the remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set by the Group.

In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

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

Category	Fees RM	Salaries & Other Emoluments RM	Pension costs – defined contribution plan RM	Benefits in kind RM	Total RM
Executive	80,000	976,000	86,160	35,600	1,177,760
Non-Executive	252,000	-	-	-	252,000

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

Range of remuneration (RM)	No. of Directors	
	Executive	Non-Executive
50,000 and below	-	4
50,001 – 100,000	-	1
100,001 – 150,000	2	-
150,001 – 200,000	1	-
200,001 – 250,000	-	-
250,001 – 300,000	-	-
300,001 – 350,000	-	-
350,001 – 400,000	2	-

## C. DIRECTORS' TRAINING

All directors of the Company have attended the Mandatory Accreditation Program (MAP) organized by the Research Institute of Investment Analyst Malaysia in accordance with the listing requirements of Bursa Securities.

Courses attended by various Directors include Risk Management Seminar (Role of Internal Audit, Risk Management & Compliance on the Board Responsibilities & BASEL II Guidelines for Board Members, Directors & Senior Management of PLCs in Malaysia), Company Valuation Restructuring & Funding, International Currency Risk Management, Off-Balance Sheet Items, Offshore Accounts & Derivatives and Bond Markets.

The Directors will continue to undergo other relevant training programmes to further enhance their knowledge on the latest statutory and regulatory developments so as to enable them to discharge their responsibilities effectively.

## D. ANNUAL GENERAL MEETING

The Board recognized the importance of good communication with all shareholders. Notice of Annual General Meeting 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.

## E. ACCOUNTABILITY AND AUDIT

### a) Financial Reporting

For financial reporting through quarterly reports to Bursa Securities and the Annual Report to shareholders, the Directors aim to present a fair assessment of the Company's position and prospects. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 25 of this Annual Report.

### b) Internal Controls

The Directors acknowledge their responsibilities for the Company to maintain a sound system of internal controls covering financial, operation and compliance controls and to safeguard shareholders' investment and the Company's assets.

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 20.

### c) Relation with the External Auditors

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

### d) Statement of Compliance with the Best Practices of the Code

The Group has complied with the Best Practices of Corporate Governance as set out in the Code.

## F. DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

### a) Material Contract

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

### b) Utilisation of Proceeds

There were no proceeds raised by the Company during the financial year ended 31 January 2006.

### c) Share Buy-Back

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

### d) Options, warrants or convertible securities

During the financial year under review, the company has not issued any option, warrants or securities other than the granting of option under the XLB Employees' Share Option Scheme.

### e) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Program

During the financial year, the Company did not sponsor any ADR or GDR program.

## F. DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

### f) Imposition of 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.

### g) Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year amounted to RM10,000 respectively.

### h) Profit Estimate, Forecast or Projection

There were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

### i) Profit Guarantee

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

## G. 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 give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the profit and loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia have been applied and complied. The Board has adopted and consistently applied accepted accounting policies and made reasonable and prudent judgements and estimates.

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

Statement made in accordance with the resolution of the Board dated 28 April 2006.

The header image features a dark background with a grid of four square panels. The top-right panel is highlighted with a white border and contains the text 'Statement Of Internal Control'.

# Statement Of Internal Control

## A. RESPONSIBILITIES

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

## B. KEY FEATURES OF INTERNAL CONTROL SYSTEM

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

- A clearly defined organisational structure with the lines of responsibility and delegated authority to the management and operating units.
- Written communication of company values, expected code of conduct and discipline to which employees have acknowledged at the time of employment.
- The Board continuously assesses key business risks with the assistance of Audit Committee.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
- An internal audit function 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. 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 date of approval of the annual report and financial statements.

The Board, with the assistance of the internal audit function, continuously reviews the adequacy and integrity of the Group's system of internal control and management information system, and 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 is of the view that the monitoring arrangement in place to provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Group.

Statement made in accordance with the resolution of the Board of Directors dated 28 April 2006.

# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 January 2006.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Net profit for the year	15,125,608	2,648,371

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

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

## DIVIDENDS

The amounts of dividends declared and paid by the Company since 31 January 2005 were as follow:

RM

In respect of the financial year ended 31 January 2005 as reported in the directors' report of that financial year:

First and final dividend of 4.5%, paid on 28 July 2005 3,270,802

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 31 January 2006, of 4.5% less 28% taxation on 72,704,500 ordinary shares, amounting to a total dividend of RM2,355,626 (3.2 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 January 2007.

## DIRECTORS

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

Tan Sri Dato' Mohd. Desa bin Pachi  
Ng Huan Tong  
Mohamed Shafeii bin Abdul Gaffoor  
Lim Wan Hong  
Tan Cheng Kiat  
Chua Bah Bee @ Chua Chong Seng  
Lim Kim Hock  
Ismail Taufid bin Md Yusoff  
Choy Siew Kiong  
Chen Shih Hsie

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted pursuant to the Employee Share Options Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Notes 5 and 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares and ESOS in the Company and its subsidiaries during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1 February 2005	Acquired	Sold	31 January 2006
<b>The Company</b>				
<b>Direct Interest</b>				
Ng Huan Tong	16,905,000	-	-	16,905,000
Lim Wan Hong	16,903,500	-	-	16,903,500
Chua Bah Bee @ Chua Chong Seng	4,965,500	-	-	4,965,500
Tan Cheng Kiat	15,000	-	-	15,000

	Number of 2004/2013 Options over Ordinary Shares of RM1 Each			
	1 February 2005	Granted	Exercised	31 January 2006
<b>Granted at the subscription price of RM1.68 per share</b>				
Ng Huan Tong	724,000	-	-	724,000
Lim Wan Hong	724,000	-	-	724,000
Chua Bah Bee @ Chua Chong Seng	724,000	-	-	724,000
Tan Cheng Kiat	724,000	-	-	724,000
Lim Kim Hock	250,000	-	-	250,000

Ng Huan Tong and Lim Wan Hong by virtue of their interests in the shares of the Company are also deemed interested in the shares of all the subsidiaries to the extent that the Company has an interest.

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

## ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM72,600,500 to RM72,704,500 via the issuance of 104,000 new ordinary shares of RM1 each at RM1.68 each pursuant to the exercise of ESOS by eligible employees.

The new ordinary shares issued rank pari-passu in all respects with the existing ordinary shares of the Company.

## EMPLOYEE SHARE OPTIONS SCHEME

The Xian Leng Holdings Berhad's ESOS is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 25 June 2003.

The main features of the ESOS are as follows:

- The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.
- The option price for each share shall be the average of the mean market quotation of the shares of the Company in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer, or the par value of the shares of the Company of RM1, whichever is the higher.
- No option shall be granted for less than 100 shares nor more than 724,200 shares to any eligible employee.
- An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of ten years from the date of the receipt of the last of the requisite approvals.

## EMPLOYEE SHARE OPTIONS SCHEME (cont'd)

- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options
At beginning of year	5,950,500
Exercised	(104,000)
At end of year	<u>5,846,500</u>

Details of share options exercised during the financial year:

Exercise Date	Exercise Price RM	Number of Share Options Exercised	Consideration RM
14.02.05	1.68	3,000	5,040
14.04.05	1.68	75,000	126,000
13.05.05	1.68	3,000	5,040
11.07.05	1.68	3,000	5,040
13.10.05	1.68	20,000	33,600
		104,000	174,720

The terms of share options outstanding at the end of the financial year are as follows:

Exercise Period	Exercise Price RM	Number of Share Options
25.8.2004 - 24.8.2013	1.68	<u>5,846,500</u>

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in respect of the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) 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 or of the Company which has arisen since the end of the financial year.



**OTHER STATUTORY INFORMATION (cont'd)**

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

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

Ng Huan Tong

Lim Wan Hong

Kuala Lumpur, Malaysia  
28 April 2006

# Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Ng Huan Tong and Lim Wan Hong, being two of the directors of Xian Leng Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 48 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Ng Huan Tong

Lim Wan Hong

Kuala Lumpur, Malaysia  
28 April 2006

## Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Lim Kim Hock, being the director primarily responsible for the financial management of Xian Leng Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 48 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Lim Kim Hock at Kuala  
Lumpur in the Federal Territory  
on 28 April 2006

Lim Kim Hock

Before me,



# Report Of The Auditors To The Members Of Xian Leng Holdings Berhad

We have audited the accompanying financial statements set out on pages 27 to 48. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 January 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

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

Ernst & Young  
AF: 0039  
Chartered Accountants

George Koshy  
No. 1846/07/07(J)  
Partner

Kuala Lumpur, Malaysia  
28 April 2006

# Income Statements

For The Year Ended 31 January 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	3	45,431,533	49,166,928	4,788,000	6,288,000
Other income	4	43,480	559	-	-
Staff costs	5	(3,547,854)	(3,624,184)	(635,600)	(658,284)
Changes in inventories		635,070	(458,380)	-	-
Purchases of inventories		(6,240,063)	(7,189,713)	-	-
Depreciation		(11,069,484)	(9,410,373)	-	-
Other expenses	7	(3,050,763)	(2,949,706)	(464,294)	(494,007)
Profit from operations		22,201,919	25,535,131	3,688,106	5,135,709
Finance cost	8	(1,638,382)	(1,158,732)	-	-
Profit before taxation		20,563,537	24,376,399	3,688,106	5,135,709
Taxation	9	(5,437,929)	(7,048,791)	(1,039,735)	(1,102,036)
Net profit for the year		15,125,608	17,327,608	2,648,371	4,033,673
Earnings per share (sen)					
Basic	10	21	24		
Diluted	10	21	23		

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

# Balance Sheets

As At 31 January 2006

	Note	2006 RM	Group 2005 RM	2006 RM	Company 2005 RM
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	11	160,834,483	138,856,857	-	-
Investment in subsidiaries	12	-	-	50,000,000	49,000,000
		160,834,483	138,856,857	50,000,000	49,000,000
<b>CURRENT ASSETS</b>					
Inventories	13	8,538,805	7,903,735	-	-
Trade receivables	14	7,238,545	5,778,781	-	-
Other receivables	15	464,184	335,555	26,628,055	28,058,722
Tax recoverable		942,040	868,575	420,265	421,941
Cash and bank balances	16	1,203,817	1,407,857	119,949	162,232
		18,387,391	16,294,503	27,168,269	28,642,895
<b>CURRENT LIABILITIES</b>					
Borrowings	17	25,204,216	12,358,607	-	-
Trade payables	18	71,877	150,491	-	-
Other payables	19	364,939	498,765	43,579	70,494
Taxation		516,422	234,025	-	-
		26,157,454	13,241,888	43,579	70,494
<b>NET CURRENT (LIABILITIES)/ASSETS</b>					
		(7,770,063)	3,052,615	27,124,690	28,572,401
		153,064,420	141,909,472	77,124,690	77,572,401
<b>FINANCED BY:</b>					
Share capital	20	72,704,500	72,600,500	72,704,500	72,600,500
Reserves		65,733,273	53,807,747	4,420,190	4,971,901
Shareholders' equity		138,437,773	126,408,247	77,124,690	77,572,401
Borrowings	17	1,513,317	2,639,568	-	-
Deferred taxation	22	13,113,330	12,861,657	-	-
Non-current liabilities		14,626,647	15,501,225	-	-
		153,064,420	141,909,472	77,124,690	77,572,401

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

# Statements Of Changes In Equity

## For The Year Ended 31 January 2006

Group	Note	Share capital RM	Reserves		Total RM
			Non-Distributable Share premium RM	Distributable Retained profits RM	
At 1 February 2004		72,505,000	-	38,591,729	111,096,729
Exercise of ESOS	20	95,500	64,940	-	160,440
Net profit for the year		-	-	17,327,608	17,327,608
Dividends		-	-	(2,176,530)	(2,176,530)
<b>At 31 January 2005</b>		<b>72,600,500</b>	<b>64,940</b>	<b>53,742,807</b>	<b>126,408,247</b>
Exercise of ESOS	20	104,000	70,720	-	174,720
Net profit for the year		-	-	15,125,608	15,125,608
Dividends	23	-	-	(3,270,802)	(3,270,802)
<b>At 31 January 2006</b>		<b>72,704,500</b>	<b>135,660</b>	<b>65,597,613</b>	<b>138,437,773</b>
<b>Company</b>					
At 1 February 2004		72,505,000	-	3,049,818	75,554,818
Exercise of ESOS	20	95,500	64,940	-	160,440
Net profit for the year		-	-	4,033,673	4,033,673
Dividends		-	-	(2,176,530)	(2,176,530)
<b>At 31 January 2005</b>		<b>72,600,500</b>	<b>64,940</b>	<b>4,906,961</b>	<b>77,572,401</b>
Exercise of ESOS	20	104,000	70,720	-	174,720
Net profit for the year		-	-	2,648,371	2,648,371
Dividends	23	-	-	(3,270,802)	(3,270,802)
<b>At 31 January 2006</b>		<b>72,704,500</b>	<b>135,660</b>	<b>4,284,530</b>	<b>77,124,690</b>

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

# Cash Flow Statements

## For The Year Ended 31 January 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	20,563,537	24,376,399	3,688,106	5,135,709
Adjustments for:				
Depreciation	11,069,484	9,410,373	-	-
Goodwill on acquisition written off	9,551	-	-	-
Gross dividends	-	-	(4,500,000)	(6,000,000)
Gain on disposal of property, plant and equipment	(17,500)	-	-	-
Interest expense	1,638,382	1,158,732	-	-
Provision for doubtful debts	71,393	-	-	-
Operating profit/(loss) before changes in working capital	33,334,847	34,945,504	(811,894)	(864,291)
(Increase)/decrease in receivables	(1,659,161)	2,262,455	1,430,667	(643,470)
(Increase)/decrease in inventories	(635,070)	458,380	-	-
(Decrease)/increase in payables	(222,616)	108,963	(26,915)	10,718
Cash generated from/(used in) operations	30,818,000	37,775,302	591,858	(1,497,043)
Taxes (paid)/refunded	(4,977,324)	(5,080,573)	221,941	156,023
Interest paid	(1,638,382)	(1,158,732)	-	-
Net cash flow generated from/ (used in) operating activities	24,202,294	31,535,997	813,799	(1,341,020)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(32,870,610)	(29,113,845)	-	-
Proceeds from disposal of property, plant and equipment	17,500	-	-	-
Net dividends received	-	-	3,240,000	4,320,000
Investment in a subsidiary	-	-	(1,000,000)	(1,000,000)
Net cash flow (used in)/generated from investing activities	(32,853,110)	(29,113,845)	2,240,000	3,320,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares	174,720	160,440	174,720	160,440
Repayment of hire purchase payables	(390,516)	(374,778)	-	-
Repayment of bankers' acceptances	(417,000)	(136,000)	-	-
Dividend paid	(3,270,802)	(2,176,530)	(3,270,802)	(2,176,530)
Repayment of term loans	(1,459,344)	(1,608,937)	-	-
Net cash flow used in financing activities	(5,362,942)	(4,135,805)	(3,096,082)	(2,016,090)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,013,758)</b>	<b>(1,713,653)</b>	<b>(42,283)</b>	<b>(37,110)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(8,483,813)</b>	<b>(6,770,160)</b>	<b>162,232</b>	<b>199,342</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)</b>	<b>(22,497,571)</b>	<b>(8,483,813)</b>	<b>119,949</b>	<b>162,232</b>

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

# Notes To The Financial Statements

31 January 2006

## 1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 19, Jalan Tun Abdul Razak, Susur 1/1, 80000 Johor Bahru, Johor Darul Takzim. The principal place of business of the Company is located at No. 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor Darul Takzim.

The number of employees in the Group and in the Company at the end of the financial year were 100 (2005: 117) and 12 (2005: 12) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2006.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary involved in commercial captive breeding at the date of acquisition are capitalised as freehold land and Asian arowana broodstock under property, plant and equipment. These assets are depreciated in accordance to Note 2(d). The difference between the cost of acquisition and the fair value of the Group's share of the net assets of other acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2(l). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet. Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs can not be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill which was not previously recognised in the consolidated income statement

### (c) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

### (d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).



## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (d) Property, Plant and Equipment and Depreciation (cont'd)

Freehold land is not depreciated. Construction work in progress comprises cost of construction of the fish pond and other related expenditure. Depreciation will commence upon completion of the construction. Broodstocks consist of the original purchase price of Asian Arowana and Flower Horn stocks. The Asian Arowana broodstocks are amortised over 40 years based on their economic egg-laying lives and the lifespan of the Asian Arowana which is believed to be in the region of 60 years. Flower Horn broodstocks consist of original purchase price of Flower Horn stocks. The Flower Horn broodstocks are amortised over 5 years based on their economic egg-laying lives and the life span of the Flower Horn which is believed to be in the region of 7 years.

New planting expenditure incurred on landscaping consist of cost incurred on land clearing and upkeep of trees to maturity and are capitalised under planting expenditure and amortised over 25 years upon maturity of the trees.

Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life at the following annual rates:

Workers' quarters, shop houses and renovation	2% - 10%
Asian Arowana and Flower Horn broodstocks	2.5% - 20%
Land development expenditure, fish ponds, road and drainage and tools and equipment	10%
Motor vehicles	20%
Office equipment and furniture and fittings	10%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

### (e) Inventories

Inventories represent livestock and consumables and aquarium accessories and are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost consists of original purchase price and costs of bringing the inventories to their present location. Livestock includes the cost of feed and medication, direct labour cost and proportion of farm overhead. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### (f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (g) Leases

A lease is recognised as a finance lease if it transfer substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

#### (i) Finance leases

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and reduction of the outstanding liability. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge of the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

#### (ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (h) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of goods

Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.

#### (ii) Dividend income

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

#### (iii) Management fees

Management fees are recognised on an accrual basis.

### (k) Foreign Currencies

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2006 RM	2005 RM
United States Dollar	3.74	3.80
Singapore Dollar	2.29	-
Chinese Renminbi	-	2.17

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### (l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised as an expense in the income statement immediately.

### (m) Employee Benefits

#### (i) Short Term Benefits

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

#### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

#### (iii) Equity Compensation Benefits

The Xian Leng Holdings Berhad's Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

### (n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instrument are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liabilities simultaneously.

#### (i) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. All borrowing costs are charged to the income statement as an expense in the year in which they are incurred.

#### (iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

# Notes To The Financial Statements

31 January 2006

## 3. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	45,431,533	49,166,928	-	-
Dividend income, gross	-	-	4,500,000	6,000,000
Management fees received from subsidiaries	-	-	288,000	288,000
	45,431,533	49,166,928	4,788,000	6,288,000

## 4. OTHER INCOME

Included in other income of the Group is gain on disposal of property, plant and equipment amounting to RM17,500 (2005: Nil).

## 5. STAFF COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages and salaries	2,766,246	2,869,620	536,000	550,100
Social security costs	23,772	20,742	2,370	1,742
Pension costs - defined contribution plans	276,924	292,189	46,200	51,972
Other staff related expenses	480,912	441,633	51,030	54,470
	3,547,854	3,624,184	635,600	658,284

Included in staff costs of the Group and of the Company are salaries and other emoluments paid to directors of the Company amounting to RM1,062,160 (2005: RM1,698,280) and RM454,320 (2005: RM466,800) respectively as further disclosed in Note 6.

## 6. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	976,000	996,000	423,000	432,000
Fees	80,000	203,000	43,000	85,000
Pension costs - defined contribution plan	86,160	107,160	31,320	34,800
Benefits-in-kind	35,600	39,600	-	-
	1,177,760	1,345,760	497,320	551,800
Non-Executive:				
Fees	252,000	268,000	252,000	268,000
<b>Other Directors</b>				
Executive:				
Salaries and other emoluments	396,000	306,000	-	-
Fees	30,000	75,000	-	-
Commission	100,000	250,000	-	-
Pension costs - defined contribution plan	47,520	39,120	-	-
Benefits-in-kind	16,400	11,700	-	-
	589,920	681,820	-	-
Total	2,019,680	2,295,580	749,320	819,800
Total excluding benefits-in-kind	1,967,680	2,244,280	749,320	819,800

## 6. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	1
RM350,001 - RM400,000	2	-
RM400,001 - RM450,000	-	2
Non-Executive directors:		
Below RM50,000	4	4
RM50,001 - RM100,000	1	1

## 7. OTHER EXPENSES

Included in other expenses are:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Auditors' remuneration				
- statutory audit	51,500	42,500	15,000	13,000
- other services	10,000	10,000	10,000	10,000
Directors' fees	362,000	546,000	295,000	353,000
Goodwill on acquisition written off	9,551	-	-	-
Provision for doubtful debts	71,393	-	-	-
Realised loss/(gain) on foreign exchange	24,032	(99,536)	-	-
Rental expense				
- premise	76,001	78,999	-	-
- land	20,000	-	-	-
- equipment	735	-	-	-

## 8. FINANCE COST

Included in finance costs are the following:

	Group	
	2006 RM	2005 RM
Interest expense on bank overdrafts	1,364,173	791,869
Interest expense on term loans	222,312	287,278
Interest expense on hire purchase	48,426	72,236
Interest expense on bankers' acceptances	3,471	7,349
	<b>1,638,382</b>	<b>1,158,732</b>

## 9. TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax expense for the year:				
Malaysian income tax	4,723,029	3,720,468	1,060,731	1,480,000
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 22)	1,500,302	3,772,995	-	-
Under/(over) provision in prior years:				
Malaysian income tax	463,227	(337,321)	(20,996)	(377,964)
Deferred tax (Note 22)	(1,248,629)	(107,351)	-	-
	<b>5,437,929</b>	<b>7,048,791</b>	<b>1,039,735</b>	<b>1,102,036</b>

# Notes To The Financial Statements

31 January 2006

## 9. TAXATION (cont'd)

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2005: 28%) of the estimated assessable profit for the year. The Group's subsidiary companies qualify for the reduced statutory tax rate of 20% (2005: 20%) on the first RM500,000 (2005: RM500,000) estimated assessable profit during the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2006 RM	2005 RM
<b>Group</b>		
Profit before taxation	20,563,537	24,376,399
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	5,757,790	6,825,392
Effect of income subject to tax rate of 20%	(80,000)	(80,000)
Effect of expenses not deductible for tax purposes	566,312	745,361
Effect of utilisation of previously unrecognised unabsorbed agricultural allowances	-	(2,171)
Effect of utilisation of previously unabsorbed capital allowances	(52,478)	-
Effect of expenses allowed for double deduction	(10,268)	(13,761)
Effect of deferred tax assets not recognised during the year	41,975	18,642
Overprovision of deferred tax in prior years	(1,248,629)	(107,351)
Under/(over)provision of income tax in prior years	463,227	(337,321)
Tax expense for the year	5,437,929	7,048,791
<b>Company</b>		
Profit before taxation	3,688,106	5,135,709
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	1,032,670	1,437,999
Expenses not deductible for tax purposes	28,061	42,001
Overprovision of income tax in prior years	(20,996)	(377,964)
Tax expense for the year	1,039,735	1,102,036

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 January 2006.

## 10. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2006	Group 2005
Net profit for the year (RM)	15,125,608	17,327,608
Weighted average number of ordinary shares in issue	72,674,853	72,557,474
Basic earnings per share (sen)	21	24

### (b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the ESOS. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ESOS into ordinary shares.

10. EARNINGS PER SHARE (cont'd)

(b) Diluted (cont'd)

	2006	Group 2005
Net profit for the year (RM)	15,125,608	17,327,608
Weighted average number of ordinary shares in issue	72,674,853	72,557,474
Adjusted for: Incremental shares issued for no consideration arising from the exercise ESOS	915,367	2,022,609
Adjusted weighted average number of ordinary shares in issue and issuable	73,590,220	74,580,083
Diluted earnings per share (sen)	21	23

11. PROPERTY, PLANT AND EQUIPMENT

	* Freehold land, planting expenditure, workers' quarters, shop houses and renovation RM	Broodstocks RM	Land development expenditure, fish ponds, roads and, drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Construction work in progress RM	Total RM
<b>Group</b>						
<b>Cost</b>						
At 1 February 2005	24,579,151	61,438,589	71,907,367	3,252,928	9,756,000	170,934,035
Additions	152,836	2,646,000	15,585,809	309,289	14,353,176	33,047,110
Disposal	-	-	-	(39,580)	-	(39,580)
At 31 January 2006	24,731,987	64,084,589	87,493,176	3,522,637	24,109,176	203,941,565
<b>Accumulated depreciation</b>						
At 1 February 2005	624,526	7,158,129	22,006,476	2,288,047	-	32,077,178
Depreciation charge for the year	174,510	1,651,115	8,727,466	516,393	-	11,069,484
Disposal	-	-	-	(39,580)	-	(39,580)
At 31 January 2006	799,036	8,809,244	30,733,942	2,764,860	-	43,107,082
<b>Net Book Value</b>						
At 31 January 2006	23,932,951	55,275,345	56,759,234	757,777	24,109,176	160,834,483
At 31 January 2005	23,954,625	54,280,460	49,900,891	964,881	9,756,000	138,856,857
<b>Details as at 1 February 2004</b>						
Cost	24,570,959	54,238,589	59,773,947	3,236,695	-	141,820,190
Accumulated depreciation	457,553	5,573,164	14,831,690	1,804,398	-	22,666,805
Depreciation charge for 2005	166,973	1,584,965	7,174,786	483,649	-	9,410,373

# Notes To The Financial Statements

31 January 2006

## 11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

\* Freehold land, planting expenditure, worker quarters, shop houses and renovation

	Freehold land RM	Planting expenditure RM	Workers quarters RM	Buildings, shop houses and renovation RM	Total RM
<b>Cost</b>					
At 1 February 2005	19,473,138	819,658	1,388,342	2,898,013	24,579,151
Additions	-	-	3,772	149,064	152,836
At 31 January 2006	19,473,138	819,658	1,392,114	3,047,077	24,731,987
<b>Accumulated depreciation</b>					
At 1 February 2005	-	125,638	150,496	348,392	624,526
Depreciation charge for the year	-	32,786	28,030	113,694	174,510
At 31 January 2006	-	158,424	178,526	462,086	799,036
<b>Net Book Value</b>					
At 31 January 2006	19,473,138	661,234	1,213,588	2,584,991	23,932,951
At 31 January 2005	19,473,138	694,020	1,237,846	2,549,621	23,954,625
<b>Details as at 1 February 2004</b>					
Cost	19,473,138	819,658	1,388,342	2,889,821	24,570,959
Accumulated depreciation	-	92,852	122,729	241,972	457,553
Depreciation charge for 2005	-	32,786	27,767	106,420	166,973

(a) Included in the property, plant and equipment are motor vehicles held under hire purchase arrangements as follows:

	2006 RM	2005 RM
Cost	2,209,889	2,058,124
Net book value	410,985	650,558

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM33,047,110 of which RM176,500 were acquired by means of hire purchase arrangements and the balance via cash payments. In the prior year, the Group acquired property, plant and equipment with an aggregate cost of RM29,113,845 via cash.

(c) The net book values of property, plant and equipment pledged to banks for term loans granted to the Group as referred to in Note 17 are as follows:

	2006 RM	2005 RM
Freehold land	13,454,113	18,132,725
Shop houses	596,294	609,869
Buildings	1,516,710	1,548,980
Plant, machinery, tools and equipment	823,157	907,048
Office equipment, furniture, fittings and signboards	118,916	120,255
Aquariums and ponds	1,671,621	1,885,120

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM2,352,821 (2005: RM734,297).



12. INVESTMENT IN SUBSIDIARIES

	2006 RM	Company 2005 RM
Unquoted shares, at cost	50,000,000	49,000,000

Details of the subsidiaries, which are incorporated in Malaysia and have similar financial year ends with the Company, are as follows:

Name of Subsidiaries	Paid-up Share Capital RM	Effective Interest Held (%)		Principal Activities
		2006	2005	
Xian Leng Trading Sdn. Bhd.	100,000	100	100	Commercial captive breeding of Asian Arowana and other ornamental fishes and property holding.
Xian Leng Aquatic Merchant Sdn. Bhd.	50,002	100	100	Trading of ornamental fishes, aquarium accessories and property holding.
Xian Leng Aquatic (Shah Alam) Sdn. Bhd.	2,000,000	100	100	Supplying and operating aquariums and trading of ornamental fishes and aquarium accessories.
Xian Leng Aquatic (Kluang) Sdn. Bhd.	1,000,000	100	-	Commercial captive breeding of Asian Arowana and other ornamental fishes and trading aquaculture products.

During the financial year, the Company acquired 100% equity interest in Xian Leng Aquatic (Kluang) Sdn. Bhd.. The acquisition was completed on 6 May 2005.

(a) Acquisition of a Subsidiary

On 6 May 2005, the Group acquired 100% equity interest in Xian Leng Aquatic (Kluang) Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM2 comprising of cash of RM2.

The acquisition had the following effect on the Group's financial results for the year:

	2006 RM
Revenue	-
Loss from operation	(169,188)
Net loss for the year	(171,565)

The acquisition had the following effect on the financial position of the Group as at the end of the year.

	2006 RM
Property, plant and equipment	278,428
Other receivables	917
Cash and bank balances	675,992
Other payables	(25,326)
Borrowings	(111,127)
Group's share of net assets	818,884

# Notes To The Financial Statements

31 January 2006

## 12. INVESTMENT IN SUBSIDIARIES (cont'd)

### (a) Acquisition of a Subsidiary (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	6.5.2005 RM
Other receivables	625
Cash and bank balances	2
Other payables	(10,176)
	<hr/>
Fair value of total net assets	(9,549)
Goodwill on acquisition	9,551
	<hr/>
Cost of acquisition	2
	<hr/>
Purchase consideration satisfied by cash representing total cost of acquisition	2
	<hr/>
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash, representing total cash outflow of the Company	2
Cash and cash equivalents of subsidiary acquired	(2)
	<hr/>
Net cash flow of the Group	-
	<hr/>

There were no acquisitions in the financial year ended 31 January 2005.

## 13. INVENTORIES

	Group	
	2006 RM	2005 RM
<b>At cost:</b>		
Livestocks	5,625,533	5,390,413
Consumables and aquarium accessories	2,913,272	2,513,322
	<hr/>	<hr/>
	8,538,805	7,903,735
	<hr/>	<hr/>

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM5,604,993 (2005: RM7,648,093).

## 14. TRADE RECEIVABLES

	Group	
	2006 RM	2005 RM
Trade receivables	7,309,938	5,778,781
Less: Provision for doubtful debts	(71,393)	-
	<hr/>	<hr/>
	7,238,545	5,778,781
	<hr/>	<hr/>

The Group's normal trade credit term ranges from 30 to 90 (2005: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the Group has a significant concentration of credit risk in the form of outstanding balances from 3 (2005: 3) customers representing approximately 78% (2005: 57%) of total trade receivables.

15. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Due from subsidiaries	-	-	26,620,805	28,051,472
Deposits	220,182	214,982	1,000	1,000
Prepayments	224,882	79,952	6,250	6,250
Sundry receivables	19,120	40,621	-	-
	464,184	335,555	26,628,055	28,058,722

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash in hand and at banks	1,203,817	1,407,857	119,949	162,232
Bank overdrafts (Note 17)	(23,701,388)	(9,891,670)	-	-
Cash and cash equivalents	(22,497,571)	(8,483,813)	119,949	162,232

17. BORROWINGS

	Group	
	2006 RM	2005 RM
<b>Short Term Borrowings</b>		
Secured:		
Bank overdrafts (Note 16)	23,701,388	9,891,670
Bankers' acceptances	-	417,000
Hire purchase payables (Note 21)	244,490	375,895
Term loans	1,258,338	1,674,042
	25,204,216	12,358,607
<b>Long Term Borrowings</b>		
Secured:		
Hire purchase payables (Note 21)	306,678	389,289
Term loans	1,206,639	2,250,279
	1,513,317	2,639,568
<b>Total Borrowings</b>		
Bank overdrafts (Note 16)	23,701,388	9,891,670
Bankers' acceptances	-	417,000
Hire purchase payables (Note 21)	551,168	765,184
Term loans	2,464,977	3,924,321
	26,717,533	14,998,175
<b>Maturity of borrowings (excluding hire purchase):</b>		
Within one year	24,959,726	11,982,712
More than 1 year and less than 2 years	890,493	1,254,810
More than 2 years and less than 5 years	316,146	995,469
	26,166,365	14,232,991

# Notes To The Financial Statements

31 January 2006

## 17. BORROWINGS (cont'd)

The borrowings are secured by the following:

- Fixed charges over certain parcels of freehold land held by the Group as disclosed in Note 11;
- First legal charge over all property, plant and equipment of a subsidiary;
- Joint and several guarantees by certain directors of the Company; and
- Corporate guarantees by the Company and a subsidiary.

The Group is taking steps to uplift the third party fixed charge over the freehold land of a fellow subsidiary, Xian Leng Trading Sdn. Bhd., as the loan was fully repaid during the year.

The weighted average interest rates during the financial year for borrowings, excluding hire purchase payables, were as follows:

	Group	
	2006 %	2005 %
Bank overdrafts	8.00	7.56
Term loans	7.26	7.00
Bankers' acceptances	-	4.70

## 18. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 (2005: 30 to 90) days.

## 19. OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sundry payables	80,857	79,552	3,948	1,050
Accruals	284,082	419,213	39,631	69,444
	364,939	498,765	43,579	70,494

## 20. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006 RM	2005 RM
<b>Authorised:</b>				
At beginning/end of year	100,000,000	100,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
At beginning of year	72,600,500	72,505,000	72,600,500	72,505,000
Exercise of ESOS	104,000	95,500	104,000	95,500
At the end of year	72,704,500	72,600,500	72,704,500	72,600,500

- The Company implemented an ESOS which is governed by the by-laws and was approved by the shareholders at an Extraordinary General Meeting held on 25 June 2003.

The main features of the ESOS are as follows:

- The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.

## 20. SHARE CAPITAL (cont'd)

- (iv) The option price for each share shall be the average of the mean market quotation of the shares of the Company in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days preceding the date of offer, or the par value of the shares of the Company of RM1, whichever is the higher.
- (v) No option shall be granted for less than 100 shares nor more than 724,200 shares to any eligible employee.
- (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of ten years from the date of the receipt of the last of the requisite approvals.
- (vii) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (viii) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options
At beginning of year	5,950,500
Exercised	(104,000)
At end of year	<u>5,846,500</u>

(a) Details of share options exercised during the financial year:

Exercise Date	Exercise Price RM	Number of Share Options Exercised	Considerations Received RM
14.02.05	1.68	3,000	5,040
14.04.05	1.68	75,000	126,000
13.05.05	1.68	3,000	5,040
11.07.05	1.68	3,000	5,040
13.10.05	1.68	20,000	33,600
		<u>104,000</u>	<u>174,720</u>

The terms of share options outstanding at the end of the financial year are as follows:

Exercise Period	Exercise Price RM	Number of Share Options
25.8.2004 - 24.8.2013	1.68	<u>5,846,500</u>

## 21. HIRE PURCHASE PAYABLES

	Group	
	2006 RM	2005 RM
Minimum hire purchase payments:		
Not later than 1 year	269,206	416,390
Later than 1 year and not later than 2 years	150,324	228,646
Later than 2 years and not later than 5 years	183,289	182,106
Later than 5 years	-	9,691
	<u>602,819</u>	<u>836,833</u>
Less: Future finance charges	(51,651)	(71,649)
Present value of hire purchase liabilities	<u>551,168</u>	<u>765,184</u>

# Notes To The Financial Statements

31 January 2006

## 21. HIRE PURCHASE PAYABLES (cont'd)

	2006 RM	Group 2005 RM
Present value of hire purchase liabilities:		
Not later than 1 year	244,490	375,895
Later than 1 year and not later than 2 years	136,053	212,688
Later than 2 years and not later than 5 years	170,625	163,712
Later than 5 years	-	12,889
	551,168	765,184
Analysed as:		
Due within 12 months (Note 17)	244,490	375,895
Due after 12 months (Note 17)	306,678	389,289
	551,168	765,184

The hire purchase bear interest at rates varying from 2.5% to 5.9% (2005: 3.3% to 7.9%) per annum.

## 22. DEFERRED TAXATION

	2006 RM	Group 2005 RM
At beginning of year	12,861,657	9,196,013
Recognised in the income statement (Note 9):		
Current year provision	1,500,302	3,772,995
Overprovision in prior year	(1,248,629)	(107,351)
At end of year	13,113,330	12,861,657
Presented after appropriate offsetting as follows:		
Deferred tax assets	(183,731)	-
Deferred tax liabilities	13,297,061	12,861,657
	13,113,330	12,861,657

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred Tax Liabilities

	Accelerated Capital Allowances RM	Receivables RM	Total RM
At 1 February 2004	9,278,331	19,908	9,298,239
Recognised in income statement	3,583,326	(19,908)	3,563,418
At 31 January 2005	12,861,657	-	12,861,657
At 1 February 2005	12,861,657	-	12,861,657
Recognised in income statement	435,404	-	435,404
At 31 January 2006	13,297,061	-	13,297,061

22. DEFERRED TAXATION (cont'd)

Deferred Tax Assets

	Unutilised Agricultural Allowances RM	Payables RM	Tax Losses RM	Total RM
At 1 February 2004	-	(38,147)	(64,079)	(102,226)
Recognised in income statement	-	38,147	64,079	102,226
At 31 January 2005	-	-	-	-
At 1 February 2005	-	-	-	-
Recognised in income statement	(183,731)	-	-	(183,731)
At 31 January 2006	(183,731)	-	-	(183,731)

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

	2006 RM	2005 RM
Unused tax losses	182,031	52,119
Unabsorbed capital allowances	348,092	344,641

The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of a subsidiary company subject to no substantial changes in shareholdings of the subsidiary company under Section 44(5A) & (5B) of Income Tax Act, 1967

23. DIVIDENDS

	Amount		Net Dividends per Share	
	2006 RM	2005 RM	2006 Sen	2005 Sen
First and final tax exempt dividend of 4.5%, declared on 21 June 2005, paid on 28 July 2005	3,270,802	-	4.5	-
First and final tax exempt dividend of 3%, declared on 25 June 2004, paid on 28 July 2004	-	2,176,530	-	3

At the forthcoming Annual General Meeting, a first and final tax exempt dividend in respect of the current financial year ended 31 January 2006, of 4.5% less 28% taxation on 72,704,500 ordinary shares, amounting to a total dividend of RM2,355,626 (3.2 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 January 2007.

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2006 RM	2005 RM
Dividends received from subsidiaries	4,500,000	6,000,000
Management fees received from subsidiaries	288,000	288,000

The directors are of the opinion that all the transactions above have been entered into in the normal course of business.

25. COMMITMENT

	Group	
	2006 RM	2005 RM
Authorised but not contracted for construction of farm	6,000,000	5,000,000

# Notes To The Financial Statements

31 January 2006

## 26. CONTINGENT LIABILITIES

	Company	
	2006 RM	2005 RM
Unsecured:		
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	26,166,365	13,257,456

## 27. SEGMENTAL REPORTING

No segmental reporting is provided as the Group's activities are predominantly in the breeding and trading of ornamental fishes and are conducted in Malaysia.

## 28. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policy

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no long-term interest-bearing assets as at 31 January 2006.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Foreign Exchange Risk

The Group is not significantly exposed to foreign currency risk except for exchange risks relating to the United States Dollar, Singapore Dollar and Chinese Renminbi arising from its operating activities in the current and previous financial year. Foreign exchange exposures in transactional currencies other than functional currencies of the Group are kept to an acceptable level. The Company is not exposed to foreign currency risk. The net unhedged financial assets and financial liabilities of the Group as at 31 January 2006 that are not denominated in their functional currencies are as follows:

Functional Currency	Group	
	2006 RM	2005 RM
Trade Receivables		
United States Dollar	4,297,618	4,886,656
Singapore Dollar	1,824	-
Trade Payables		
Chinese Renminbi	-	62,454

### (d) Liquidity Risk

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

### (e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

As at balance sheet date, the Group has a significant concentration of credit risk in the form of outstanding balances from 3 (2005: 3) customers representing approximately 78% (2005: 57%) of total trade receivables.



28. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair Values

The aggregate net fair values of financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	Note	Carrying Amount RM	Group Fair Value RM
<b>Financial Liabilities</b>			
At 31 January 2006:			
Term loans	17	2,464,977	2,329,180
Hire purchase	21	551,168	545,901
<hr/>			
At 31 January 2005:			
Term loans	17	3,924,321	3,487,794
Hire purchase	21	765,184	789,604
<hr/>			

The methods and assumptions used to estimate the fair values of Cash and Cash Equivalents, Trade and Other Receivables/ Payables and Short Term Borrowings are at carrying amounts due to the relatively short term maturity of these financial instruments.

It is not practical to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed payment term entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

The fair values of Long Term Borrowings are estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

# Description Of Properties

The land and buildings owned by XLB Group are as follows:

Location	Tenure	Land area/ built-up area Acre.Rood. Pole	Description/ existing use	Net Book value as at 31.1.2006 (RM)	Date of Acquisition
1. HS(M) 877, QT(M) 22 Lot No. 5918 and 1184, Sungai Suloh, Mukim Minyak Beku (IX) Daerah Batu Pahat Johor Darul Takzim	Freehold	4.0.20 4.13 ac.	Agricultural land & Building (9 years old)	2,055,937	23.12.1989
2. EMR 159 and EMR 3276 Lot No. 67 and Lot No. 2121 Mukim Sungai Balang Daerah Batu Pahat Johor Darul Takzim	Freehold	4.1.6 4.35 ac.	Agricultural land	35,000	16.05.1993
3. GM 818, 785, 673, 817, 674, 786, 675, 787 Lot No. 6588, 2337, 5595, 6592, 6275, 2323, 2168, 6131, Mukim Sungai Balang Daerah Muar Johor Darul Takzim	Freehold	25.2.19 25.62 ac.	Agricultural land	388,398	06.07.1993
4. EMR 91, Lot No. 343 Mukim Sungai Balang Daerah Muar Johor Darul Takzim	Freehold	3.0.20 3.13 ac.	Agricultural land	110,000	01.05.1994
5. EMR 309, 3704 Lot No. 7895 and 6368, Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	11.1.21 11.45 ac.	Agricultural land	1,520,400	04.07.1994
6. EMR 157, Lot No. 69 Mukim Sungai Balang Daerah Muar Johor Darul Takzim	Freehold	2.2.20 2.63 ac.	Agricultural land	130,000	09.10.1995
7. GM 399, Lot No. 3417 Mukim Minyak Beku (IX) Daerah Muar Johor Darul Takzim	Freehold	5.3.30 5.94 ac.	Agricultural land	124,826	21.11.1995
8. GM 804, Lot No. 1359 Mukim Sungai Balang Daerah Muar Johor Darul Takzim	Freehold	4.3.17 4.86 ac.	Agricultural land	102,740	07.12.1995
9. Grant No. 60315 Lot No. 2916 Mukim Bekok Daerah Segamat Johor Darul Takzim	Freehold	5.1.23 5.39 ac.	Agricultural land	192,927	26.09.1996
10. EMR 27, Lot No. 23 Mukim Bekok Daerah Johor Bahru Johor Darul Takzim	Freehold	5.0.10 5.06 ac.	Agricultural land	181,068	26.09.1996
11. GM 12213, Lot No. 2523 Mukim Bekok, Daerah Johor Darul Takzim Johor Darul Takzim	Freehold	5.2.25 5.66 ac.	Agricultural land	202,328	26.09.1996
12. HS(M) 130, Lot No. MLO 79 Mukim Bekok, Daerah Segamat Johor Darul Takzim	Freehold	10.0.00 10.00 ac.	Agricultural land	419,390	07.07.1997
13. G.M. 34, Lot No. 212, Batu 9, Jalan Paloh Mukim Cha'ah Bahru Daerah Batu Pahat Johor Darul Takzim	Freehold	2.2.01 2.51 ac.	Agricultural land	120,232	11.07.1997

## Description Of Properties

Location	Tenure	Land area/ built-up area Acre.Rood. Pole	Description/ existing use	Net Book value as at 31.1.2006 (RM)	Date of Acquisition
14. G.M. 73, Lot No. 211, Batu 9, Jalan Paloh Mukim Cha'ah Bahru (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	2.0.04 2.03 ac.	Agricultural land	96,977	11.07.1997
15. EMR 2728, Lot No. 7472 Parit Jidin, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	2.2.13 2.58 ac.	Agricultural land	210,900	13.05.1998
16. EMR 3674, Lot No. 7448 Parit Jidin, Mukim Sri Medan(XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	7.1.39 7.49 ac.	Agricultural land	613,995	13.05.1998
17. EMR 7512, Lot No. 7900 Parit Jidin, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	1.2.25 1.66 ac.	Agricultural land	84,448	09.02.1999
18. EMR 3866, Lot No. 7899 Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	1.2.18 1.61 ac.	Agricultural land	82,225	09.02.1999
19. EMR 6657, Lot No 7334 Parit Jidin, Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	5.1.06 5.29 ac.	Agricultural land	163,482	23.04.1999
20. GM 176, Lot No. 7344 Parit Jidin, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	7.1.24 7.40 ac.	Agricultural land	228,915	23.04.1999
21. GM 177, Lot No. 7345 Sungai Senangan, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	4.2.32 4.70 ac.	Agricultural land	145,283	23.04.1999
22. EMR 6670, Lot No. 7346 Parit Jidin, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	3.0.38 3.24 ac.	Agricultural land	100,676	23.04.1999
23. EMR 4894, Lot No. 7897 Parit Jidin, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	2.2.04 2.53 ac.	Agricultural land	101,810	03.08.1999
24. EMR 3801, Lot No. 7896 Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	8.3.38 8.99 ac.	Agricultural land	3,366,060	07.09.1999
25. EMR 2963, Lot No. 7902 Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	6.3.08 6.80 ac.	Agricultural land & Building (3 years old)	3,769,080	09.09.1999
26. EMR 4040, Lot No. 7903 Parit Talep, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	1.3.27 1.92 ac.	Agricultural land	945,530	09.09.1999
27. EMR 3210, Lot No. 7414 Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	5.1.18 5.36 ac.	Agricultural land	275,985	10.11.1999
28. GM 231, Lot No. 8356 Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	7.1.35 7.47 ac.	Agricultural land	597,500	16.09.2000

## Description Of Properties

Location	Tenure	Land area/ built-up area Acre.Rood. Pole	Description/ existing use	Net Book value as at 31.1.2006 (RM)	Date of Acquisition
29. EMR 3910, Lot No. 7862 Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	2.0.24 2.15 ac.	Agricultural land	154,140	17.03.2001
30. EMR 6488, Lot No. 9335 Mukim Sri Medan Daerah Batu Pahat, Johor Darul Takzim	Freehold	3.1.11 3.32 ac.	Agricultural land	237,980	17.03.2001
31. HS(D) 38342 PTB.4543 Bandar Penggaram Daerah Batu Pahat, Johor Darul Takzim	Freehold	1,650 sq. ft	3-Storey Shop office building (6 years old)	448,421	15.06.2001
32. H.S.(D)No.27447,27448, 27449, 27450, 27451, 27452, P.T.D. No.4086, 4087, 4088, 4089, 4090 ,4091. Mukim Bandar Penggaram Daerah Batu Pahat Johor Daru Takzim	Freehold	0.1.12 0.33 ac.	Vacant land	786,995	29.03.2002
33 C.T No.8771 (GN No. 87148) Lot No. 866 Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	9.0.21 9.13 ac.	Agricultural land	354,290	30.09.2003
34 C.T No.8768 (GN No. 87138) Lot No. 863 Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	9.0.00 9.00 ac.	Agricultural land	349,200	30.09.2003
35 C.T No.8769 (GN No. 87142) Lot No. 864 Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	10.0.00 10.00 ac.	Agricultural land	388,000	30.09.2003
36 C.T No.8770 (GN No. 87145) Lot No. 865 Mukim Sri Medan, Daerah Batu Pahat Johor Darul Takzim	Freehold	10.0.00 10.00 ac.	Agricultural land	388,000	30.09.2003

# Analysis Of Shareholdings

As At 15 May 2006

Class of Shares	:	Ordinary Shares of RM1.00 each	
Share Capital	:	Authorised	RM100,000,000
		Issued & Fully Paid Up	RM72,704,500
Voting Rights	:	1 Vote Per Share	
Numbers of Holders	:	1,558	

## A. Distribution of Shareholdings

No of Holders	Holdings	Total Holdings	Percentage (%)
12	1 - 99	550	0.00
525	100 - 1,000	296,950	0.41
817	1,001 - 10,000	3,041,800	4.19
164	10,001 - 100,000	4,538,250	6.24
36	100,001 - 3,635,224 (*)	20,402,850	28.06
4	3,635,225 and above (**)	44,424,100	61.10
<b>Total</b>		<b>72,704,500</b>	<b>100.00</b>

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

## B. List of 30 Largest Shareholdings

No.	Name	No. of shares held	Percentage (%)
1.	Ng Huan Tong	16,905,000	23.25
2.	Lim Wan Hong	16,903,500	23.25
3.	Employees Provident Fund Board	5,650,100	7.77
4.	Chua Bah Bee @ Chua Chong Seng	4,965,500	6.83
5.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Malaysian Trustees Berhad for Mayban Smallcap Trust Fund (240165)	2,000,000	2.75
6.	BHLB Trustee Berhad Qualifier : TA Small Cap Fund	1,928,400	2.65
7.	Yung Hok Leung	1,581,200	2.18
8.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB-Principal Asset Management Berhad for Employees Provident Fund Board	1,547,000	2.13
9.	Lin Zhongpeng	1,167,300	1.61
10.	Lam Wai Pui	1,126,600	1.55
11.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Qualifier : Mayban Dana Yakin	1,000,000	1.38
12.	Azmi Bin Abdullah	1,000,000	1.38
13.	A.A. Assets Nominees (Asing) Sdn. Bhd. Qualifier : Kuroko Company Limited	900,000	1.24
14.	Jovial Dynamics Sdn. Bhd.	786,300	1.08
15.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB-Principal Asset Management Berhad for Commerce Life Assurance Bhd (1)	628,000	0.86
16.	HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : HSBC (M) Trustee Bhd. for Hwang-DBS Dana Izdihar (4207)	555,250	0.76
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB-Principal Asset Management Berhad For Lembaga Tabung Haji	547,000	0.75
18.	Amsec Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Tey Rose	460,000	0.63
19.	Tabung Amanah Warisan Negeri Johor Qualifier : Perbendaharaan Negeri Johor	437,000	0.60
20.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Mayban Trustees Berhad for Hidden Treasures Fund	400,000	0.55
21.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Qualifier : Lifetime Dana Murabak	399,000	0.55
22.	Adorn Heights Sdn. Bhd.	338,600	0.47
23.	Musa @ Ayob Bin Saad	316,500	0.44
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Mayban Trustees Berhad for Saham Amanah Sabah (Acc 2-940410)	308,000	0.42

# Analysis Of Shareholdings

As At 15 May 2006

## B. List of 30 Largest Shareholdings (cont'd)

No.	Name	No. of shares held	Percentage (%)
25.	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Mayban Trustees Berhad for Saham Amanah Sabah (Acc 1-984710)	308,000	0.42
26.	A.A. Assets Nominees (Asing) Sdn. Bhd. Qualifier : Solis China Ltd	300,000	0.41
27.	Lin Hai Moh @ Lin See Yan	300,000	0.41
28.	Makita Masazumi	300,000	0.41
29.	BIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB-Principal Asset Management Berhad for Syarikat Takaful Malaysia Berhad	257,000	0.35
30.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB-Principal Asset Management Berhad for Malaysian Timber Council Equity (Account 2)	194,000	0.27
<b>Total</b>		<b>63,509,250</b>	<b>87.35</b>

## C. List of Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of share	%	No. of share	%
Ng Huan Tong	16,905,000	23.25	16,903,500 <sup>1</sup>	23.25
Lim Wan Hong	16,903,500	23.25	16,905,000 <sup>1</sup>	23.25
Employees Provident Fund Board	5,650,100	7.77	0	0.0
Chua Bah Bee @ Chua Chong Seng	4,965,500	6.83	0	0.0

**Note:**

1. Ng Huan Tong is the husband of Lim Wan Hong. Therefore, they are deemed interested by virtue of Section 6A of the Companies Act, 1965.

## D. List of Directors' Shareholdings in the Company

Name of Director	Shareholdings	%
Tan Sri Dato' Mohd Desa Bin Pachi	Nil	0.00
Ng Huan Tong	16,905,000 <sup>1</sup>	23.25
Lim Wan Hong	16,903,500 <sup>1</sup>	23.25
Chua Bah Bee @ Chua Chong Seng	4,965,500	6.83
Mohamed Shafeii Bin Abdul Gaffoor	Nil	0.00
Tan Cheng Kiat	15,000	0.02
Lim Kim Hock	Nil	0.00
Chen Shih Hsie	Nil	0.00
Choy Siew Kiong	Nil	0.00
Ismail Taufid Bin Md Yusoff	Nil	0.00

**Note:**

1. Ng Huan Tong is the husband of Lim Wan Hong. Therefore, they are deemed interested by virtue of Section 6A of the Companies Act, 1965.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of Xian Leng Holdings Berhad will be held at The Katerina Hotel, Mezzanine Floor, Level M, No. 8, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 29 June 2006 at 11.30 a.m. for the following purposes:-

AGENDA	Resolution on Proxy Form
<b>ORDINARY BUSINESS</b>	
1. To receive and consider the Audited Financial Statements for the year ended 31 January 2006 and the Reports of the Directors and Auditors thereon.	(Resolution 1)
2. To declare a first and final dividend of 4.5 % less 28% income tax in respect of the financial year ended 31 January 2006.	(Resolution 2)
3. To approve the payment of Directors' fees of RM295,000 for the year ended 31 January 2006.	(Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association :-	
(a) En. Mohd Shafiei Bin Abdul Gaffoor	(Resolution 4)
(b) Mr. Chua Bah Bee @ Chua Chong Seng	(Resolution 5)
(c) Mdm. Lim Wan Hong	
5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965	(Resolution 6)
" THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Mohd Desa Bin Pachi be and is here by re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."	(Resolution 7)
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Resolution 8)
<b>SPECIAL BUSINESS:</b>	
To consider and if thought fit, to pass the following Resolutions with or without modifications:-	
7. <b>SPECIAL RESOLUTION PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION</b>	(Resolution 9)
" THAT the proposed amendments to the Memorandum and Articles of Association of the Company in the form and manner as set out in Section 2 of the Circular to Shareholders dated 6 June 2006 be and are hereby approved and adopted."	
8. <b>ORDINARY RESOLUTION 1 AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 FOR ESOS</b>	(Resolution 10)
" THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised with full powers to issue shares in the Company from time to time under the existing Employees' Share Option Scheme of the Company ("the Scheme") provided that the aggregate number of the shares to be issued pursuant to this resolution does not exceed the amount approved under the Scheme and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (Bursa Securities) for the listing and quotation for the additional shares so issued."	
9. <b>ORDINARY RESOLUTION 2 AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965</b>	(Resolution 11)
" THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant Regulatory Authorities being obtained for such issue and allotment."	
10. <b>ORDINARY RESOLUTION 3 AUTHORITY TO PURCHASE ITS OWN SHARES</b>	(Resolution 12)
" THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-	

# Notice Of Annual General Meeting

- (a) the maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company at any point of time;
- (b) the maximum fund to be allocated by the Company in relation to the Proposed Share Buy-Back shall not exceed the sum of the retained profits and the share premium account of the Company based on the latest audited financial statements available up to the date of a transaction under the Proposed Share Buy-Back;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:-
  - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which such resolution was passed, at which time the authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) The expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (iii) Revoked or varied by ordinary resolution passed by shareholders in general meeting,whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - (i) to cancel the shares so purchased;
  - (ii) to retain the shares so purchased as Treasury Shares;
  - (iii) to distribute the Treasury Shares as dividends to shareholders;
  - (iv) to resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
  - (v) any combination of the above (i), (ii), (iii) and (iv).

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to deal with all matters relating thereto and take all steps and do all acts and things in any manner as they may deem necessary in connection with the Proposed Share Buy-Back in the interest of the Company."

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

## NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed first and final dividend of 4.5% less 28% income tax in respect of the financial year ended 31 January 2006, if approved, will be paid on 7 July 2006 to depositors registered in the Record of Depositors at the close of business on 30 June 2006.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 June 2006 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD,

YONG MAY LI (f)  
NG POH CHOO (f)  
Company Secretaries

Johor Bahru

6 June 2006

### NOTES:-

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at No. 19, Jalan Tun Abdul Razak, Susur 1/1, 80000 Johor Bahru, Johor Darul Takzim, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.



NOTES (cont'd):-

5. Explanatory Notes on Special Business
  - a) Special Resolution  
Proposed Amendments to the Memorandum and Articles of Association  
The purpose of this special resolution proposed under item 7 is to enable the Company to amend its Memorandum and Articles of Association to accommodate the Authority to Purchase its own shares.
  - b) Ordinary Resolution 1  
The purpose of this Ordinary Resolution 1 proposed under item 8 is to enable the Directors of the Company to allot shares to those employees who have exercised their options under the Employees' Share Option Scheme.
  - c) Ordinary Resolution 2  
This Ordinary Resolution 2 proposed under item 9, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting.
  - d) Ordinary Resolution 3  
Authority to Purchase Its Own Shares  
Authorisation to enable the Company to purchase up to 10% of the Issued and Paid-up Ordinary Share Capital of the Company pursuant to Section 67A of the Companies Act, 1965

Please refer to the Share Buy-Back Statement dated 6 June 2006 attached for further information.

# Statement Accompanying Notice of Annual General Meeting

1. Directors who are standing for re-election or re-appointment at the Seventh Annual General Meeting of XIAN LENG HOLDINGS BERHAD ("XLB"):
  - (i) En. Mohd Shafeii Bin Abdul Gaffoor, Mr Chua Bah Bee @ Chua Chong Seng and Mdm. Lim Wan Hong who retire under the provisions of the Articles of Association of the Company.
  - (ii) Tan Sri Dato' Mohd Desa Bin Pachi who retire pursuant to Section 129(6) of the Companies Act, 1965.

2. There were four (4) meetings held during the financial year ended 31 January 2006, details of which are as follows:-

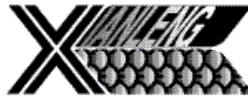
No. of Meeting	Date	Time	Place
BOD – 1/2006	30 March 2005	11.00 a.m.	No. 35 Jalan Penjaja 3, 83000 Batu Pahat, Johor.
BOD – 2/2006	24 June, 2005	11.00 a.m.	No. 35 Jalan Penjaja 3, 83000 Batu Pahat, Johor.
BOD – 3/2006	22 Sept. 2005	11.00 a.m.	No. 35 Jalan Penjaja 3, 83000 Batu Pahat, Johor
BOD – 4/2006	29 Dec. 2005	11.00 a.m.	No. 35 Jalan Penjaja 3, 83000 Batu Pahat, Johor

Details of attendance at Board meetings are as follows:-

Name of Director	No. of meetings attended
Tan Sri Dato' Mohd Desa bin Pachi	4/4
Ng Huan Tong	4/4
Lim Wan Hong	4/4
Chua Bah Bee @ Chua Chong Seng	4/4
Mohd Shafeii bin Abdul Gaffoor	3/4
Tan Cheng Kiat	4/4
Lim Kim Hock	4/4
Chen Shih Hsie	4/4
Choy Siew Kiong	3/4
Ismail Taufid Bin Md Yusoff	4/4

3. Further details of Directors standing for re-election or re-appointment are set out in the Directors' Profile appearing on pages 9 to 13 of the Annual Report.

# Form Of Proxy



**XIAN LENG HOLDINGS BERHAD** (468142-U)

I/We.....

o.....

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

o.....

or failing him/her .....

of .....

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 Seventh Annual General Meeting of the Company to be held at The Katerina Hotel, Mezzanine Floor, Level M, No. 8, Jalan Zabeledah, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 29 June 2006 at 11.30 a.m and any adjournment thereof.-

RESOLUTIONS		*FOR	*AGAINST
1. ADOPTION OF DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS	- Resolution 1		
2. APPROVAL OF FIRST & FINAL DIVIDEND	- Resolution 2		
3. APPROVAL OF DIRECTORS' FEES	- Resolution 3		
4. RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 84:- (a) En. Mohd Shafeii Bin Abdul Gaffoor (b) Mr. Chua Bah Bee @ Chua Chong Seng (c) Mdm. Lim Wan Hong	- Resolution 4 - Resolution 5 - Resolution 6		
5. RE-APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6):- - Tan Sri Dato' Mohd Desa Bin Pachi	- Resolution 7		
6. RE-APPOINTMENT OF AUDITORS	- Resolution 8		
SPECIAL BUSINESS:-			
7. Proposed amendments to the memorandum and articles of association.	- Resolution 9		
8. Authority Pursuant to Section 132D of the Companies Act, 1965 for ESOS	- Resolution 10		
9. Authority Pursuant to Section 132D of the Companies Act, 1965	- Resolution 11		
10. Authority to purchase its own shares	- Resolution 12		

(\*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 discretion).

Dated this.....day of.....2006

No. of Ordinary Shares Held

Signed

.....

**NOTES:-**

1. A member of the Company entitled to attend and vote at the meeting may appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a Member of the Company.
2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. The instrument appointing a proxy, in the case of an individual shall be signed by the appointor or his/her attorney duly authorised in writing and in the case of a corporation, either under seal or under the hand of an officer duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at No. 19 Jalan Tun Abdul Razak, Susur 1/1, 80000 Johor Bahru, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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AFFIX  
STAMP

*The Company Secretary*  
**XIAN LENG HOLDINGS BERHAD**  
*No. 19, Jalan Tun Abdul Razak*  
*Susur 1/1*  
*80000 Johor Bahru*  
*Johor, Malaysia*

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